

ASSIGNMENT REFERENCES

PARCEL NUMBER: L-C-156

OWNER NAME: State of Arizona Department of Transportation

ADDRESS: w/o 5733 W Washington St, Phoenix, AZ 85043

LOCATION OF PROPERTY: e/o SR 202 Loop, e/o SEC 59th Av & Washington St., s/o Van Buren St, Phoenix

PROJECT: M697201X

HIGHWAY: SOUTH MOUNTAIN FREEWAY

SECTION: Salt River jct & Papago Segment

APPRAISAL ASSIGNMENT: L-C-156

PURCHASE ORDER: PO 0000542896

DATE OF VALUE: June 1 2023 (Effective Date of Appraisal)

DATE OF REPORT: July 5, 2023

APPRAISER: Paul D. Hendricks, MAI
Arizona State Certified General Real Estate
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APPRAISAL REPORT

An Opinion of Market Value for Potential Disposition

**Of the property located e/o SR 202 Loop, e/o SEC 59th Av and Washington St.
Phoenix, AZ 85043,
w/o 5733 W Washington St**

as of June 1, 2023

Parcel Number: L-C-156

Owner: State of Arizona Department of Transportation,

**Tax Parcel: w/o 104-04-039B
Sec. 8 T1N R2E**

Prepared For Use By
**Arizona Department of Transportation
Infrastructure Delivery & Operations
Right of Way, 205 S 17th Av., MD 612E RM331
Phoenix, AZ 85007-3212**

Appraisal Prepared By
**PAUL HENDRICKS REAL ESTATE APRAISAL & COUNSELING
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July 5, 2023

Letter of Transmittal

Jim Walcutt

ADOT R/W Review Appraiser

Right of Way, 205S 17th Av., MD 612E Rm 331

Phoenix, AZ 85007-3212

Re: Opinion of market value for potential disposition of parcel L-C-156, located e/o SR 202, e/o 59th Av, on the south side of Washington St.

In response to your request I have completed an analysis of the above referenced property; this letter of transmittal is part of that appraisal report. This is an appraisal report and conforms to Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

Problem Identification: The purpose of the appraisal is to opine market value of the fee simple interest of the property described. The intended use is to utilize the value estimate to assist in decisions regarding the sale or disposition of the property.

The effective date of the appraisal and date of valuation is June 1, 2023 the date of site visit. The date of completion of the appraisal report is June 3, 2023.

Relevant Subject Characteristics: A 23,396sf, moderately irregularly shaped site on the south side of Washington St, e/o 59th Av and SR 202 Loop. Zoned A-1, City of Phoenix Light Industrial District, the site is generally level, graded, a surplus site following former highway acquisitions/redesign. FEMA zone x-shaded (.2% annual chance flood hazard); utilities necessary for development are available or in close proximity.

My opinion of market value is: \$295,000

Assignment Conditions: There are a number of utility easements on the site, it is an extraordinary assumption that easement areas may be paved over and parked on etc. The use of this extraordinary assumption may have affected assignment results. Please see standard limiting conditions and assumptions in the appendix.

Please call if you have any questions regarding the following appraisal report. Thank you for the opportunity to be of service.



Sincerely,

Paul D. Hendricks, MAI

Arizona Certified General Real Estate Appraiser 30197

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PREFACE & SUMMARY

APPRAISAL REFERENCE: 2023270b Parcel L-C-156

PROBLEM IDENTIFICATION: The following 7 parameters are considered, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions:

CLIENT: Arizona Department of Transportation
Right of Way Operations-Appraisal

APPRAISER: Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

PURPOSE, INTENDED USE: The purpose of the appraisal is to opine market value of the fee simple estate(s). The intended use is to utilize value estimates to assist in decisions regarding the sale or disposition of property.

INTENDED USERS: Our client, Arizona Department of Transportation its agents and officials and the FHWA are the only intended users and for the above intended use. Use of this report by others is not intended by appraiser.

SUBJECT CHARACTERISTICS: A 23,396sf, moderately irregularly shaped site on the south side of Washington St, e/o 59th Av and SR 202 Loop. Zoned A-1, City of Phoenix Light Industrial District, the site is generally level, graded, a surplus site following former highway acquisitions/redesign. FEMA zone x-shaded (.2% annual chance flood hazard); utilities necessary for development are available or in close proximity.

