

APPRAISAL COVER SHEET

TYPE OF REPORT: Appraisal for Market Value

ADOT PARCEL NO.: L-C-099

OWNER NAME: State of Arizona, by and through its Department of Transportation

NAME & LOCATION OF PROPERTIES: Portion of the Northwest Quarter of Section 8, T1N, R2E, G&SRB&M, Maricopa County, Arizona. The property is physically located at the southwest corner of West Van Buren Street and 57th Drive. The property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043.

PROJECT: M697201X

HIGHWAY: SR 202L (South Mountain Freeway)

SECTION: Salt River – Junction I-10 Papago Segment

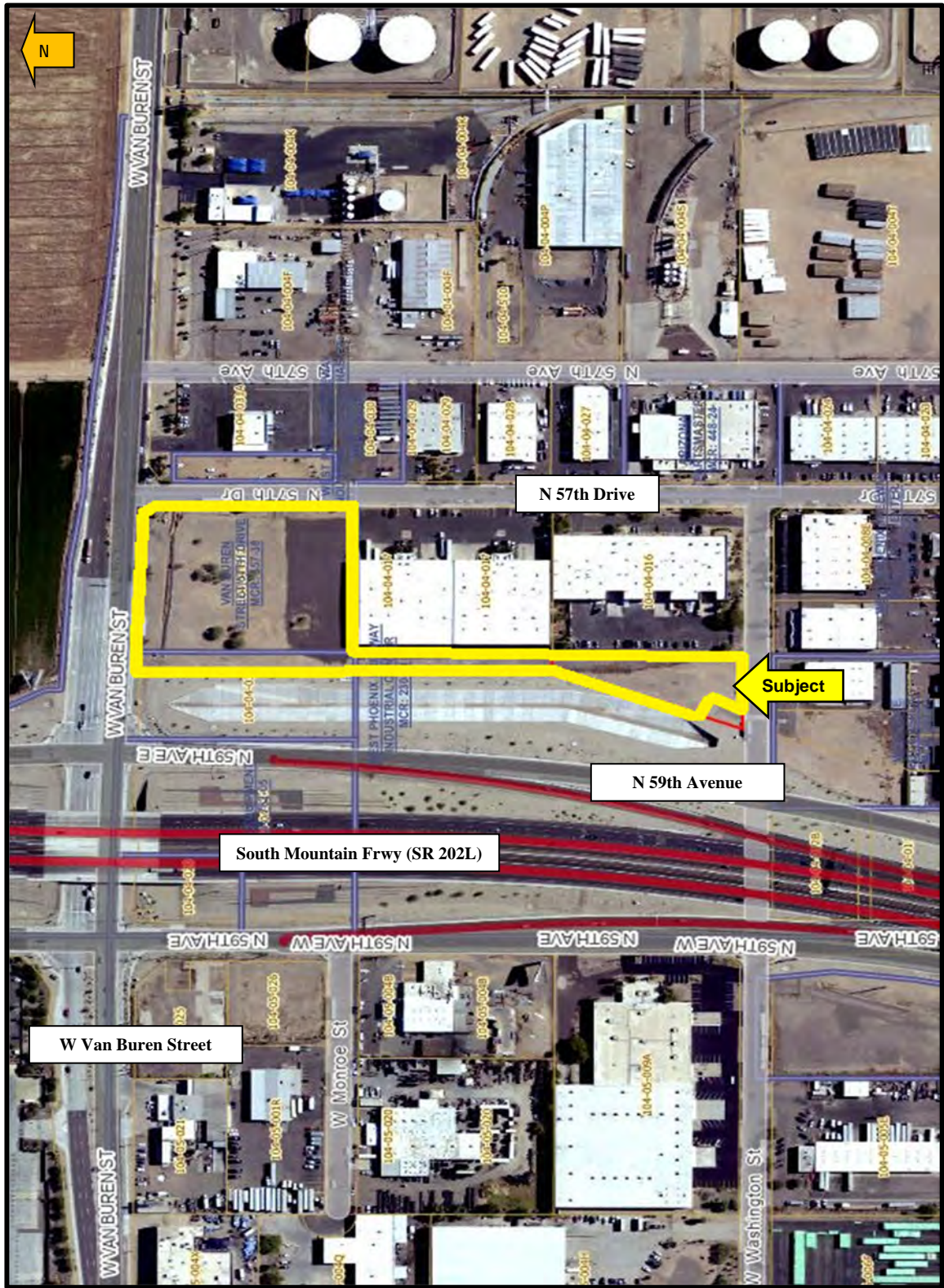
DATE OF APPRAISAL REPORT: December 9, 2022

EFFECTIVE DATE OF VALUE: November 4, 2022

APPRAISERS: Richard G. Lee
Certified General Real
Estate Appraiser #31626

Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser #30130

AERIAL PHOTOGRAPH – PROPERTY APPRAISED



The lot boundaries in yellow are approximate



P.O. Box 16156
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LETTER OF TRANSMITTAL

December 9, 2022

Mr. Timothy F. O'Connell, Jr.
R/W Group, Appraisal Section Supervisor
Arizona Department of Transportation
205 South 17th Avenue, Mail Drop #612E
Phoenix, Arizona 85007

RE: Appraisal of ADOT Parcel L-C-099 which consists of a vacant commercial parcel of land consisting of approximately 214,891 square feet of site area, located at the southwest corner of West Van Buren Street and 57th Drive. The property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043.

Appraiser's File No.: 22-254-L

Mr. O'Connell:

At your request, we have provided our market value opinion for the subject property referenced above. The subject consists of a vacant parcel of commercially zoned land consisting of 214,891 square feet of site area, located at the southwest corner of West Van Buren Street and 57th Drive. The physical property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043.

The purpose of this appraisal is to provide the market value opinion for the subject property as of November 4, 2022, pursuant to Arizona Revised Statute 28-7091, as follows:

"... 'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which 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."

The intended users of the appraisal include the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading. The intended use of the appraisal is to utilize the market value estimate to assist in decisions regarding the disposition of the property identified herein.

This appraisal report is intended to comply with the requirements set forth in: (1) the Arizona Department of Transportation Appraisal Standards and Specifications; and (2) the *Uniform Standards of Professional Appraisal Practice 2020-2022* (USPAP), promulgated by the

Appraisal Standards Board of the Appraisal Foundation. The Sales Comparison Approach is utilized to support our market value opinion.

This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the authors, as set forth within the Assumptions and Limiting Conditions contained in this report.

Based upon the data, analysis, opinion, and conclusion contained in this report, our market value opinion for the subject property, as of November 4, 2022, is as follows:

ADOT PARCEL L-C-099, MARKET VALUE OPINION\$1,600,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

An exposure time of 12 months or less is estimated for the sale of the subject property.

PART OF PARCEL 7-11755 (PORTION OF L-C-099), MV OPINION\$144,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

This appraisal report is based on the following extraordinary assumptions:

- 1) No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject property.*
- 2) No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject property.*
- 3) The property was inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject property.*
- 4) This appraisal relies on the site area obtained from the ADOT Right of Way Disposal Report dated February 3, 2022. It is an extraordinary assumption that the site area provided by ADOT is accurate.*
- 5) According to ADOT, legal and physical access to the subject property is available along 57th Drive and Washington Street. There is no access available from Van Buren Street due to access control. It is an extraordinary assumption that the access information provided by ADOT is accurate.*

Hypothetical Condition:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”¹

There are no hypothetical conditions that apply to this appraisal.


The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.


We hereby certify that to the best of our knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

In order to guarantee the authenticity of this report, the designated appraisers have imprinted this letter of transmittal with an embossed seal. Any copy without same is not a certified copy and the appraisers assume no responsibility or liability for such a report.

Respectfully submitted,

Southwest Appraisal Associates, Inc.

By 
Richard G. Lee
Certified General Real
Estate Appraiser #31626

By 
Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser # 30130

¹ *Uniform Standards of Professional Appraisal Practice, 2020-2022 Ed.*, Appraisal Foundation

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ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraisers appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraisers in the report.

This report is being prepared for the client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the authors, as set forth within the Limiting Conditions contained in this report.

The Appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership, competent management, and adequate marketing typical for that type of property. The legal description provided is assumed to be correct. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

The Appraisers have made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect, or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraisers may have utilized Tax Assessor's maps or other maps provided by the client which may not represent the exact measurements of the subject property, or other comparable information utilized to establish an opinion of value of the subject property. Any variation in dimensions or calculations based thereon may alter the value contained within the report.

In determining an opinion of market value of the subject property and in analyzing comparable information, the Appraisers have relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans, and the like. In the opinion of market value, the Appraisers may consider the extent to which a knowledgeable and informed purchaser or seller, as of the date of the appraisal, would reflect the reasonable probability of changes in such land uses becoming actualized in the future. To the extent that these plans may change, the value opinions of this report may also change.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraisers assume no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons. The Appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used. The Appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraisers have made an effort to consult this information.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the Appraisers. The Appraisers assume, and the client warrants, that no such materials adversely affect the utility, usability or developability of the property to the best of their knowledge. The Appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the value of the property. The opinion of value has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials or substances are discovered, the Appraisers reserve the right, for an additional agreed upon fee, to re-analyze and revalue said property, taking into account the discovery of such factor or factors and their effects on the value of the subject property.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by me. The Appraisers assume, and the client warrants, that no such barriers adversely affect the utility, usability, or developability of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or architectural knowledge required to identify and analyze them. The client is urged to retain an expert in this field, if desired. If at a later time the presence of such barriers is surveyed by an expert, we reserve the right, for an additional agreed upon fee, to reanalyze and revalue said property, taking into account the discovery of such factors and their effects on the value of the subject property.

Information, estimates, and opinions furnished to the Appraisers and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be attributed to the Appraisers. Disclosures of the contents of the report by the Appraisers is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraisers.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the effective date of the report.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

This appraisal report is based on the following extraordinary assumptions:

- 1) No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject property.*
- 2) No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject property.*
- 3) The property was inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject property.*
- 4) This appraisal relies on the site area obtained from the ADOT Right of Way Disposal Report dated February 3, 2022. It is an extraordinary assumption that the site area provided by ADOT is accurate.*
- 5) According to ADOT, legal and physical access to the subject property is available along 57th Drive and Washington Street. There is no access available from Van Buren Street due to access control. It is an extraordinary assumption that the access information provided by ADOT is accurate.*

Hypothetical Condition:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about

conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

There are no hypothetical conditions that apply to this appraisal.

The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.

² *Uniform Standards of Professional Appraisal Practice, 2020-2022 Ed.*, Appraisal Foundation

EXECUTIVE SUMMARY

General Location:	The subject parcel consists of approximately 4.93-acres, (214,891 square feet) of vacant commercial land. It is physically located at the southwest corner of West Van Buren Street and 57th Drive, and the north side of West Washington Street, east of North 59 th Avenue. The property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043.
Section, Township & Range:	Portion of Northwest Quarter of Section 8, Township 1 North, Range 2 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona
Assessor's Parcel Number:	The subject represents excess land from the South Mountain Freeway (SR 202L) project. It consists of four contiguous parcels identified as Maricopa County assessor parcel numbers 104-04-015A, 104-04-018A, 104-04-035, and 104-04-512.
Subject Size:	Approximately 214,891 square feet, (4.93 acres), according to information provided by ADOT.
Legal/Physical Access:	According to ADOT, legal and physical access to the subject property is available along 57th Drive and Washington Street. There is no access available from Van Buren Street due to access control.
Effective Date of Value:	November 4, 2022.
Interest Appraised:	Fee Simple Estate.
Intended Use of the Appraisal:	The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
Intended Use of the Appraisal:	The intended use of the appraisal is to utilize the market value estimate to assist in decisions regarding the disposition of the property identified herein.
Flood Insurance Zone:	The subject property identified as being located in Flood Zone X (shaded) per FIRM Map Panel No. 04013C2185L, dated October 16, 2013. Zone X (shaded), which is an area defined by FEMA as 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile.
Zoning/General Plan:	The subject site is zoned A-1, (Light Industrial Zone), by the City of Phoenix. According to the City of Phoenix Zoning Ordinance, "The A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community

for industrial activity not offensive to nearby commercial or residential uses.”

According to the City of Phoenix General Plan and My Community Map, the subject property is identified as being designated for Industrial use. The appraisers believe that the subject site is most suitable for industrial oriented development due to its secondary access from South 57th Drive and West Washington Street and the surrounding uses. Although it benefits from prominent frontage/exposure to the West Van Buren Street, there is no direct access due to access control. Industrial-oriented uses remain in high demand and is driving the land purchases in the immediate and surrounding areas.

Highest and Best Use:

Industrial-oriented use.

Market Value Opinion:

ADOT Parcel No.: L-C-099.....\$1,600,000
This is equal to approximately \$7.44 per square foot

Part of Parcel 7-11755 (Portion of L-C-099)....\$144,000
This is equal to approximately \$7.44 per square foot

THE APPRAISAL PROCESS

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social, and economic forces.

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of Work, Regional and Neighborhood Analysis, Site Analysis, and Highest and Best Use. The highest and best use of the subject is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine an opinion of market value of the fee simple interest in the subject property. The fee simple interest is the unencumbered interest in the property. The three traditional approaches to value are considered. However, since the subject represents vacant land, the only applicable approach to value is the Sales Comparison Approach.

In the Sales Comparison Approach, recent sales of similar industrial sites, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject determines the reliability of this approach.

PROPERTY IDENTIFICATION

The subject consists of a vacant parcel of commercial land consisting of approximately 214,891 square feet, (4.93 acres), located at the southwest corner of West Van Buren Street and 57th Drive in southwest Phoenix. The subject property represents an excess parcel of vacant land. The following legal description was provided by ADOT.

Those portions of the Grantor's property that is described in the following **PROPERTY DESCRIPTION** located in the Northwest quarter (NW¼) of Section 8, Township 1 North, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, which lie easterly and southerly of the following described **EXISTING RIGHT OF WAY LINES**:

PROPERTY DESCRIPTION:

PARCEL NO. 1: (Parcel 7-10612)

LOT 1, VAN BUREN STREET/57th DRIVE, according to the plat of record in the office of the county recorder of Maricopa County, Arizona, in Book 557 of maps, page 38, located in the Northwest quarter of the Northwest quarter (NW¼NW¼) of Section 8, Township 1 North, Range 2 East of the Gila and Salt River Meridian, Maricopa County, Arizona. Except that portion thereof conveyed in document number 99-1107610.

PARCEL NO. 2: (Parcel 7-11691)

Lots 9, 10, 11 and 14, of WEST PHOENIX FREEWAY INDUSTRIAL CENTER, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 230 of Maps, Page 1, located in the Northwest quarter of the Northwest quarter (NW¼NW¼) of Section 8, Township 1 North, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona.

PARCEL NO. 3: (Parcel 7-11755)

Lot 31, of WEST PHOENIX FREEWAY INDUSTRIAL CENTER PHASE II, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 237 of Maps, Page 15, located in the Northwest quarter of the Northwest quarter (NW¼NW¼) of Section 8, Township 1 North, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona.

EXISTING RIGHT OF WAY LINE DESCRIPTION:

COMMENCING at a 3 inch 2005 Maricopa County brass cap flush "LS 31610" marking the West quarter corner of said Section 8, being South 00°15'40" West 2637.51 feet from a 3 inch City of Phoenix brass cap in a handhole marking the Northwest corner of said Section 8;

thence along the East – West midsection line of Section 7 of said Township and Range North 89°21'06" West 131.28 feet to the median centerline of State Route 202L (SOUTH MOUNTAIN FREEWAY);

thence along said median centerline of State Route 202L from a Local Tangent Bearing of North 09°31'54" East along a curve to the Right having a radius of 5729.58 feet, a length of 315.56 feet;

thence continuing along said median centerline of State Route 202L North 12°41'14" East 687.92 feet;

thence continuing along said median centerline of State Route 202L along a curve to the Left having a radius of 5729.58 feet, a length of 427.86 feet;

thence South 81°35'30" East 395.49 feet to the POINT OF BEGINNING on the existing easterly right of way line of said State Route 202L at the intersection with the South line of said Lot 11 of WEST PHOENIX FREEWAY INDUSTRIAL CENTER;

thence along said existing easterly right of way line North 19°58'04" East 73.00 feet;

thence continuing along said existing easterly right of way line North 70°01'56" West 42.00 feet;

thence continuing along said existing easterly right of way line North 19°58'04" East 299.79 feet;

thence continuing along said existing easterly right of way line North 00°00'00" East 863.53 feet to the existing southerly right of way line of Van Buren Street;

thence along said existing southerly right of way line of Van Buren Street the following 9 (nine) courses:

1. South 87°46'44" East 14.11 feet;
2. South 77°24'58" East 33.48 feet;
3. South 86°20'49" East 30.91 feet;
4. South 03°39'11" West 6.29 feet;
5. South 86°20'49" East 45.94 feet;

