APPRAISAL REPORT

MARKET VALUE APPRAISAL
OF A STRIP OF EXCESS LAND ON THE
EAST SIDE OF LOOP 101 EXTENDING
SOUTH OF CARDINALS WAY TO ONE
QUARTER MILE NORTH OF
CAMELBACK ROAD, GLENDALE,
ARIZONA

PREPARED FOR

ARIZONA DEPARTMENT OF TRANSPORTATION
1655 WEST JACKSON STREET, ADOT MAIL ROOM
PHOENIX, ARIZONA 85007

ATTN: MR. TIMOTHY F. O'CONNELL, JR.
APPRAISAL UNIT SUPERVISOR

ADOT PARCEL: DISPOSAL L-C-083A
OWNER: ARIZONA STATE OF DEPARTMENT OF TRANSPORTATION

EFFECTIVE DATE: MARCH 31, 2020

MFVS FILE NO. 19121A

PREPARED BY

WENDELL L. MONTANDON, MAI

OF

MONTANDON FARLEY VALUATION SERVICES
1300 EAST MISSOURI AVENUE, SUITE 120
PHOENIX, ARIZONA 85014

MONTANDON FARLEY
VALUATION SERVICES

April 22, 2020

Arizona Department of Transportation
1655 West Jackson Street, ADOT Mail Room
Phoenix, Arizona 85007

Attn: Mr. Timothy F. O'Connell, Jr., Appraisal Unit Supervisor

RE: A strip of excess land on the east side of Loop 101 extending south of Cardinals Way to one quarter mile north of Camelback Road, Glendale, Arizona; ADOT Parcel: Disposal L-C-083A

CONTRACT: 2016-018.11
APPRAISAL: TO-19-039
PROJECT: M697201X
HIGHWAY: Agua Fria Freeway
SECTION: Jct. I-10 – Glendale Avenue
PARCEL: L-C-083A
OWNER: Arizona Department of Transportation

At your request and for the purpose of estimating its market value, we have made relevant investigations and have inspected the above-referenced property.

The property is legally and otherwise described in the attached appraisal report containing data and discussions from which, together with our experience as appraisers, the value estimate was formed. This appraisal has been prepared to comply with the appraisal reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation, and the Standards of Professional Practice as defined by the Appraisal Institute. It is also intended to comply with the appraisal guidelines of the ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four, The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

After considering all of the facts available to us, subject to the underlying assumptions and limiting conditions contained herein, it is our opinion that the fee simple estate in the subject property had a market value, as of March 31, 2020, of

Land	$1,583,000
Improvements	$0
Total	**$1,583,000**

Sincerely,

Wendell L. Montandon, MAI
Certified General Real Estate Appraiser
Certificate Number 30159, State of Arizona

EXECUTIVE SUMMARY

Property:	excess strip of land east of 101, south of Cardinals Way (alignment of Bethany Home Road
Address:	east side of Loop 101 extending south of Cardinals Way to one quarter mile north of Camelback Road, Glendale, Arizona
Assessor's Parcel Nos.:	None but adjacent west of 102-14-272C and 102-14-647
Date of Report:	April 22, 2020
Effective Date:	March 31, 2020
Interest Valued:	The fee simple estate
Land Area:	Frontage on Loop 101 - 4,211.61 feet Width - 120 feet maximum Total Net Area – 351,835.87 square feet, or 8.077 acres
Zoning:	A-1, Agricultural, by the city of Glendale
Improvements:	The site is a long narrow vacant strip of excess land with access from the Missouri Avenue alignment
Valuation Approaches: Land Sales Comparison Approach	$1,583,000
"As Is" Value Conclusion:	**$1,583,000**
Exposure Time:	Estimated at 12 months
Marketing Time:	Estimated at 12 months

TABLE OF CONTENTS

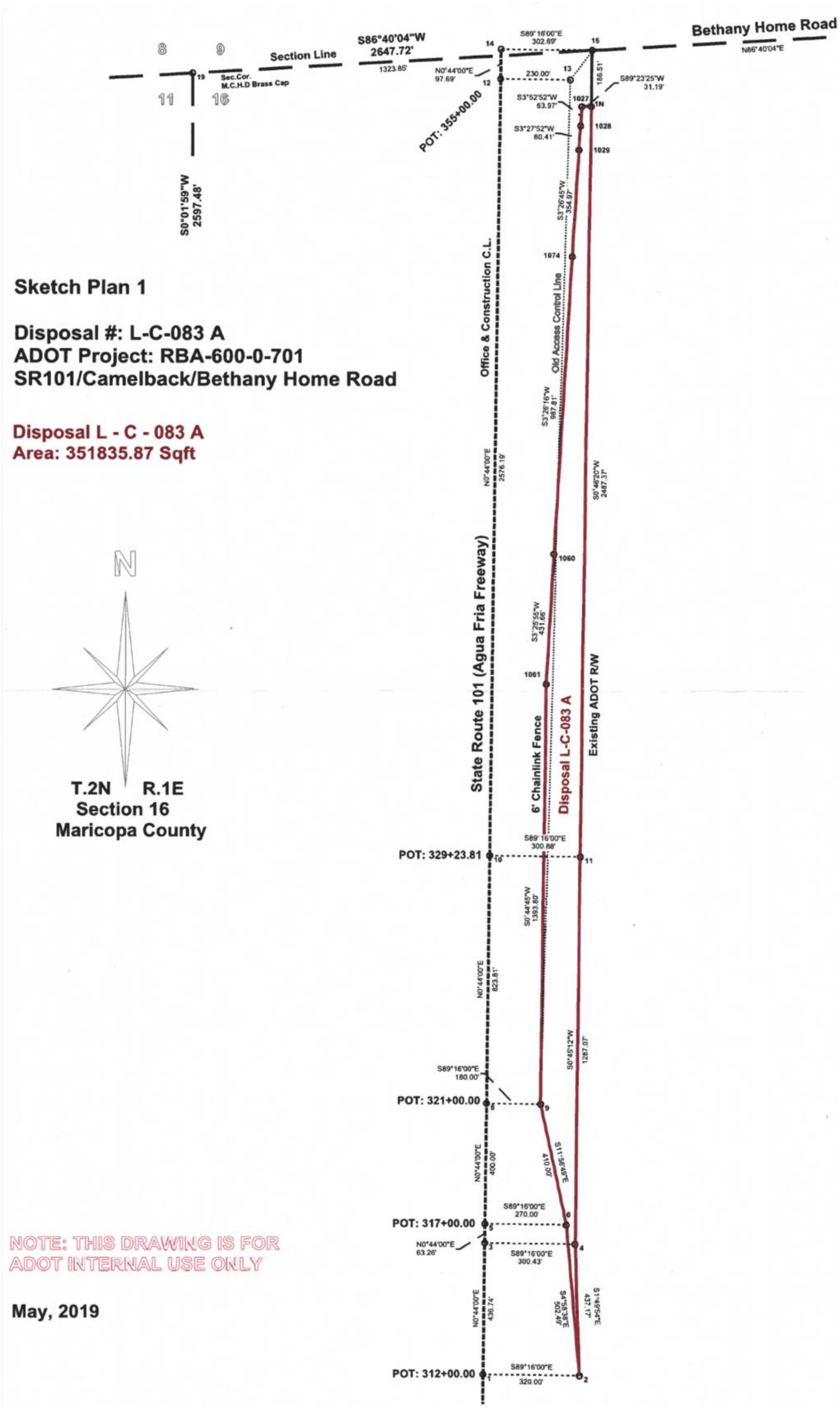
PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to provide the appraiser's best estimate of the market value, as of March 31, 2020, of the fee simple estate in the strip of excess land on the east side of Loop 101 extending south of Cardinals Way to one quarter mile north of Camelback Road, in Glendale, Arizona.

A Right of Way Disposal Report for Excess Land: L-C-083-A provided by ADOT is included in the Addenda. For this report the parcel is also identified on the exhibit on the next page as Sketch Plan 1, Disposal #: L-C-083A.

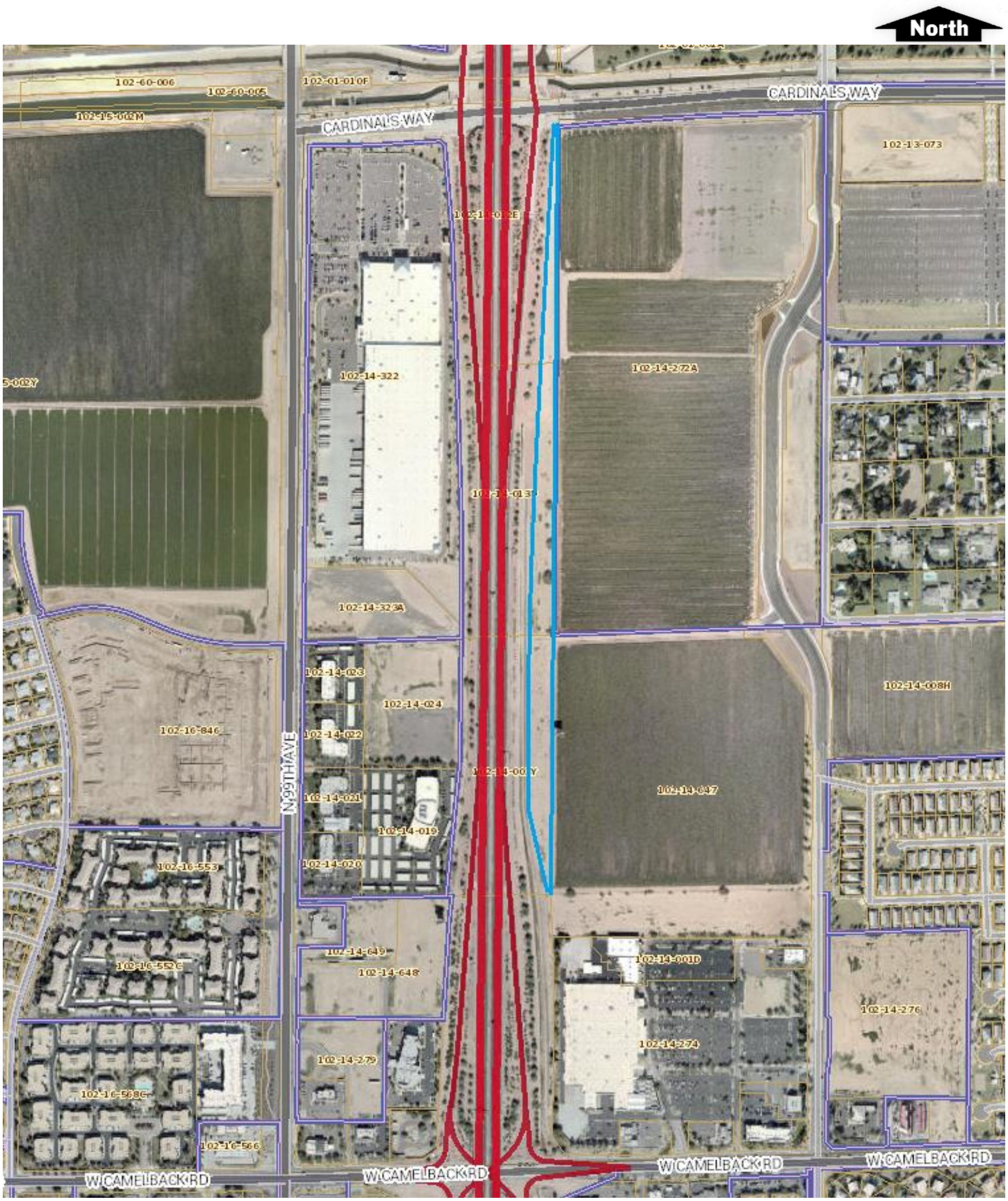
The property is not identified by a Maricopa County Assessor's parcel number however, it is adjacent west of 102-14-272C and 102-14-647. A copy of the Assessor's aerial with the approximate area of the subject sketch outlined in blue by the appraiser is included on the page following the ADOT Sketch Plan.

ADOT SITE SKETCH



Appraiser's Blue Line Sketch Overlay on Assessor's Aerial

The subject parcel is not currently identified by a County Assessor's Parcel number. The parcel's approximate size and configuration relative to adjacent parcels is sketched over the following assessor parcel exhibit. This sketch is not necessarily to scale.



INTENDED USER AND USE

This report is intended for use only by Arizona Department of Transportation (ADOT) in making asset management decisions regarding the disposition of excess land. Use of this report by others, or for any other use, is not intended by the appraisers.

DEFINITIONS

Market Value, pursuant to Arizona Revised Statute 28-7091, is as follows:

> "…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.".[1]

Market value "As Is" is defined as:

> The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines).[2]

Fee simple estate is defined as:

> 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. [2]

[1] Page 21 – R/W Appraisal Standards and Specifications
[2] *The Dictionary of Real Estate Appraisal*, Sixth Edition, Appraisal Institute

SCOPE OF WORK

The scope of the appraisal required investigating sufficient data, relative to the subject, to derive an opinion of value. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. We made a physical visit to the property on March 31, 2020 and have also gathered information on the neighborhood to determine its physical features and recent development patterns. A search of public records was completed to ascertain the current and historical assessment and ownership data regarding the property. The data sources used to gather information for this report include, but are not limited to, the following:

- Planning and Zoning Department of Glendale
- Maricopa County Assessor's, Treasurer's and Recorder's websites
- CoStar Comps database
- Internal database

We have researched the most recent sales of the most similar land in the subject market area. The most pertinent sales discovered have been analyzed in the Sales Comparison Approach.

The subject's current physical and legal condition, its background and history were researched with all due diligence expected of professional real estate appraisers in the course of performing appraisal services. The appraisers have attempted to analyze the property as seen through the eyes of the hypothetical "most probable" buyer. The market area was examined to determine existing and proposed inventory, demand and the marketability of properties comparable to the subject.

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report.

CORONAVIRUS IMPACT ON REAL ESTATE VALUES[1]

On March 13, 2020 President Donald Trump declared a national emergency in the face of a growing public health and economic crisis due to the rapid outbreak of respiratory illness caused by the novel coronavirus. Its impact on the economy has been compounded by the near simultaneous oil price war between Russia and Saudi Arabia that severely threatens the viability of the more costly to produce oil available from U.S. fracking, a major source of U.S. oil independence. The impact of the oil price war on the U.S. economy and real estate values is somewhat predictable based on other recent oil price fluctuations and mostly impacts part of Texas. The rest is not so clear. With these events happening in a U.S. controversial election year accompanied by a colossal $2 trillion coronavirus rescue package (CARES Act) signed into law on March 27, 2020, the only certainty that can be forecast is uncertainty. Most market participants do not choose to enter an uncertain market, but that does not mean there is not opportunity. Separating the possible short-term effect from the long term is important to investors and appraisers.

The impact on real estate values of the worldwide scare from a highly contagious novel virus may be a once in a century event obvious in direction but difficult to quantify because of lack of precedent. Cancellation of nearly all sporting, entertainment and other large gathering events, elimination of restaurant and bar dining and drinking, recommended stay at home employment for non-critical employees and recommended social distancing through the end of April is a first experience for all of us. The combination is having a profound impact on the stock market and many international, national and local industries. Unemployment starting from a 50 year low of 3.5% in February is surging to a peak that is almost certain to go above 15% and real GDP in the second quarter could be down 25% to 30%. Although the world is likely to return to normal as it has from other shocking events the disruption and dislocation is likely to emerge into a normal that is somewhat different than the normal experienced before the coronavirus outbreak.

Through the effective date of this report health authorities are identifying a growing number of coronavirus cases and deaths throughout the world including the U.S. Although Arizona to date is experiencing a lower pro-rata percentage of cases and deaths it has caused authorities to implement shelter-in-place living for all but those in essential business. The number of cases and deaths are increasing each day. Modeling is not precise, representatives for the U.S. Centers for Disease Control and Prevention generally estimate that deaths from the virus will peak in mid to late April. The timing for a return to workplace for all employed is uncertain.

---

[1] Sources
March 24, 2020 Forbes; Brad Hunter; Coronavirus' Impacts on Real Estate: Why you Need to Think Short-Term and Longer Term
March 25, 2020 NREI: Liz Wolf; What Retailers Will Be Left Standing After the Coronavirus Pandemic Ends?
March 26, 2020 Fennemore Craig: James Bond: The coronavirus impact on the real estate industry
March 26, 2020 NREI; John Egan; For Some Family Offices, Now is the "Buying Opportunity of a Century" When it comes to Real Estate
March 26, 2020 Commercial Property Executive: Razvan Cimpean; Hospitality Faces Coronavirus Crunch Time
March 27, 2020 NREI; Bloomberg; Empty College Dorms Pose Payback Dilemma for Bond Issuers
March 28, 2020 NREI: Commercial Property Executive: Evelyn Jozsa; How Can Hotels Prepare for an Optimized Recovery
March 29, 2020 Housing Market OP-ED – Harsh Chauhan; The Housing Market Bubble is Bursting as Sales Plunge

The impact on most real estate values primarily from the coronavirus is currently fluid, but obvious in a negative direction in the near term. Because of the lack of specific sales data occurring in the short time since the outbreak occurred measuring a current value cannot be precise, but it is appropriate to provide a best current estimate from the most reliable sources available and rationalization possible. For this assignment we discussed the impact of recent events with local market participants and have reviewed publicly available recent facts and opinions from numerous sources believed reputable as referenced in the heading page footnotes.