TAX CODE: w/o 104-04-039B

OWNER: State of Arizona Department of Transportation

INTEREST CONSIDERED: Fee Simple.

EFFECTIVE DATE OF VALUATION: **June 1, 2023; Date of Site Visit.**

DATE OF APPRAISAL REPORT: July 5, 2023

TYPE OF APPRAISAL REPORT: Report

Assignment Conditions: There are a number of utility easements on the site, it is an extraordinary assumption that easement areas may be paved over and parked on etc. The use of this extraordinary assumption may have affected assignment results. Please see standard limiting conditions and assumptions in the appendix.

ROW Aerial Exhibit



SUBJECT PHOTOS (Photos Taken 6/1/2023)

Site Looking South (182547974)



Washington looking east (subject right) (182620394)



59th Av looking N from Washington St (SR 202 left) (182616156)



59th Av looking South from Washington (SR 202 right) (182612269)



PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to opine market value of the fee simple estate of the subject parcel.

INTENDED USE, INTENDED USER OF THE APPRAISAL

The estimate will be used by my client, State of Arizona-Arizona Department of Transportation it agents and officials and the FHWA, the only intended users; the intended use is to utilize value estimates to assist in decisions regarding the sale or disposition of the property.

INTEREST APPRAISED

The interest appraised is the fee simple estate defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat".

PROPERTY IDENTIFICATION

East of the southeast corner of 59th Av and Washington St. East of APN 104-04-039B.

(Legal Description from Right of Way Disposal Report): That portion of the Northwest quarter of Section 8, Township 1 North, Range 2 East, as depicted on Exhibit "A" attached, Sheet P-10, of ADOT Drawing D-7-T-1014, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, Section Salt River-Jct I-10 Papago, Project 202L MA 000 H5439 OIR / 7-11541.

ANALYSIS AND IDENTIFICATION OF LARGER PARCEL

After consideration of the three tests of a larger parcel; physically contiguous, common ownership, and common use, as well as beneficial control, the subject larger parcel is as previously described; other adjacent properties are of different ownership and use.

MARKET VALUE DEFINED

For the purposes of this article, "market value" means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. ([Arizona Statute 28-7091](#). [Definition of market value](#))

EXPOSURE PERIOD

Exposure time, always presumed to precede the effective date of the appraisal, is defined as follows: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market".

Exposure time, estimated from review of comparable sales and from discussions with active market participants is estimated for the property before the acquisition and the remainder after the acquisition to be approximately 6 to 24 months.

EFFECTIVE DATE OF APPRAISAL, REPORT DATE

The effective date of the appraisal is June 1, 2023, the date of physical site visit. The transmittal date of the report is July 5, 2023.

OWNER CONTACT;

Jim Walcutt, ownership representative contacted me requesting a response for appraisal bid (April 14, 2023 letter). I inspected the site June 1, 2023 with Jim Walcutt of ADOT, ownership representative.

OWNERSHIP (5 year chain of title)/MARKETING HISTORY

Current ownership is indicated to be State of Arizona by and through its Department of Transportation; the most recent recorded transactions for the site are as follows:

1.) Warranty Deed from Jewel Investment Company, LP, an Arizona limited partnership, who acquired title as Jewel Investment Company, an Arizona general partnership, to the State of Arizona, by and through its Department of Transportation, dated August 17, 2017, recorded August 18, 2017, in Document No. 2017-0609755. [Project 202L MA 000 H5439, Parcel 7-11541]

There reportedly has been no marketing of the property over the past year.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)

As mentioned above, the purpose of the appraisal is to opine market value of the fee simple estate of the subject properties. In preparing this appraisal, I:

- Received invitation to bid and property information relative to the appraisal and discussed Definition of the (Appraisal) Problem with Jim Walcutt, ADOT representative.
- Received and reviewed property descriptions.
- Visited the subject parcel June 1, 2023 with Jim Walcutt of ADOT, developing relevant subject characteristics.
- Reviewed the site plat, zoning and flood zone maps, indicating physical utility of the parcel.
- Researched sales of similar sites, focusing in the Phoenix market, with an emphasis on location, size and use; currently competitive (listings) have also been considered (listings often provide useful indications of upper limit to value).
- Data sources utilized included Costar, MLS, realquest, my files and discussions with market participants.
- Inspected, by drive by, all comparable sales used.
- Attempted confirmation of each comparable sale with a party familiar with the property/transaction (when confirmation was not available, public records/information was relied upon).
- Discussed value and market conditions with active market participants in the area including buyers and sellers and brokers.
- Applied the sales comparison approach to arrive at an opinion of market value of the subject property as if not restricted to open space
- Developed a final opinion of market value and reported the same in this appraisal report, believed to conform to the Uniform Standards of Professional Appraisal Practice, ADOT Right of Way Procedures Manual Project Management Section Chapters Three and Four; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

PROJECT INFLUENCE:

Any influence in valuation caused by the project prior to the date of valuation will be discussed and considered by the appraiser in each appraisal. However, the effect of these influences, if any, is to be disregarded in the valuation of the subject property, pursuant to Arizona Revised Statutes 28-7097 which states:

"In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded." All steps in the appraisal process, including the selection of comparable sales and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed

MARKET AREA (NEIGHBORHOOD) ANALYSIS

A property is an integral part of its surroundings. The character and features of the surrounding area directly affect the use of a property which is a primary factor in the property's value. In order to estimate the value of a property, an analysis of the surrounding area must be made. This surrounding area is referred to as a market area (neighborhood).

The subject property is located a southwest portion of the City of Phoenix, Maricopa County, Arizona. The City of Phoenix is divided into 15 urban Villages. Each Village has a Village Planning Committee (VPC) appointed by Mayor & City Council. The VPCs assist the Planning Commission in the performance of its duties. VPCs are part of the Planning & Development Department. The Committees help identify areas or provisions of the General Plan text that need refinement and updating; identify problems and needs related to implementation of the General Plan; define in greater detail the intended future function, density and character of subareas of the village; and comment on proposals for new zoning districts or land use districts.

The subject site is located in Estrella Village: Over the past 50 years, Estrella Village developed as a major hub for industrial, commercial and agricultural activities in Phoenix. The majority of the northern portion of the Village comprises a MAG designated major employment center and is home to numerous warehousing, transportation, logistics, shipping and other businesses.

In recent years, the redevelopment of agricultural and vacant land has led to a greater diversity of land uses, including a growing number of residential communities and commercial centers that complement and balance the concentration of industrial uses along I-10. The Estrella Village also contains established neighborhoods that contribute a historic character to the area, but may be in need of rehabilitation assistance and greater stability.

"The Estrella Village has had the greatest population growth since the 2000 census, based on home sales through 2006. This village closely meets the goal of the General Plan to provide housing, jobs, commercial development, recreation, transportation, and other urban amenities. Industrial growth continues in a hub of warehouses and trucking that serves as a node for regional distribution throughout the valley. In the southwest part of the village the transition from agricultural uses to residential and commercial has benefited from the perspective of the Estrella Village Planning Committee, resulting in trail circulation, streetscapes, and architectural detailing on commercial development. Amenities coming to the village in the next ten years include the Southwest Services Complex and regional park, commercial core, and shopping opportunities in the Lower Buckeye Road corridor, as well as improved traffic circulation." - City of Phoenix.

According to Estrella Village Character Plan, Estrella, 41 square miles, had a population as of 2015 of 87,780; projected population in the year 2030 is 111,450. Approximately 4.78 acres, 12% is Maricopa County jurisdiction, 1.2%, including 83 miles of trails and bikeways; the future Rio Salado Recreation Corridor borders the south side of the Village. 35%, in the northeast portion, is residential (0-5 du/acre). The southwest portion of the Village is home to dairies and agricultural business as well as a mix of housing unit types, planned communities, neighborhood parks, multi-

use trails and future shopping centers. The central portion of the Village has the largest concentration of commerce park and industrial activity in the Valley with significant amount of land available for expansion.