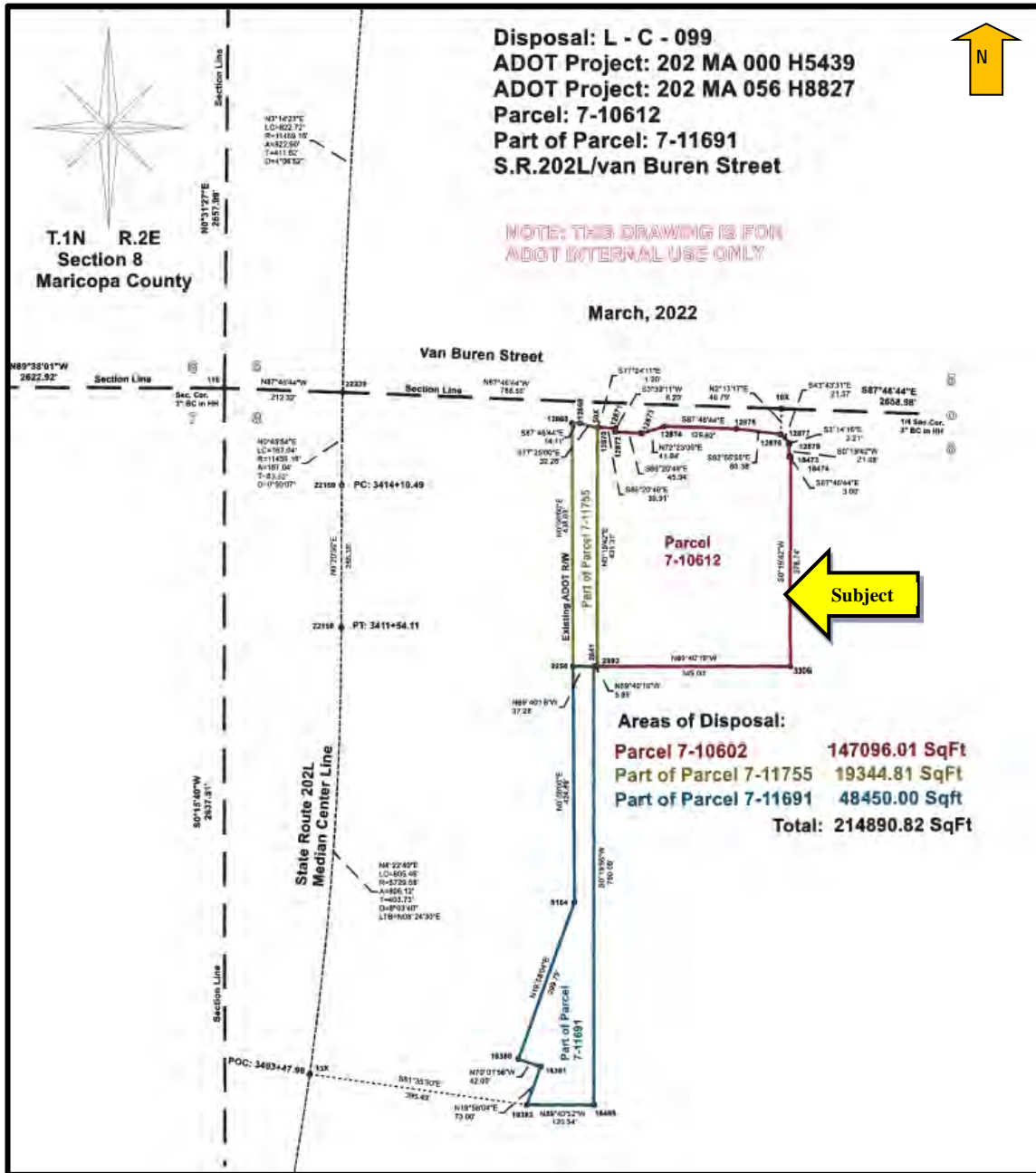
-
6. North 72°23'05" East 41.94 feet;
 7. South 87°46'44" East 129.62 feet;
 8. South 82°55'55" East 80.38 feet;
 9. South 43°43'31" East 21.57 feet to the POINT OF ENDING on the existing West right of way line of 57th Drive, being the East line of said Lot 1 VAN BUREN STREET/57th DRIVE.

There shall be no right or easement of access to, from or between the parcel of land described above and said State Route 202L or to Van Buren Street.

The Access Control provisions set forth above shall be a covenant running with the land and shall be binding upon, and shall inure to the benefit of the State of Arizona, the landowners and their respective successors and assigns with respect to the property. The Access Control provisions shall also remain enforceable by the State of Arizona even if all or part of any roadway is abandoned to a local jurisdiction.

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

REVISED PLAT MAP



PURPOSE OF THE APPRAISAL

- Purpose of the Appraisal:*** The purpose of this appraisal is to estimate the market value of the fee simple estate.
- Intended User of the Appraisal:*** The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
- Intended Use of the Appraisal:*** The intended use of the appraisal is to utilize the market value estimate to assist in decisions regarding the disposition of the property identified herein.
- Date of Value Opinion:*** The effective date of the value opinion is November 4, 2022.
- Date of the Appraisal Report:*** The date of the appraisal report is November 21, 2022.

DEFINITIONS

Definition of Market Value:

Pursuant to Arizona Revised Statute 28-7091:

"... 'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which 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."

Interest To Be Appraised:

The interest to be appraised for the subject is the fee simple estate interest, defined as follows:

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.³

³ *The Dictionary of Real Estate, 6th Ed.*, Appraisal Institute, 2015, p. 90.

OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE

ADOT Parcel L-C-099:

According to public records, the subject property is currently vested in the name of the Arizona Department of Transportation. A portion of the current subject site, the primary rectangle at the southwest corner of Van Buren and 57th Drive, was acquired by ADOT from Fred & Helen J. Martinez Family Trust, as evidenced by a Warranty Deed recorded on December 21, 2007 at sequence number 20071334442 in the office of the Maricopa County Recorder. The westernmost roughly 20,102 square feet of the primary rectangle was acquired as part of a larger improved parcel by ADOT from Rimex, Inc., as evidenced by a Warranty Deed recorded at sequence number 20150690055. The balance of the site, the portion that runs along the western boundary of the larger rectangle and extends down to Washington Street, was acquired by ADOT as part of a larger parcel from SJW Land Company, as evidenced by a Special Warranty Deed recorded at sequence number 20160755312. Portions of these larger parcels were utilized as part of the Loop 202 project. The subject property reflects the remainder excess land that is not necessary for this project.

A Right of Way Disposal Report was provided to the appraisers. Based on our review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject for the five years prior to this appraisal. To the best of our knowledge, the subject is not currently listed for sale.

1. Warranty Deed from Fred Martinez and Helen J. Martinez, as Trustees of the Fred and Helen J. Martinez Family Trust to the State of Arizona, by and through its Department of Transportation, dated November 27, 2007, recorded December 21, 2007 in Fee No. 2007-1334442. [Project No. 202L MA 000 H5439 01R, Parcel 7-10612]

NOTE: Property acquired as fee only.

2. Warranty Deed from Rimex, Inc., a Nevada corporation to the State of Arizona, by and through its Department of Transportation, dated August 14, 2015, recorded September 25, 2015 in Fee No. 2015-0690055. [Project No. 202L MA 000 H5439 01R, Parcel 7-11755]

NOTE: Property acquired as fee only.

3. Final Order of Condemnation in Civil Case No. CV2016-002320, the State of Arizona ex rel. John Halikowski, Director, Department of Transportation, as Plaintiff vs. SJW Land Company, a California corporation; Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society, a Nebraska corporation; Jacobson Warehouse Company, Inc., an Iowa corporation; XPO Logistics Supply Chain, Inc., a North Carolina corporation, and Maricopa County, as Defendants, dated October 5, 2016, recorded October 13, 2016 in Fee No. 2016-0751043. [Project No. 202L MA 000 H5439 01R, Parcel 7-11691]

NOTE: Property acquired as fee only.

4. Warranty Deed from SJW Land Company, a California corporation to the State of Arizona, by and through its Department of Transportation, dated October 4, 2016, recorded October 13, 2016 in Fee No. 2016-0751062; re-recorded October 14, 2016 in Fee No. 2016-0755312. [Project No. 202L MA 000 H5439 01R, Parcel 7-11691]

NOTE: Property acquired as fee only.

SCOPE OF WORK

The Scope of Work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinion. The Sales Comparison Approach is employed to estimate the market value of the subject property. The Cost and Income Approaches are excluded since the market does not rely on these approaches when valuing vacant land.

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP), effective January 1, 2022, the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, and confirmation of comparable market data.

Research included the examination of sales and listing data published by CoStar COMPS of Arizona, ARMLS, Maricopa County records, and interviews with real estate participants and brokers. Based on our conclusion of Highest and Best Use, similar land comparables in southwest Phoenix were selected.

The comparable sales and other market data that is included in the analysis are considered to be the best available. The data selected is adequate to provide reliable indications of market value for the subject property. Overall, the market value opinion provided in this report is well supported.

Limitation in Scope:

This report is a narrative appraisal report. There are no other limitations in the scope of the assignment, other than those discussed in the Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions.

REGIONAL ANALYSIS

The subject property is located within Maricopa County within the State of Arizona. This section presents an analysis of Maricopa County's growth and economic trends. The city of Phoenix is also reviewed here. Then, we provide a conclusion relating these area trends to the valuation of the subject property.

ARIZONA COUNTY MAP



OVERVIEW – MARICOPA COUNTY

It is well known that the past few years have been volatile. Real estate market volatility has resulted from the COVID-19 pandemic as well as other events such as oil price changes and record inflation. Every day, there is greater clarity about the effects and expectations as evidenced by transaction activity, various data sources, and market participants.

Maricopa County, named after the Maricopa Tribe, was created from portions of Pima and Yavapai counties in 1871. It was the fifth county formed in Arizona, and eventually portions were used to create Gila and Pinal counties. In the late 19th century, citizens living far south of Prescott, the territorial capital and site of the Territorial Legislature, petitioned for a more local seat of government. Residents of the Salt River Valley and the Gila River area wanted a new county in their respective locations. After weighing both proposals, the legislature agreed with the Salt River Valley group and created Maricopa County. In 1889, Phoenix became the final site of the territorial capital and retains its status as Arizona's capital city.

More than half of the state's population resides in Maricopa County, which includes the cities of Phoenix, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria and the town of Gilbert. This metropolitan area is the state's major center of political and economic activity. In addition to housing the state capital, the county is home to a growing high-tech industry; manufacturing and agricultural industries; 15 institutions of higher learning, including Arizona State University and the Thunderbird Garvin School of International Management; various cultural attractions; major league professional basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals), hockey (Phoenix Coyotes) and baseball's 2001 World Champion Arizona Diamondbacks; and Phoenix Sky Harbor International Airport, fifth busiest in the world with over 1,300 daily flights.

Today Maricopa County measures 9,222 square miles, 98 square miles of which is water. Twenty-nine percent of this area is owned individually or by corporation, and 28 percent is owned by the U.S. Bureau of Land Management. The U.S. Forest Service and the State of Arizona each control 11 percent of the county; an additional 16 percent is owned by other public entities. Almost 5 percent is Indian reservation land.

POPULATION – MARICOPA COUNTY

The population for Maricopa County is detailed in the following table. The County

has had positive population growth for the past ten years, albeit growth slowed over the past few years due to the Covid-19 pandemic. The current population is 4,575,603. The five-year population growth was 8.1%.

Population Maricopa County			
Year	Total Population	Numerical Increase	Percent Increase
2012	3,884,967	Not. Applc.	Not. Applc.
2013	3,945,153	60,186	1.55%
2014	4,004,060	58,907	1.49%
2015	4,076,400	72,340	1.81%
2016	4,154,976	78,576	1.93%
2017	4,221,203	66,227	1.59%
2018	4,293,823	72,620	1.72%
2019	4,368,987	75,164	1.75%
2020	4,436,704	67,717	1.55%
2021	4,507,419	70,715	1.59%
2022	4,575,603	68,184	1.51%

Note: All estimates are as of July.

Source: State of Arizona, Office of Employment & Population Statistic
<https://population.az.gov/population-estimates>

GROSS DOMESTIC PRODUCT – PHOENIX (MSA)

The primary measure of an area’s economic activity is Gross Domestic Product (GDP). GDP figures for the Phoenix Metropolitan Statistical Area, (MSA), are provided in the following table for the past six years. The figures are in current dollars. Positive GDP growth was reported from 2015 to 2020, prior to pandemic. 2021 GDP figures have yet to be posted. Overall, recent GDP growth in the Phoenix MSA was 1.37%, a trend that will likely be higher in 2021.

Gross Domestic Product Phoenix MSA			
Year	Total	Numerical Increase	Percent Increase
2015	\$205,614,494	---	---
2016	\$212,664,524	\$7,050,030	3.43%
2017	\$220,056,085	\$7,391,561	3.48%
2018	\$229,977,451	\$9,921,366	4.51%
2019	\$237,472,532	\$7,495,081	3.26%
2020	\$240,714,251	\$3,241,719	1.37%

Note: Dollars are in millions.

Source: U.S. Bureau of Economic Analysis
https://www.bea.gov/iTable/index_regional.cfm

EMPLOYMENT AND UNEMPLOYMENT – MARICOPA COUNTY

Total employment and unemployment rates for Maricopa County are provided in the following tables for the period from 2015 through 2021. Please note that all statistics are as

of December. Maricopa County had positive employment growth in each of the years prior to 2020 and the pandemic, with an average annual employment growth of 3.22%. As of December 2021, employment growth was 1.28%, a sign of recovery after posting negative 2.75% employment growth in 2020, during the height of the pandemic. Previous employment growth was in line with the national statistics.

Employment Maricopa County			
Year	Total Employment	Numerical Increase	Percent Increase
2015	\$1,817,078	---	---
2016	\$1,871,953	54,875	3.02%
2017	\$1,927,372	55,419	2.96%
2018	\$1,993,417	66,045	3.43%
2019	\$2,062,384	68,967	3.46%
2020	\$2,005,661	(56,723)	-2.75%
2021	\$2,031,358	25,697	1.28%

Note: All figures are as of December.

Source: U.S. Bureau of Labor Statistics.

<https://www.bls.gov/regions/west/arizona.htm>

Unemployment as of year-end 2021 was 4.5%, which was in-line with pre-Covid pandemic years. Unemployment has been steadily trending downward after a rise during the height of the pandemic in 2020. This is a trend that is likely to continue through 2022.

Unemployment Rates Maricopa County	
Year	Unemployment Rate
2015	5.2%
2016	4.7%
2017	4.3%
2018	4.2%
2019	4.2%
2020	7.2%
2021	4.5%

Note: All figures are as of December.

Source: U.S. Bureau of Labor Statistics.

<https://www.bls.gov/regions/west/arizona.htm>

RECENT PERFORMANCE

Phoenix MSA remains one of the best-performing metro areas nationally, though growth has slowed over the past six months. Phoenix MSA's payrolls sit 1.3% above their pre-pandemic peak, ranking sixth among metro areas and divisions with more than 1 million residents. The metro area's core drivers are strong performers in the context of the pandemic. Finance is above its pre-pandemic peak and has made robust gains over the past six months,

while business/professional services are surging and extending their lead over the region. Meanwhile, the unemployment rate is below its pre-crisis level even while the labor force crested new heights but, shows signs of slowing the past few months. The housing market, which experienced strong year-over-year price appreciation into the first quarter of 2022, is showing signs of slowdown as lending rates continue to rise. The average sale price of a home showed an increase through the third quarter of 2022, while a slight decrease was evidenced in the median sales price. Total inventory of homes on the market showed a month-over-month increase of 3.6%, while year-over-year reflects an increase of 93.3%, further evidence the housing market is slowing.

MARKET COMPARISON

The following table illustrates key economic indicators and a comparison of the Phoenix MSA to the regional grouping as a whole. As indicated, Phoenix MSA is projected to outperform the West Region Metros in six of the eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - Phoenix MSA Metro to West Region										
Indicator	Phoenix MSA			Annual Growth		West Region Metros			Annual Growth	
	2016	2021	2026	2016 - 2021	2021 - 2026	2016	2021	2026	2016 - 2021	2021 - 2026
Gross metro product (C12\$ bil)	205.4	238.8	306.8	3.1%	5.1%	4,450	5,178	6,109	3.1%	3.4%
Total employment (ths)	1,914.8	2,119.6	2,418.8	2.1%	2.7%	32,854	33,515	36,698	0.4%	1.8%
Unemployment rate (%)	5.2%	7.4%	3.5%			5.1%	6.4%	4.3%		
Personal income growth (%)	5.9%	10.1%	5.6%			4.3%	6.9%	4.9%		
Population (ths)	4,578.5	5,035.4	5,420.7	1.9%	1.5%	76,560	79,179	81,824	0.7%	0.7%
Single-family permits (#)	16,621	31,658	35,362	13.8%	2.2%	178,090	274,750	308,196	9.1%	2.3%
Multifamily permits (#)	5,781	16,561	10,479	23.4%	-8.7%	131,497	153,354	117,945	3.1%	-5.1%
FHFA house price (1995Q1=100)	221	321	412	7.8%	5.1%	487	661	734	6.3%	2.1%
Phoenix MSA outperforming West Region Metros										
Phoenix MSA underperforming West Region Metros										

Source: Moody's Analytics Precis® US Metro; Compiled by Newmark

LARGEST EMPLOYERS – PHOENIX MSA

The 20 largest employers for The Phoenix MSA, as reported by Moody's are noted in the table on the following page. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The top five largest private sector employers are Banner Health, Walmart Inc., Fry's Food Stores, Wells Fargo, and Arizona State University.

Selected Major Employers: Phoenix MSA

Rank	Employer	Employees
1	Banner Health	45,894
2	Walmart Inc.	33,619
3	Fry's Food Stores	20,165
4	Wells Fargo	16,700
5	Arizona State University	14,889
6	HonorHealth	12,163
7	Dignity Health	10,598
8	Intel Corp.	10,400
9	Bank of America	10,000
10	JP Morgan Chase & Co.	10,000
11	Freeport-McMoran Copper & Gold Inc.	9,300
12	Grand Canyon Education	8,500
13	Bashas' Family of Stores	8,299
14	American Express	7,795
15	Honeywell Aerospace	7,792
16	Mayo Clinic Hospital	7,500
17	UnitedHealthcare of Arizona Inc.	7,302
18	State Farm	7,200
19	Arizona Public Service Co.	5,866
20	Salt River Project	5,239

Source: Moody's Analytics Precis@ US Metro

Blockbuster growth in Phoenix MSA's key finance and tech drivers will keep the metro area outperforming. Moderate business and living costs, a high quality of life, a strong labor pool, and a friendly business climate make the metro area a hub for expansions and relocations of back-office banking and insurance roles. While equity prices have backslid in recent months, solid credit quality and continued credit growth will enable banks and credit card issuers to expand at a moderate pace.

Fintech firms are also migrating to the metro area in masse. A growing number of white-collar companies are taking advantage of the cost advantage between Phoenix MSA and more expensive coastal areas. This will remain an important advantage as the proliferation of remote work continues. Traditional office-using employment in Phoenix MSA is forecast to grow at double the national pace as a result.