The most obvious near-term negative impact on real estate use and values is being felt by **lodging, sports venues, theaters and other entertainment industries** as most group events and group facilities have been closed. "As 18 million fewer travelers are projected to visit the U.S. this year compared to 2019, and with domestic tourism rapidly declining, a 78 percent drop in revenue is expected over the next two months, with losses to continue throughout the year. This could result in an overall decline of 34 percent for the year, equal to $400 billion. As a result, the total economic setback is likely to exceed $900 billion in economic output, more than seven times the effect of 9/11 on travel sector revenue. Total losses in the industry are projected to far surpass that of any other sector." The duration of the outbreak will impact both the depth in values and the amount of time it takes for these industries to return to a new normal path.

"Retail – Capital for retail has nearly disappeared and is only available for open air centers with needs anchors such as a grocery, drug and membership stores. Sales activity is expected to be reduced for the rest of the year due to the limited availability of acquisition and debt capital. Enclosed malls were on a gradual decline prior to the pandemic the pace of which will likely be accelerated by forced changing habits.

The developing trend toward at-home deliveries of groceries and other on-line shopping has now been forced on those that resisted the trend and many of this previously untapped market are likely to become believers. Forced need to curbside delivery of both groceries from food stores and prepared meals from restaurants may forever alter how real estate is sized, laid out and designed.

Once the pandemic is finally over, what will retail look like? Coresight Research reports that the coronavirus outbreak is set to trigger an unprecedented number of retail closures. As retailers shutter stores temporarily, some may never re-open. Coresight reports that more than 15,000 store closures could occur in the U.S. in 2020, beating the previous record of 9,300 last year.

Office – The primary concern for investors is the length of time the COVID-19 crisis will last and how many companies will be forced to permanently close. Investors report a widespread pause in issuing both debt and equity until more concrete data is available, which will likely take at least two quarters.

Telecommuting has been gaining momentum over the past several years but with employers now encouraging their employees to work from home, the trend toward working remotely will seem to have accelerated beyond a point where a return to the old norm cannot be expected. Technology like Zoom and Slack are becoming mainstream virtual offices and classrooms.

If the results are good from this enforced trial, smaller office footprints may be a result of the coronavirus outbreak. The same may be said for classrooms. It would seem likely that demand for co-working spaces in the near term could decline significantly as workers try to distance themselves from interacting.

Industrial – The outlook in the warehouse sector is somewhat more positive than the other sectors as investors expect leasing demand to continue due to the surge in e-commerce. Most of the impact of the coronavirus on manufacturing has been a disruption of supply chains which will cause US industries to diversify their sources. Small local industrial tenants are asking for and receiving forbearance with application of deposits to rent with additional month or two added to the lease as on example. Some short-term struggles are expected and rent relief will be needed to maintain smaller users. Sales activity may be limited as institutional investors will hold their assets.

Apartment - Multi-family housing market segments are being impacted differently, but nearly all are facing some degree of greater vacancy and collection losses. Previously expected near term rent increases have vanished. As universities cancel in-person classes the decision of student apartment operators regarding lease cancelations, not permitted by most, will likely have some impact on fall leasing and annualized performance. “American Campus Communities Inc., the largest owner, manager and developer of student housing in the U.S., said it will temporarily waive all late fees and financial-related eviction proceedings and said it will work with residents and families who endure financial hardship on a case-by-case basis.”

The extreme spike in unemployment may be short-lived but will most likely be long enough to impact decisions by financially challenged tenants on short term and maturing leases. In Arizona, like many other states, a temporary halt on evictions of renters impacted by COVID-19 will reduce cash flows for many apartment operators. More radical near-term shelter-in-place policies are possible. Tenants asking for and receiving forbearance in April and May will place downward pressures on effective rents and some property owners will likely be asking for lender relief as well. Class A and C properties are expected to be impacted more than the Class B middle priced units as both high and low end paying jobs are likely to be slower to recover than the middle salary group.

Single Family Residential - Jim Belfiore of Belfiore Real Estate Consulting, who has a proven record for forecasting local **single-family residential trends** is projecting demand to be down 80% during the second quarter of 2020 compared with the second quarter in 2019. He also believes demand during the third quarter of 2020 will be down significantly but expects to see it come back at a healthy pace during the fourth quarter. Belfiore states “I think people recognize this as a short-term Black Swan event, and I think they’re going to pick up where they left off a few months after the virus has subsided.”

Meanwhile home shoppers are currently opting to stay at home and sales are heading south as massive unemployment is expected to derail price growth. The stocks of major home builders have sold off 40% to over 50% within the past five weeks with the highest percentage attributed to Toll Bros, who caters to the higher end market. In the face of current uncertainty listings by those not needing to sell in the resale market will likely take their property off the market but move-up owners will probably be more anxious to sell. Lesser buyer interest near term is expected despite lower interest rates, due to the rapid spike in unemployment and the amount of uncertainty continues or heightens. Builder land acquisitions and development spending will slow in the near term.

Conclusions:

In summary the coronavirus may seem like only an interruption, and perhaps it eventually will be for a large segment of the real estate industry, however it is reasonable to expect that some in-place trends may now be accelerated and more permanently in place even if the coronavirus is short-lived.

Already a trend, working remotely will likely become the norm for many more, with flexibility the primary advantage. Nevertheless, employees and employers will still want a work-place presence to combat loneliness, and to maintain collaborative communication and motivation while building the camaraderie that are often realized from a common effort.

“Too early to tell” is the most frequent reply from brokers when asked what impact the Pandemic has had on value. Delayed closing has also been a common response although some 1031 uplegs have proceeded to avoid the potential lost tax deferral benefit before a more attractive substitute property can be found. A few commented that prices have been adjusted but too little information is available to extract any specific conclusions.

Changes in real estate values do not directly correlate with changes in stock prices for many reasons, including a stock’s greater liquidity, near instant small unit pricing, a REITs liquidity and in-place sometimes highly leveraged stock equity position versus the all cash assumption with normal marketing period made when valuing real estate. However, the characteristics of instant pricing of specific real estate sector related stocks is useful for recognizing direction and to a lesser extent the magnitude of the direction. Any REIT that may have had an interest in acquiring more real estate two months ago has now drawn down most if not all of its unsecured line of credit for the sole purpose of maintaining enough liquidity to survive the impact of unhappy tenants forced to close stores for uncontrollable reasons. The elimination of this type potential buyer will almost certainly have a negative impact on land values suitable for most commercial uses.

METROPOLITAN PHOENIX

The valuation of any form of real estate requires the consideration of the underlying economics and the demographic profile of the surrounding community. Potential demand for real estate is a product of the growth and stability of its environs. The following summary discussion of the demographic, economic, governmental and environmental forces acting on the Phoenix area is deemed an integral part of this analysis.

As a metropolitan area, Phoenix is synonymous with Maricopa County, one of the nation's largest and most populous counties.[1]Phoenix' growth represents most of the state's growth and economic vitality, accounting for a high percentage of the state's net in-migration for the past four decades.

Arizona enjoyed a prolonged period of above-average growth over the past 30 years, but the growth has slowed sharply over the past several years. However, the long-term outlook remains positive.

Arizona industries that have grown much faster than the national average have been manufacturing, construction, finance, insurance and real estate. The government sector grew too, but paralleled growth of government employment nationally. Set forth below are population estimates for Maricopa County and the state of Arizona.

***Population*[2]**

	Phoenix-Mesa-Scottsdale MSA[3]	Maricopa County	Arizona
2000 Census:	3,251,884	3,072,149	5,130,632
2010 Census:	4,192,887	3,817,117	6,392,017
July 2020[4]:	5,100,000	4,600,000	7,400,000

Growth in Maricopa County's population between 1990 and 1995 was approximately 80,000 per year. For 1996 through 2000, population growth ballooned to an average 92,510 per year declining to 74,497 for years 2000 through 2010 reflecting the impact of both the great recession and a change in immigration policies. The average annual change in Maricopa County population since 2010 has averaged 61,191 per year.

The Phoenix-Mesa-Scottsdale MSA was the second highest among metropolitan areas in numeric growth in 2018, behind only the Dallas-Fort Worth Arlington MSA.

[1] The Phoenix MSA (metropolitan statistical area) was synonymous with Maricopa County until 1993, when the federal government changed to the Phoenix-Mesa-Scottsdale MSA, to consider Pinal County due to the encroachment of urbanized Phoenix into areas of Pinal County.
[2] US Census
[3] Maricopa and Pinal County
[4] Rounded appraiser projection based on average numeric annual change for recent years

Economic Forces

The economic base of the Phoenix metropolitan area is relatively well diversified and can absorb changes in the economy due to its blend of high technology, manufacturing and service industries. Over 46% of all manufacturing jobs in Phoenix are related to high-tech industries like computer components, instrumentation and scientific technology.

Phoenix also has a relatively high percentage of jobs in eating and drinking places, each of which is tied to the region's tourism. Phoenix hosted nearly 44 million visitors in 2017 with estimated spending of over $7.8 billion. Phoenix is rated as one of the top hotel/resort destinations in the United States.

Credit card processing has become a major Metropolitan Phoenix industry. Arizona passed a bill in 1989 deregulating the state's credit card industry. The market establishes rates and fees on credit cards based here. There are no artificial fee or price constraints. Besides having regulations that allow for a market driven, credit card fee structure, Arizona's cost of living and operating costs are much lower than California's.

The top 25 metro Phoenix employers listed by Phoenix Relocation Guide, from largest to least 2018 employee ranking include State of Arizona, Wal-Mart Stores, Banner Health, City of Phoenix, Wells Fargo, Bank of America, Maricopa County, Arizona State University, Apollo Group, Inc., JP Morgan Chase & Co., Intel, US Airways, Mesa Public Schools, U.S. Postal Service, Dignity Health, American Express, Freeport-McMoRan Inc., Scottsdale Healthcare, Arizona Public Service, Kroger, Mayo Clinic Hospital, Boeing, Salt River Project and Abrazo Health Care. All employ over 4,000.

Other sources for this list cite McDonalds, Albertson's, HonorHealth, American Airlines, Home Depot, Honeywell, Raytheon, Basha's Supermarkets, Target, Dignity Health, and CVS.

The economy of metropolitan Phoenix, like that of the nation is currently in a growth stage following recovery from the recession that occurred between 2006 and 2011.

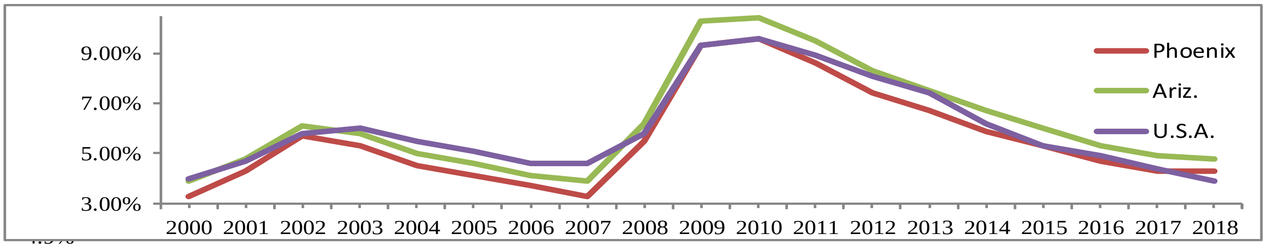
Job Growth

Job growth rate for the Phoenix-Mesa-Scottsdale MSA has been positive since emerging from the 2009 through of the great recession. In March of 2019 the job growth rate for this MSA was 2.8% compared to 2.4% for all of Arizona.

The Greater Phoenix Blue Chip Forecast is a long-standing respected survey historically made up of eleven local participants from industries with a desire to understand local trends. The survey reports employment growth in the Phoenix-Mesa-Scottsdale area between November 2018 and November 2019 of 2.88% and an increase in the number of jobs at 60,530.

Unemployment

Metropolitan Phoenix unemployment rate has traditionally followed national and Arizona trends in direction. In recent times the percentage has more closely tracked the U.S.A. rate. After the Phoenix rate ranged from 2.6% to 3.7% between 1995 and 2000 it peaked at 9.6% in 2010 near the depth of the great recession steadily declining since to 4.4% in March of 2019 compared to 3.8% for the U.S.A. and 5.0% for Arizona. The trends are compared in the next chart. Phoenix, Mesa, Scottsdale MSA is presented as Phoenix.



Standard of Living – Demographia International Housing Survey

Demographia report scores housing markets using the "median multiple" principle, which takes median house price divided by gross annual median household income to calculate affordability for housing markets over one million in population. This method has been recommended by the World Bank and the United Nations. An overall median multiple of 3.0 is defined as affordable. Housing Unaffordable Ratings are:

Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over

The "15th Annual Demographia International Housing Affordability Survey: 2019", based on data for the 3rd quarter of 2018, states the nine most affordable housing markets can all be found in the United States, all in the Midwest and Northeast.

The least affordable world market is Hong Kong. Virtually all Severely Unaffordable major markets covered in the survey have urban containment. Nearly all of the difference in cost of living between high cost metropolitan areas and those with average costs is the cost of housing.

For the sixth year in a row, the United States has the most affordable housing market among major housing markets, with a "Moderately Unaffordable Median Multiple of 3.5." At 4.3 Phoenix is in the lower half of the Seriously Unaffordable category, tied for 43 of 91 rankings in all Major Housing Markets and 178 of 309 ranking in All International Markets.

The five-housing markets with the poorest U.S. housing affordability are in California and Hawaii. California continues to shed residents. Arizona is gaining residents.

Governmental Forces

The city of Phoenix government is a city council form, with a mayor and a city manager. This form is the most common among the larger communities in the metropolitan area.

Most of the major issues facing Metropolitan Phoenix city governments relate to problems caused by rapid growth, such as: air and ground water pollution, freeway construction, annexations and urban sprawl, preserving residential neighborhoods, ensuring an adequate water supply, flood control and mass transit alternatives.

Transportation

The Regional Transportation Authority was created in 1985. In October of 1985 voters approved a half-cent sales tax increase to fund right-of-way acquisition and freeway thru 2005. Public-transit was implemented in 2000 expanding bus and light rail service. In 2004 voters extended the half cent county sales tax. In November of 2014, voters renewed the tax through 2025 by approval of Proposition 400. In August 2015 voters approved Proposition 104, increasing the state sales tax by 0.3 percent. The increase will pay for tripling of light rail miles, expanded bus service, street re-pavement and transit infrastructure improvements.

Natural Resources

National forests and some of the country’s largest county and city parks and preserves provide an abundance of outdoor activities. Most of Metropolitan Phoenix’ growth, as well as its tourist industry, is attributable to its climate, scenery and recreational opportunities. Water sports, at several man-made lakes, and snow skiing are available within several hours drive.

The Phoenix area is characterized by a dry climate with a wide range between minimum and maximum temperatures. June and July are the hottest months with an average maximum temperature of 106.4°F. December is the coldest month with an average minimum temperature of 42.8°F. February and March provide the most ideal temperatures and are the peak tourist months. The average annual minimum temperature is 63.1°F while the average maximum temperature is 86.9°F. Annual precipitation averages 8.4 inches.