The following are a number of Land Use Goals for respective areas within the Estrella Village:

- Promote and encourage compatible infill development with a mix of housing types in neighborhoods close to employment centers, commercial areas, and where transit or transportation alternatives exist.

Sundance Ranch: Northeast corner of 83rd Ave and Lower Buckeye Road

- Support the growth of land uses that contribute to a healthy and sustainable food system (i.e. grocery stores, community gardens, urban farms and other urban agriculture elements).

Dairies along Broadway Road

- Communities should consist of a mix of land uses to provide housing, shopping, dining and recreational options for residents.

Intersection of 75th Avenue and Lower Buckeye Road and surrounding area

- Encourage land uses that promote the growth of entrepreneurs or new businesses in Phoenix in appropriate locations.

Living Spaces: Southeast corner of 67th Avenue and the I-10 Freeway

- Discourage the location of incompatible uses near base industrial clusters.

Properties near the intersection of 43rd Avenue and Lower Buckeye Road

- Support the expansion of education and training facilities where appropriate.

Phoenix Fire Department Training Academy, east of the southeast corner of 27th Avenue and Lower Buckeye Road

- Facilitate adaptive reuse of older, underutilized properties to create mechanisms for new local and small businesses to operate, thrive and grow.

Vacant commercial sites on Lower Buckeye Road, west of 75th Avenue

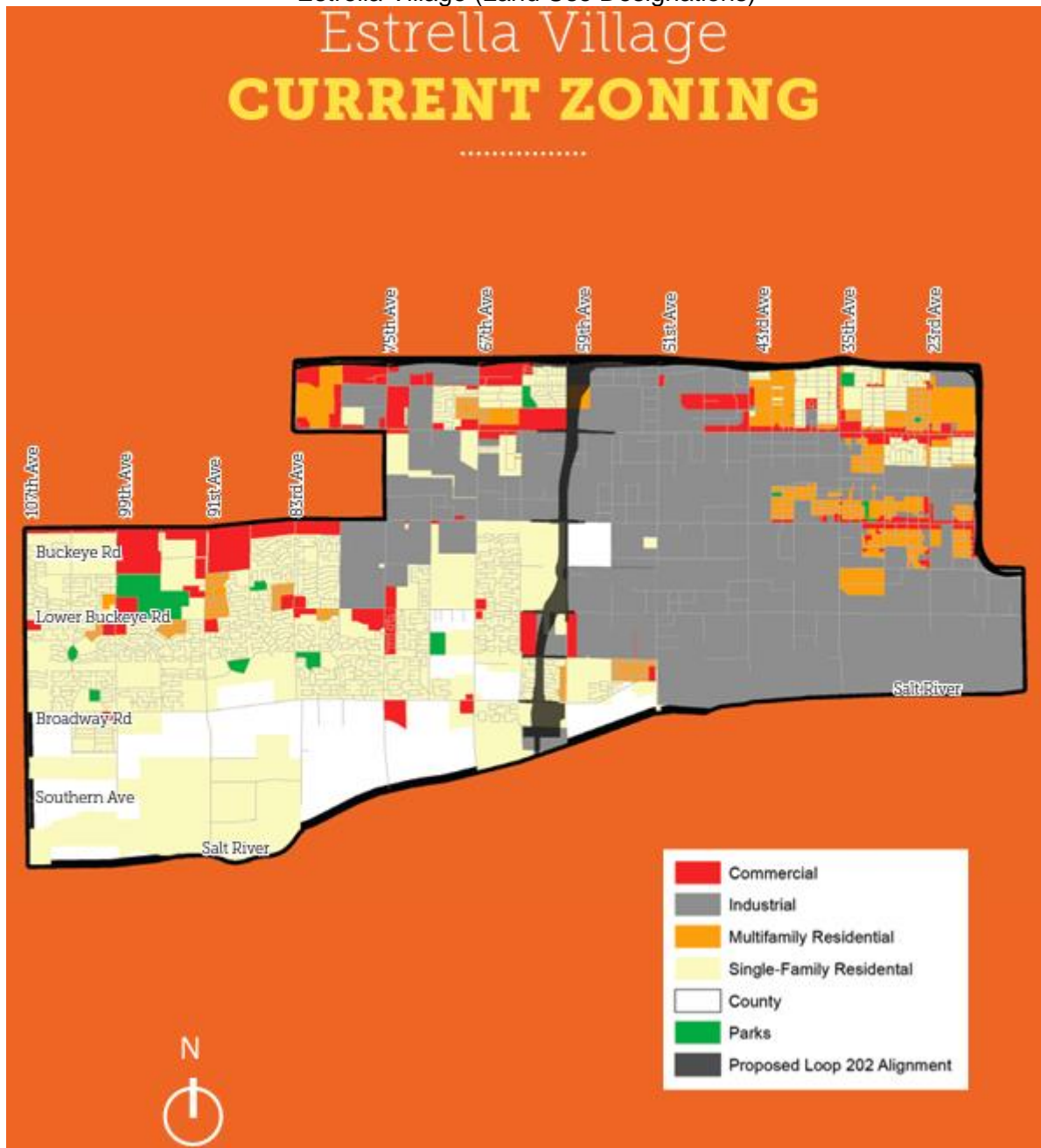
- Support General Plan Land Use Map and zoning changes that will facilitate the location of employment generating uses in each of the designated employment centers.