Manufacturing has contributed less to Phoenix MSA's growth year-over-year, but the industry's prospects remain bright. A smaller initial drop in payrolls coupled with a steady recovery has the industry roughly on par with the broader labor market. The local semiconductor industry, in which Phoenix MSA specializes, will benefit most from the current macroeconomic environment. Solid demand and rising prices for chips used in automobiles and electronic devices will drive production levels. Phoenix MSA's reasonable costs, large labor pool, and abundance of available land are already enabling the area to attract a vast amount of factory investment. Semiconductor producers Intel and Taiwan

Semiconductor as well as battery cell maker KORE Power are the latest firms to choose Phoenix MSA, with plans to employ a total of 8,000 workers at new factories by 2024.

EMPLOYMENT GROWTH PROJECTIONS – MARICOPA COUNTY

The University of Arizona Eller College of Management tracks the Phoenix area economy. Employment figures were obtained from the Eller School of Management and are noted below. Employment growth is projected to continue at a more moderate pace than over the past few quarters this, as signs of an economic slowdown increase due to rising inflation. Please note that the figures exclude agricultural jobs.

Employment Projections Maricopa County			
<u>Year</u>	<u>Total Nonfarm Employment</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
Apr-22	2,218,900	---	---
May-22	2,238,400	19,500	0.88%
Jun-22	2,259,100	20,700	0.92%
Jul-22	2,290,900	31,800	1.41%
Aug-22	2,254,200	(36,700)	-1.60%
Sep-22	2,255,200	1,000	0.04%

Note: Excludes agricultural employment.

<https://www.azeeconomy.org/data/maricopa-county/>

Transportation – Phoenix MSA

Phoenix is well served by all major modes of transportation. Phoenix Sky Harbor International Airport is Arizona's largest and busiest airport, and among the largest commercial airports in the United States. The airport serves as a hub for American Airlines and a base for Southwest Airlines. In 2021, American Airlines carried approximately 43% of all Phoenix Sky Harbor passengers followed by Southwest Airlines with approximately 35%. Thus, American and Southwest are the airport's largest passenger carriers which provide domestic and international air services.

Interstate 10 connects Phoenix with California to the north and west and with Tucson and New Mexico to the south and east. Interstate 17 connects Phoenix with Flagstaff to the north. The Phoenix area is further served by a highly functional light rail system, transit system, and arterial freeways, highways and state routes.

OVERVIEW – PHOENIX

With an outstanding quality of life, affordability and steady growth in job opportunities, more than 1.63 million people call Phoenix home. Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. As the

fifth largest city in the country, Phoenix is emerging in a new economy with strengths in high technology, manufacturing, bioscience research and advanced business services. As a top market for skilled and available workforce, companies are growing in Phoenix because it is not only a thriving business environment, but a great place to live.

Principal Economic Activities

As Arizona's capital, Phoenix is the center for commercial, cultural, entertainment and governmental activities in the state. Thirteen vibrant and distinct employment corridors span the city's 515-square mile planning area. The business sectors are supported by a new, expanding infrastructure and transportation system. Downtown Phoenix boasts the highest concentration of employment in Arizona, offering impressive urban amenities including shopping, arts and entertainment. Arizona State University (Downtown Campus), Phoenix Convention Center, Valley Metro Light Rail and the Phoenix Biomedical Campus serve as major activity centers. High-tech manufacturing companies such as Honeywell, W.L Gore and ON Semiconductor have a large presence in Phoenix. Additionally, Phoenix is a key regional hub for finance, insurance and business services. American Express, Bank of America, USAA, Wells Fargo and Charles Schwab all have operations with more than 3,000 employees in Phoenix. The city is becoming widely recognized for its entrepreneurial ecosystem. The growth and success of Phoenix's own startups attract tech firms that are scaling out of cost-prohibitive markets. Corporations with headquarters in Phoenix include Freeport McMoran, Avnet, Swift, PetSmart and ON Semiconductor.

Phoenix provides unique year-round experiences thanks to a rich history, diverse culture, shopping destinations, resorts, art communities and booming live music scene. It is home to the largest art walk in the nation, drawing more than 15,000 people. From award-winning restaurants to exciting sports events and concerts, this is the epicenter of exciting things to do in Arizona. Specific highlights include the Roosevelt Row Arts District, Phoenix Art Museum, Chase Field (MLB), Talking Stick Resort Arena (NBA/WNBA), Phoenix Zoo, Phoenix Convention Center, Arizona Science Center and the Herberger and Orpheum Theaters.

More than 41,000 acres of Phoenix desert, mountain parks and preserves offer everything from busy, arduous summit climbs to secluded, meandering valley walks. Forty-one trailheads provide access to more than 200 miles of hiking and biking activities. Additionally, Camelback Mountain is regularly ranked as one of the nation's top hiking

destinations for avid hikers. The city operates 182 parks, 32 community and recreation centers, eight golf courses and 29 pools. South Mountain is the world’s largest municipal park with horseback riding, hiking and gorgeous views of the Phoenix.

POPULATION – CITY OF PHOENIX

Population information for the City of Phoenix is provided in the following table for the past 10 years. The City of Phoenix has the largest population in Maricopa County followed by the City of Mesa. Phoenix’s current population is 1,634,061. The 11-year population growth totals 11.6%, or about 1.05% per year. The average annual growth rate is similar to the state level.

Population City of Phoenix			
Year	Total Population	Numerical Increase	Percent Increase
2011	1,452,923	Not. Appl.	Not. Appl.
2012	1,464,260	11,337	0.78%
2013	1,482,253	17,993	1.23%
2014	1,499,510	17,257	1.16%
2015	1,520,158	20,648	1.38%
2016	1,542,212	22,054	1.45%
2017	1,558,912	16,700	1.08%
2018	1,576,598	17,686	1.13%
2019	1,595,630	19,032	1.21%
2020	1,611,162	15,532	0.97%
2021	1,630,195	19,033	1.18%

Source: State of Arizona, Office of Employment & Population Statist
<https://population.az.gov/population-estimates>

Transportation – Phoenix MSA

Phoenix is well served by all major modes of transportation. Phoenix Sky Harbor International Airport is Arizona's largest and busiest airport, and among the largest commercial airports in the United States. In 2020, Phoenix Sky Harbor was the 8th-busiest airport in the U.S., and 24th-busiest in the world. The airport serves as a hub for American Airlines and a base for Southwest Airlines. In 2019, American carried nearly 46% of all Phoenix Sky Harbor passengers and employed nearly 9,500 people, making it the airport's largest carrier provides domestic and international air service.

Interstate 10 connects Phoenix with California to the north and west and with Tucson and New Mexico to the south and east. Interstate 17 connects Phoenix with Flagstaff to the north. The Phoenix area is further served by a highly functional light rail system, transit system, and arterial freeways, highways and state routes.

CONCLUSION – REGIONAL IMPACT ON VALUE

Phoenix remains one of the nation's best-performing markets for job growth. The local economy has been one of the most resilient in the U.S. during the pandemic, thanks to a diversified job market. Metro Phoenix lost about a quarter million jobs in March and April 2020. By July 2021, Phoenix fully recovered those job losses, a stark contrast to its protracted recovery from the global financial crisis. Affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The adoption of remote work has given more people mobility and has enticed more people in California or East Coast markets to move to Phoenix. Population growth, a diversifying economy, relative affordability, and business-friendly regulation have strengthened the Phoenix value proposition. Businesses are selecting Phoenix to expand because of the extensive labor pool. Numerous employers have announced expansions and relocations since the pandemic. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of Phoenix when companies make their site selection decision. Longer term, the Phoenix metro area will outperform the U.S. thanks to lower living costs, solid population gains and the continued diversification of industry.

NEIGHBORHOOD ANALYSIS



The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic, and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

Location:

The subject is located in the southwest area of Phoenix, at the southwest corner of West Van Buren Street and 57th Drive, within the city limits of Phoenix. The physical property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043. It is identified by CoStar as being located within the SW North of Buckeye Road industrial submarket which is a key data source used in this appraisal.

Boundaries:

North:	Interstate 10
South:	Elliot Road and the Gila River Indian Reservation
East:	19 th Avenue and the Interstate 17 alignment

West: Loop 101 Aqua Fria Freeway and 99th Avenue

General Description: The subject's surrounding area is viewed as suburban. The immediate area around the subject can be described as primarily residential, agricultural and industrial land uses. The area south of Interstate 10, from an industrial perspective, is heavily developed with distribution warehouses that cater to freeway traffic between Phoenix and the various California markets, most specifically the Los Angeles area. Notably, there is limited retail in the surrounding neighborhood, south of Interstate 10. The area is easily accessible from Interstate 10 and the Loop 202 along several main arterials.

Van Buren Street, Buckeye Road, Lower Buckeye Road, Broadway Road, Southern Avenue, Baseline Road, Dobbins Road, and Elliot Road are the major neighborhood east/west arterials that are improved with a variety of retail and industrial service facilities, with residential subdivisions positioned off the main arteries. Surface roadway access within the neighborhood in connection with adjoining neighborhoods is good. Primary north-south roads are 35th, 43rd, 51st, 59th, 67th, and 75th avenues.

Interstate 10 is the principal east/west transportation route for local residents, as well as residents living further west who use this roadway as regular commuting routes. Full diamond interchanges are currently in place along 35th, 43rd, 51st, 59th, 67th, and 75th avenues. The subject property is served and accessed via the Loop 202 South Mountain Freeway. The Loop 202 was recently completed in early 2020. This freeway alignment extends west from Interstate 10 in the southeast valley, south of Phoenix South Mountain Park (along the alignment of Pecos Road), then northwest along the Gila River Indian Reservation, and then north to Interstate 10 in the west valley between 55th and 63rd avenues.

The Black Canyon Freeway, (Interstate 17), is located about five miles north of the subject and extends north to Flagstaff and south through Phoenix to its junction with Interstate 10, which continues south through Tempe and Chandler to Tucson. Access to the freeway is provided by a full diamond interchange at its intersection with Interstate 10. The outer Loop 101 Agua Fria Freeway has been constructed along the approximate 99th Avenue alignment and connects Interstate 10 and 17. This loop freeway now forms a three-quarter circle around the MSA and has

greatly improved access for the subject’s immediate area. Access to the subject property is considered to be good via transportation systems and local roadways.

Governmental Forces:

Police Protection: City of Phoenix
 Fire Protection: City of Phoenix
 Comment: The subject is located within the City of Phoenix. Most of the land in the area is for industrial use. More than 80% of industrial inventory in the immediate area was built before 2000.

Environmental Forces:

Quality of Surrounding Area: Some environmental characteristics that influence value include land use patterns, topography, building densities, property maintenance, nuisances and hazards, and the adequacy of transportation corridors. The improvements range from new to about 50 years old and are in fair to excellent condition.

Utilities: The neighborhood is served with all municipal utilities including electric from Arizona Public Service (APS), natural gas from Southwest Gas, telephone from CenturyLink or private providers. Water and sewer is provided by City of Phoenix.

The following data shows demographics within a one, three, and five-mile radius of the subject. All three demographic sets show household income and distribution to be lower than that of the Phoenix, MSA.

DEMOGRAPHICS

2022 Demographics: <i>Source: STDBOnline</i>	1-Mile Radius	3-Mile Radius	5-mile Radius
2022 Summary			
Population	5,851	126,177	357,807
Households	1,825	35,029	98,670
Families	1,448	27,113	75,876
Average Household Size	3.19	3.60	3.57
Owner Occupied Housing Units	524	16,450	50,004
Renter Occupied Housing Units	1,301	18,579	48,667
Median Age	25.1	27.0	27.9
Median Household Income	\$37,323	\$49,052	\$51,637
Average Household Income	\$44,460	\$61,325	\$66,943

CONCLUSION

The population within the subject neighborhood has experienced above average growth since 2010, a trend expected to continue into the foreseeable future. The neighborhood has a middle-income demographic profile, with a 2022 average household income of \$61,325 within a three-mile radius of the subject. Overall, the neighborhood

outlook over the next several years is generally favorable, with continued growth and new development anticipated. As a result, the demand for existing developments is expected to be positive over the long-term. Generally, the neighborhood is expected to maintain a modest and relatively stable growth pattern for the foreseeable future.

SUBJECT PHOTOGRAPHS

Photo 1: View Southeast Across the Subject from Van Buren Street



Photo 2: View Northwest Across the Subject from 57th Drive



Photo 3: View Northeast Across the Subject from West Property Line



Photo 4: View North Across the Subject from Washington Street



Photo 5: View Southwest Across Subject Property to Washington Street and Loop 202



Photo 6: View East Along Washington Street from 59th Avenue, Subject to Left



Photo 7: View East Along Van Buren Street, Subject on Right



Photo 8: View North Along 57th Drive, Subject to Left



3D AERIAL



The lot boundaries in yellow are approximate

SITE ANALYSIS

Location:

The subject property is located within a portion of the Northwest Quarter of Section 8, Township 1 North, Range 2 East, G&SRB&M, Maricopa County, Arizona. It is physically located at the southwest corner of West Van Buren Street and 57th Drive, and the north side of West Washington Street, east of North 59th Avenue. The property addresses are 5715 West Van Buren Street, 117 North 57th Drive, and 5801 and 5802 West Washington Street, Phoenix, Arizona 85043.

Parcel Size/Shape/Topography:

214,891-square feet, (4.93 acres), which is irregular in shape, has level topography, and is at grade with West Van Buren Street, West Washington Street, and South 57th Drive.

Ingress/Egress:

According to ADOT, legal and physical access to the subject property is available along South 57th Drive and West Washington Street. There is no access available from Van Buren Street due to access control.

There is tractor trailer/box truck and vehicular access from Washington Street onto Parcel 104-04-015A extending north to Parcel 104-04-018A. Parcel 104-04-018A consists of an approximately 37-foot-wide rectangular parcel of land which extends north 400 feet to the southern property line of the remnant Parcel 104-04-035, and ultimately onto the largest Parcel 104-04-512 (3.37 acres). Parcel 104-04-018A represents an abandoned rail spur with no remaining tracks. The subject property would be appealing to a trucking operation. This, as truck traffic would be able to exit South Mountain Freeway (Loop 202) at West Buckeye Road, drive north along North 59th Avenue, and enter the subject property from Washington Street at the south property line. Parcel 104-04-015A could be used as a truck staging area. Truck traffic could then exit the property onto 57th Drive northerly to West Van Buren Street and ultimately onto south/north bound Loop 202.

Surrounding Uses:

North: West Van Buren Street followed by vacant land.
East: North 57th Drive followed by industrial uses
South: Washington Street and industrial uses
West: Drainage canal followed by North 59th Avenue and the Loop 202

Utilities:

Electric:

Arizona Public Service (APS)

Telephone: Century Link and other providers
Gas: Southwest Gas Corporation
Water: City of Phoenix
Sewer: City of Phoenix

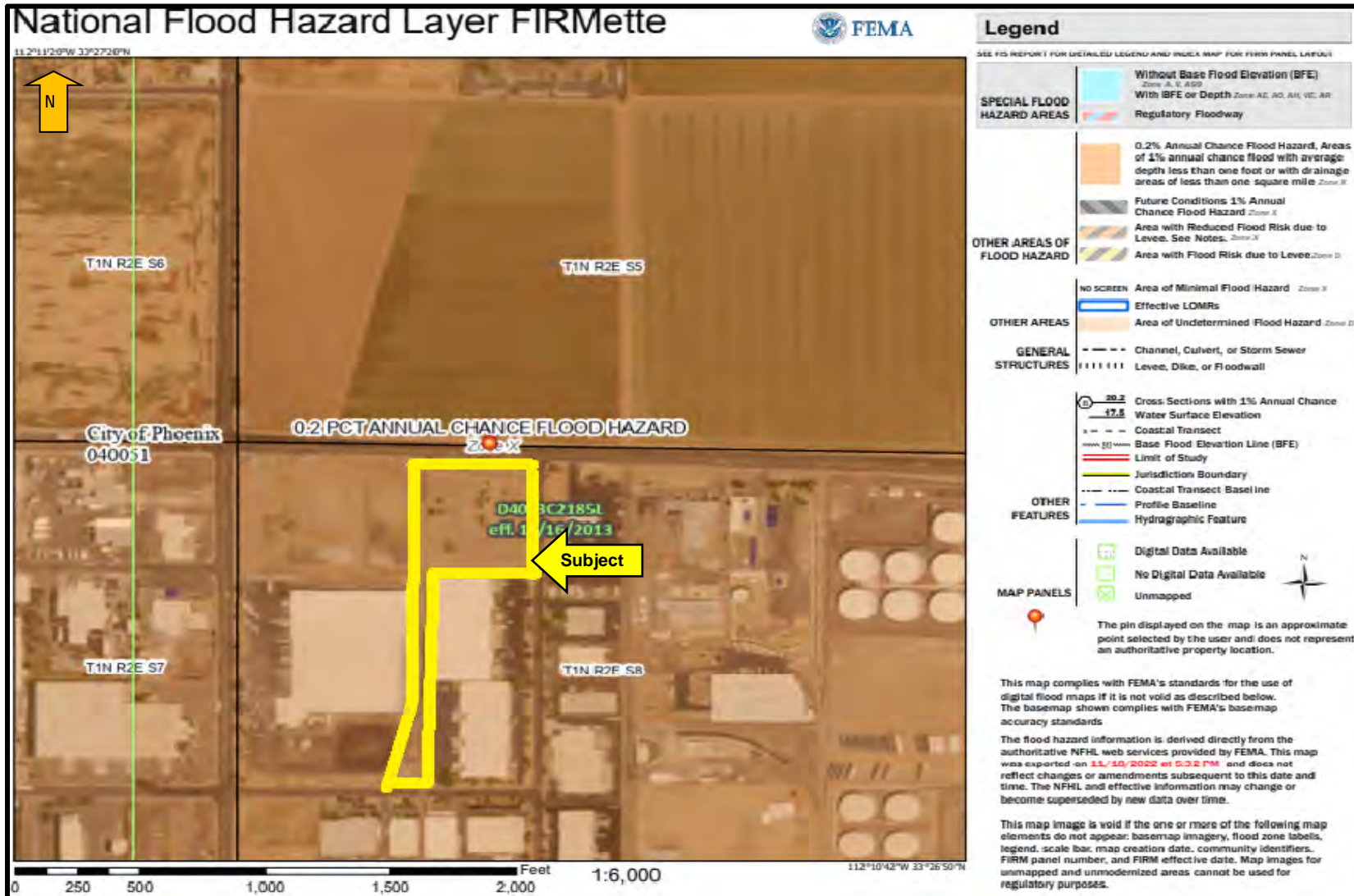
Floodplain: The subject property identified as being located in Flood Zone X (shaded) per FIRM Map Panel No. 04013C2185L, dated October 16, 2013. Zone X (shaded), which is an area defined by FEMA as 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile.