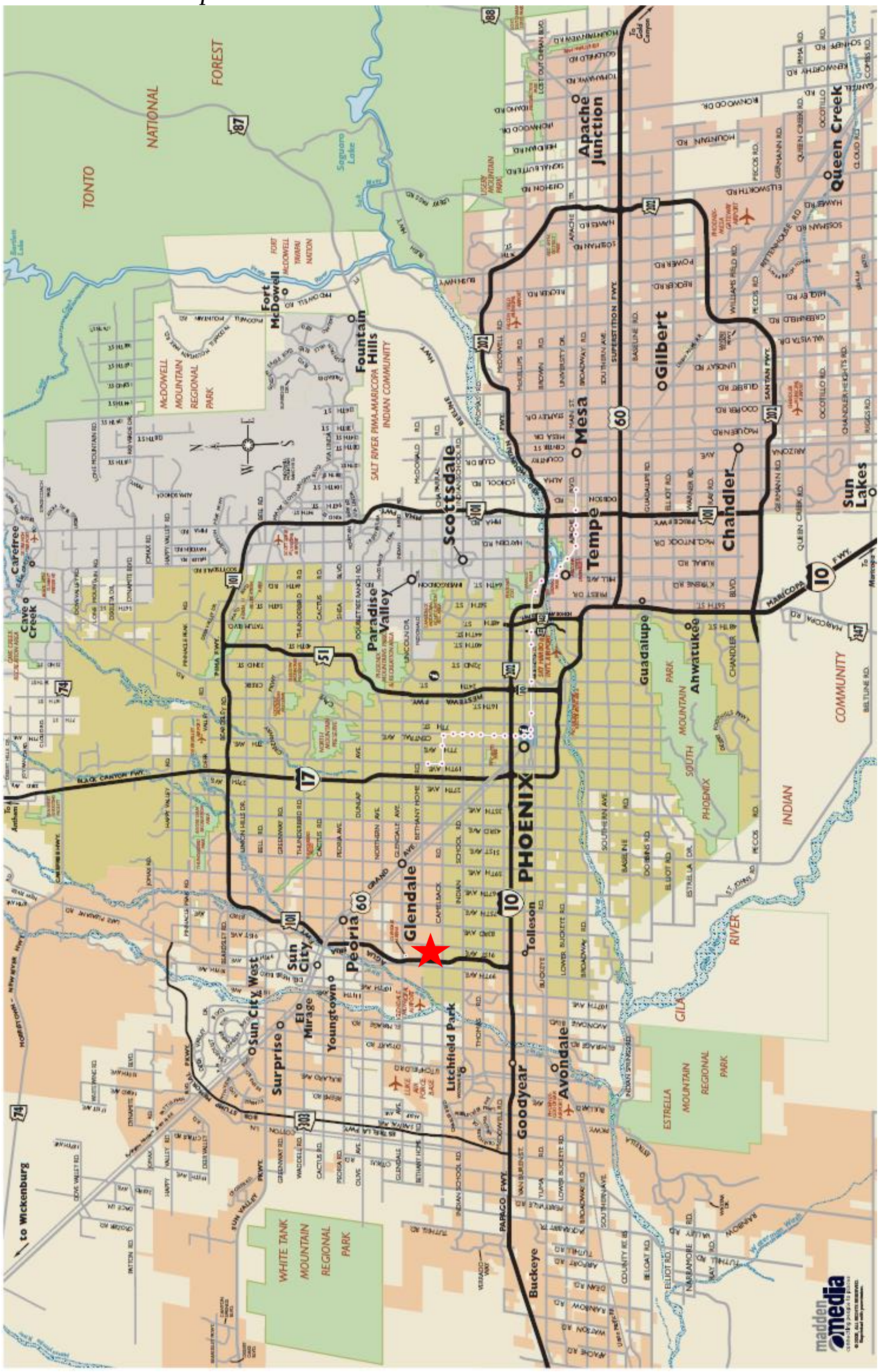
Water is a precious commodity in the desert, but Phoenix has sufficient supplies to support its continued growth. As more agriculture is eliminated, the net demand for water decreases even with the burgeoning growth in population. One acre of typical residential growth requires about one-third of the water of one acre of agricultural land.

The area’s mild winter climate, proximity to several major southwest cities, and the area’s availability of water and developable land has enabled the Phoenix area to become one of the fastest growing metropolitan areas in the country. The economy is relatively diverse, relying primarily on service, trade, manufacturing and government sectors as major employers.

Conclusion

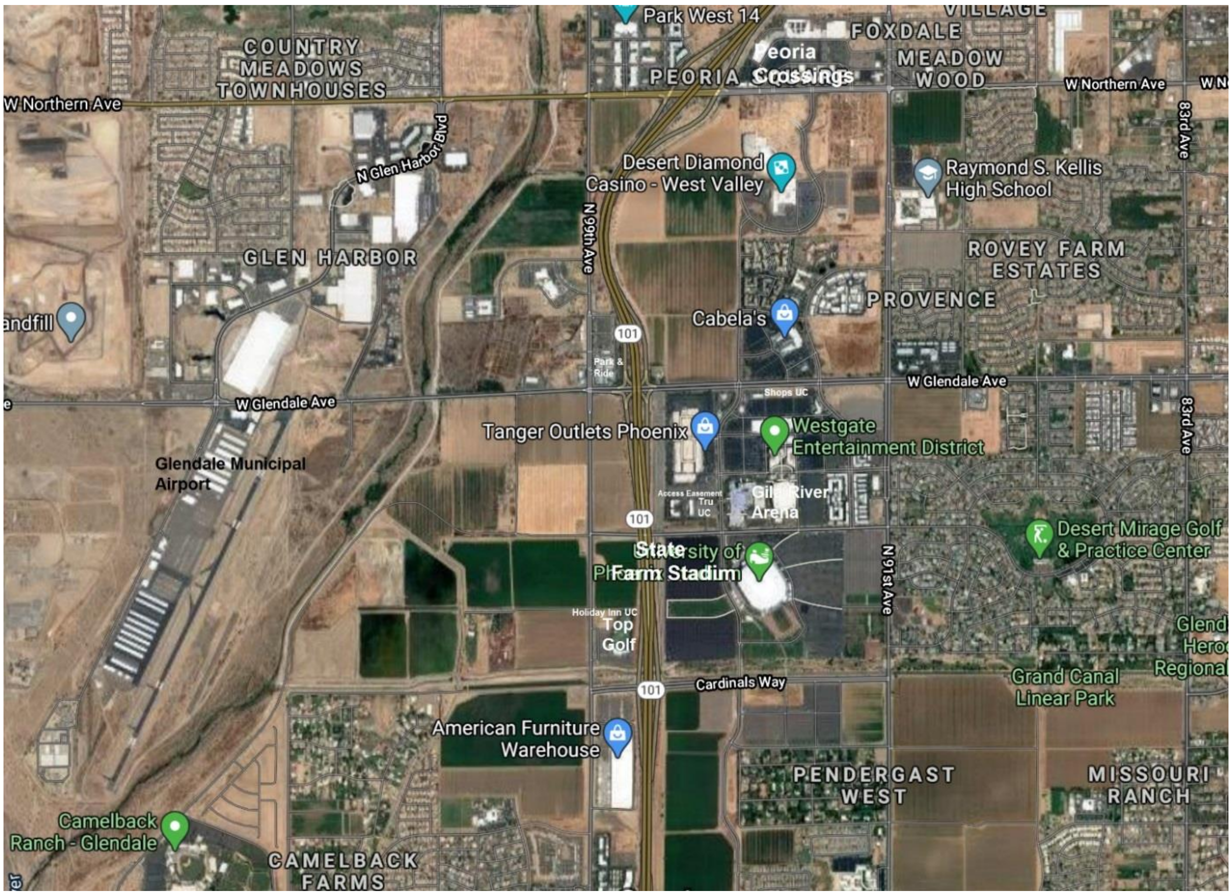
The near-term outlook for the individual real estate sectors and the economy as a whole for Metropolitan Phoenix is for steady growth.

Metropolitan Phoenix Map



NEIGHBORHOOD

The subject neighborhood is defined by the Westgate Entertainment District, State Farm Stadium (Cardinals), Gila River Arena (Coyotes) and the subject Tanger Outlets Phoenix. All were sited here primarily because of Loop 101 aka the Agua Fria Freeway which divides the developing area east and west. Glendale Avenue provides the heaviest traveled east west arterial serving the neighborhood. Neighborhood boundaries are generally defined as Peoria Avenue to the north, Camelback Road to the south, 83rd Avenue on the east, and 107th Avenue to the west. This Google aerial photo of most of the neighborhood centers on subject.



Cabela's, Desert Diamond Casino, the gigantic American Furniture Warehouse, Glendale's 10,000 seat plus 3,000 berm grass seat Camelback Ranch-Glendale spring training facility for the Los Angeles Dodgers and Chicago White Sox at the northwest quadrant of Camelback Road and 107th Avenue and most recently, Top Golf compliment the areas destination appeal.

The Tanger Outlet Mall which qualifies as one of the most consistent daily larger-draws for this neighborhood, is twelve miles northwest of downtown Phoenix, five miles west of downtown Glendale and 3.5 miles Southwest of downtown Peoria.

Loop 101 encircles north metropolitan Phoenix on the west, north and east with the east leg extending into the southeast Valley. South Mountain Freeway Loop 202 was completed in December 2019 with locals expecting this will improve travel time between the east Valley and the subject area. Interstate 10, which provides the link between Loop 101 and Loop 202 is five miles south of the subject. This freeway extends east through Phoenix and south to Tucson, Arizona and east to Florida. It also continues west across Arizona to Los Angeles.

Situated east and west of the Agua Fria Freeway corridor are established residential areas developed primarily with single family subdivisions. Infill residential development after a lapse following the real estate depression of 2008 through 2011 has resumed with active residential developments and many in the pipeline. Land west of Loop 101 is still mostly in agricultural use but is destined for development as long as favorable market conditions remain supportive.

The most dominant facility in the area is the 63,400-seat (2006 built state-of-the-art) multipurpose State Farm Stadium (formerly University of Phoenix) on a 165-acre site at the northeast quadrant of Loop 101 and Cardinals Way (aligns with Bethany Home Road). The stadium capacity can be expanded by 8,800 seats for mega events. It serves as the home of the Arizona Cardinals National Football League, the Fiesta Bowl and Super Bowls 2008, 2015 and 2023. The facility also hosted the NCAA Final Four in 2017 which is scheduled to return in 2024. The Arizona Cardinals play about eight games a season. In some years the multi-purpose facility has been host on over 100 event days including soccer and wrestling.

The most controversial dominant facility in the area because of the uncertain longevity of its primary tenant is the Gila River Arena, immediately north of the State Farm Stadium across Maryland Avenue. Built as the focal point of the Westgate Entertainment District, in December 2003 as a state of the art 17,799-seat multi-purpose facility, it is the home of the National Hockey League Phoenix Coyotes. The facility is still regarded as highly functional, with open concourses and steep seating. Some say the arena could benefit from reconfigured suites, more club areas, enhanced food and beverage service and more team stores.

Glendale and the Coyotes' relationship splintered in 2015 after the financially struggling city prematurely ended the teams $15 million a year arena management contract, in favor of hiring an arena manager for a third the cost. Glendale also relies heavily on sales tax revenue to cover arena debt payments that won't be paid off until 2033. Meanwhile, the Coyotes under new ownership are on a year to year lease. In August of 2019, new majority owner billionaire entrepreneur Alex Meruelo stated he's committed to keeping the Coyotes in Arizona but keeping the team in Glendale is "a difficult situation." Another owner principal stated, "The team has to be really, really good on the ice to compel people to go." That seems to currently be the case as we are not aware of any recent news or rumors that the Coyotes will relocate from Glendale.

More than 250 annual events occur in this Sports and Entertainment area ranging from live music every Friday and Saturday night at Fountain Park to Bike Nights, Hot Rod Nights, Fitness in the District, a holiday ice rink and fan experience events. With about 40 home games a season, the Coyotes provide a consistent stream of visitors to the Westgate area.

The Arizona Rattlers will call the Gila River arena home for its upcoming Indoor Football League season, while Talking Stick Resort Arena is being renovated. Some restaurant owners and managers at Westgate say if the Coyotes left it would significantly hurt their businesses. But some also say that large non-hockey events happening at the arena bring the same crowds to Westgate as Coyotes game, and they are encouraged to see events at the arena and Westgate increasing. Westgate will "continue to do very well regardless of the tenant situation in the arena," said Dan Dahl, director of real estate for YAM Properties, owner of Westgate. Dahl says that Westgate is stronger than it has ever been. City representatives say the same.

The Westgate Entertainment District offers 35 dining and drinking venues including some nationally known names such as Chipotle, Dave and Busters, Buffalo Wild Wings and Cold Stone Creamery plus the AMC Theaters Westgate 20, four boutique shops, six specialty services shops, apartment living in The Lofts at Westgate and twenty two office tenants that include DeVry University.

The recent acquisition of the Westgate Entertainment District by Yam Properties Bob Parsons of Go Daddy has increased the probability of its expansion on 33 acres of undeveloped property. Projects under consideration include a boutique hotel, additional multi-family residential, office and specialty entertainment retail space. Retail shops are currently under construction along Glendale Avenue.

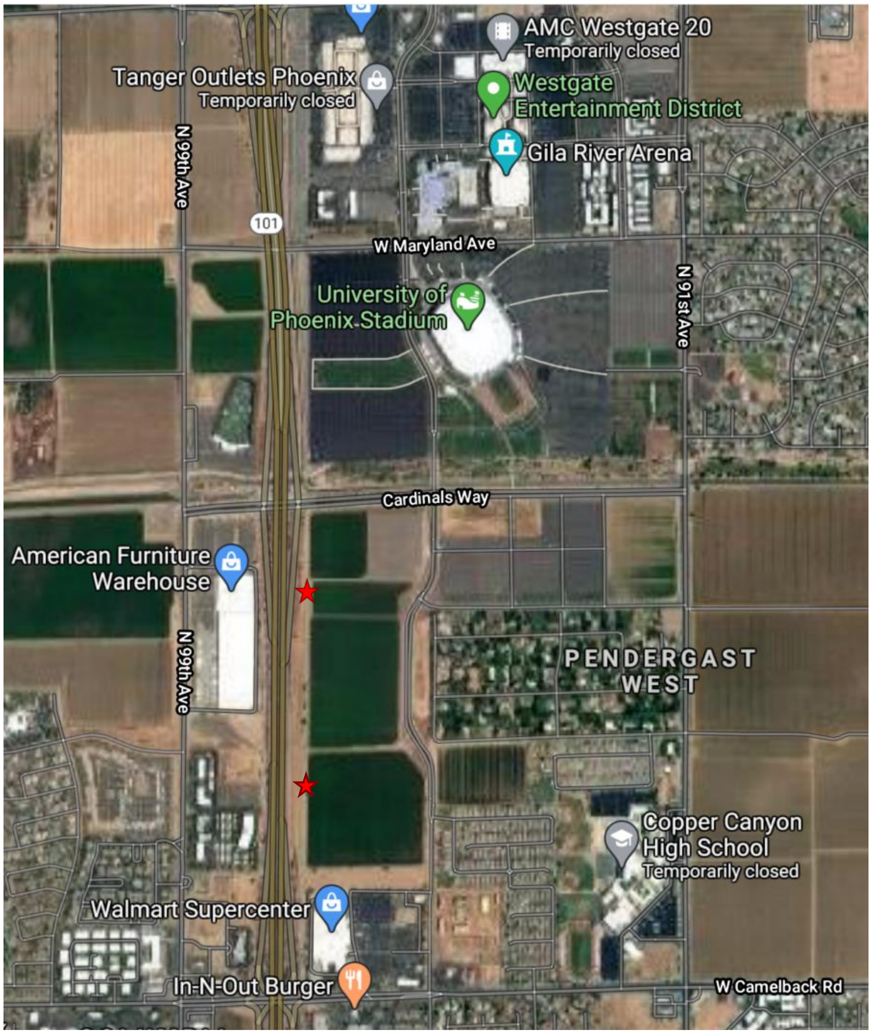
As a result of the destination and event uses in the area lodging properties have found success with 2074 rooms soon to be available within the subject defined 101 neighborhood, including a 114 room Holiday Inn under construction next to Top Golf and a 114 room Tru by Hilton under construction immediately south of Tanger Outlets. City of Glendale representatives state there is good demand for additional “trendy” lodging facilities in this neighborhood.

Several residential subdivisions and apartment projects have also been completed and others are planned. The City has recently taken a more proactive approach with property owners to take advantage of opportunities for sound, long-term economic development, specifically in the mostly undeveloped area west of Loop 101, funding $10.7 million for the extension of Ballpark Boulevard (illustrated in red on the aerial photo) to better connect the Vision 4 area to Camelback Ranch (three and a half miles to the southwest of Westgate Sports and Entertainment District). The city also plans to expand both Maryland Avenue and Bethany Home Road from where they currently dead-end at 99th Avenue to connect with Ballpark Boulevard. These improvements will cut the driving distance from Camelback Ranch to the rest of the Sports and Entertainment District from three and one half to under two miles.

Vision 4 is 353 acres of mostly farmland to the north and northwest of Topgolf. The area is bordered by Glendale Avenue to the north, Bethany Home Road to the south, 99th Avenue to the east and the New River channel to the west. During the last months of 2019 the Planning Commission asked city staff to begin a zoning change that will customize the area's zoning to the needs of the area, help property owners attract development and complement the existing Sports and Entertainment District. The specifics of the proposed new zoning have yet to be determined. Staff will present its proposal to the Planning Commission in a future meeting.

IMMEDIATE NEIGHBORHOOD

Subject's immediate neighborhood is defined by how the vacant acreage adjacent east is developed. The Westgate Entertainment District, Tanger Outlets and on event days the State Farm Stadium immediately northeast of subject are significant attractions and traffic generators. The Google aerial provides default labels for primary immediate area uses and illustrates the proximity of subject to Loop 101 and two interchanges. Note the University of Phoenix Stadium is now the State Farm Stadium.