Swift Transportation: North of the northwest corner of 75th Avenue and Lower Buckeye Road

- Discourage the location of incompatible uses near base industrial clusters.

Major Industrial Parks in the area between I-10 and Buckeye Road, and 43rd Avenue to 75th Avenue

Estrella Village (Land Use Designations)



The social characteristics of the subject neighborhood are compared to a 1 mile radius surrounding the subject property and the overall City, County and State, as follows:

Variable	LC 156 (1 mi)	Estrella Village	Maricopa County, AZ	Arizona
2022 Total Population	3,234	100,608	4,567,502	7,349,266
2022-2027 Population: Compound Annual Growth Rate	0.28%	1.03%	0.75%	0.65%
2022 Total Households	946	25,272	1,699,404	2,786,341
2022 Per Capita Income	\$13,540	\$20,325	\$39,821	\$37,006
2022 Median Household Income	\$39,162	\$62,681	\$76,671	\$68,466
2022 Population Age 25+: Graduate/Professional Degree	62	2,000	387,971	592,690
2022 Owner Occupied Housing Units	449	16,114	1,087,154	1,840,025
Percent Owner Occupied	32.9%	60.2%	58.4%	58.4%
2022 Vacant Housing Units	420	1,512	161,721	366,837
Percent Vacant	30.7%	5.6%	8.7%	11.6%
2022 Total Housing Units	1,366	26,784	1,861,125	3,153,178
2022 Median Home Value	\$189,732	\$229,862	\$334,397	\$294,477
2022 Average Home Value	\$275,338	\$287,262	\$394,813	\$349,266
2021 Housing: Mobile Homes	316	2,405	89,569	302,822
Percent Mobile Homes	23.1%	9.0%	4.8%	9.6%
2021 Median Contract Rent (HHs Paying Cash Rent)	\$967	\$1,016	\$1,110	\$994
2022 Population Density (Pop per Square Mile)	1,030.2	2,354.9	496.5	64.7

As indicated above, the 1 mile radius is projected to continue with below average population growth into the next 5 years. Per-capita income in Estrella Village, and particularly the surrounding 1 mi radius and are below average, as is median household income and median home values.

Loop 202 (South Mountain Freeway), adding 22 miles of freeway to the existing Phoenix metropolitan transportation system, opened December of 2019. ADOT partnered with a private developer (Connect 202 Partners) to design, build, and maintain the freeway for 30 years. The design, build, maintain (DBM) delivery model was an innovative approach used nationwide to efficiently reduce the cost to taxpayers without sacrificing quality, which significantly reduced construction time as construction occurred concurrently in four segments. Now that the freeway is completed, the developer is responsible for maintaining the freeway and ensuring the safety of the traveling public for 30 years.