Environmental Conditions: No environmental reports were provided for our review. Lacking environmental reports, this appraisal assumes that there are no environmental conditions on or around the property that would adversely impact its market value.

Soil & Subsoil Conditions: A soils engineering report was not provided for our review. Thus, the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the site. The surrounding improved properties indicate that subsoil conditions support development of properties of this type.

Restrictions & Easements: A Right Of Way Disposal Report was provided for our review. Based on the report reviewed, there are no adverse easements or encroachments identified or that were visually observed during the property inspection. This appraisal assumes that the subject property is encumbered by typical public utility, easements that do not adversely affect value.

FLOOD MAP

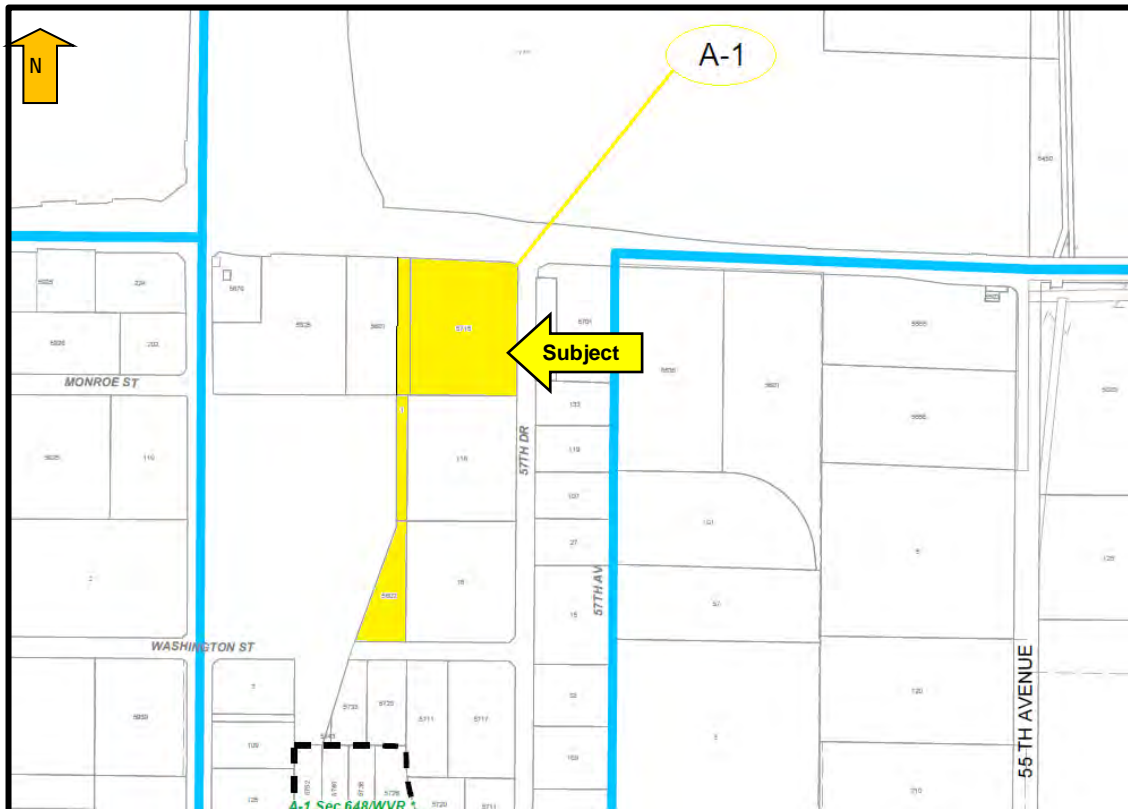


The lot boundaries in yellow are approximate

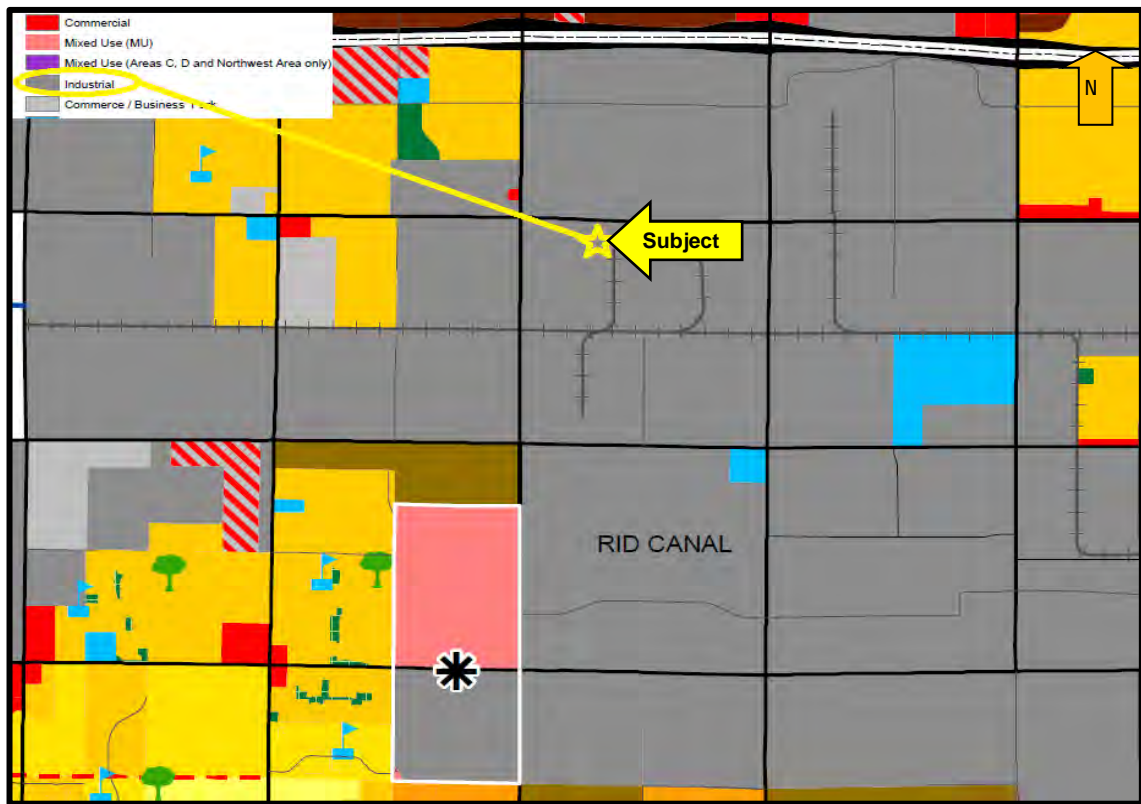
ASSESSED VALUATION & TAX DATA

The subject represents a parcel of excess land from the South Mountain Freeway/Loop 202 project. The property owner, State of Arizona, is exempt from property taxation. It is an assumption of this appraisal that taxes for a non-exempt buyer would be assessed based on tax rates consistent with other properties in the immediate area.

ZONING & GENERAL PLAN



The subject property is zoned A-1, (Light Industrial Zone), by the City of Phoenix. According to the City of Phoenix Zoning Ordinance, “The A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community for industrial activity not offensive to nearby commercial or residential uses.”



According to the City of Phoenix General Plan and My Community Map, the subject property is identified as being designated for Industrial use. The appraisers believe that the subject site is most suitable for industrial-oriented development due to its secondary access from South 57th Drive and West Washington Street, and the surrounding uses in the immediate area. Although it benefits from prominent frontage/exposure to the West Van Buren Street, there is no direct access due to access control. Furthermore, the intersection of 57th Drive and Van Buren Street is non-signalized, reducing the probability of a retail or commercial-oriented use on the subject. Industrial-oriented uses remain in high demand and is driving the land purchases in the immediate and surrounding areas.

MARKET ANALYSIS - INDUSTRIAL

“Market analysis is a process for the examination of the demand for, and supply of, a property type and the geographic market area for the property type.”⁴

PHOENIX EMPLOYMENT

Phoenix has maintained its place among the best performing markets for job growth. The local economy has been one of the most resilient in the U.S. during the pandemic, thanks to a diversified job market. Metro Phoenix lost about a quarter million jobs in March and April 2020. By July 2021, Phoenix fully recovered those job losses, a stark contrast to its protracted recovery from the global financial crisis.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley of the Sun may be stronger than ever. Affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The adoption of remote work has given more people mobility and has enticed more people in California or East Coast markets to move to Phoenix. Population growth, a diversifying economy, relative affordability, and business-friendly regulation have strengthened the Phoenix value proposition. These characteristics attract more than 240 people to Phoenix each day, on average.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 135,000 students in fall 2021, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 55,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula.

Businesses are selecting Phoenix to expand because of the extensive labor pool. Numerous employers have announced expansions and relocations since the pandemic. Amazon recently opened 11 last-mile and fulfillment sites throughout the metro area and leased a 95,000-SF office in Tempe, which will generate thousands of new jobs. Zoom, the California-based video conferencing company, revealed plans to open a Phoenix research

⁴ *The Appraisal of Real Estate, 14th Edition*, Appraisal Institute, P 299

and development center. TSMC made headlines for its commitment to bring more than 1,600 jobs to the state with a \$12 billion semiconductor factory. Other companies that have added hundreds of new jobs over the past few years include Allstate, Deloitte, DoorDash, OpenDoor, Silicon Valley Bank, Choice Hotels, Mayo Clinic, Wells Fargo, Farmers Insurance, and USAA. Microsoft, Google, and Apple have invested in data centers throughout the Phoenix metro area. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of Phoenix when companies make their site selection decision.

The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators more than a decade ago. The economy depended on industries associated with household growth, construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of its past reliance on housing, Phoenix was among the hardest-hit metros during the Great Recession. The market lost more than 240,000 jobs, 25% of which were in the construction industry alone. Phoenix recovered from the Great Recession about two years after the U.S. did. The companies that Phoenix is attracting have evolved, and the market has emerged as a vibrant technology and financial hub. This variousness of industries has helped Phoenix to outperform its peers.

PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	144	0.7	4.62%	3.44%	2.13%	0.73%	0.76%	0.14%
Trade, Transportation and Utilities	461	1.1	3.16%	3.34%	2.72%	1.26%	0.30%	0.11%
Retail Trade	254	1.1	2.29%	2.40%	2.09%	0.65%	0.27%	0.07%
Financial Activities	219	1.6	0.05%	2.08%	3.75%	1.43%	0.80%	0.24%
Government	238	0.7	-0.14%	0.64%	0.48%	0.15%	1.01%	0.55%
Natural Resources, Mining and Construction	148	1.2	2.53%	4.20%	4.64%	2.53%	1.57%	0.39%
Education and Health Services	363	1.0	4.46%	3.32%	3.45%	1.66%	1.64%	0.68%
Professional and Business Services	388	1.1	4.18%	4.64%	3.01%	2.18%	1.37%	0.48%
Information	43	0.9	6.90%	5.58%	2.92%	1.28%	1.00%	0.40%
Leisure and Hospitality	232	1.0	5.54%	8.19%	2.34%	1.34%	1.25%	1.28%
Other Services	71	0.8	1.07%	3.38%	1.10%	0.49%	0.53%	0.49%
Total Employment	2,306	1.0	3.16%	3.63%	2.69%	1.29%	1.04%	0.49%

Source: Oxford Economics
LQ = Location Quotient

Subject Attributes

The subject property represents an excess parcel of vacant land consisting of 214,891 square feet, (4.93 acres). The property is located at the southwest corner of West Van Buren

Street and 57th Drive in southwest Phoenix. It is located within the SW N of Buckeye Road industrial submarket according to CoStar. According to the City of Phoenix General Plan, the subject is designated for Industrial land use. Due to the subject's irregular site shape and lack of access to West Van Buren Street, the surrounding uses in the immediate area, and recent land sales and development trends in the area, it is highly probable that the subject would be purchased for development of an industrial-oriented use. This represents the highest and best use of the subject property.

SW N OF BUCKEYE ROAD INDUSTRIAL SUBMARKET (MICRO)

Fundamentals in the SW N of Buckeye Road Submarket remain steady. Consistent demand has pushed down vacancies, which has supported continued rent growth and investment. Some segments of industrial use, such as e-commerce and 3PLs, are benefiting from the rising dependence on ecommerce and home deliveries. Logistics accounts for more than 80% of the submarket's inventory. The ease of transportation via the I-10 provides an entry to the ports of Los Angeles and Long Beach within a six-hour drive. The Union Pacific Railroad also runs through the heart of the submarket. Transportation options expanded recently with the extension of the Loop 202 freeway, which provides a connection to the East and West valleys.

The construction pipeline is minimal, limiting supply-side risk. Steady leasing and limited new supply will likely continue to support rent growth. Investors are bullish on fundamentals, which has made the area one of the more liquid industrial submarkets in Phoenix. About \$337 million has traded in the submarket in the past 12 months and average pricing is now around \$139 per SF.

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
77.3K	189K	1.5%	16.6%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	27,403,844	1.6%	\$8.53	9.3%	26,658	0	6,166,007
Specialized Industrial	6,754,466	1.4%	\$8.15	1.8%	(1,800)	0	0
Flex	253,529	0%	\$12.28	0%	0	0	0
Submarket	34,411,839	1.5%	\$8.49	8.0%	24,858	0	6,166,007

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.4%	9.1%	4.9%	15.8%	2010 Q1	1.2%	2022 Q2
Net Absorption SF	189K	430,885	1,274,216	1,995,013	2021 Q4	(1,801,058)	2009 Q4
Deliveries SF	77.3K	351,122	1,658,999	1,004,880	2000 Q2	0	2019 Q1
Rent Growth	16.6%	3.1%	4.8%	17.4%	2022 Q3	-9.8%	2009 Q4
Sales Volume	\$322M	\$111.2M	N/A	\$457.9M	2022 Q2	\$5.3M	2009 Q4

Leasing

Strong demand for well-located logistics and warehouse space has compressed vacancies to a historic low of 1.5%. Net absorption could slow over the next several quarters due to a lack of available space in the submarket since the construction pipeline is minimal in this infill submarket. While a temporary pullback in consumer spending negatively affected some retailers, causing some move-outs in the submarket, the spaces didn't stay vacant for long. For example, Tuesday Morning shuttered its 593,000-SF distribution center in the submarket in 20Q3 after announcing plans to close more than 230 stores nationally. Shortly after, the luxury consignment retailer The RealReal leased the building and took occupancy in 2021.

A few tenants have vacated spaces in the submarket over the past few quarters, but occupancies have more than offset the move-outs. Del Monte vacated about 104,000 SF; CSI, a national trade show services contractor, vacated 75,000 SF; and Carolina Logistics Services moved out of 50,000 SF in 20Q2. Recent occupancies include Amazon at 10 West Logistics Center Phase II (568,340 SF), OmniMax International (226,440 SF), Danson's (220,160 SF), Agility Health (149,500 SF), EATC Manufacturing (104,150 SF), and Metal Finishing Solutions (82,290 SF).

Phoenix's fast-growing population, robust economy, and proximity to major metros in California have driven the need for logistics space. The confluence of road and rail transportation in the submarket enables easy access to Southern California. More than 35 million consumers can be reached within a day's truck haul. Last year's completion of the Loop 202 extension has supported tenant demand in the submarket. The 22-mile extension of South Mountain Freeway connects the East and West valleys, running from the I-10 and 59th Avenue (in the submarket) to the existing Loop 202 at the Phoenix- Chandler border.

Rent

Industrial rents in SW N of Buckeye Road run for about \$8.50/SF, which is considerably below the metro-wide average. A similar pattern holds for logistics space, which at \$8.50/SF is well below the \$10.70/SF metro-wide average for that property subtype. Rents grew by a remarkable 16.6% over the past year, which brought the three-year average annual rent growth up to 11.3%. Over a longer horizon, SW N of Buckeye Road has enjoyed a remarkable stretch of rent growth. Industrial rents today are 99.1% higher than they were

10 years ago. That's ahead of the long-term performance in the metro, where rents cumulatively increased by 91.4% over the past decade.

Construction

Development ebbs and flows in this infill submarket, but limited availabilities have motivated developers to become active again. Development ramped up in 21Q3 following a brief pause in construction starts. Several projects are underway, totaling 6.2 million SF. Irwin G Pasternack & Associates broke ground on three speculative industrial facilities at Estrella Commerce Center. The three buildings are near Interstate 10 and Loop 202 and range from 101,000 SF to 138,550 SF. The buildings are slated for completion in 22Q4. Rents are marketed at \$7.44/SF NNN. ATLAS broke ground on Buckeye 55 in 21Q1. The 66,000-SF speculative warehouse is located near Loop 202 and Buckeye Road. The building was completed toward the end of 2021.

More than 80% of inventory in SW N of Buckeye was built before 2000, and less than half of those buildings have clear heights over 25 feet. While the SW N of Buckeye Road Submarket was the focus of development in previous cycles, Tolleson has received the bulk of new inventory in recent years.

Sales

Industrial investors have been very active in the capital markets in SW N of Buckeye Road, making it one of the most heavily traded industrial areas in the region over the past several years. Historical investment trends have largely held serve in the past 12 months. Annual sales volume has averaged \$221 million over the past five years, and the 12-month high in investment volume hit \$458 million over that stretch. In the past 12 months specifically, \$337 million worth of assets sold. Deals involving logistics properties drove recent sales volume.