Subject's immediate surroundings include:

North – Cardinals Way, Grand Canal Trail on both sides of the canal and drainage channel that extends under Loop 101, then the 70 plus acre main parking lot and Great Lawn (tailgater park) for the State Farm Stadium; a digital billboard situs is in the southwest corner of the parking lot; a new Top Golf facility is located at the northwest quadrant of Cardinals Way and Loop 101, north of the canal and drainage ditch and adjacent to its north, a 114 room Holiday Inn is currently under construction

To the north of the State Farm Stadium parking lot and north of Maryland Avenue is a drainage area, then the 149 room Hampton Inn & Suites Phoenix on the west, 127 room Home2 Suites by Hilton Phoenix in the middle then 114 room True by Hilton under construction fronting 95th Avenue; in season rates are in the $200 to $400 range, off season generally range from $100 to $150; next north is the 100% occupied 410,726 square foot Tanger Outlets built in 2012 and 2014 with 94 shops that are temporarily closed waiting on a time when COVID-19 is under control

East – 63 acres of vacant agricultural land; in 2008 the city council approved the portion north of the Missouri Avenue alignment and south of then Bethany Home Road, now Cardinals Way, for high-intensity mixed-use development to include 4.6 million square feet of building with heights from 40 feet to 200 feet with one building allotted a maximum height of 400 feet;

In January of 2020 the Planning Commission recommended approval of ZON-13 rezoning request that would allow commercial retail, restaurants, entertainment, office, and high-density residential opportunities for this site with proposed development standards to allow for a maximum density of 80 dwelling units per acre, maximum building height of 220 feet and landscape buffers from 0 to 20 feet.

The approval includes a maximum of two freeway monument signs at a maximum height of 55 feet for onsite, business names only, advertisement. Digital billboards would be in accordance with the provisions outlined in the Zoning Ordinance.

The approval also includes rezoning of the south 15 acres of the 63 acres for development of a 344-unit multi-family development. The planning commission recommended approval of the request subject to several stipulations including the developer **dedicating 35½ feet of additional right of way and construct half street improvements with curb, gutter, sidewalk, and streetlights for Missouri Avenue. This right of way will provide public access to subject.**

East – **south of the Missouri Avenue alignment** is a 45-acre agricultural parcel conceptually approved for Urban 95 for the past 10+ years. The live-work-play "project is intended to be a compact urban environment integrating moderate to high density residential condominiums and apartment uses, retail, employment and other amenities." **The plan includes vehicular and pedestrian accessibility to subjects.**

To the east of the 63 acre site immediately east of subject is the recently fully developed four lane 95th Avenue event relief roadway, then next east is the recently developed 58.75-acre City owned parking lot dedicated to parking for the State Farm Stadium; the Cardinals own a 10 ace portion as the result of the recent parking lot settlement with the Cardinals

West –Loop 101 withing ADOT limited right of way and then the 36 acre site of the 533,718 square foot 2014 completed warehouse showroom and distribution warehouse for American Furniture Warehouse at the southwest quadrant of Loop 101 and Maryland Avenue; continuing west of 99th Avenue is agricultural land within the City of Phoenix that is destined for more intensive use; the Camelback Ranch Spring Training facility is one and one half miles southwest.

Southeast – Wal-Mart Supercenter with stores and pad sites on the north side of Camelback Road between Loop 101 and 95th Avenue within the retail plaza know as Aqua Fria Towne Center

In summary, the property is located within an that has been aggressively developed over the past twenty years stimulated by the completion of Loop 101 followed by the development of a major sports arena and stadium, entertainment, shopping, lodging, office and residential projects. Activity stalled with the 2008 thru 2011 Arizona real estate depression but has been improving of late. The improving Valley wide economy and inertia of capital to acquire and expected to expand the Westgate Entertainment District by strong local financial ownership has improved the outlook for other properties in the area.

Recent events require an analyst to ignore much of the above. The world-wide shelter-in-place and closing of many commercial establishments that has been accepted as an appropriate response to the COVID-19 outbreak is like nothing in modern history. Being so soon, after the event, the impact on the economy and real estate values is unknown requiring investors to take the necessary time to sort out what has changed and what has not.

OFFICE MARKET ANALYSIS

Market conditions have improved over the past eight years with overall vacancy trending downward and rents increasing. Set forth below are office statistics for the Phoenix metropolitan area that were compiled by CoStar.

Quarter	# Bldgs.	Inventory SF	Vacant SF	Vacant %	Net Absorption SF	Deliveries SF	U/C SF	Office Rent
2019 Q4	8,898	191,204,270	22,378,846	11.7%	1,270,304	966,754	3,570,706	$24.19
2019 Q3	8,888	190,237,516	22,682,396	11.9%	1,068,123	799,750	3,446,813	$23.95
2019 Q2	8,878	189,437,766	22,950,769	12.1%	507,063	625,657	3,988,445	$23.81
2019 Q1	8,868	188,812,109	22,834,684	12.1%	1,237,743	1,074,779	3,832,190	$23.76
2018 Q4	8,852	187,737,330	22,997,648	12.2%	58,266	482,243	4,179,579	$23.34
2018 Q3	8,842	187,255,087	22,573,671	12.1%	1,622,856	186,796	3,643,915	$23.10
2018 Q2	8,835	187,068,291	24,009,731	12.8%	1,437,631	371,692	3,647,768	$22.87
2018 Q1	8,827	186,696,599	25,046,744	13.4%	433,040	328,405	3,354,483	$22.67
2017 Q4	8,821	186,288,194	25,178,660	13.5%	1,643,272	349,504	2,367,905	$22.26
2017 Q3	8,814	185,938,690	26,474,073	14.2%	853,349	418,479	1,683,716	$21.68
2017 Q2	8,807	185,520,211	26,908,943	14.5%	562,472	360,035	1,970,041	$21.49
2017 Q1	8,797	185,160,176	27,111,380	14.6%	144,943	1,162,871	1,716,034	$21.11
2016 Q4	8,786	183,997,305	26,093,452	14.2%	867,807	438,306	2,366,546	$20.90
2016 Q3	8,776	183,558,999	26,522,953	14.4%	1,240,226	519,131	2,319,653	$20.86
2016 Q2	8,766	183,039,868	27,244,048	14.9%	1,126,308	779,480	2,455,761	$20.56
2016 Q1	8,751	182,260,388	27,590,876	15.1%	744,096	885,541	2,507,253	$20.32
2015 Q4	8,743	181,374,847	27,449,431	15.1%	2,650,961	1,586,137	2,871,723	$20.07
2015 Q3	8,729	179,788,710	28,514,255	15.9%	1,064,256	466,123	4,054,123	$19.88
2015 Q2	8,718	179,322,587	29,112,388	16.2%	434,894	844,835	4,064,214	$19.70
2015 Q1	8,710	178,477,752	28,702,447	16.1%	(113,202)	333,132	4,544,501	$19.56
2014 Q4	8,705	178,144,620	28,256,113	15.9%	922,129	369,384	3,786,733	$19.30
2014 Q3	8,699	177,775,236	28,808,858	16.2%	953,863	472,033	3,642,823	$19.21
2014 Q2	8,691	177,303,203	29,290,688	16.5%	583,126	471,773	3,445,159	$18.80
2014 Q1	8,687	176,831,430	29,402,041	16.6%	690,553	145,821	3,233,793	$18.61

The metro Phoenix office vacancy rate peaked at 20.4% in 2010 because of the global financial crisis but has since trended lower. The current vacancy rate is estimated to be 11.7%, down from 12.1% in the year-ago quarter. Construction activity has increased significantly since 2014. Approximately 2.9 million square feet was added in 2015 with another 2.05 million square feet added in 2016 and 2.3 million square feet in 2017. Twenty-eight buildings containing a combined area of 1,345,181 square feet were delivered in 2018. A total of 3,466,940 square feet were delivered in 2019. There is approximately 3.57 million square feet currently under construction.

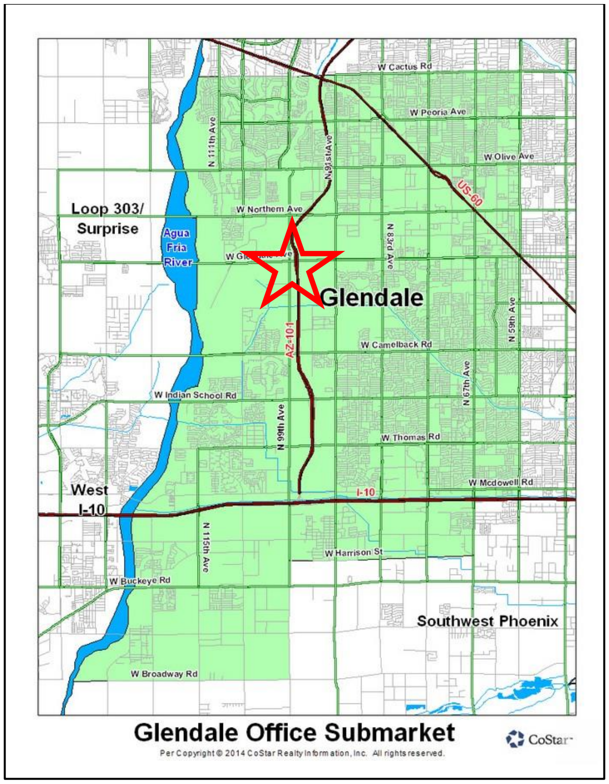
Absorption of office space has been positive since 2009. Net absorption totaled 17.2 million square feet between 2014 and 2018 with an average of 3.44 million square feet per annum. The net absorption totaled 4.083 million square feet in 2019.

The average quoted lease rate currently is $24.19 per square foot per annum, up from $23.76 per square foot in the year-ago quarter.

CoStar divides the Phoenix metropolitan area in to twelve market areas and thirty-two submarkets. The subject is in the Glendale Office Submarket.

Glendale Office Submarket

This submarket generally extends east from the Agua Fria River to 59th Avenue, between Cactus Road and Broadway Road/Harrison Street. A map of the area is included below.



Statistics from CoStar for this submarket are displayed below.

Period	Inventory Bldgs	Inventory SF	Vacant %	Net Absorption SF	Deliveries Bldgs	Deliveries SF	U/C Bldgs	U/C SF	Office Rent
2019 Q4	199	3,567,620	9.5%	44,831	0	0	0	0	$25.17
2019 Q3	199	3,567,620	10.7%	11,093	0	0	0	0	$25.02
2019 Q2	199	3,567,620	11.0%	14,551	0	0	0	0	$24.97
2019 Q1	199	3,567,620	11.5%	7,509	1	64,152	0	0	$24.15
2018 Q4	198	3,503,468	10.0%	17,406	0	0	1	64,152	$23.56
2018 Q3	198	3,503,468	10.5%	3,896	0	0	1	64,152	$23.29
2018 Q2	198	3,503,468	10.7%	64,396	1	4,747	1	64,152	$23.64
2018 Q1	197	3,498,721	12.4%	(3,969)	0	0	2	68,899	$23.77
2017 Q4	196	3,418,721	12.5%	11,758	0	0	2	68,899	$23.84
2017 Q3	196	3,418,721	12.9%	70,538	0	0	2	68,899	$23.55
2017 Q2	196	3,418,721	15.0%	32,908	0	0	1	4,747	$22.96
2017 Q1	196	3,418,721	15.9%	(26,410)	1	16,000	0	0	$22.51
2016 Q4	195	3,402,721	14.7%	38,573	0	0	1	16,000	$21.47
2016 Q3	195	3,402,721	14.1%	37,020	1	10,432	2	75,895	$20.39
2016 Q2	194	3,392,289	14.9%	28,652	0	0	3	86,327	$20.50
2016 Q1	194	3,392,289	16.9%	30,630	0	0	1	10,432	$20.57
2015 Q4	194	3,392,289	17.8%	(12,868)	1	59,895	1	10,432	$21.88
2015 Q3	193	3,332,394	17.7%	1,678	0	0	0	0	$22.05
2015 Q2	193	3,332,394	17.8%	40,110	0	0	0	0	$22.12
2015 Q1	193	3,332,394	19.0%	18,605	0	0	0	0	$22.13

While absorption has been overall positive in all but three quarters in the past five years. As a result, the vacancy rate has been declining and was 9.5% at the end of the 4th quarter 2019. The vacancy rate for the submarket is lower than the average vacancy rate for the Phoenix market. New construction activity has been limited in the past five years delivering five buildings totaling 155,226 square feet. There are currently no projects under construction for this submarket.

The average quoted lease rates reached a cyclical low in 3rd Quarter 2016 of $20.39 per square foot per annum, full service. The average quoted lease rate has been increasing since and at the end of the 4th quarter 2019 was $25.17 per square foot per annum, full service.

The Glendale office market is somewhat overbuilt but has been recovering. We do not anticipate a near term change in market conditions and anticipate the market will remain fairly competitive.

LODGING MARKET ANALYSIS

National, Arizona and local lodging markets are considered in this overview.

National Trends

"Our US lodging outlook for 2020 assumes steady economic fundamentals including continued strength in consumer spending during a presidential election year; a modest uptick in business investment; and phase 1 of a new trade agreement with China"[1] This statement and the following chart of stabilized forecasts are pre the COVID-19 disease outbreak and subsequent international, national and local responses.

Table 1: US outlook (January 27, 2020)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Demand growth	7.3%	4.6%	2.7%	1.9%	4.0%	2.5%	1.5%	2.4%	2.4%	2.0%	2.1%
Supply growth	1.7%	0.4%	0.3%	0.5%	0.6%	0.9%	1.4%	1.7%	2.0%	2.0%	2.2%
Room starts, % change	-39.1%	57.9%	26.1%	26.6%	35.4%	14.7%	14.7%	-3.9%	8.1%	-10.3%	-4.6%
Occupancy	57.6%	60.0%	61.4%	62.3%	64.4%	65.4%	65.4%	65.9%	66.1%	66.1%	66.1%
% change	5.6%	4.2%	2.4%	1.4%	3.4%	1.5%	0.1%	0.7%	0.4%	0.0%	-0.1%
Average daily rate	$98.04	$101.76	$106.05	$110.06	$115.20	$120.42	$124.07	$126.83	$129.99	$131.20	$132.25
% change	-0.1%	3.8%	4.2%	3.8%	4.7%	4.5%	3.0%	2.2%	2.5%	0.9%	0.8%
RevPAR	$56.46	$61.05	$65.14	$68.53	$74.16	$78.71	$81.17	$83.55	$85.97	$86.77	$87.39
% change	5.4%	8.1%	6.7%	5.2%	8.2%	6.1%	3.1%	2.9%	2.9%	0.9%	0.7%
GDP, % change Q4/Q4	2.6%	1.6%	1.5%	2.6%	2.9%	1.9%	2.0%	2.8%	2.5%	2.3%	2.2%
Inflation, % change	1.7%	2.5%	1.9%	1.3%	1.5%	0.2%	1.0%	1.8%	2.1%	1.4%	1.9%

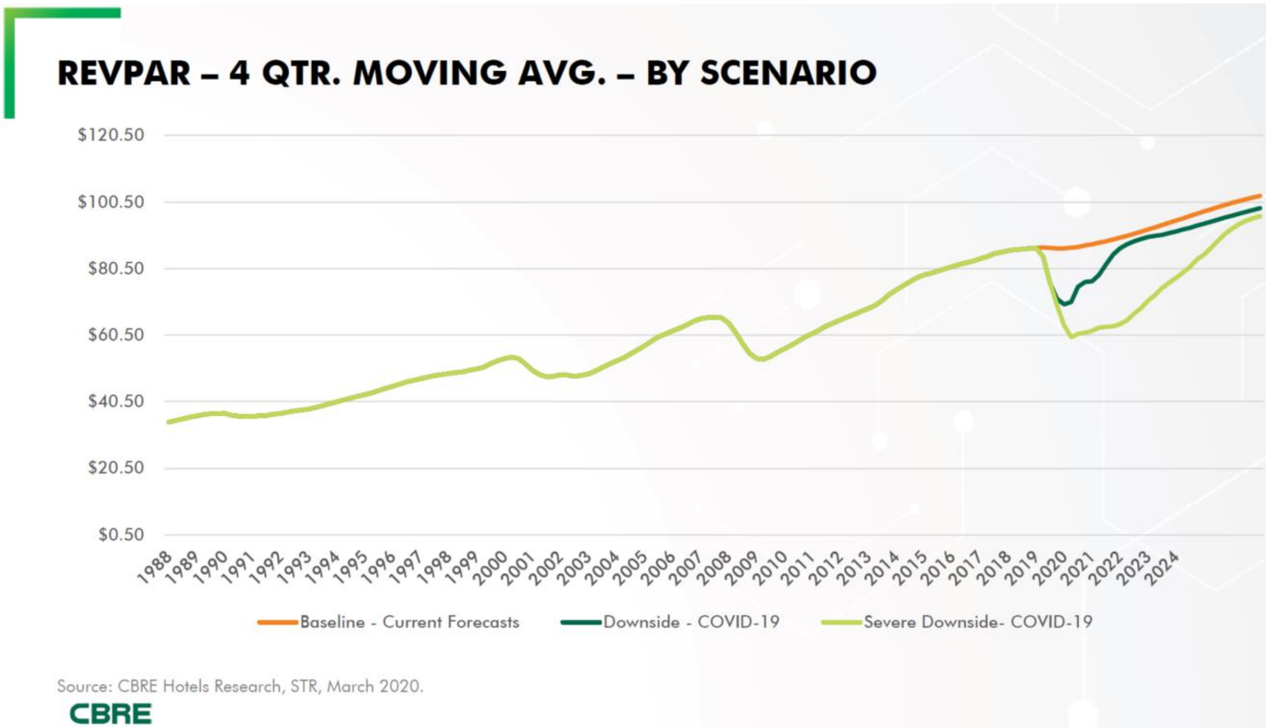
Source: STR; Bureau of Economic Analysis; IHS-Markit (forecast released January 2020); MHC Construction Analysis System; PwC

It is too early to provide specific sales data measurements of the impact of what changes have occurred in the minds of real estate investors and specifically the lodging market. During the week of March 23rd 2020 CBRE distributed "U.S. Outlook for 2020 Coronavirus and the Risk to Hotels". The report, dated March 2020, considers the impact on the lodging market of past demand shocks including SARS on Toronto, 9/11 on New York, GFC 08/09 on New York and the Tech Bust on SFO. Disruption Curves for three possible REVPAR (revenue per available room) paths are charted. Data is extrapolated from the study to measure the possible impact of Scenario 1; a 2 to 4 month disruption and Scenario 2; a prolonged recession. The impact of each scenario on both room rates and occupancy are chartered from which the impact upon REVPAR can be projected. The Disruption Curve for Hotel Occupancy from COVID-19 on China and Italy are also considered in making their projections.

The Disruption Curve for China and Italy has hotel occupancies declining from the high 60% area to less than 10% with potential recoveries occurring in 12 months.

The three possible REVPAR paths charted in the current CBRE study are Baseline (essentially current forecasts pre COVID-19); Downside and Severe Downside as shown next.

[1] Hospitality Directions US January 2020 pwc, PricewaterhousCooper



The Baseline projects a near term flattening of REVPAR with resumed growth in 2021. The Downside risk illustrates REVPAR returning to pre COVID-19 levels in 2022. The Severe Downside scenario does not recover to the same level of REVPAR for five years.

Phoenix hotels earn the most premium revenue of any U.S. market at 65% more revenue in March/April than they do the rest of the year. With the cancelation of Spring Training and nearly all other events this premium is obviously lost for 2020 but would be expected to recur in coming years.

In a March 26, 2020 article by John Egan in National Real Estate Investor quotes Green Street Advisors Inc., a commercial real estate research and advisory firm based in Newport Beach, Calif., “the lodging sector would bear the largest brunt of any sector in terms of lost property value—an estimated 14 percent—if there were a 1 percent decline in U.S. GDP”

SUMMARY THOUGHTS DIRECTLY QUOTED FROM THE CBRE CORONAVIRUS AND THE RISK TO HOTELS STUDY

- THE HOTEL MARKET'S RECOVERY FROM PAST MAJOR SHOCKS, SUCH AS 9/11 NATIONALLY, SARS OUTBREAK IN TORONTO, ZIKA OUTBREAK IN MIAMI, TYPICALLY TOOK 14 TO 24 MONTHS.

- OUR DOWNSIDE SCENARIO INDICATES IT WILL TAKE SIX TO EIGHT MONTHS FOR US HOTEL DEMAND TO RECOVER, AND 12 TO 14 MONTHS FOR ADR AND REVPAR TO RECOVER.

- THE IMPACT IN RECENT WEEKS HAS BEEN NEGATIVE FOR NEARLY ALL HOTEL OPERATORS. BUT IT HAS BEEN MORE ACUTE FOR URBAN AND AIRPORT LOCATIONS, AND LESS SO FOR SMALL METROS AND INTERSTATE HOTELS. THE HIGHER THE HOTEL SEGMENT'S ADR, THE LARGER THE YEAR-OVER-YEAR DECLINE.

- THE IMPACT SO FAR HAS BEEN GREATEST, IN GENERAL, FOR WEST COAST MARKETS AND NEW YORK CITY. MEANWHILE, IT HAS BEEN LESSER FOR EAST COAST MARKETS SUCH AS BOSTON, WASHINGTON DC, MIAMI AND (IN THE MIDWEST) CHICAGO.

- CAUSE FOR HOPE FOR FAST RECOVERY: CHINESE HOTELS HAD NEARLY FULLY RECOVERED FROM THE MARCH 2003 SARS OUTBREAK BY JULY OF THAT YEAR WHEN SARS WAS CONTAINED.

- MARKETS LIKELY TO SEE THE MOST SEVERE IMMEDIATE IMPACT ARE THOSE THAT GAIN A HIGH PERCENTAGE OF THEIR REVENUE FROM MARCH AND APRIL: PHOENIX, WEST PALM BEACH, TAMPA, NEW ORLEANS, MIAMI, FORT LAUDERDALE, TUCSON.

Arizona Trends

The following data are from Trends in the Hotel Industry by CBRE. Note the overall improvement in statewide performance for both ADR and occupancy resulting in a 3.9% increase in RevPAR, besting the prior year increase of 3.8% by a fraction. Subject is included within Phoenix-West, a rather broad area not necessarily representative of subject's strong Westgate Entertainment District submarket.

	AVERAGE DAILY RATE			OCCUPANCY PERCENT			REVPAR		
	2019	2018	VAR	2019	2018	VAR	2019	2018	VAR
JANUARY TO DECEMBER 2019									
PHOENIX-DOWNTOWN	$175.07	$168.47	3.9%	71.68%	69.33%	3.4%	$125.50	$116.81	7.4%
PHOENIX-MIDTOWN/NORTH	$152.14	$153.17	-0.7%	67.29%	66.90%	0.6%	$102.38	$102.46	-0.1%
PHOENIX-AIRPORT	$128.59	$125.00	2.9%	81.12%	79.19%	2.4%	$104.31	$98.99	5.4%
TEMPE	$132.26	$128.56	2.9%	75.82%	73.60%	3.0%	$100.28	$94.63	6.0%
PHOENIX-BLACK CANYON	$101.82	$97.63	4.3%	67.57%	65.39%	3.3%	$68.80	$63.84	7.8%
PHOENIX-SCOTTSDALE RESOR	$258.87	$247.43	4.6%	69.92%	72.06%	-3.0%	$181.01	$178.29	1.5%
PHOENIX-SCOTTSDALE OTHER	$148.20	$143.61	3.2%	74.11%	72.18%	2.7%	$109.84	$103.66	6.0%
PHOENIX-EAST	$113.12	$110.19	2.7%	74.21%	73.78%	0.6%	$83.94	$81.30	3.3%
PHOENIX-WEST	$123.11	$116.03	6.1%	77.42%	76.99%	0.6%	$95.31	$89.33	6.7%
TUCSON-AIRPORT	$96.50	$90.94	6.1%	79.50%	79.81%	-0.4%	$76.72	$72.58	5.7%
TUCSON-DOWNTOWN	$114.25	$109.60	4.2%	69.80%	68.82%	1.4%	$79.75	$75.43	5.7%
TUCSON-RESORTS	$160.21	$161.02	-0.5%	67.75%	65.32%	3.7%	$108.53	$105.19	3.2%
TUCSON-EAST	$106.19	$101.59	4.5%	76.85%	73.44%	4.6%	$81.61	$74.61	9.4%
SEDONA	$234.35	$230.15	1.8%	78.70%	77.92%	1.0%	$184.43	$179.34	2.8%
FLAGSTAFF	$113.74	$112.97	0.7%	72.71%	73.46%	-1.0%	$82.69	$82.99	-0.4%
ARIZONA-NORTH	$107.59	$109.25	-1.5%	73.67%	70.60%	4.3%	$79.26	$77.14	2.8%
ARIZONA-SOUTH	$104.00	$100.21	3.8%	75.71%	73.30%	3.3%	$78.74	$73.45	7.2%
PRESCOTT-PRESCOTT VALLEY	$117.70	$114.68	2.6%	85.00%	81.46%	4.3%	$100.04	$93.43	7.1%
OVERALL AVERAGE	**$155.41**	**$151.44**	**2.6%**	**73.03%**	**72.12%**	**1.3%**	**$113.49**	**$109.21**	**3.9%**

The 2019 overall Arizona average RevPAR is better by over 50% from the Great Recession lows of 2011.

Phoenix-West RevPAR 2019 increase of 6.7% over 2018 is nearly twice the overall average and increased more than all but five of the 18 districts. Occupancy in the Phoenix-West submarket at 77.42% is higher than all but four of the surveyed areas and above the level typically needed to support the development of additional rooms.

Westgate Entertainment Lodging Submarket

The City of Glendale recently conducted a 101 Area Hotel survey. The survey included all existing and planned lodging properties in an area that centered on the Westgate Entertainment District and extended from Northern Avenue on the north, Camelback Road on the south, 107th Avenue on the west and 91st Avenue on the south. The room count totaled 2,074 in 13 properties. Included in this count are 114 units under construction as Tru by Hilton east of two hotel properties immediately east of subject, a 114 room Holiday Inn under construction one half mile southwest of subject adjacent north of Top Golf and a planned 92 room Town-Place Suites Hotel northeast of Cabela’s. City planners believe the area needs more lodging units and the recent market studies of three developer’s obviously concluded that demand in the area could support an 18% increase in supply. However, these commitments were all made pre the response to Covid-19.

All current plans for expansion are likely on hold.

RETAIL MARKET ANALYSIS

Metropolitan Phoenix

The Phoenix Metropolitan Retail Market has grown by approximately 6.3 million square feet since 2015. Absorption has been overall positive since 2010 with a corresponding downward trend in vacancy. The vacancy rate has been relatively stable since 2018. The vacancy rate at the end of the Fourth Quarter 2019 was 6.8%. Set forth below are some overall figures since Mid-2015.

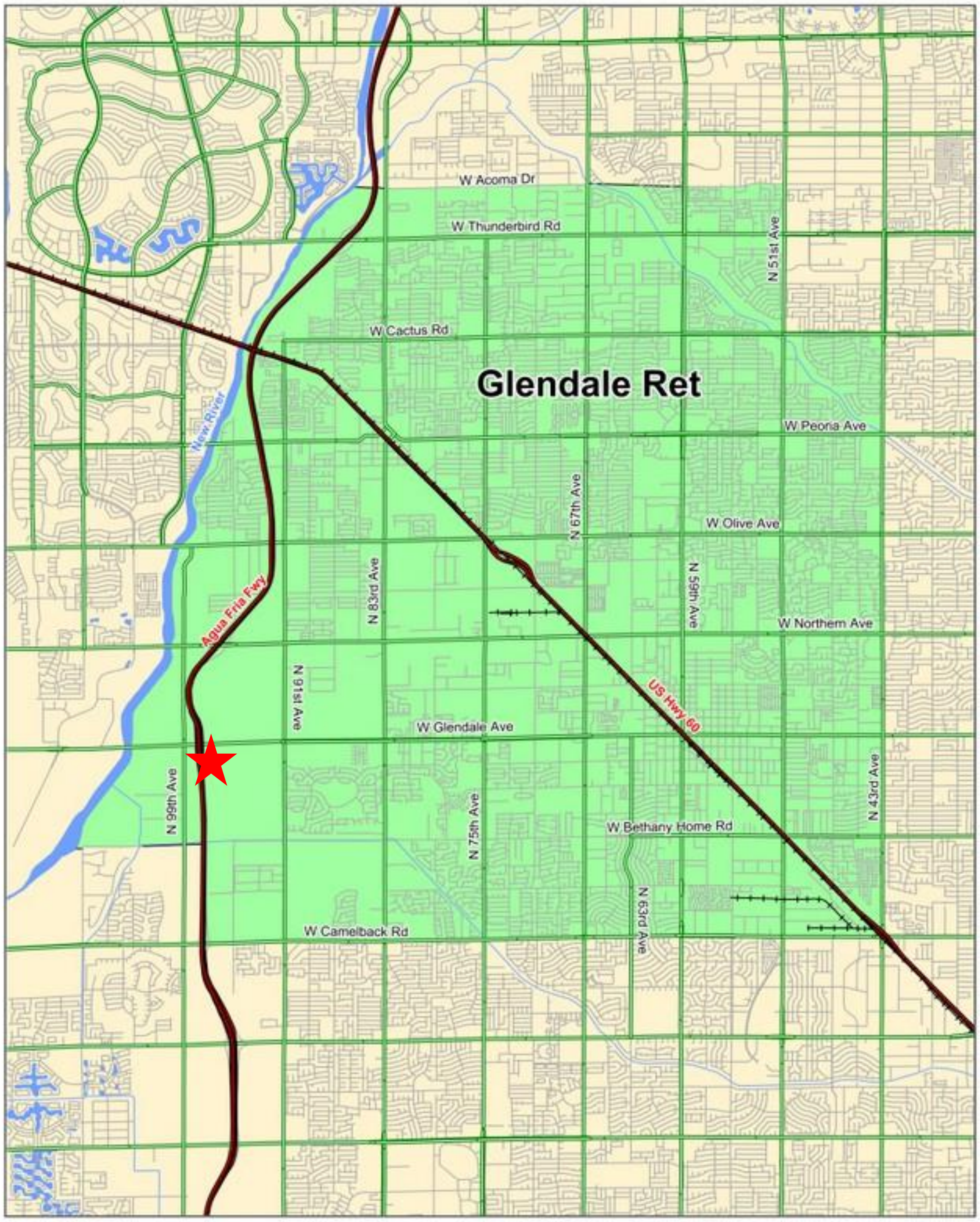
Quarter	Inventory Bldgs	Inventory SF	Vacant %	Net Absorption SF	Deliveries Bldgs	Deliveries SF	U/C Bldgs	U/C SF	NNN Rent
2019 Q4	14,379	222,921,088	6.8%	353,475	31	381,948	86	1,111,445	$15.99
2019 Q3	14,354	222,588,296	6.8%	225,874	31	271,889	96	1,211,334	$15.81
2019 Q2	14,326	222,399,326	6.9%	217,740	24	224,602	111	1,332,241	$15.84
2019 Q1	14,306	222,203,711	6.9%	153,488	32	256,108	96	1,217,805	$15.82
2018 Q4	14,284	222,223,722	7.0%	(134,343)	40	419,274	83	893,916	$15.49
2018 Q3	14,248	221,817,448	6.7%	679,779	41	470,288	98	1,039,700	$15.39
2018 Q2	14,211	221,375,013	6.9%	1,393,939	42	622,354	110	1,188,623	$15.31
2018 Q1	14,172	220,760,999	7.2%	867,369	38	302,909	123	1,508,131	$14.90
2017 Q4	14,146	220,555,540	7.5%	1,517,724	35	618,234	112	1,381,438	$14.91
2017 Q3	14,111	220,007,006	8.0%	1,033,275	35	520,033	106	1,463,421	$14.92
2017 Q2	14,083	219,557,463	8.3%	724,840	65	623,439	96	1,607,443	$15.31
2017 Q1	14,020	218,959,384	8.4%	549,422	52	651,888	130	1,661,965	$14.54
2016 Q4	13,969	218,210,226	8.4%	794,790	37	602,422	125	1,727,721	$14.39
2016 Q3	13,946	217,866,687	8.6%	468,114	43	920,400	107	1,508,943	$14.49
2016 Q2	13,916	217,045,361	8.5%	497,647	34	479,030	99	1,993,799	$14.45
2016 Q1	13,889	216,690,485	8.6%	747,165	27	329,926	96	1,845,105	$14.33
2015 Q4	13,874	216,591,771	8.9%	403,114	32	285,426	77	1,315,938	$14.18
2015 Q3	13,844	216,357,260	9.0%	850,115	25	398,136	75	992,557	$14.31
2015 Q2	13,828	216,137,392	9.3%	563,293	28	289,142	62	897,934	$13.83

Quoted rental rates have trended upward since 2015. The average rate at the end of the 4th Quarter 2019 was $15.99 per square foot, up from $15.49 per square foot one year ago.

Set forth on the following pages are market statistics from the 4th Quarter 2019 CoStar Retail Report. The study breaks the Metropolitan Phoenix area into 11 geographic markets and further subdivides the markets into smaller submarkets. The subject property is in CoStar's Phoenix/Glendale Retail Market and Glendale Retail Submarket.

Glendale Retail Submarket

The subject property is in CoStar's Glendale Retail Submarket. A map of the submarket is included below followed by a summary of recent quarterly statistics for this submarket.