The market pricing, based on the estimated price movement of all industrial properties in the submarket, sat at \$139/SF during the fourth quarter of 2022. That price has surged since last year, growing by more than 10%, although the level is still a steep discount compared to the average price for the region. The market cap rate has dropped since last year. It is the lowest cap rate that has been seen in five years, and it's close to the metro's average.

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$200,000	\$7,566,822	\$3,337,379	\$53,964,433
Price/SF	\$32	\$144	\$125	\$745
Cap Rate	5.5%	6.0%	6.0%	6.5%
Time Since Sale in Months	0.1	6.9	6.3	11.4
Property Attributes	Low	Average	Median	High
Building SF	1,370	52,111	25,000	454,368
Ceiling Height	9'	21'	20'	30'
Docks	0	7	2	62
Vacancy Rate At Sale	0%	8.2%	0%	100%
Year Built	1938	1983	1982	2021
Star Rating	★★★★★	★★★★★ 2.4	★★★★★	★★★★★

Within the subject's SW N of Buckeye Road industrial submarket, CoStar statistics indicated increasing industrial sales volume and median sale price per square foot through the first half of 2022, with more modest increases indicated through the second half of 2022.

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$156.12	296	5.7%
2025	-	-	-	-	-	-	\$154.29	292	5.7%
2024	-	-	-	-	-	-	\$151.93	288	5.7%
2023	-	-	-	-	-	-	\$149.69	283	5.7%
2022	-	-	-	-	-	-	\$142.32	269	5.5%
YTD	39	\$265.7M	5.6%	\$7,590,451	\$145.72	6.0%	\$138.83	263	5.5%
2021	95	\$438.5M	12.3%	\$6,746,885	\$129.36	6.5%	\$117.96	223	5.7%
2020	42	\$120.1M	7.2%	\$3,244,617	\$69.74	7.5%	\$98.83	187	5.9%
2019	48	\$183.8M	7.0%	\$4,482,475	\$88.02	5.1%	\$87.52	166	6.2%
2018	64	\$142.6M	8.2%	\$3,656,950	\$70.14	6.3%	\$77.43	147	6.5%
2017	75	\$123.8M	7.6%	\$3,439,430	\$63.72	5.9%	\$70.13	133	6.7%
2016	41	\$199.2M	10.2%	\$7,378,261	\$63.60	7.7%	\$66.22	125	6.7%
2015	64	\$107.7M	11.1%	\$2,693,516	\$43.61	-	\$61.40	116	6.9%
2014	57	\$68.4M	6.1%	\$2,357,101	\$45.17	5.0%	\$55.87	106	7.2%
2013	28	\$73M	4.8%	\$2,921,323	\$47.89	7.9%	\$51.14	97	7.5%
2012	48	\$94.6M	10.1%	\$2,365,885	\$47.17	8.4%	\$48.76	92	7.6%
2011	26	\$36.2M	6.9%	\$1,723,083	\$39.99	6.7%	\$46.42	88	7.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.
 (2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

MARKET CONDITIONS ADJUSTMENTS
Industrial Land Sales Trends

	2019	2020	2021	01/1-11/8/22
	Sold Transaction	Sold Transaction	Sold Transaction	Sold Transaction
Number of Transactions	20	16	34	15
Total Dollar Volume	\$56,317,486	\$56,555,303	\$188,535,232	\$84,638,673
Total Bldg Square Feet	0	0	0	0
Total Land in Acres	256.16	263.48	596.90	278.38
Total Land in SF	11,158,330	11,477,189	26,000,964	12,126,233
Average Price	\$2,815,874	\$3,534,706	\$5,545,154	\$5,642,578
Average Number of SF	0	0	0	0
Average Price Per Bldg SF	-	-	-	-
Median Price Per SF	-	-	-	-
Average Number of Acres	12.81	16.47	17.56	18.56
Average Number of SF(Land)	557,916	717,324	764,734	808,416
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Average Price Per Acre	\$210,852	\$211,647	\$215,857	\$204,040
Average Price Per SF(Land)	\$5.05	\$4.93	\$7.25	\$6.98
Median Price Per Acre	\$234,017	\$272,073	\$307,220	\$326,699
Median Price Per SF(Land)	\$5.37	\$6.25	\$7.05	\$7.50

The appraisers used CoStar to search sales of industrial land ranging in size from 2 to 200 acres, which sold for between \$3.00 and \$12.00 per square foot of land area. The time period searched was between January 1, 2019 through November 8, 2022. CoStar reported that in January 2019, there were a total of 20 industrial land transactions totaling \$56,317,486, with an average price per square foot of \$5.05. This compares to year-to-date November 2022, in which 15 properties sold totaling \$84,638,673, with an average price per square foot of \$6.98. As of year-end 2021, the average price per square foot was \$7.25. The sales data implies industrial land values increased from January 2019 through year-end 2021 at 43.6%, or about 14.5% annually. Over the past 8 months, land values appear to have stabilized with no discernable increases or decreases. The slight decrease in the average price per square foot is a reflection of the limited number of sales in the year. This stabilization of land values coincides with the ongoing inflation and the increases in long-term lending rates. Industrial land values experienced strong year-over-year appreciation through 2021, while in 2022 appreciation has stalled due to uncertainties in the economy.

Local market participants indicated industrial land price appreciation rate over the past few years was between 3% and 7% per annum. Based on this information, the appraisers made upward adjustments to the land comparables of 3% to 6% for improving market conditions (time) through early 2022. The adjustment for market conditions is based on an annual appreciation rate of 5.0%, or 0.417% per month applied to the months of appreciation from the comparables sale date through February 2022. Land values have remained stable due to the increases in interest rates and uncertainties in the economy.

CONCLUSION

Overall, the industrial market in metro Phoenix and more specifically within the subject's SW N of Buckeye Road industrial submarket is experiencing low vacancy rates due to strong demand from logistics tenants. The continued strong demand for industrial space and overall market fundamentals bodes well for metro Phoenix market and the SW N of Buckeye Road industrial submarket. The industrial submarket has experienced increasing quoted rental rates through the first half of 2022. Demand for industrial space has been strongest among e-commerce and 3PLs, which have benefited from the rising dependence on e-commerce and home deliveries spurred by the pandemic. The logistics segment has a substantial footprint in the SW N of Buckeye Road industrial submarket.

HIGHEST AND BEST USE

According to *The Appraisal of Real Estate, 14th Edition*, published by the Appraisal Institute, highest and best use is defined 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.

The highest and best use of the land as vacant must meet four criteria. The highest and best use must be:

- 1) **Legally Permissible:** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) **Physically Possible:** Based on the physical characteristics of the site, what uses are physically possible?
- 3) **Financially Feasible:** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) **Maximally Productive:** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

AS VACANT

Legally Permissible

The subject is currently zoned A-1, Light Industrial by the City of Phoenix, which is further designated for Industrial use according to the City of Phoenix General Plan. The appraisers believe that the subject site is most suitable for industrial-oriented development due to its lack of access from West Van Buren Street and prominent frontage/exposure to the South Mountain Freeway (SR 202L). Currently, industrial-oriented uses are in strong demand and are the primary driver of most land purchases in the immediate and surrounding areas.

Physically Possible

The subject consists of 214,891 square feet (4.93 acres) and is irregular in shape, with level topography which is at street grade with West Van Buren Street, West Washington Street, and South 57th Drive. The subject property has adequate legal and physical access from Washington Street and 57th Drive, which would accommodate moderate intensity uses on the site. The site does not have legal or physical access from Van Buren Street due to access control.

The site is well situated to capture vehicular and truck traffic traveling from California into the Phoenix via Interstate 10, Interstate 17 and Loop 202. The subject parcel is located in Zone X shaded, outside the 100 and 500-year flood hazard areas, with all municipal utilities available to the site. Based on the existing Phoenix zoning and general plan land use designation, the location, physical characteristics of the parcel, and surrounding improved uses, the physically possible use, as vacant, is an industrial-oriented development that conforms to the zoning, surrounding uses, and physical constraints.

Financially Feasible & Maximally Productive

The third and final test of highest and best use considers the financially feasible and maximally productive uses of the subject property. The financially feasible maximally productive use of a property is one that is legally permissible and physically possible that also creates a positive return for the investor. Given the legally permissible and physically possible uses for the subject property, the financially feasible use is determined through an analysis of the factors that affect the market. Reference is made to the Market Analysis section of the report. The market analysis is an integral component of the financially feasible test for the Highest and Best Use of the subject, as vacant. Demand factors are created by the combination of the legal, physical, and economic characteristics related to the income generated from potential uses. Due to its location, just off the West Van Buren Street/Loop 202 traffic interchange, with prominent frontage and visibility to moderate traffic volumes, along with the land sales and development trends in the area, it is highly probable that the subject would be purchased for development of an industrial-oriented use.

Based on the information contained in this report and our interviews with market participants, the industrial land market has been experiencing strong increases in demand and price appreciation. Our interviews and research revealed that the industrial market fundamentals remain healthy despite several recent completions of large-scale spec industrial developments.

Speculative industrial development is possible and occurring in the immediate area with strong tenant demand and leasing activity. It is also possible to develop the site with build-to-suit or build-to-own development which are both financially feasible and maximally productive uses of the subject property. The most probable buyer for the subject is an end-user/developer or land speculator.

Conclusion, Highest and Best Use, As Vacant

Given the zoning, location, physical characteristics and general market conditions, the highest and best use, as vacant, is for development of an industrial-oriented use that conform to the City of Phoenix Zoning and General Plan.

LAND VALUATION

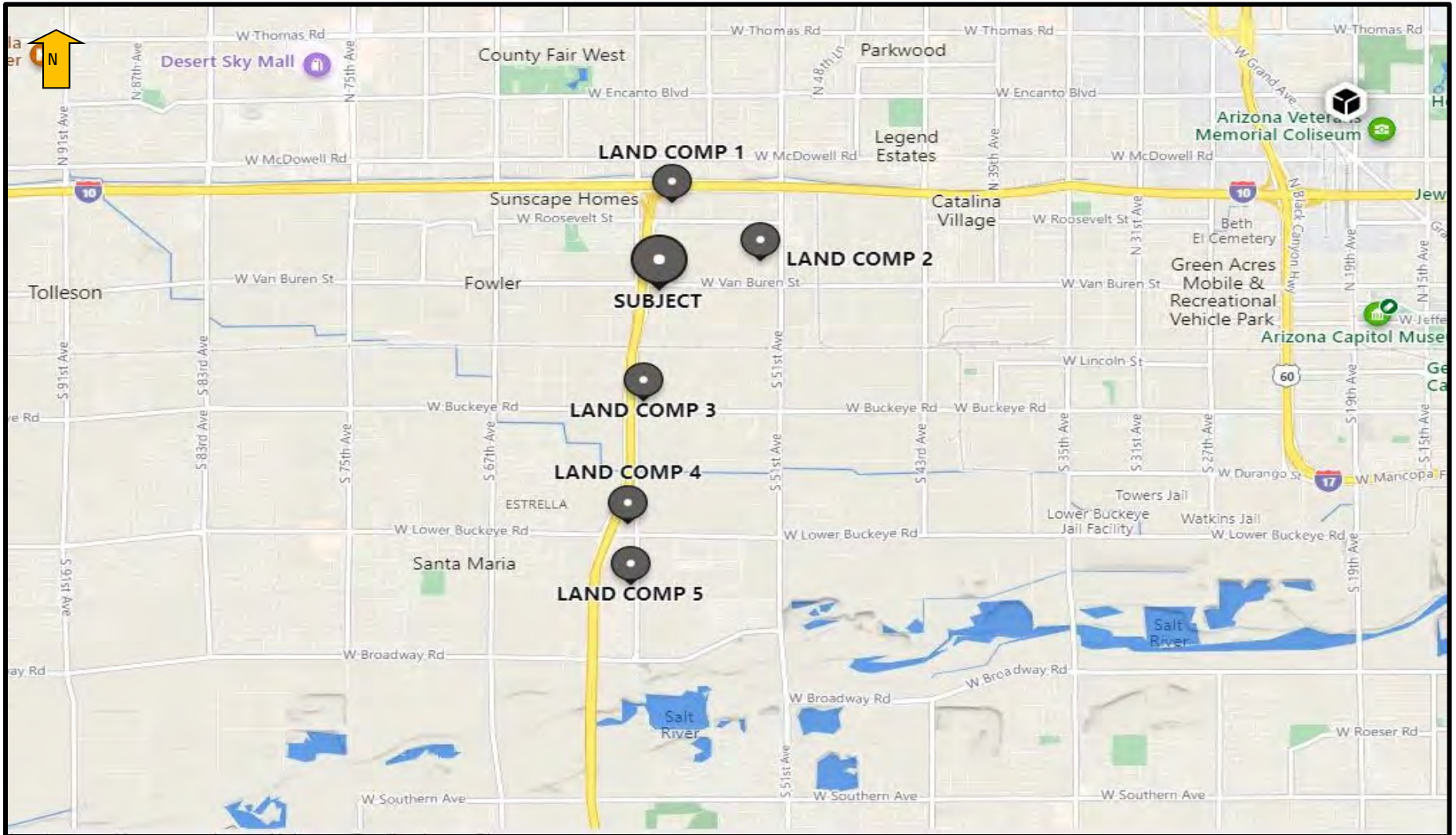
The Sales Comparison Approach is used to provide a market value opinion for the subject, as vacant land. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay.

Adjustments are made to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, and zoning/planned use. The sale price per square foot of land area is the appropriate unit of comparison for this analysis. This is derived by dividing the sale price by the total square footage of the site.

Search parameters for comparable sales focused on land sales that are similar in size and potential use. The search for recent land sales included immediate and surrounding areas that have similar demographics and are planned for similar potential developments. The market data that is included in the analysis is considered to be the best available and provides a credible opinion of value.

A location map showing the comparable sales relative to the subject, individual data sheets, and parcel maps are presented on the following pages. The adjustment matrix follows the land value analysis.

LAND COMPARABLE MAP



COMPARABLE LAND SALE



COMPARABLE NUMBER:	LAND COMP 1
LOCATION:	1202 & 1226 N. 57th Avenue, Phoenix, AZ 85043
LEGAL DESCRIPTION:	Lots 3 & 4, of I-10 Industrial Park West Unit II, Recorded in Book 234 of Maps, Page 48, G&SRM, Maricopa County, Arizona
TAX CODE NUMBER(S):	103-27-009 & -010
RECORDS:	Special Warranty Deed
Instrument:	February 8, 2021
Date Recorded:	20210139790
Affidavit of Fee No:	
SELLER:	State of Arizona (ADOT)
BUYER:	John Preciado Laborers Training & Retraining Trust
SALE PRICE:	\$870,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT.:	93,977
SITE AREA IN ACRES:	2.16
SALE PRICE PER SQ. FT.:	\$9.26
PHYSICAL DESCRIPTION	
Location:	Average / SW Phoenix
Access / Visibility / Traffic:	Above Average / Good / Heavy
Site Utility:	Rectangular / Good
Utilities:	All to site
Flood:	Zone X (shaded)
ZONING / GENERAL PLAN:	A-1, Light Industrial / Industrial
PLANNED USE:	Laborers Training School
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	4 months
CONFIRMED WITH:	Reliable Source, Public Records
DATE CONFIRMED:	11/4/2022
COMMENTS:	

This comparable represents the sale of 2.16 acres, (93,977 SF), of vacant industrial zoned land located at the northwest corner of West Latham Street and North 57th Avenue at the I-10/Loop 202 (South Mountain Freeway) interchange in southwest Phoenix, AZ. Zoned A-1, Light Industrial by the City of Phoenix the property is rectangular in shape with good site utility. It sold in February 2021 for \$870,000, or \$9.26 PSF of land area. The buyer, purchased the site to develop a training school facility. The property sold above the appraised value and was on the market about 4 months prior to the sale. The buyer paid cash for the site and no sale conditions were noted.

I.D. : 22-254-LC.1

COMPARABLE LAND SALE



COMPARABLE NUMBER:	LAND COMP 2
LOCATION:	5153 W. Fillmore Street, Phoenix, AZ 85043
LEGAL DESCRIPTION:	Portion of Lots 31, 32, 33, 40, 41 & 42, Coronado Industrial Park, According to Book 219 of Maps, Page 3, G&SRB&M, Maricopa County, Arizona
TAX CODE NUMBER(S):	103-29-045A
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	April 7, 2021
Affidavit of Fee No:	20210390715
SELLER:	FIZMAC Properties, LLC
BUYER:	Chamberlin Development, LLC
SALE PRICE:	\$1,134,683
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT.:	160,247
SITE AREA IN ACRES:	3.68
SALE PRICE PER SQ. FT.:	\$7.08
PHYSICAL DESCRIPTION	
Location:	Average / SW Phoenix
Access / Visibility / Traffic:	Average / Average / Light
Site Utility:	Rectangular / Good
Utilities:	All to site
Flood Plain:	Zone X (shaded)
ZONING / GENERAL PLAN:	A-1, Light Industrial / Industrial
PLANNED USE:	50,000 SF Industrial/Warehouse
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	6 months
CONFIRMED WITH:	Sam Sorensen, Broker (Sorensen & Black Inc.)
DATE CONFIRMED:	11/4/2022
COMMENTS:	

This comparable represents the sale of 3.68 acres, (160,297 SF), of vacant industrial zoned land located at the southeast corner of West Fillmore Street and North 52nd Avenue in southwest Phoenix, AZ. Zoned A-1, Light Industrial by the City of Phoenix the property is rectangular in shape with good site utility. It sold in April 2021 for \$1,134,683, or \$7.08 PSF of land area. The buyer, purchased the site to develop a build-to-suit 50,000 SF industrial/warehouse building. The property sold near the list price and was on the market about 6 months prior to the sale. The buyer paid cash for the site and no sale conditions were noted.