Glendale Retail Submarket

CoStar

Historical Statistics

Quarter	Inventory Bldgs	Inventory SF	Vacant SF	Vacant %	Net Absorption SF	Deliveries Bldgs	Deliveries SF	U/C Bldgs	U/C SF	NNN Rent
2019 Q4	859	11,346,126	747,908	6.6%	86,164	1	5,727	1	2,400	$16.68
2019 Q3	858	11,340,399	828,345	7.3%	33,977	1	5,773	2	8,127	$16.35
2019 Q2	857	11,334,626	856,549	7.6%	42,534	0	0	2	11,500	$16.18
2019 Q1	857	11,334,626	900,482	7.9%	(104,552)	0	0	2	11,500	$12.11
2018 Q4	857	11,334,626	795,930	7.0%	(12,075)	1	10,526	1	5,727	$12.02
2018 Q3	856	11,324,100	773,329	6.8%	189,142	2	12,100	1	10,526	$12.22
2018 Q2	854	11,312,000	950,371	8.4%	11,402	1	1,936	3	22,626	$12.30
2018 Q1	853	11,310,064	959,837	8.5%	26,167	1	7,800	3	14,036	$12.24
2017 Q4	852	11,302,264	978,204	8.7%	119,317	1	5,832	3	19,900	$12.21
2017 Q3	851	11,296,432	1,091,689	9.7%	(21,135)	0	0	3	15,832	$13.51
2017 Q2	851	11,296,432	1,070,554	9.5%	16,883	0	0	2	8,032	$14.09
2017 Q1	851	11,296,432	1,087,437	9.6%	(26,360)	3	14,791	0	0	$13.70
2016 Q4	848	11,281,641	1,046,286	9.3%	107,408	0	0	3	14,791	$12.39
2016 Q3	848	11,281,641	1,153,694	10.2%	68,948	0	0	3	14,791	$12.45
2016 Q2	849	11,293,141	1,234,142	10.9%	99,809	1	6,377	0	0	$11.64
2016 Q1	848	11,286,764	1,327,574	11.8%	15,670	0	0	1	6,377	$11.87
2015 Q4	849	11,295,505	1,351,985	12.0%	6,701	0	0	1	6,377	$11.76
2015 Q3	849	11,295,505	1,358,686	12.0%	63,328	3	20,088	0	0	$11.63
2015 Q2	846	11,275,417	1,401,926	12.4%	(109,979)	1	5,821	3	20,088	$11.17

The vacancy rate in the Glendale retail submarket reached a cyclical high at year end of 2010 of 14.2%. The vacancy rate has steadily improved slightly with an average vacancy rate at the end of the 4th Quarter 2019 of 6.6%.

The average quoted lease rate has steadily increased over the past five years with the average quoted lease rate at the end of the 4th Quarter 2019 of $16.68 per square foot, net.

The largest new retail construction project in the subject submarket in the past five years is a 10,526 square foot retail center. Only one commercial building is currently under construction in the immediate area. We anticipate market conditions in the subject area will improve in the near term new additional new construction as the result of favorable Valley wide real estate market conditions and the recent acquisition by strong local ownership of the Westgate Entertainment District. Development occurring along the Loop 101 Freeway and near the Sports and Entertainment District is the most probable.

PROPERTY DATA

Property History:

The owner of record is

Arizona State of Department of Transportation

Subject is the remnant of the current owner's acquisition of a larger parcel for construction of the Loop 101 freeway. Although the site has been identified as excess land for many years we are not aware of any recent focused attempts to market the property or of any unsolicited offers to purchase.

Site Data:

Site Area from ADOT: **351,835.87 square feet, or 8.077 acres.**

The site is **4,211.61 feet** long and slender with an **average width of 85.54 feet**. The **north end is 31.19 feet-wide**, **the south end is a point. Maximum width is about 120 feet.**

The **south arrow** is approximately 470 feet long and 30 feet wide at north end with a point on the south end leaving the south **7,050 square feet with a sharp arrow configuration of virtually no utility or value.**

The next north parcel is the **south spear** section with about 425 feet north/south, about 30 feet in width on the south and 120 feet wide on its north for a total area of **31,875 square feet.**

A **north middle rectangle** has a north south length of 1,393.80 and a width of about 120 feet and total area of **167,256 square feet.**

The **north spear** has a length of near 1,927 feet is 31.19 feet wide at its north end increasing to about 120 feet on its south end for a total area of **145,655 square feet.**

Configuration: The various configured portions of subject are:

Segment	Square Feet	Acres	%
South Arrow	7,050	.161	2
South Spear	31,875	.732	9
North Middle Rectangle	167,256	3.840	48
North Spear	145,655	3.344	41
Total	**351,836**	**8.077**	**100**

Site Data: - (Continued)

Aerial Site Plan
(provided by ADOT dated 2/28/19)

***Site Data:* -** (Continued)

Configuration: (Continued)

The configuration issues are significant. The most usable portion of subject has 1,393 feet of frontage and 120 feet of depth. This long narrow rectangular most useable segment of subject makes up 48% of the site and is the most useable.

The two spear portions total 50% of the site varying from about 30 feet to 120 feet in depth. About 40% of this area or 20% of the total site has a depth of less than 45 feet. This is the minimum depth likely to allow one row of parking with access. Any area less than 45 feet in width would also not allow any building of practical size because of setback requirements. Therefore about 20% of the total area is spear configured with a width of less than 45 feet, too narrow to have any physical use when the site is considered independently.

Adding the 2% of the site with an arrow configuration with a maximum 30-foot width, to the additional approximate 20% of subject with a width of about 30 feet to 45 feet indicates **22%** of subject has virtually no physical use potential and no apparent contributing value.

Topography and Drainage:

The property is near level and graded. No drainage problems were noted.

Soil Conditions:

No soil report is available. We are not aware of any unusual soil conditions and have assumed none exist that may have an impact on value

Zoning:

The property is not-zoned for any urban use and no use is specified on the General Plan Envision Glendale 2040 dated September 30, 2016. That plan designates the property adjacent east as CCC – Corporate Commerce Center.

In January of 2020 the Planning Commission recommended approval of ZON-13 rezoning request for the property adjacent east of the land north of the Missouri Avenue alignment. Commercial retail, restaurants, entertainment, office, and high-density residential with maximum density of 80 units per acre and maximum building height of 220 feet. Digital billboards allowed would be in accordance with the provisions outlined in the Zoning Ordinance.

***Site Data:* -** (Continued)

Zoning: - (Continued)	The approval also includes rezoning of the south 15 acres of the 63 acres for development of a 344-unit multi-family development. The 45 acres east of subject south of the Missouri Avenue alignment have been conceptually approved for a live-work-play project "Urban 95" for over 10 years. A representative of the Glendale Planning and Zoning suggested C-2 General Commercial would be the most likely zoning to be approved for subject, also suggesting a PAD overlay would be available. PAD would allow a digital billboard. Spacing must be 1,760 feet from another digital sign and must be 330 feet from the property line of an adjacent property that is not part of the same PAD. This last requirement would seem to eliminate the digital sign potential for subject as both parcels adjacent east have a PAD overlay. C-2 zoning requires a 25-foot front and side street set back and a 15-foot rear set back with a 30 foot height limit. Variances may be available.
Easements:	We reviewed the Right of Way Disposal Report for subject included in the Addenda. Our review and inspection revealed no evidence of any easements, restrictions or other adverse uses which would affect the development potential, utility or marketability of the property.
Utilities:	All public utilities are available to the site from:

Water/Sewer	City of Glendale
Electricity	Salt River Project
Telephone	Qwest Communications

Access:	Subject does not have any developed access. The narrow window of frontage on Cardinals Way is not available for this use as ADOT does not typically allow access within 660 feet of an interchange. City planners stipulated in the zoning cases for properties adjacent east that land be dedicated and improved as a roadway along the alignment of Missouri Avenue.

Site Data: - (Continued)

Access: - (Continued)	**This requirement provides legal access for subject. The** Missouri Avenue alignment connects on the east with the recently developed four-lane 95th Avenue event boulevard that in turn connects with Glendale Avenue on the north, Camelback Road on the south and Cardinals Way in the middle. A former planned light rail to serve the area was killed by Glendale leaders in 2018 despite the availability of money earmarked for this use from a prior voter-approved sales tax.
Visibility:	The site has at-grade visibility from the freeway, Cardinals Way and from the alignment of Missouri Avenue.
Flood Zone:	The Flood Insurance Rate Map, prepared by the National Flood Insurance Program, designates the subject as being in Shaded Zone X, described as: Other Flood Areas; areas of 0.2% chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. This is not a special flood hazard area and flood insurance is not required. A copy of the flood map is in the addenda.
Environmental Observations:	The appraisers were not provided with a Phase I Environmental Site Assessment and are unaware of the presence of any surface or subsurface contamination, and no further investigative measures were taken by the appraisers to identify potential soil contamination, nor are the appraisers qualified to detect such substances.
Seismic Data:	The property, to the best of our knowledge, is not in a recognized earthquake zone. Generally, the landscape of Arizona reflects relative tectonic stability.
Special Assessments:	There are no bonds or special assessments encumbering the property.
Miscellaneous:	We are not aware of any agricultural preserve or possible wetland areas encumbering the subject property.

Property Taxes:

Subject is not currently assessed or taxed because of its ADOT ownership. It does not currently have an assessor's parcel number.

HIGHEST AND BEST USE

In the most recent edition of *The Appraisal of Real Estate*, the Appraisal Institute, defines highest and best use as:

> The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

To estimate highest and best use, four elements are considered:

1. Legally Permissible - Of the possible uses, which uses are permitted by zoning and deed restrictions?

2. Physically Possible - What uses are physically possible?

3. Financially Feasible - Which possible and permissible uses will produce a net return to the owner of the site?

4. Maximally Productive - Among the feasible uses, which use will produce the highest net return or the highest present value?

The highest and best use must be legal and probable, not speculative or conjectural. A demand for the use must exist and it must yield the highest net return to the land for the longest period.

The highest and best use of the land as if vacant and available for use may be different from the highest and best use of the improved property. This may be true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site. Therefore, to arrive at an estimate of highest and best use, the subject was analyzed 1) as though the site were vacant and available for development, and 2) as presently improved.

As Currently Vacant

Legally Permissible

The site is currently zoned A-1, a holding category, awaiting application for a more appropriate urban use. **As an independent parcel**, a City Planning and Zoning representative suggests the most probable zoning available is C-2 General Commercial. This zoning allows parking lots, lodging, retail, office, and fee-based recreation among others. Two of the uses allowed with a Conditional Use Permit include sales of new and used vehicles, equipment rental and restaurants. A PAD district may also be available that would allow more flexible uses.

The City will want to maintain the integrity of planned development of the properties adjacent east and would likely attempt to prohibit a conditional use permit for new and used vehicle sales, although this is an obvious potential if allowed.

If assembled with either of the parcels adjacent east of subject the parcel could readily be zoned the same and included within one or both of their PAD districts.

Physically Possible

The subject 8.077-acre parcel has a high ratio of at-grade freeway visibility with a shallow depth. **As an independent parcel** subject has a physical potential of accommodating any use limited only by size and configuration without any apparent requirement that a view corridor for the adjoining properties be maintained. The configuration issues are significant challenge discussed next.

The site is large enough to accommodate many uses, however, required 20-foot front and 15-foot rear setbacks will severely force developments of the independent site away from many traditional building and site layouts and severely limit utility of the site. Even the most usable portion of subject has only 120 feet of width. This long narrow rectangular most useable segment of subject makes up 48% of the site and is the most useable.

Two north and south spear portions total 50% of the site and about 40% of this portion or 20% of the total has less than 45 feet, the minimum that is likely to allow one row of parking with access and is not wide enough to allow any building after required setbacks. Adding the 2% of the site with an arrow configuration with a maximum 30-foot width, to the additional approximate 20% of subject with a width of about 30 feet to 45 feet indicates **22% of subject has virtually no physical use potential and no apparent contributing value.**

If assembled with one or more of the properties adjacent east, subject's physical attributes are enhanced for parking and incorporation of the assemblers intended uses. Assemblage also eliminates the potential blocking of freeway visibility of planned uses of the assembler site.

Financially Feasible

The subject's freeway visibility and proximity to the Westgate area provides excellent potential for any use complimentary to the sports and entertainment industry. As an independently owned site subject has the potential to serve as parking, lodging, office, vehicle sales or entertainment-oriented uses to the extent allowed. In assemblage with the property adjacent east subject has the same potential as it does as an independent site but with enhanced configuration and unobstructed freeway visibility for the larger adjacent east property. Some of these uses are speculative. The financial viability of most potential uses are currently uncertain awaiting the financial fallout of the COVID-19 pandemic.

Maximally Productive

In our opinion the highest and best use of subject as an independent site is for parking, lodging, office and/or entertainment use with speculative potential for vehicle sales if a conditional use permit is available. By itself, the site has a significant nuisance quality as the adjoining property owners will not want to have any obstructed freeway visibility created by development of subject.

If assembled with one or more of the adjacent sites, the maximally productive uses are like those of an independent site but significantly broadened and enhanced by better configuration. When split into two ownerships and assembled with the two adjacent ownerships its potential is maximized. Assemblage is only a speculative potential for subject.

The most probable buyer of subject is one of or both adjacent owners. They may choose to not compete through an acquisition strategy agreement. Dividing the parcel into two segments would eliminate the potential for this strategy and likely maximize value.

VALUATION APPROACHES

The estimation of a real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three basic approaches, when applicable, are used by the appraisers: Cost, Sales Comparison and Income Approaches. The value estimates, as indicated by the direct approaches, are then reconciled into a final estimate, of the property's value based on the appropriateness of each approach, the accuracy of the data and the quantity and the quality of the evidence. When one or more of these approaches is not applicable in the appraisal process, justification is presented.

The only approach appropriates for subject, because of its vacant status is the Land Sales Comparison Approach.

LAND SALES COMPARISON APPROACH

Set forth on the following pages are the industrial land comparables that have been considered in estimating the market value of the site on a direct comparison basis assuming the subject has legal access. A summary and map of the comparables follow the detailed data.

LAND SALE (1)

GRANTOR:	City of Glendale
GRANTEE:	Topgolf USA Glendale, LLC
DOCUMENT NO.:	2017/0744106
LOCATION:	East side of 99th Avenue, approximately 415 feet north of Cardinals Way aka Bethany Home Road, Glendale
ASSESSOR'S PARCEL NO.:	102-01-278A
DATE:	October 2017
LAND SIZE:	Frontage on 99th Avenue – 642.03 feet Total Net Area – 571,350 square feet, or 13.116 acres
ZONING:	PAD, City of Glendale
PURCHASE PRICE:	$5,711,393 cash
UNIT PRICE:	$10.00 per square foot
COMMENTS:	The buyer acquired the site for the development of a Topgolf facility. The property had public utilities available and is relatively level. It is not in a special flood hazard area. The development of the site required the installation of curbs and sidewalks along the 99th Avenue frontage. This property is bordered on the east by the Agua Fria Freeway (Loop 101).
SALES HISTORY:	The public records do not indicate a sale of this property within the three years prior to the sale date.
CONFIRMED BY:	Dennis Farley with Grantee's representatives

LAND SALE (2)

GRANTOR: 99th Campbell Seventeen, LLC

GRANTEE: Legacy Traditional School-Phoenix

DOCUMENT NO.: 2017/0792139

LOCATION: Northeast corner of Campbell and 99th Avenues, Phoenix

ASSESSOR'S PARCELS: 102-18-003Q and 102-18-960 thru 963

DATE: October 2017

LAND SIZE: Frontage on 99th Avenue – 562 feet
Frontage on Loop 101 – 1,038 feet
Total Net Area – 734,913 square feet, or 16.87 acres

ZONING: PAD, Planned Area Development

PURCHASE PRICE: $4,115,200 cash

UNIT PRICE: $5.60 per square foot

COMMENTS: The property is comprised of an unimproved parcel and four lots within the Campbell Commerce Center. Ninety-Ninth Avenue does not have street side improvements. Campbell Avenue is improved with vertical curbs but needed sidewalks and the cul-de-sac needed to be improved. The intersection of 99th and Campbell Avenues is signal controlled.

The buyer plans to construct a charter school (K thru 8). Development of the property will require the completion of street side improvements.

SALES HISTORY: Public records do not indicate a sale of this property within the past three years.

CONFIRMED BY: Todd Noel with Colliers International (buyer's broker)

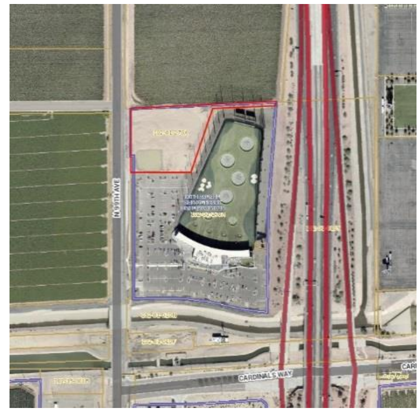
LAND SALE (3)

GRANTOR:	Avondale Medical Campus LLC
GRANTEE:	West Valley Real Estate Investors LLC
DOCUMENT NO.:	2018/0185796
LOCATION:	Southeast corner of McDowell Road and the alignment of 109th Avenue, Avondale
ASSESSOR'S PARCELS:	102-56-013 and 014
DATE:	March 2018
LAND SIZE:	Frontage along McDowell Road – 474.16 feet Frontage along Interstate 10 – 511.93 feet Total Net Area – 384,788 square feet, or 8.83 acres
ZONING:	PAD, Planned Area Development, Avondale
PURCHASE PRICE:	$4,133,668 cash
UNIT PRICE:	$10.74 per square foot
COMMENTS:	All utilities are available to the property. A drainage culvert is in place along the northern boundary of the site. Roadway improvements including concrete curbs, gutters, sidewalks, and landscaping will be required along the McDowell Road frontage. The buyer plans to develop two, three-story medical office buildings, each containing 60,000 square feet.
SALES HISTORY:	The public records do not indicate an arm's length sale in the previous three years.
CONFIRMED BY:	Lisa Andrews with buyer's representative and purchase contract

LAND SALE (4)

GRANTOR:	The Falls at Peoria, LLC and Capstone Asset Management LLC
GRANTEE:	City of Peoria
DOCUMENT NO.:	2018/0562324 and 0581688
LOCATION:	West side of 83rd Avenue, 2000± feet north of Thunderbird Road, Peoria
ASSESSOR'S PARCEL:	200-63-588 and 596
DATE:	July 2018
LAND SIZE:	Total Net Area – 327,020 square feet, or 7.507 acres
ZONING:	PAD, Planned Area Development, Peoria
PURCHASE PRICE:	$2,708,807 cash
UNIT PRICE:	$8.28 per square foot
COMMENTS:	Public utilities are available to the property and 83rd Avenue is fully improved adjoining the site. The Agua Fria Freeway (Loop 101 is adjacent west of the property and Skunk Creek wash is immediately north. The city acquired the property for future office use.
SALES HISTORY:	Public records do not indicate any other sales in the previous three years.
CONFIRMED BY:	Dennis Farley with representative of Peoria Real Estate Department

<u>LAND SALE (5)</u>



GRANTOR: City of Glendale

GRANTEE: SRK Developments, LLC

DOCUMENT NO.: 18/0933678

LOCATION: East side of 99th Avenue, approximately 1,100 feet north of Cardinal's Way, Glendale

ASSESSOR'S PARCEL NO.: 102-01-279A

DATE: December 2018

LAND SIZE: Frontage on 99th Avenue – 325.18 feet
Total Net Area – 128,862 square feet, or 2.96 acres

ZONING: PAD, City of Glendale

PURCHASE PRICE: $1,975,077 cash

UNIT PRICE: $15.33 per square foot

COMMENTS: The buyer acquired the site for the development of a 114-unit Holiday Inn hotel now under construction. The property had public utilities available and is relatively level. It is not in a special flood hazard area. The development of the site required the installation of curbs and sidewalks along the 99th Avenue frontage.

SALES HISTORY: The public records do not indicate a sale of this property within the three years prior to the sale date.

CONFIRMED BY: Wendell Montandon with Alan Houston of SRS, as buyer's broker, Chris Stamets of Western Retail Advisors as seller's broker and City of Glendale

Land Sales Summary

Sale	Date	Acres	Zoning	$ Purchase Price	$ Price/Sq. Ft.
1	Oct 17	13.12	PAD	5,711,393	10.00
2	Oct 17	16.87	PAD	4,115,200	5.60
3	Mar 18	8.83	PAD	4,133,668	10.74
4	Jul 18	7.51	PAD	2,708,807	8.28
5	Dec 18	2.96	PAD	1,975,077	15.33
Subject		8.077	**A-1**		

Land Sales Map

Adjustment Analysis

The unit of comparison used in this approach is the price per square foot. The sales have been compared to the subject property with respect to the following items.

1) Property Rights Conveyed
2) Financing (Cash Equivalency)
3) Conditions of Sale
4) Expenditures made immediately after purchase
5) Market Conditions (Time)
6) Location
7) Physical Characteristics
8) Economic Characteristics
9) Use (Zoning)

A grid illustrating the adjustments to the individual sales follows the discussion.

Property Rights Conveyed

The interest being valued in this section of the report is that of the fee simple estate. None of the sales involve ground leases; therefore, no adjustments are necessary.

Financing

The sales were cash transactions and do not require adjustment for comparison purposes.

Conditions of Sale

Adjustments for conditions of sale are made when the buyer or seller had atypical motivations. We are not aware of any conditions of sale that warrant an adjustment.

Expenditures Made Immediately After Purchase

All but Sale 1 needed off-site improvements at the time of sale as does subject. The differences in need are summarized and arrayed from least to most expenditure needy along with the appraiser applied percentage adjustment to compensate for each summarized in the following table.

Sale	Off-Site Improvements Needed	Adj.
4	83rd Avenue is fully developed	-3%
1	99th Avenue pavement widening, curbs, gutters and landscaping	-1%
3	McDowell Road pavement widening, curbs, gutters and landscaping	-1%
Subject	Missouri Avenue improvements needed – cost likely shared with adjoining property owners	
2	99th Avenue pavement widening, curbs, gutters and landscaping	2%
5	99th Avenue pavement widening, curbs, gutters and landscaping and Rose Lane needs half street improvements	4%

Market Conditions

The sales comparisons occurred during the past 30 months. Available data and overall economic market conditions support stable to improving land prices through the middle of February of 2020. Boosting an already improving entertainment district submarket during this time is evidence that the June 2018 purchase of the Westgate Entertainment District and excess land for $133 million by the financially capable local investor Bob Parsons of GoDaddy. This purchase seemed to increase investor confidence and land values in the Westgate neighborhood.

However, since the last week in February, it is apparent that the outbreak of the coronavirus and both personal and governmental policy reacting to cease all “non-essential” interaction in hopes of slowing the spread of the disease to manageable levels, has had a significant negative impact on most real estate values. It is too soon after the event to extract a specific measurement from non-existent comparable sales. The three questions we are asking of the market;

1. What is the likely percentage decline in value?
2. Is it reasonable to expect we will bounce back soon?
3. What changes in buyer preference have occurred?

While it is highly probable that a decline in value of most real estate types has occurred, for some types the change may not be significant. However, it is apparent that a decline in most land values has occurred simply due to the near-term dried-up capital available for purchases and new construction ventures of most types. Estimating the amount of the decline in land values is complicated in the near term by: 1) The lack of comparable impacted land sales or listing prices; 2) The difficulty in predicting when an adequate reduction in the spread of COVID-19 cases might occur for a return to work is possible for most; 3) Impact of the CARES Act, will it work 4) Timing for a recovery in stock prices, the economy and real estate values and the levels for each achieved in the new “normal”. The new normal may look quite a bit different than what we knew in February of 2020.

We believe it is reasonable to project that values for land suitable for the sensitive product types that dominate the subject submarket like entertainment, retail and lodging that have been significantly negatively impacted in the stock market have most likely regressed to levels achieved two or three years erasing gains made over this time. We have made downward adjustments to all of the sales, with the largest to the most recent sale, to reflect this perceived change.

Location

Subject enjoys proximity to the Westgate Sports and Entertainment District without being an immediate part of it. The comparison locations as they relate to the subject are summarized and arrayed from best to least desirable with the appraiser adjustment applied to compensate for each in the next table.

Sale	Attributes	Rating	Adj.
3	Freeway visibility and arterial frontage near interchange, within three road miles of Banner Estrella Medical Center (same as subject), adjacent to and near other medical users – purchased for medical use	Net superior	-10%
1	Freeway visibility and arterial frontage near interchange and near Westgate S & E District.	Net superior	-10%
5	Freeway visibility and arterial frontage near interchange and near Westgate S & E District.	Net superior	-10%
Subject	Freeway visibility, minimal arterial frontage and it is not accessible near interchange and near Westate S and E District		
4	Freeway visibility and arterial frontage near Peoria 83, a commercial, entertainment and sports venue	Slightly inferior	10%
2	Freeway visibility and arterial frontage in predominately single family residential and underdeveloped area	Inferior	30%

Physical Characteristics

The physical differences include configuration, size and offsite/onsite improvements. Each is briefly discussed below.

Configuration:

In the Site Data and Highest and Best Use sections of the report we identified about 22% of the site as not physically useable as an independent site because of a marginal configuration. When considered as if assembled subject has near 100% useable configuration as the two adjacent sites that provide assemblage potential are vacant and any concept plan can be readily redesigned to incorporate subject and remove what would otherwise be a nuisance property in regards to the potential for subject blocking visibility from the freeway. However, assemblage is only a speculative potential and subject would need to be divided into two ownerships to maximize its assemblage utility, also only a speculative potential.

The remainder more useable 78% of the site has a long narrow configuration with the most useable 120 feet width portion having a length of 1,200 feet and the approximate 1,000-foot rest-of the useable portion having a width of 120 feet to 45 feet. As a separate site this is a marginal configuration requiring an additional downward adjustment that we have estimated at 20%. Therefore, our total downward configuration adjustment is 42%. Partially offsetting this adjustment are less than optimum configurations of the Sale 1 and 5 parcels.

Size:

The sales are of parcels that range from 2.96 to 16.87 acres compared to subject's 8.077 acres. Larger commercial sites tend to for sell at a lower square foot price, all other variables being the same. However, when the larger size is better configured for development an upward adjustment may not be appropriate for a smaller site. Subject's narrow configuration, even for its most useable portion is more challenging offsetting any size adjustment from prices paid for larger sites. We have not adjusted the larger parcel sales up for subject's smaller size due to their greater suitability for major or multi-pad arterial frontage use. However, a downward adjustment for size is deemed appropriate for the smaller site of Sale 5.

Offsite/Onsite improvements:

All sales have been adjusted appropriately for approximate anticipated differences in costs of off-site improvements on the Expenditures After Purchase line item. No other adjustments are applied for differences in offsite improvements.

Economic Characteristics

No adjustments are deemed necessary for economic characteristics.

Use (Zoning)

All the sold parcels are zoned or suitable for zoning for similar highest and best use to that of subject. No adjustments are applied for use potential.

Land Sales Adjustment Grid

The adjustments for recognized differences have been quantified and applied as follows:

Sale	1	2	3	4	5
Date of Sale	Oct-17	Oct-17	Mar-18	Jul-18	Dec-18
Land Area (acres)	13.12	16.87	8.83	7.51	2.96
Price per Sq. Ft. of Land Area	$10.00	$5.60	$10.74	$8.28	$15.33
Property Rights	0%	0%	0%	0%	0%
Step Adjusted Price per Sq. Ft.	$10.00	$5.60	$10.74	$8.28	$15.33
Financing	0%	0%	0%	0%	0%
Step Adjusted Price per Sq. Ft.	$10.00	$5.60	$10.74	$8.28	$15.33
Conditions of Sale	0%	0%	0%	0%	0%
Step Adjusted Price per Sq. Ft.	$10.00	$5.60	$10.74	$8.28	$15.33
Expenditures After Purchase	-1%	2%	-1%	-3%	4%
Step Adjusted Price per Sq. Ft.	$9.90	$5.71	$10.63	$8.03	$15.94
Market Conditions	-5%	-5%	-15%	-20%	-20%
Step Adjusted Price per Sq. Ft.	$9.41	$5.43	$9.04	$6.43	$12.75
Location	-10%	30%	-10%	10%	-10%
Physical Characteristics					
Configuration	-35%	-42%	-42%	-42%	-35%
Size	0%	0%	0%	0%	-20%
Economic Characteristics	0%	0%	0%	0%	0%
Use Potential	0%	0%	0%	0%	0%
Net Adjustments	-45%	-12%	-52%	-32%	-65%
Indicated Value per Sq. Ft.	**$5.17**	**$4.78**	**$4.34**	**$4.37**	**$4.46**

After adjustments the comparison sales provide an indicated range of value from $4.34 to $5.17 per square foot with a mean of $4.62 and median of $4.46 per square foot. After reviewing the data, we concluded that the market supports a unit price of $4.50 per square foot. Applying this unit price to the subject’s 351,835.87 square feet reveals a rounded land value of **$1,583,000.**

Exposure/Marketing Time[1]

The actual exposure times for the sales comparisons were reported to be less than 12 months. Our exposure period estimate for the property is 12 months. In our opinion, the subject could be sold within 12 months from the effective date of this report at a price consistent with our value estimate. In summary, our marketing time estimate is also 12 months.

[1] Exposure Time: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

VALUATION CONCLUSION

After considering all of the facts available to us, subject to the underlying assumptions and limiting conditions contained herein, it is our opinion that the fee simple estate in the subject property had an "as is" market value, as of March 31, 2020, of

Value of Land	**$1,583,000**
Value of Improvements	$0
Total	**$1,583,000**

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- 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.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Wendell L. Montandon, MAI has made a personal inspection of the property that is the subject of this report.
- No one has provided significant professional assistance to the persons signing this report.
- I have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. I previously appraised the subject property in November 2011.
- As of the date of this report, Wendell L. Montandon, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

Date: April 22, 2020

Wendell L. Montandon, MAI
Certified General Real Estate Appraiser
Certificate Number 30159, State of Arizona

<u>CERTIFICATE OF APPRAISER</u>

Project Number: M697201X
Parcel Number: Disposal L-C-083A

I hereby certify:

That I personally inspected, the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property, the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. The appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right-of-way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the Market Value of the landlocked parcel, as of March 31, 2020 is **$1,583,000** based on my independent appraisal and the exercise of my professional judgment.

Date: April 22, 2020

Signature:

Arizona Certified General Real Estate Appraiser #30159

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. That title to the property is good and merchantable.

2. That no liability is assumed on account of inaccuracy or errors in any information furnished by others whom this appraiser contacted at the site or elsewhere and which has been used in making this appraisal.

3. That no responsibility is assumed for legal matters affecting the property, such as title defects, liens, overlapping boundaries, etc.

4. That no survey has been made of the property for purposes of this report.

5. That no right is given to publish this report or any part thereof without the written consent of the writer.

6. That the valuation estimates contained herein apply as of the date of this appraisal only.

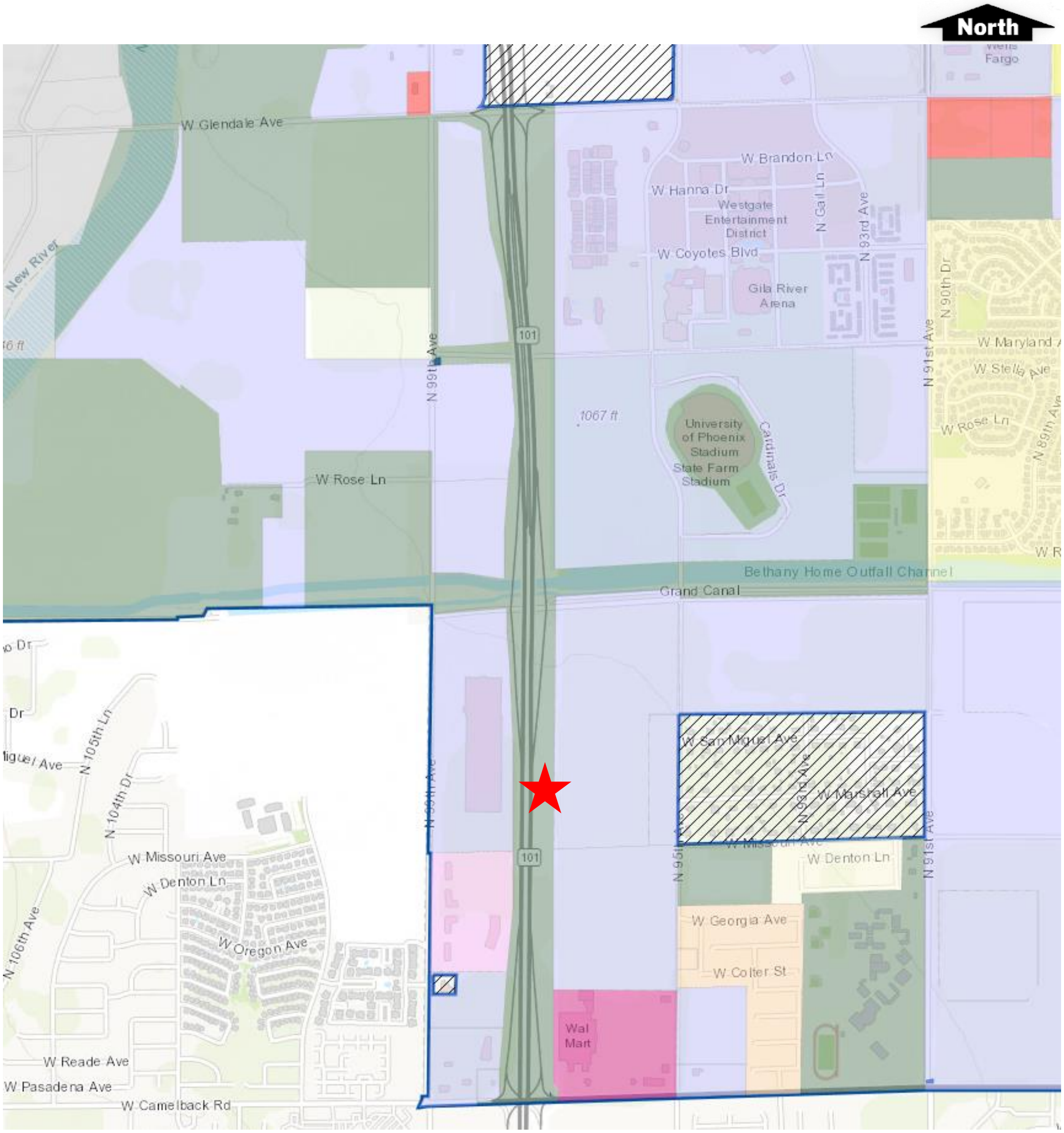
7. That we do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraiser signing this appraisal report, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute, or the MAI designation.

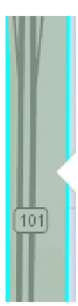
8. That the distribution of value between land and building applies only under the present program of utilization and does not apply under any other premise.