COMPARABLE LAND SALE



COMPARABLE NUMBER:	LAND COMP 3
LOCATION:	5810 W. Buckeye Road, Phoenix, AZ 85043
LEGAL DESCRIPTION:	Portion of SE4, of the SE4, of Section 8, T1N, R2E, G&SRB&M, Maricopa County, Arizona
TAX CODE NUMBER(S):	104-19-004F
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	August 9, 2021
Affidavit of Fee No:	20210860983
SELLER:	State of Arizona (ADOT)
BUYER:	Chamberlin Development, LLC
SALE PRICE:	\$2,660,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT.:	279,771
SITE AREA IN ACRES:	6.42
SALE PRICE PER SQ. FT.:	\$9.51
PHYSICAL DESCRIPTION	
Location:	Average / SW Phoenix
Access / Visibility / Traffic:	Good / Good / Heavy
Site Utility:	Rectangular / Good
Utilities:	All to site
Flood Plain:	Zone X (shaded)
ZONING / GENERAL PLAN:	A-1, Light Industrial / Industrial
PLANNED USE:	130,000 SF Office/Warehouse
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	Not provided
CONFIRMED WITH:	Reliable Source, Public Records
DATE CONFIRMED:	11/4/2022
COMMENTS:	

This comparable represents the sale of 6.42 acres, (279,771 SF), of vacant industrial use land located at the northeast corner of 59th Avenue and Buckeye Road in southwest Phoenix, AZ. The site is situated in a mixed-use area with good visibility to the Loop 202 and Buckeye Road with exposure to heavy traffic volumes. Zoned light industrial with a General Plan designation of Industrial, the property is rectangular in shape with good site utility. It sold in August 2021 for \$2,660,000 (the list price), or \$9.51 PSF of land area. The buyer, purchased the site to develop a build-to-suit 120,000 SF office/warehouse building. The buyer paid cash for the site and no sale conditions were noted.

I.D. : 22-254-LC.3

COMPARABLE LAND SALE



COMPARABLE NUMBER:	LAND COMP 4
LOCATION:	NWC of 59th Avenue & Lower Buckeye Road, Phoenix, AZ 85339
LEGAL DESCRIPTION:	Portion of SE4, of the SE4, of Section 18, T1N, R2E, G&SRB&M, Maricopa County, Arizona
TAX CODE NUMBER(S):	104-38-006
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	September 22, 2021
Affidavit of Fee No:	20211024031
SELLER:	State of Arizona (ADOT)
BUYER:	OVAH II, LLC
SALE PRICE:	\$3,100,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT.:	386,702
SITE AREA IN ACRES:	8.88
SALE PRICE PER SQ. FT.:	\$8.02
PHYSICAL DESCRIPTION	
Location:	Average / SW Phoenix
Access / Visibility / Traffic:	Average / Good / Heavy
Site Utility:	Triangular / Average
Utilities:	All to site
Flood Plain:	Zone X (shaded)
ZONING / GENERAL PLAN:	C-2 SP, Intermediate Commercial / Mixed-Use
PLANNED USE:	Spec Industrial Complex
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	Not provided
CONFIRMED WITH:	Reliable Source, Public Records
DATE CONFIRMED:	11/4/2022
COMMENTS:	

This comparable represents the sale of 8.88 acres, (386,702 SF), of vacant industrial use land located at the northwest corner of 59th Avenue and Lower Buckeye Road in southwest Phoenix, AZ. The site is situated in a mixed-use area with good visibility to the Loop 202 and Lower Buckeye Road with exposure to heavy traffic volumes. Zoned Intermediate Commercial with a General Plan designation of Mixed-Use, the property is triangular in shape with average site utility. It sold in September 2021 for \$3,100,000 (the list price), or \$8.02 PSF of land area. The buyer, purchased the site to develop a spec industrial complex. The buyer paid cash for the site and no sale conditions were noted.

I.D. :22-254-LC.4

COMPARABLE LAND SALE



COMPARABLE NUMBER:	LAND COMP 5
LOCATION:	3500 S. 59th Avenue, Phoenix, AZ 85043
LEGAL DESCRIPTION:	Portion of NE4 of Section 19, T1N, R2E, G&SRB&M, Maricopa County, Arizona
TAX CODE NUMBER(S):	104-47-003U
RECORDS:	
Instrument:	Special Warranty Deeds
Date Recorded:	December 1, 2021
Affidavit of Fee No:	20211277764
SELLER:	Red River 647 Holdings, LLC
BUYER:	Phoenix Jones Partners, LLC
SALE PRICE:	\$2,500,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
SITE AREA IN SQ. FT.:	387,560
SITE AREA IN ACRES:	8.90
SALE PRICE PER SQ. FT.:	\$6.45
PHYSICAL DESCRIPTION	
Location:	Average / SW Phoenix
Access / Visibility / Traffic:	Average / Average / Moderate
Site Utility:	Rectangular / Good
Utilities:	All to site
Flood Plain:	Zone X (shaded)
ZONING / GENERAL PLAN:	A-1, Light Industrial / Industrial
PLANNED USE:	Spec Office/Warehouse
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	13 months
CONFIRMED WITH:	Bill Bayless, Broker (CBRE), 602-735-5652
DATE CONFIRMED:	11/4/2022
COMMENTS:	

This comparable represents the sale of 8.90 acres, (387,560 SF), of vacant industrial use land located on the west side of 59th Avenue, south of Lower Buckeye Road in southwest Phoenix, AZ. The site is situated in a industrial park area with some visibility to the Loop 202 (South Mountain Freeway) with exposure to moderate traffic volumes. Zoned Light Industrial with a General Plan designation of Industrial, the property is rectangular in shape with good site utility. It sold in December 2021 for \$2,500,000 (below the list price of \$3,490,000), or \$6.45 PSF of land area. The buyer, purchased the site to develop a spec office/warehouse building. The buyer paid cash for the site and no sale conditions were noted.

I.D. : 22-254-LC.5

LAND VALUE ANALYSIS

Five land comparables are included in this analysis. The transactions occurred between February 2021 and December 2021. The land comparables were selected for their similar locations, physical characteristics, and zoning/planned use.

SUMMARY OF LAND COMPARABLES

LAND COMP	SALE DATE	PROPERTY LOCATION	ADJUSTED SALE PRICE ¹	SITE AREA (SQ. FT.)	SITE AREA (ACRES)	PRICE PER SQ. FT.	ZONING / GENERAL PLAN / PLANNED USE
1	02/08/21	1202 & 1226 N. 57th Avenue, Phoenix, AZ 85043	\$870,000	93,977	2.16	\$9.26	A-1, Light Industrial / Industrial Laborers Training School
2	04/07/21	5153 W. Fillmore Street, Phoenix, AZ 85043	\$1,134,683	160,247	3.68	\$7.08	A-1, Light Industrial / Industrial 50,000 SF Industrial/Warehouse
3	08/09/21	5810 W. Buckeye Road, Phoenix, AZ 85043	\$2,660,000	279,771	6.42	\$9.51	A-1, Light Industrial / Industrial 130,000 SF Office/Warehouse
4	09/22/21	NWC of 59th Avenue & Lower Buckeye Road, Phoenix, AZ 85339	\$3,100,000	386,702	8.88	\$8.02	C-2 SP, Intermediate Commercial / Mixed-Use Spec Industrial Complex
5	12/01/21	3500 S. 59th Avenue, Phoenix, AZ 85043	\$2,500,000	387,560	8.90	\$6.45	A-1, Light Industrial / Industrial Spec Office/Warehouse
¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)							
Subject	---	SWC W. Van Buren Street & N. 57th Drive, Phoenix, AZ 85043	---	214,891	4.93	---	A-1, Light Industrial / Industrial Industrial

Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale, location, and physical differences. Here follows the analysis of the sales by each element of comparison. An adjustment matrix summarizing the adjustments as they apply to the comparable sales precedes the conclusion of this analysis.

Property Rights Conveyed

No price adjustments to any of the five land comparables are made for property rights conveyed. The fee simple interest was transferred for each comparable.

Financing Terms

In accordance with the definition of market value, adjustments for financing terms assume all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates. All five of the land comparables were cash equivalent. Thus, no price adjustments are unnecessary to any of the comparables for financing terms.

Conditions Of Sale

An adjustment for conditions of sale is made if the transaction was influenced by outside factors such as financial duress, lack of a sales commission, a related-party transaction, or out of the ordinary motivations of the buyer or seller. The five comparables represent arm's-length transactions with brokers involved and sales commissions being paid. Thus, no price adjustments are necessary for conditions of sale to any of the comparables.

Market Conditions (Time)

An adjustment for market conditions considers any changes that occur in the marketplace over time. These changes include fluctuations in supply and demand, inflation, or deflation. Since the subject property is appraised as of a specific date, the sales must be analyzed to determine the direction of change, if any, during the period between the sale date and the date of valuation. None of the sales included in this analysis provide sale and re-sale data within this time frame to derive a paired-sale analysis.

As discussed in the Market Analysis (Page 46), local market participants indicated industrial land price appreciation rate over the past few years was between 3% and 7% per annum. Based on this information, the appraisers made upward adjustments to the land comparables of 3% to 6% for improving market conditions (time) through early 2022. The adjustment for market conditions is based on an annual appreciation rate of 5.0%, or 0.417% per month applied to the months of appreciation from the comparables sale date through February 2022. Land values have remained stable due to the increases in interest rates and uncertainties in the economy.

Location/Access/Visibility

The subject property is located just off the intersection of West Van Buren Street and the South Mountain Freeway (Loop 202), in southwest Phoenix. It represents an irregular shaped parcel which has level topography that is at street grade with both Van Buren Street, Washington Street and 57th Drive. The subject site has some visibility to Loop 202 but no direct access due to the ADOT access control. There is no direct access from Van Buren Street due to access control. Legal and physical access to the site is available via 57th Drive and Washington Street.

Due to the lack of more prominent and comprehensive street frontage/visibility and access to and from West Van Buren Street, a primary east-west arterial, it is unlikely the subject would be developed with a retail or commercial-oriented use. It would most likely be developed with a secondary use including industrial-oriented uses. This is the highest

and best use of the site and comprises most of the recent land sales activity in the immediate and surrounding areas.

Land Comp One is located at the northwest corner of West Latham Street and North 57th Avenue at the I-10/Loop 202 (South Mountain Freeway) interchange about 1 mile to the northeast of the subject. This is a similar location, but this property offers superior access and exposure to heavier traffic volumes along both I-10 and Loop 202. Thus, a downward price adjustment is made for superior frontage/visibility, heavier traffic volumes and access.

Land Comp Two is located at the southeast corner of West Fillmore Street and North 52nd Avenue about 1 mile to the northeast of the subject. The location is considered similar, but this property offers inferior visibility/frontage with exposure to lighter traffic volumes. Thus, an upward price adjustment is made inferior frontage/visibility and access.

Land Comp Three is located at the northeast corner of 59th Avenue and Buckeye Road about 1 mile to the south of the subject. This is a similar location, but this property offers superior access and exposure to heavier traffic volumes along Loop 202 and Buckeye Road, a primary east-west arterial with commercial and retail uses. Thus, a downward price adjustment is made for superior frontage/visibility, heavier traffic volumes and access.

Land Comp Four is located at the northwest corner of 59th Avenue and Lower Buckeye Road about 2.5 miles to the south of the subject. This is a similar location, but this property offers superior access and exposure to heavier traffic volumes along Loop 202 and Lower Buckeye Road, a primary east-west arterial with commercial and retail uses. Thus, a downward price adjustment is made for superior frontage/visibility, heavier traffic volumes and access.

Land Comp Five is located on the west side of 59th Avenue, south of Lower Buckeye Road, about 2.9 miles to the south of the subject. Like Land Comp Two, the location is considered similar, but this property offers inferior visibility/frontage with exposure to lighter traffic volumes. Thus, an upward price adjustment is made inferior frontage/visibility and access.

Physical Characteristics

Adjustments for physical characteristics include the site size, site utility (shape/topography), zoning/planned use, availability of utilities, and floodplain issues.

Site Size

Generally, due to economies of scale, smaller parcels tend to sell at higher prices per acre than larger ones this, as there are more potential buyers competing for smaller parcels.

The subject's site area is 214,891 square feet, (4.93 acres). The five land comparables range from 93,977 to 387,560 square feet, (2.16 to 8.90 acres). Downward price adjustments are made to Land Comps One and Two, which are both smaller than the subject property. Upward price adjustments are made to Land Comps Four and Five, which are both larger than the subject. No price adjustment is deemed necessary to Land Comp Three, which is deemed to be similar in size to the subject.

Site Utility (Shape/Topography)

The subject is irregular in shape, which is level and at street grade with Van Buren Street, Washington Street and 57th Drive. The subject's overall site utility is considered to be average. Land Comps One, Two, Three and Five are all rectangular in shape which have higher building yields that are easier to engineer and develop. Thus, downward price adjustments are made to Land Comps One, Two, Three and Five for superior site utility. Land Comp Four is similar in site utility to the subject thus, no price adjustment is indicated.

Zoning & General Plan / Planned Use

Given the subject's zoning/general plan land use designations, and its location, the most likely use would be for industrial-oriented uses. All five land sales were purchased and currently are or will be developed with an industrial development similar to that envisioned for the subject. Thus, no price adjustments are necessary to any of the comparables for zoning/general plan and land use.

Utilities (Offsites)

As previously described in the "Site Analysis" section, the subject currently has access to all utilities including electricity, telephone, natural gas, and municipal water and sewer either to the property line, or adjacent in the right of ways. All five land comparables have similar access to municipal utilities. Thus, no price adjustments are necessary to any of the comparables for utilities.

Floodplain

The subject property is outside the 100- and 500-year floodplain and is not required to carry flood insurance. All five land comparables have similar flood designations with no flood issues. Thus, no price adjustments are necessary to any of the five land comparables.

Here follows an Adjustment Matrix summarizing the adjustments as they apply to the five land comparables.

LAND COMPARABLE ADJUSTMENT MATRIX

	SUBJECT	LAND COMP 1		LAND COMP 2		LAND COMP 3		LAND COMP 4		LAND COMP 5	
ELEMENTS OF COMPARISON	SWC W. Van Buren Street & N. 57th Drive, Phoenix, AZ 85043	1202 & 1226 N. 57th Avenue, Phoenix, AZ 85043	Price/sq ft / Adjustments	5153 W. Fillmore Street, Phoenix, AZ 85043	Price/sq ft / Adjustments	5810 W. Buckeye Road, Phoenix, AZ 85043	Price/sq ft / Adjustments	NWC of 59th Avenue & Lower Buckeye Road, Phoenix, AZ 85339	Price/sq ft / Adjustments	3500 S. 59th Avenue, Phoenix, AZ 85043	Price/sq ft / Adjustments
SALE PRICE / PER SQUARE FOOT	N/A	\$870,000	\$9.26	\$1,134,683	\$7.08	\$2,660,000	\$9.51	\$3,100,000	\$8.02	\$2,500,000	\$6.45
PROPERTY RIGHTS CONVEYED <i>Adjustment</i>	Fee Simple	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00	Fee Simple 0%	\$0.00
FINANCING TERMS <i>Adjustment</i>	Assume Cash to Seller	Cash to Seller 0%	\$9.26	Cash to Seller 0%	\$7.08	Cash to Seller 0%	\$9.51	Cash to Seller 0%	\$8.02	Cash to Seller 0%	\$6.45
CONDITIONS OF SALE <i>Adjustment</i>	Assume Arm's-Length	Arm's-Length 0%	\$0.00	Arm's-Length 0%	\$0.00	Arm's-Length 0%	\$0.00	Arm's-Length 0%	\$0.00	Arm's-Length 0%	\$0.00
MARKET CONDITIONS (TIME) <i>Adjustment</i>	November 4, 2022 Date of Value	February 8, 2021 5%	\$9.26	April 7, 2021 4%	\$7.08	August 9, 2021 3%	\$9.51	September 22, 2021 2%	\$8.02	December 1, 2021 1%	\$6.45
ADJUSTED SALE PRICE PER SF			\$9.72		\$7.36		\$9.79		\$8.18		\$6.52
LOCATION General Access/Visibility/Traffic <i>Adjustment</i>	Average / SW Phoenix Average / Above Average / Moderate	Average / SW Phoenix Above Average / Good / Heavy -10%	(\$0.97)	Average / SW Phoenix Average / Average / Light 5%	\$0.37	Average / SW Phoenix Good / Good / Heavy -15%	(\$1.47)	Average / SW Phoenix Average / Good / Heavy -10%	(\$0.82)	Average / SW Phoenix Average / Average / Moderate 5%	\$0.33
PHYSICAL CHARACTERISTICS Site Size in SF Site Size in Acres <i>Adjustment</i>	214,891 4.93	93,977 2.16 -10%	(\$0.97)	160,247 3.68 -5%	(\$0.37)	279,771 6.42 0%	\$0.00	386,702 8.88 5%	\$0.41	387,560 8.90 5%	\$0.33
Site Utility (Shape / Topography) <i>Adjustment</i>	Irregular / Level / Average	Rectangular / Good -5%	(\$0.49)	Rectangular / Good -5%	(\$0.37)	Rectangular / Good -5%	(\$0.49)	Triangular / Average 0%	\$0.00	Rectangular / Good -5%	(\$0.33)
Zoning / General Plan Planned Use <i>Adjustment</i>	A-1, Light Industrial / Industrial Industrial	A-1, Light Industrial / Industrial Laborers Training School 0%	\$0.00	A-1, Light Industrial / Industrial 50,000 SF Industrial/Warehouse 0%	\$0.00	A-1, Light Industrial / Industrial 130,000 SF Office/Warehouse 0%	\$0.00	C-2 SP, Intermediate Commercial / Mixed-Use Spec Industrial Complex 0%	\$0.00	A-1, Light Industrial / Industrial Spec Office/Warehouse 0%	\$0.00
Utilities (Offsites) <i>Adjustment</i>	All to site	All to site 0%	\$0.00	All to site 0%	\$0.00	All to site 0%	\$0.00	All to site 0%	\$0.00	All to site 0%	\$0.00
Floodplain <i>Adjustment</i>	Zone X (Unshaded) Outside Flood	Zone X (shaded) 0%	\$0.00	Zone X (shaded) 0%	\$0.00	Zone X (shaded) 0%	\$0.00	Zone X (shaded) 0%	\$0.00	Zone X (shaded) 0%	\$0.00
NET % ADJUSTMENT / ADJUSTED SALE PRICE / SF		-21.3%	\$7.29	-1.2%	\$7.00	-17.6%	\$7.83	-3.1%	\$7.77	6.1%	\$6.84

Conclusion – ADOT Parcel L-C-099

After making adjustments for all of the appropriate elements of comparison, the adjusted price range from the comparable land sales is \$6.84 to \$7.83 per square foot, with an average of \$7.35, and a median of \$7.29. The appraisers put equal weight on the adjusted land values for all five comparables.