9. That there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology, chemical contamination or structures, which would render it more or less valuable.

10. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

ZONING MAP

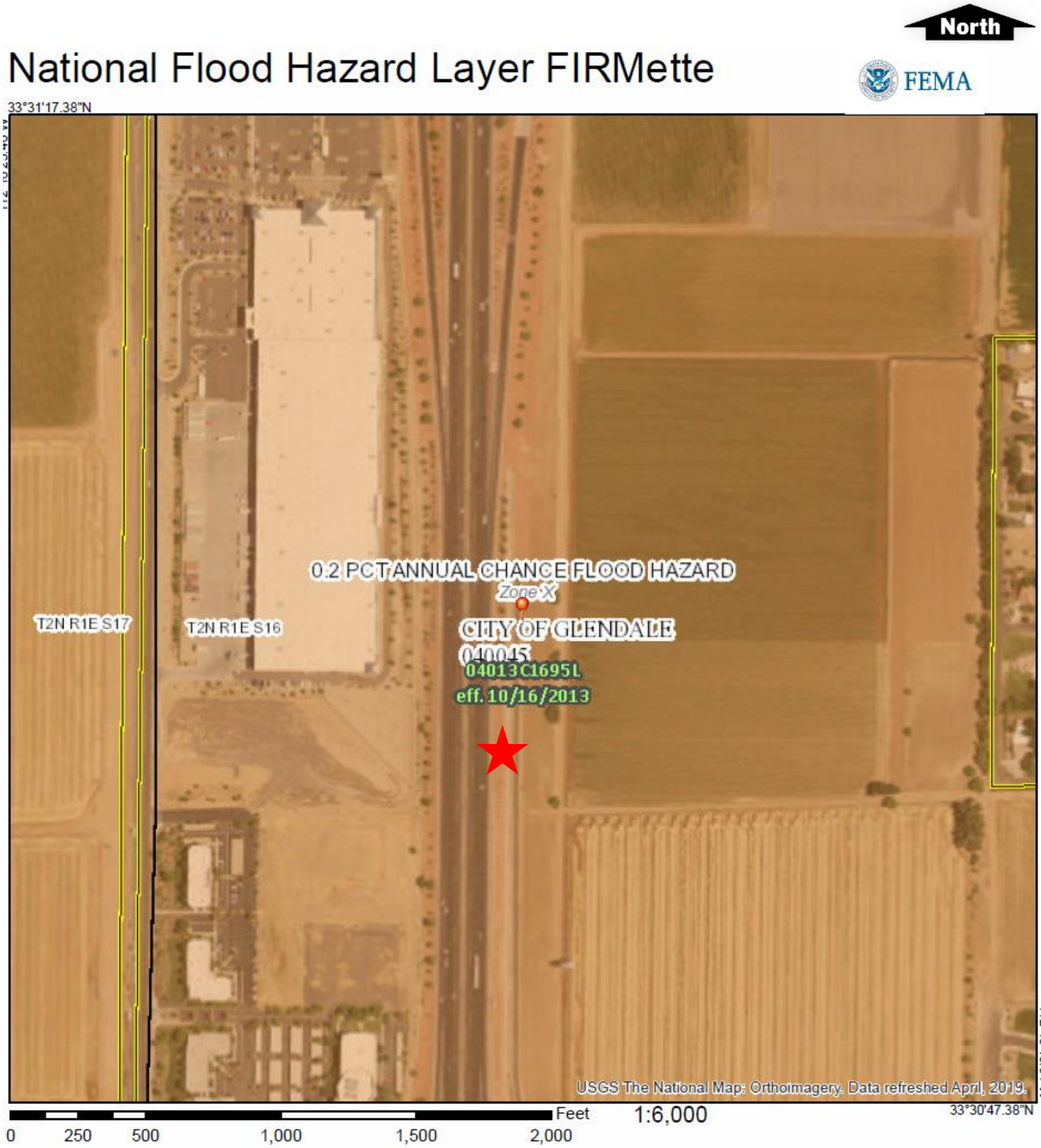




Zoning

Base Zone	A-1
Zoning	A-1
Description	Agricultural
Acres	335.40
Area	14609982.13
Perimeter	52187.02

<u>FLOOD MAP</u>



North
National Flood Hazard Layer FIRMette
FEMA
33°31'17.38"N
0.2 PCT ANNUAL CHANCE FLOOD HAZARD
Zone X
T2N R1E S17
T2N R1E S16
CITY OF GLENDALE
040045
04013C1695L
eff. 10/16/2013
USGS The National Map: Orthoimagery. Data refreshed April, 2019.
33°30'47.38"N
Feet
1:6,000
0
250
500
1,000
1,500
2,000

LOOKING SOUTH ACROSS SUBJECT FROM CARDINALS WAY

LOOKING NORTH ALONG LENGTH OF SUBJECT FROM MISSOURI AVENUE ALIGNMENT

VIEW SOUTH ACROSS SUBJECT FROM MISSOURI AVENUE ALIGNMENT

LOOKING WEST FROM NORTH END OF SUBJECT AT CARDINALS WAY AND LOOP 101 INTERCHANGE

95^{TH} AVENUE LANDSCAPED MEDIAN NORTH OF CARDINALS WAY

SOUTH ALONG 95^{TH} AVENUE AT ITS SIGNAL CONTROLED INTERSECTION WITH CARDINALS WAY

ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY DISPOSAL REPORT

The undersigned has examined the title to the property described in SCHEDULE A–1 herein, and the fee owner is:

The State of Arizona, by and through its Department of Transportation

Address: 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007–3212

By virtue of that certain: See Right of Way / Vesting Section.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed buyers.

LEGAL DESCRIPTION

SEE SCHEDULE A–1 ATTACHED

REMARKS: The Schedule B Items shown, if any, reflect only those matters that have occurred subsequent to the acquisition of the subject property.

Date of Search: February 21, 2019	**Examiner:** Jim Gregg	**Reviewer:** Chuck Mullany
Update to:	**Examiner:**	**Reviewer:**
Update to:	**Examiner:**	**Reviewer:**
Update to:	**Examiner:**	**Reviewer:**
Update to:	**Examiner:**	**Reviewer:**

County:	Maricopa	**Tax Arb:**	102-14-N/A	**Disposal:**	N/A
Tracs No.:	101L MA 000 H0811	**Highway:**	SR101L-AGUA FRIA FREEWAY	**Excess Land:**	L-C-083-A
Fed. No.:	N/A	**Section:**	Jct. I-10-Glendale Ave.	**Parcel No.:**	07-4138, 07-4140 and 07-4141

SCHEDULE A-1
LEGAL DESCRIPTION

That portion of Section 16, Township 2 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 19, and 20 of ADOT Drawing D-7-T-813, the Right of Way Plans of NORTHWEST OUTER LOOP HIGHWAY, Jct. I-10-Glendale Ave. Section, Project RBA-600-0-701 / ADOT Parcel No.07-4138 and 07-4140.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

1.) Final Order of Condemnation in Civil Case No. CV99-02665 of the Arizona Superior Court, Maricopa County, entitled the State of Arizona, ex rel., Mary E. Peters, Director, Department of Transportation, Plaintiff, vs. Lee B. Brown Family Investment, L.L.C., an Arizona limited liability company; Lee B. Brown, as Trustee of L & W Enterprises, Inc., Restated Money Purchase Plan; William P. Cornell and Jane Doe Cornell, husband and wife; L & W Enterprises, Inc. Restated Money Purchase Pension Plan; Gingg Farms, a general partnership; Maricopa County Treasurer Defendants, dated November 19, 2003, recorded January 2, 2004, in Document No. 2004-000112.
[Parcel 07-4138, Project RBA-600-0-701]

2.) Warranty Deed from Triple G Farms, an Arizona General Partnership, to the State of Arizona, by and through its Department of Transportation, dated January 13, 1998, recorded January 15,1998, in Document No. 1998-029686.
[Parcel 07-4140, Project RBA-600-0-701]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

   NOTE: Repurchase rights do not apply due to the property being acquired by a Final Order of Condemnation in Civil Case No. CV99-02665.
   [Parcel 07-4138, Project RBA-600-0-701]

   NOTE: Repurchase rights do not apply due to the property being acquired more than eight years prior to this transaction.
   [Parcel 07-4140, Project RBA-600-0-701]

END OF REQUIREMENTS

SCHEDULE B

1. Easement for a bridge from Salt River Project Agricultural Improvement and Power District, to State of Arizona, by and through its Department of Transportation, dated July 9, 1999, recorded August 8, 1999 in Document No. 1999-757644.

2. Right of Way License from Salt River Project Agricultural Improvement and Power District, to State of Arizona, by and through its Department of Transportation, dated June 15, 2006, recorded June 28, 2006 in Document No. 2006-868969, thereafter re-recorded July 6, 2006 in Document No. 2006-905371, to add the grantor's signature.

END OF SCHEDULE B

QUALIFICATIONS

WENDELL L. MONTANDON, MAI

Real Estate Appraiser, Market Research Analyst, and Consultant

---

Professional Experience

Over forty continuous years as full-time real estate appraiser and consultant, initially mentored by Frank Kelly MAI, charter president of the Arizona Chapter of the American Institute of Real Estate Appraisers; acquired the appraisal firm of Kelly & Kelly from the Estate of Frank Kelly in July of 1972, merging it with that of Walter Winius, Jr., MAI in December 1973, to form the appraisal and planning firm of Winius Montandon, Inc

In July of 1997, analysts having a combined 70+ years of experience together at Winius Montandon, Inc. formed the advisory and appraisal firm now known as Montandon Farley Valuation Services.

Education

BS degree in construction from Arizona State University in 1963 followed by a variety of real estate analyst courses mostly sponsored by the American Institute of Real Estate Appraisers prior to obtaining the MAI designation in 1974; subsequently attended seminars and courses sponsored by real estate affiliates including week-long sessions in Investment Analysis and Statistical Analysis; currently certified under the Appraisal Institute's continuing education program

Professional Affiliations

MAI membership designation from the Appraisal Institute (a merger of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers); served the American Institute of Real Estate Appraisers as follows:

- National Appraisal Review Committee, 1975-77
- National Elective Examinations Committee, 1978-85; Vice Chairman, 1983; Chairman, 1984-85;
- National Board of Examiners - Examinations, 1984-85
- National Division of Professional Certification and Recognition Committee, 1983
- Regional Panel of Professional Standards Committee, 1990-1992
- President of Arizona Chapter 41, AIREA, 1980

Professional Affiliations
(Continued…)

Chapter Membership Committee, 1984
National Research and Information Committee, 1992-93
National General Examinations Committee. 1992-94
Assistant Regional Member, Review and Counseling Committee, 1992-93

Certifications

Certified General Real Estate Appraiser
Certificate Number 30159, State of Arizona

Community Service

Past President, Phoenix Sundown Rotary
Current Member at Rotary Club "100" Phoenix
Past member Phoenix Rehabilitation Appeals Board, Social Venture Partners, Valley Partnership and Commercial Mortgage Bankers Association; occasional guest speaker appearances regarding trends in the real estate industry

Specialties:

General practitioner with experience analyzing, valuing and reviewing appraisals of varying interests in all types of real estate except for non-sand and gravel mining estates; for the purpose of estimating retrospective, current and prospective market value, insurable value, values required by assessors, distressed value, liquidation value, investment value etc.

Intended Uses and Users:

Security for a loan, eminent domain compensation, renewal rents, purchase option prices, partnership splits, litigation support, tax appeals, insurance compensation, etc.; some of the intended users include lenders, investors, estate planners, public agencies and private parties with condemnation needs, attorneys, accountants, divorcing parties, general and limited partners, planners, title companies, tax authorities, individuals and trustees performing due diligence, appraisal management companies, appraisal review companies etc

Geographic Area of Expertise

Specializes in Arizona assignments, but has evaluated properties in more than 20 states, including California, Nevada, Texas, and Utah

Qualification As Expert Witness

Maricopa County Superior Court
Yavapai County Superior Court
Yuma County Superior Court
Pima County Superior Court

US District Court
US Tax Court
Federal Bankruptcy Court

Representative Clients

Alliance Bank
Bank of America
Bank of Boston
Bankers Trust Company, New York, NY
California Bank & Trust
Chemical Bank, New York, NY
Citibank (Arizona)
Comerica Bank-California
Enterprise Bank & Trust
First Citizens Bank
First Financial Bank
Firstar Metropolitan Bank
Great Western Bank, Colorado Springs, CO
Guaranty Bank
INTRUST Bank
JP Morgan Chase Bank
LaSalle National Bank
Meridian Bank
National Bank of Arizona
Nevada State Bank
Northern Trust Bank
Rio Salado Bank
U.S. Bank, RETECHS
Wells Fargo Bank, RETECHS
Zions National Bank

Atlantic Asset Management
Crossland Mortgage
Crossin Dannis, Inc.
Financial Resource Management Trust Company
Harris Trust Bank of Arizona
Investors Mortgage Loan Service
J.E. Roberts
L.J. Melody
LaSalle Commercial Appraisal Management
Minnesota Mutual Life Insurance Company
Principle Mutual Life Insurance Group
Property Reserve, Inc.
Real Estate Underwriting Services
Situs, a Ranieri Partners Company
Standard Insurance Company, Portland, OR
State Mutual Life Assurance Company of America
United of Omaha Life Insurance Company

Aegon USA Realty Advisor
American National Insurance Company
Bankers Mutual
Construction Lending Corporation
Equitable Life Assurance Society
Illinois Mutual
Insurance Company of North America
Keig & Mure Mortgage, Inc.
Londen Insurance Group
McMorgan & Company
Metropolitan Life Insurance Company
Princeton American Corporation
State Bond & Mortgage Insurance Company
USA Mortgage Corp, Phoenix

Beer, Toone & Ryan, P.C.
Bonnett, Fairbourn & Friedman
Bryan, Cave, McPheeters & McRoberts
Brown & Bain, Attorneys
Frazer, Ryan, Goldberg & Hunter
Larry Cohen, Attorney
Fennemore Craig
Hebert Schenk P.C.
Howard C. Meyers, P.C.
Jaburg & Wilk, P.C.
Jennings, Strouss & Salmon, Attorneys
Lewis & Roca, Attorneys
Loeb & Loeb, Attorneys
Mariscal, Weeks, McIntyre & Friedlander
McCabe, O'Donnell, Wright & Merritt
Mitten, Goodwin & Raup
Mohr, Hackett, Pederson, Blakley, Randolph & Haga, P.C.
Molloy, Jones & Donahue, P.C.
Mooney, Wright & Moore, PLLC
Murphy & Posner
The Cavanagh Law Firm
Roshka DeWulf & Patten, PLC
Ryley, Carlock & Applewhite, Attorneys
Shearman & Sterling
Snell & Wilmer, Attorneys
Streich Lang, PA
Tarkington, O'Connor & O'Neill
Warner, Angle, Roper & Hallam, P.C.

Representative Clients - (Continued…)

Arizona Public Service Company
Carl's Jr. Restaurants
Chevron
Combined Health Resources
Empire Machinery
Fidelity National Title Insurance Company
Firestone Tire & Rubber Company
General Electric Company
Goodyear Tire & Rubber Company
Grossman Company Properties
Honeywell, Inc.
IBM Corporation
Jaren Corporation
Kentucky Fried Chicken
Kroger
Lucent
MCO Properties/Horizon Corporation
Marriott Corporation
McShane Corporation
McDonald's Corporation
Mobil Oil Corporation
NAI Horizon
P M Realty Advisors
Irwin Pasternack, Architect
Perini Corporation
Retirement Corporation of America
Safeco Title Insurance Company
Samaritan Health Services
Schuck & Sons Construction Company
Southwest Forest Industries
Standard Oil Company of California
Shell Oil Company
Texaco, Inc.
Trammell Crow Company
Transwestern Pipeline
Wal-Mart Stores
Del E. Webb Corporation
Westinghouse Electric Corporation

City of Avondale
City of Glendale
City of Peoria
City of Phoenix
City of Mesa
City of Scottsdale
City of Tempe
City of Tolleson
Maricopa County
Maricopa County Flood Control District
Maricopa County Department of Transportation
Arizona State University
Cartwright School District
Osborn School District
Peoria School District
Phoenix Elementary School District
Phoenix Union High School District #210
Wickenburg School District

Arizona State Retirement System
Arizona Department of Transportation
Arizona Parklands Foundation
Arizona Department of Administration
Colorado River Indian Community
Department of the Army, Los Angeles District,
Corps of Engineers
Federal Bureau of Investigation
Federal Deposit Insurance Corp.
Federal Home Loan Bank Board
Federal Savings & Loan Insurance Corp.
Fort Defiance Indian Hospital
General Services Administration
Internal Revenue Service
Resolution Trust Corporation
USDA, Forest Service
US Postal Service

Department of Financial Institutions

State of Arizona

CGA - 30159

This document is evidence that: **WENDELL L. MONTANDON** 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 Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

WENDELL L. MONTANDON

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

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in the City of Phoenix, State of Arizona, this 23rd day of August, 2018.

Expiration Date : **August 31, 2020**

Robert D. Charlton
Superintendent