Based on the foregoing data and analysis, it is our opinion that the market value of the subject’s 214,891 square foot site is approximately \$7.30 per square foot. Thus, 214,891 times \$7.30 per square foot = \$1,568,704 rounded to \$1,600,000.

ADOT PARCEL L-C-099, MARKET VALUE OPINION\$1,600,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

ADDITIONAL VALUE CONCLUSION:

Part of Parcel 7-11755 (Being a Portion of ADOT Parcel L-C-099)

The client has also requested the value of Parcel 7-11755 (which is a portion of the larger ADOT Parcel L-C-99), consisting of 19,345 square feet (see ADOT revised plat map on Page 9). This approximately 37-foot-wide sliver of land is adjacent to the westernmost portion of Parcel 7-10602, the primary and largest portion of ADOT Parcel L-C-99. Reportedly, the former owner of this property has a “first-right-of-refusal” in the event of a sale of the property.

Notably, the 19,345 square foot Parcel 7-11755 is landlocked and has no direct access from Van Buren Street due to access control. Regardless of who has a Right of Refusal to buy this parcel, it would be purchased by the adjacent land-owner as part of an assemblage effort. Parcel 7-11755 has value to the owner of Parcel 7-10602, as it would provide access to Washington Street from Parcel 7-11691 (see ADOT revised plat map on Page 9). Therefore, it would be valued using the across the fence method. The across the fence methodology is a means of estimating the price or value of land adjacent to or “across the fence” from a railroad, pipeline, highway, or other corridor real estate. Thus, it would be valued the same as the larger ADOT Parcel L-C-99 at \$7.44 PSF (FMV \$1,600,000 / 214,891 SF = \$7.44 PSF), or \$144,036, rounded to \$144,000. .

PART OF PARCEL 7-11755 (PORTION OF L-C-099), MV OPINION\$144,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

EXPOSURE TIME

Exposure time is the estimated length of time the appraised property 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. The marketing times from the comparable sales are analyzed to estimate the exposure time for the subject.

A review of several comparable land sales reported marketing periods of 4 months to 13 months, with an average of 8 months. Given the current market conditions, the estimated exposure time is 12 months or less if the property is priced in accordance with the appraised value.

AUDITING BREAKDOWN

The following is the Auditing Breakdown for the subject property.

ADOT PARCEL L-C-099, MARKET VALUE OPINION\$1,600,000
This estimate of Market Value equals\$7.44 Per Square Foot

PART OF PARCEL 7-11755 (PORTION OF L-C-099), MV OPINION\$144,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

PROJECT: M697201X
HIGHWAY: SR 202L (SOUTH MOUNTAIN FREEWAY)
SECTION: SALT RIVER – JUNCTION I-10 PAPAGO SEGMENT
PARCELS: L-C-099
CONTRACT: TO-23-002

We hereby certify:

That we personally inspected the property herein appraised. We did not make a personal field inspection of each of the comparables relied upon in making said appraisal. The subject and the comparables relied upon in making the appraisal were as represented by the photographs, and aerials and plat maps contained in the appraisal.

To the best of our 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 subject property, subsoil, or structures were found or assumed to exist which would render the property more or less valuable; and we 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 materials, which may or may not be present on the property, were not observed by us or acknowledged by ownership. The appraisers, however, are not qualified to detect such substances, the presence of which may affect the values of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That our analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Arizona Department of Transportation Appraisal Standard and Specifications and the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies, and procedures applicable to appraisal.

That we understand this appraisal may be used in connection with the potential disposal of the property by the State of Arizona.

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

That we 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 potential disposal of the property appraised herein.

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

That our opinion of the MARKET VALUE for the subject property as of the 4th day of November, 2022, based upon our independent appraisal and the exercise of our professional judgment is as follows:

ADOT PARCEL L-C-099, MARKET VALUE OPINION\$1,600,000
This estimate of Market Value equals\$7.44 Per Square Foot

PART OF PARCEL 7-11755 (PORTION OF L-C-099), MV OPINION\$144,000
This estimate of Market Value equals approximately\$7.44 Per Square Foot

Date: December 9, 2022



Richard G. Lee
Certified General Real
Estate Appraiser #31626



Steven R. Cole, MAI, SRA, AI-GRS
Certified General Real
Estate Appraiser #30130

CERTIFICATION

THE APPRAISERS CERTIFY TO THE BEST OF THEIR KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The reported valuations, assumptions and limiting conditions 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 or bias with respect to the parties involved.

We have not performed services as appraisers regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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 compensation 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.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

Steven Cole and Richard Lee have made personal inspections of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person(s) signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The use of this report is also subject to the requirements of the Arizona Board of Appraisal.

We hereby certify that we are competent to complete the appraisal assignment. The reader is referred to appraisers' Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraisers whose signatures appear on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraisers, and the Appraisers shall have no responsibility for any such unauthorized change.

As of the date of this report, Steve Cole, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.

Date: December 9, 2022



Steven R. Cole, MAI, SRA, AI-GRS
Certified General Real
Estate Appraiser #30130



Richard G. Lee
Certified General Real
Estate Appraiser #31626

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA, AI-GRS

FORMAL EDUCATION:

Bachelor of Arts Degree with high honors, University of California,
Santa Barbara, 1971

Master's Degree in Business Administration, University of California,
Los Angeles, 1973. Concentration: Urban Land Economics

PROFESSIONAL EDUCATION:

Successful Completion of Examinations for the following courses given by the
Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"

"Capitalization Theory & Techniques", Parts 1, 2, and 3

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

"Standards of Professional Practice", Part A, B & C

"Market Analysis"

"Review Theory - General"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2021.

Senior Residential Appraiser (SRA), of the Appraisal Institute. This designation signifies expertise in the valuation of residential properties of 1 to 4 units.

General Review Specialist (AI-GRS), of the Appraisal Institute. This designation signifies expertise in the review of appraisals of general real estate properties.

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, Fee Simple and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

“A New Methodology for Estimating Highest and Best Use”,
Real Estate Appraiser and Analyst, Summer, 1987

“Estimating the Value of Proposed Developments by Discounting
Cash Flow”, *Real Estate Review*, Summer, 1988.

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, Pima Community College for “Real Estate Appraisal Principals” and “Basic Valuation Procedures”, 2000-2006.

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate. Appraisal Principles, Appraisal Procedures, Market Analysis. Using the Internet for Due Diligence.

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84.

President for the Arizona State Chapter #41, Appraisal Institute, 1990.

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2007.

Chairman, Tucson Airport Authority Chairman, 2015.
Board of Directors, 2011-2016. Member, Tucson Airport Authority, 2007-2016.

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Real Estate Appraiser Number 30130. Currently certified through August 31, 2024.

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30130

STEVEN R. COLE

This document is evidence that:

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

Certified General Real Estate Appraiser

has complied with the provisions of

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

Certified General Real Estate Appraiser

STEVEN R. COLE

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

Expiration Date : **August 31, 2024**

QUALIFICATIONS OF RICHARD LEE

FORMAL EDUCATION:

Bachelor of Arts, Criminal Justice, The University of Reno, Reno, Nevada, 1997

PROFESSIONAL EDUCATION:

Classes Provided by The Appraisal Institute:

Standards of Professional Practices – Part A& B
Uniform Standards of Professional Appraisal Practices
Real Estate Appraisal Principles
Basic Valuation Procedures
General Applications
Basic & Advanced Income Capitalization
Market Analysis and Highest and Best Use
Computer-Enhanced Cash Flow Modeling
Review Theory - General

EXPERIENCE:

1999 - 2001	Staff Appraiser, Baker, Peterson, Baker & Associates, Tucson, Arizona
2001 – 2007	Appraiser, Lipman Stevens & Carpenter, San Diego, California
2007 – 2007	Senior Analyst, Integra Realty Resources, San Diego, California
2007 - 2008	Appraiser, Capital Markets Group, Cushman & Wakefield, San Diego, California
2008 - 2013	Appraiser, Southwest Appraisal Associates, Tucson, Arizona
2013 - 2014	Senior Appraiser, Lefevers Viewpoint Group, Inc./Viewpoint Group, LLC, Phoenix, Arizona
2014 - 2019	Senior Appraiser, CBRE, Inc., Tucson, Arizona
2019 - 2022	Senior Appraiser, Southwest Appraisal Associates, Tucson, Arizona

Appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, and feasibility studies for a variety of clients. Experience involves a broad spectrum of property types including retail centers, industrial buildings and facilities, traditional office buildings, medical offices and surgical centers, ground leases, convenience stores/gas stations, car washes, self-storage facilities, and vacant land. Experience also encompasses property types including mobile home/RV parks, residential subdivisions, master-planned communities, PUD's, assisted living facilities, private/charter schools, restaurants, apartments, automotive facilities, and a variety of special use properties with an emphasis in going-concern valuations.

PROFESSIONAL MEMBERSHIP:

Arizona Certified General Real Estate Appraiser, No. 31626, Expires April 30, 2024

Department of Insurance and Financial Institutions
State of Arizona

CGA - 31626

RICHARD G LEE

This document is evidence that:
Arizona Revised Statutes, relating to the establishment and operation of a: has complied with the provisions of

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:
Certified General Real Estate Appraiser

RICHARD G LEE

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

Expiration Date : **April 30, 2024**

ADDENDA

PHOENIX, on 10/25/2022
TO-23-002/ CTR054974/ M697201X/ L-C-038A-F, L-C-085, L-C-099A-B/ Appraisal Due 10/30/22 & 11/18, 11/28/2022-SOUTHWEST APPRAISAL ASSOCIATES INC

SUPPLIER

SOUTHWEST APPRAISAL ASSOCIATES INC
 Attn: STEVEN COLE
 Address: Legal Address
 PO BOX 16156
 UNITED STATES
 TUCSON, Arizona 85732-6156
 Phone: 5203270000
 E-mail: STEVE@SWAA.BIZ

ORDER No. PO0000487952

(please refer to this number on all documents)

Amendment:
 Requestor: ESTHER VALENCIA
 Agency: Department of Transportation
 Division: Infrastructure Delivery & Operations
 Division Construction
 Department: Right Of Way
 Site: RIGHT OF WAY
 Phone: 6027128793
 Email: EVALENCIA@AZDOT.GOV

DELIVER TO

(unless specified differently per item)

Address: RIGHT OF WAY
 205 S 17TH AVE
 MD 612E RM 331
 UNITED STATES
 PHOENIX, Arizona 85007-3212
 Deliver To:
 Requested Delivery Date:
(Unless specified differently per item in section delivery details)

BILL TO

Address: RIGHT OF WAY
 205 S 17TH AVE
 MD 612E RM 331
 UNITED STATES
 PHOENIX, Arizona 85007-3212
 Payment Terms: Net 30

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054974-1	578846-1	TO-23-002/ CTR054974/ M697201X/ L-C-038A-F, L-C-085, L-C-099A-B/ Appraisal Due 10/30/22 & 11/18, 11/28/2022 Commentaire : M697201X	1.0000	Total Cost	12,250.0000	12,250.0000

Total before Tax	12,250.0000 USD
Non-Taxable - 0 %	0.0000 USD
Total after Tax	12,250.0000 USD

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item

PURCHASE ORDER TERMS AND CONDITIONS

Revised January 10, 2011

- 1. Modification.** No modification of the purchase order shall bind Buyer unless Buyer agrees to the modification in writing.
- 2. Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to requirements of carriers' tariffs and ICC regulations. Containers must be clearly marked as to lot number, destination address and purchase order number.
- 3. Title and Risk of Loss.** The title and risk of loss of the goods shall not pass to Buyer until Buyer actually received the goods at the point of delivery.
- 4. Invoice and Payment.** A separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of goods and no payment will be made prior to receipt of goods and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of goods or date of receipt of correct invoice (whichever is later) to date Buyer's warrant is mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment shall be subject to the provisions of Title 35 of Arizona Revised Statutes. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the goods or services referred to in this Purchase Order.
- 5. Inspection.** All goods are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Purchase Order will be held at Seller's risk and may be returned to Seller. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping or other like expenses are the responsibility of the Seller.
- 6. No Replacement of Defective Tender.** Every tender of goods must fully comply with all provisions of Purchase Order as the time of delivery, quantity, quality and the like. If a tender is made which does not fully conform, it shall constitute a breach and Seller shall not have the right to substitute a conforming tender.
- 7. Force Majeure.** Neither party shall be held responsible for any losses resulting if the fulfillment of any terms or conditions of the Purchase Order are delayed or prevented by any cause not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, that party is unable to prevent.
- 8. Gratuities.** The Buyer may, by written notice to the Seller, cancel this Purchase Order if it is found by Buyer that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of the State of Arizona with a view toward securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with the respect to the performing, of such order. In the event this Purchase Order is cancelled by Buyer pursuant to this provision, Buyer shall be entitled in addition to any other rights and remedies to recover or withhold from the Seller the amount of the gratuity.
- 9. Warranties.** Seller warrants that all goods delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawings and samples) will be free from defects in material and workmanship and will be free from defects in design and fill for the intended purposes. Any inspection or acceptance of the goods by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.
- 10. Assignment – Delegation.** No right or interest in this Purchase Order shall be assigned by Seller without the written permission of Buyer, and no delegation of any duty of Seller shall be made without permission of Buyer.
- 11. Interpretation – Parole Evidence.** This Purchase Order is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Purchase Order. Acceptance or acquiescence in a course of performance rendered under this Purchase Order shall not be relevant to determine the meaning of this Purchase Order even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used in the Purchase Order the definition contained in the Code is to control.
- 12. Non-Discrimination.** Seller agrees not to discriminate against any employee or applicant for employment in violation of the terms of Federal Executive Order 11246, State Executive Order No. 2009-09 and A.R.S. Section 41-1461 et seq.

13. Indemnity. Seller agrees to indemnify and save the Buyer harmless from any loss, damage or expense whatsoever resulting to the Buyer from any and all claims and demands on account of infringement or alleged infringement of any patent in connection with the manufacture or use of any product included in this Purchase Order and upon written request Seller will defend at its own cost the expense any legal action or suit against the Buyer involving any such alleged patent infringement, and will pay and satisfy any and all judgments or decrees rendered in any against such legal actions or suits. Seller will indemnify Buyer against all claims for damages to person or property resulting from defects in materials or workmanship.

14. Liens. All goods delivered and labor performed under this Purchase Order shall be free of all liens, and if Buyer requests, a formal release of all liens will be delivered to Buyer.

15. Contract Number. If an Arizona contract number appears on the face of this Purchase Order, the terms of that contract are incorporated herein by this reference.

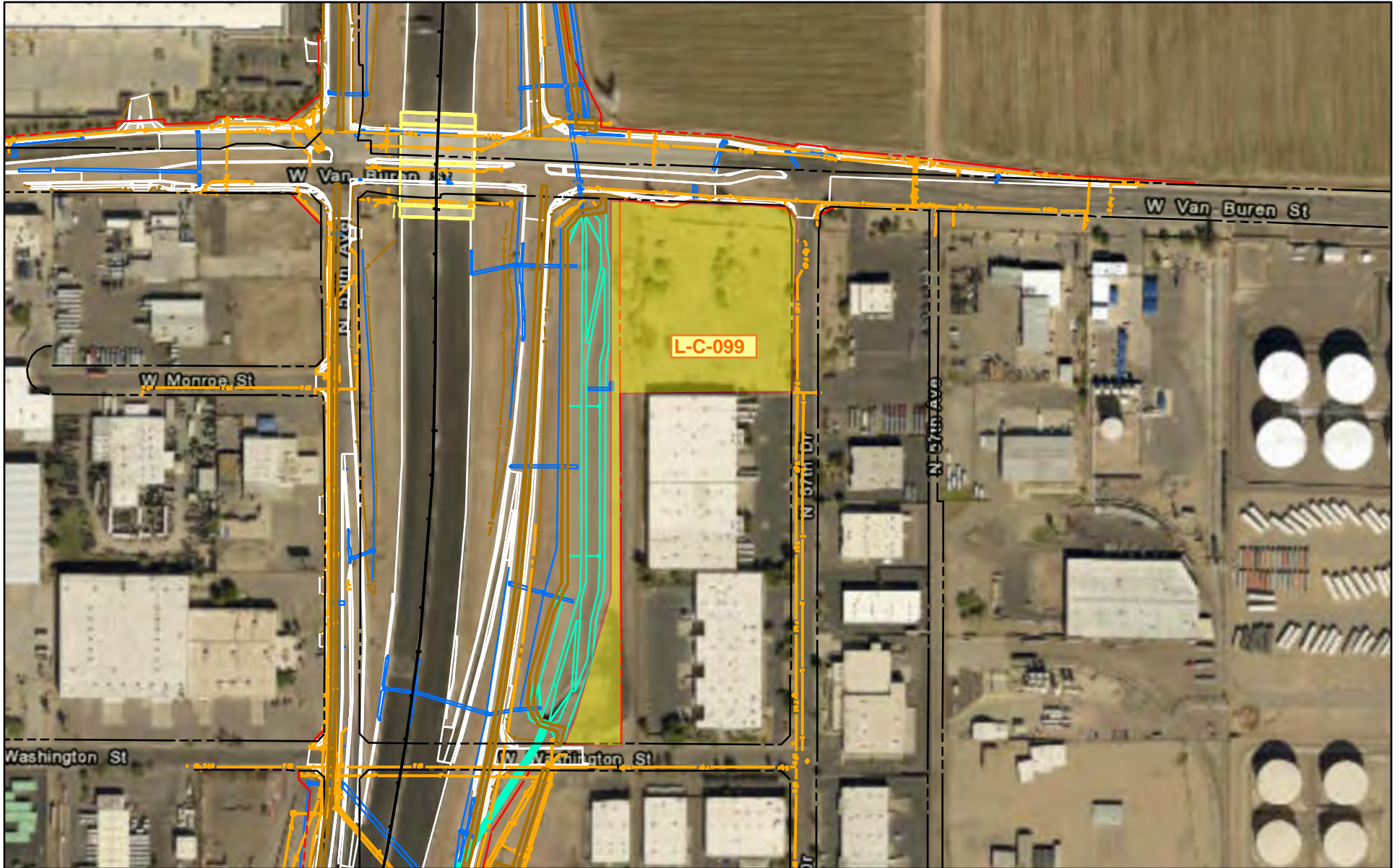
16. Taxes. The State of Arizona is exempt from Federal Excise Tax.

17. Conflict of Interest. Pursuant of A.R.S. Section 38-511 this Purchase Order is subject to cancellation by the Buyer if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state is, at any time while the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

18. Remedies and Applicable Law. This Purchase Order shall be governed by, and Buyer and Seller shall have all remedies afforded each by, the Uniform Commercial Code as adopted in the State of Arizona except as otherwise provided in this Purchase Order or in statutes pertaining specifically to the State. This Purchase Order shall be governed by the law of the State of Arizona, and suits pertaining to this Purchase Order may be brought only in the courts of the State of Arizona.

19. Arbitration. The parties must use arbitration as required by A.R.S. Section 12-1518.

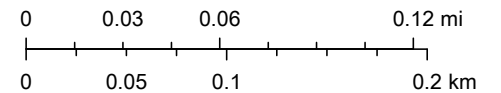
L-C-099 Aerial



June 6, 2020

Excess Land L-C-099
Remainder of ADOT parcels 7-10612, 7-11691, and 7-11755
SOUTH MOUNTAIN FREEWAY
202L MA H8827 01R / H5439 01R
Van Buren St. and 57th Dr., in Phoenix

1:4,514



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. **Amended 02/02 to remove requirements 1 and 2 (SRC).**

Date of Search: 08/20/2021	Examiner: Sherry L Kinsella	Reviewer:
Amended to: 02/03/2022	Examiner: Steve Channer	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Maricopa	Tax Arb: 104-04-015A, 104-04-018A, 104-04-035 & 104-04-512	Disposal: N/A
Tracs No.: 202L MA 000 H5439 / 202L MA 000 H8827	Highway: SOUTH MOUNTAIN FREEWAY	Excess Land: L-C-099
Fed. No.:	Section: Salt River – Jct I-10 Papago Segment	Parcel No.: 7-10612 7-11755 & 7-11691

**SCHEDULE A-1
LEGAL DESCRIPTION**

Portions of ADOT Parcel 7-10612, ADOT Parcel 7-11755 and ADOT Parcel 7-11691, as depicted on Exhibit "A" attached, Sheet 10 and Sheet 11 of ADOT Drawing # D-7-T-1014 the Right of Way Plans of SOUTH MOUNTAIN FREEWAY - Salt River - Jct. I-10 W - Jct. I-10S and Jct. I-10 Papago Segment, Project No. 202L MA 000 H5439 / 202L MA 056 H8827.

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. Warranty Deed from Fred Martinez and Helen J. Martinez, as Trustees of the Fred and Helen J. Martinez Family Trust to the State of Arizona, by and through its Department of Transportation, dated November 27, 2007, recorded December 21, 2007 in Fee No. 2007-1334442. [Project No. 202L MA 000 H5439 01R, Parcel 7-10612]

NOTE: Property acquired as fee only.

2. Warranty Deed from Rimex, Inc., a Nevada corporation to the State of Arizona, by and through its Department of Transportation, dated August 14, 2015, recorded September 25, 2015 in Fee No. 2015-0690055. [Project No. 202L MA 000 H5439 01R, Parcel 7-11755]

NOTE: Property acquired as fee only.

3. Final Order of Condemnation in Civil Case No. CV2016-002320, the State of Arizona ex rel. John Halikowski, Director, Department of Transportation, as Plaintiff vs. SJW Land Company, a California corporation; Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society, a Nebraska corporation; Jacobson Warehouse Company, Inc., an Iowa corporation; XPO Logistics Supply Chain, Inc., a North Carolina corporation, and Maricopa County, as Defendants, dated October 5, 2016, recorded October 13, 2016 in Fee No. 2016-0751043. [Project No. 202L MA 000 H5439 01R, Parcel 7-11691]

NOTE: Property acquired as fee only.

4. Warranty Deed from SJW Land Company, a California corporation to the State of Arizona, by and through its Department of Transportation, dated October 4, 2016, recorded October 13, 2016 in Fee No. 2016-0751062; re-recorded October 14, 2016 in Fee No. 2016-0755312. [Project No. 202L MA 000 H5439 01R, Parcel 7-11691]

NOTE: Property acquired as fee only.

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. ~~Record a Partial Release and Reconveyance from Lawyers Title Insurance Corporation, a Virginia corporation as Trustee of Deed of Trust, Security Agreement, Absolute Assignment of Leases and Rents and Fixture Filing executed by SJW Land Company, a California corporation, as Trustor, with Woodmen of the World Life Insurance society and/or Omaha Woodmen Live Insurance Society, a Nebraska corporation, as beneficiary, in the original principle amount of \$3,825,000.00, dated June 26, 2006, recorded June 28, 2006 in Fee No. 2006-0869574; re-recorded June 29, 2006 in Fee No. 2006-0878256. (Affects ADOT Parcel 7-11691)~~
2. ~~Record Partial Termination of unrecorded Lease executed by Jacobson Warehouse Company, Inc., an Iowa corporation as Lessor, to SJW Land Company, a California corporation, successor in interest to First Industrial Development Services, Inc. as Lessee, as disclosed by Lease Subordination, Non-Disturbance and Attornment Agreement dated June 26, 2006, recorded June 28, 2006 in Fee No. 2006-1141107. (Affects ADOT Parcel 7-11691)~~

3. 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 property being acquired more than eight years after the date of recording of Warranty Deed from Fred Martinez and Helen J. Martinez, as Trustee of the Fred and Helen J. Martinez Family Trust, see Item No. 1 of Right of Way/Vestings. [Project No. 202L MA 000 H5439 01R/ Parcel 7-10612]

NOTE: Repurchase rights **do** apply due to property being acquired less than eight years after the date of recording of Warranty Deed from Rimex, Inc., a Nevada corporation, see Item No. 2 of Right of Way/Vestings. [Project No. 202L MA 000 H5439 01R/ Parcel 7-11755]

NOTE: Repurchase rights **do not** apply due to property being acquired through a condemnation procedure, see Item No. 3 of Right of Way/Vestings. [Project No. 202L MA 000 H5439 01R/ Parcel 7-11691]

NOTE: Repurchase rights **do not** apply due to waiver of right of first refusal pursuant to ARS 28-7099 signed on that Warranty Deed from SJW Land Company, a California corporation, see Item No. 4 of Right of Way/Vestings. [Project No. 202L MA 000 H5439 01R/ Parcel 7-11691]

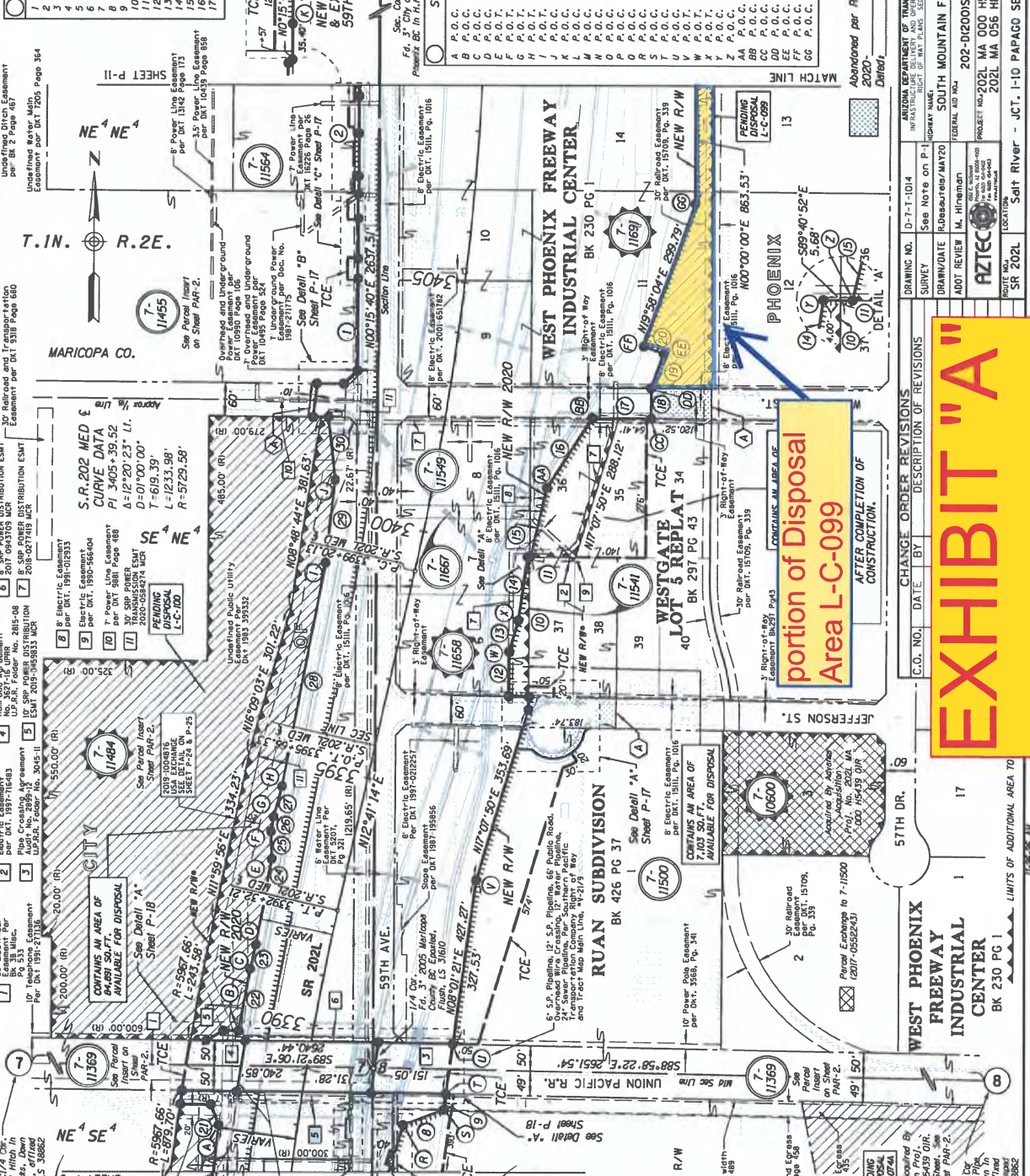
END OF REQUIREMENTS

SCHEDULE B

1. Easement for electrical facilities and incidentals to Salt River Project Agricultural Improvement and Power District dated November 7, 2018, recorded November 9, 2018 in Fee No. 2018-0837760; thereafter affected by that Subordination of SRP Power Distribution Easement by and between Salt River Project Agricultural Improvement and Power District, the State of Arizona, by and through its Department of Transportation and the United States of America dated September 12, 2019, recorded September 18, 2019 in Fee No. 2019-0734110. (Affects ADOT Parcel 7-11755 and Parcel 7-10612)
2. Easement for electrical facilities and incidentals to Salt River Project Agricultural Improvement and Power District dated November 20, 2018, recorded December 3, 2018 in Fee No. 2018-0888522. (Affects ADOT Parcel 7-11755)

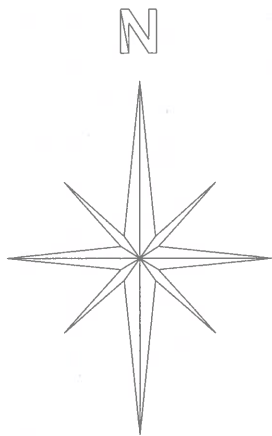
END OF SCHEDULE B

EXHIBIT "A"



DATA TABLE

ID	Description	Area (SQ. FT.)
18	NEW R/W AT TIME OF PARCEL ACQUISITION	60.00'
19	NEW R/W AT TIME OF PARCEL ACQUISITION	73.00'
20	NEW R/W AT TIME OF PARCEL ACQUISITION	42.00'
21	NEW R/W AT TIME OF PARCEL ACQUISITION	123.89'
22	NEW R/W AT TIME OF PARCEL ACQUISITION	123.89'
23	NEW R/W AT TIME OF PARCEL ACQUISITION	49.89'
24	NEW R/W AT TIME OF PARCEL ACQUISITION	172.28'
25	NEW R/W AT TIME OF PARCEL ACQUISITION	54.62'
26	NEW R/W AT TIME OF PARCEL ACQUISITION	29.91'
27	NEW R/W AT TIME OF PARCEL ACQUISITION	49.55'
28	NEW R/W AT TIME OF PARCEL ACQUISITION	165.81'
29	NEW R/W AT TIME OF PARCEL ACQUISITION	124.76'
30	NEW R/W AT TIME OF PARCEL ACQUISITION	536.72'
31	NEW R/W AT TIME OF PARCEL ACQUISITION	124.76'
32	NEW R/W AT TIME OF PARCEL ACQUISITION	536.72'
33	NEW R/W AT TIME OF PARCEL ACQUISITION	124.76'



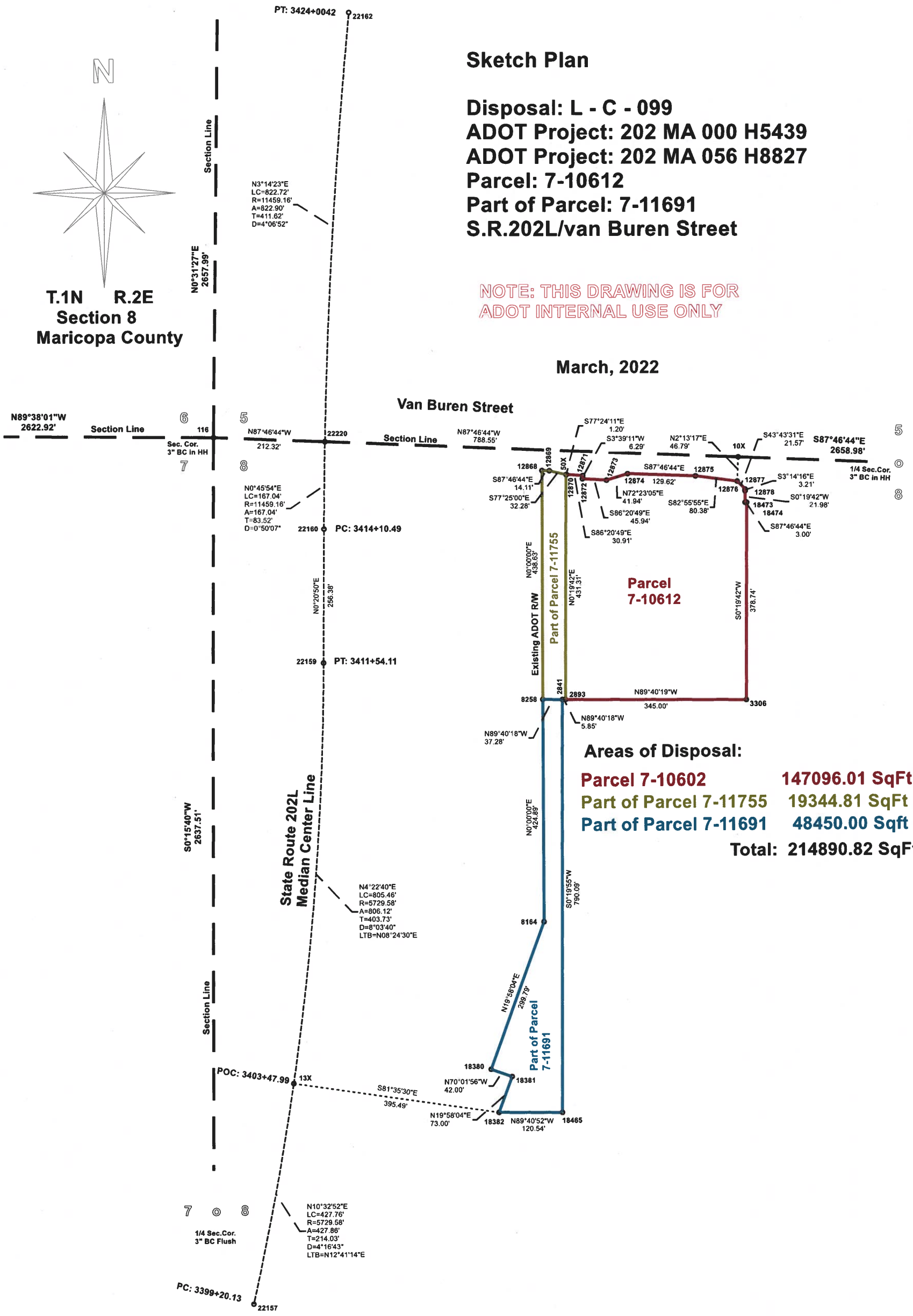
T.1N R.2E
Section 8
Maricopa County

Sketch Plan

Disposal: L - C - 099
 ADOT Project: 202 MA 000 H5439
 ADOT Project: 202 MA 056 H8827
 Parcel: 7-10612
 Part of Parcel: 7-11691
 S.R.202L/van Buren Street

NOTE: THIS DRAWING IS FOR
 ADOT INTERNAL USE ONLY

March, 2022



Areas of Disposal:

Parcel 7-10602	147096.01 SqFt
Part of Parcel 7-11755	19344.81 SqFt
Part of Parcel 7-11691	48450.00 Sqft
Total:	214890.82 SqFt