Conclusion:

The subject is in a southwestern portion of the city, the surrounding neighborhood/market area is quite diverse in uses though primarily low to medium density residential, there are also agricultural areas, significant open space-parks and growing commercial and industrial uses. The Loop 202 completion, bringing additional traffic to the area is and is anticipated to create greater demand for commercial and higher density uses.

SITE DESCRIPTION

The basic features of the subject site is described below.

Location:	The subject parcel is on the south side of Washington St, e/o 59 th Av and SR 202 Loop.												
Site Size:	23,396sf.												
Access:	Access is available on Washington St from the south via 59 th Av; from the north via 59 th Av to Van Buren St to 57 th Av.												
Visibility/Frontage:	The site has visibility from SR 202; indicated traffic counts 68,593vpd, and 59 th Av, traffic counts 20,958vpd (22); there are no traffic counts available on Washington St.												
Shape:	Moderately irregular but not to the point of significantly reducing utility.												
Topography:	Level at Washington St grade, moderately below SR 202.												
Flood Hazard:	According to FIRM Flood Hazard map 04013C2185L, revised 10/16/13, the subject parcel is located in Flood Zone X-shaded; (areas of 0.2% annual chance flood hazard).												
Easements and Other Special Restrictions:	ROW plans indicate water and sewer easements running north-south near the western boundary and electric and telephone easements along the eastern boundary. It is an extraordinary assumption, that easements, particularly the water and sewer easements may be paved over, parked on, etc.												
Hazardous Materials/ Contamination:	No environmental assessment has been made available; no apparent hazardous materials were evident at site visit; however, appraisers are not trained in detection of such.												
Utilities:	Utilities are generally available in the area from the following sources, (however an engineering study is needed to determine if all utilities are available in adequate supply for new development): <table><tr><td>Water:</td><td>City of Phoenix</td></tr><tr><td>Sewer:</td><td>City of Phoenix</td></tr><tr><td>Electricity:</td><td>Salt River Project</td></tr><tr><td>Natural Gas:</td><td>Southwest Gas</td></tr><tr><td>Telephone:</td><td>CenturyLink</td></tr><tr><td>Public Safety:</td><td>City of Phoenix</td></tr></table>	Water:	City of Phoenix	Sewer:	City of Phoenix	Electricity:	Salt River Project	Natural Gas:	Southwest Gas	Telephone:	CenturyLink	Public Safety:	City of Phoenix
Water:	City of Phoenix												
Sewer:	City of Phoenix												
Electricity:	Salt River Project												
Natural Gas:	Southwest Gas												
Telephone:	CenturyLink												
Public Safety:	City of Phoenix												
Surrounding Land Uses:	Industrial uses.												
Census Tract:	#1125152												
Zoning:	A-1 (Light Industrial District, City of Phoenix): 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 and residential uses. Uses permitted in this zoning district include residential (with use permit), all other uses permitted in RE-24, R-3, R-4, R-5, C-1, C-2 and C-3 districts and a great many other commercial and industrial uses. Development requirements. Please refer to the complete zoning ordinance; to summarize (not inclusive) typical development:												

Maximum building height of 56' (up to 80' with use permit with specific plan of development, up to 110' for warehouse with City Council recommendation. Yard setbacks are dependent on adjacent property use and road classification. For side and rear yards there shall be thirty (30) foot setback where adjacent to a residential district for closed buildings and one hundred fifty (150) feet for open buildings or uses. Except for vehicle parking areas, no outdoor uses, outdoor storage, or open buildings shall be located within seventy-five (75) feet of a public street

Site Analysis Summary:

The subject parcel is a 23,396sf A-1 zoned site on the south side of Washington St with good visibility from 59th Av and SR 202. The site is FEMA x-shaded and all utilities necessary for development are reportedly available or in close proximity. There are a number of easements, it is an extraordinary assumption, that easements, particularly the water and sewer easements may be paved over, parked on, etc.

Real Estate Tax Analysis

The subject site is a remnant from prior ROW road acquisition, it has not been assigned an assessors parcel number nor full cash values or real estate taxes; there would be no taxes due to municipal ownership.

HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, 6th Edition, as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria for the estimate of highest and best use that result in the highest land value are that the use be legally permissible, physically possible, financially feasible, and maximally productive.

HIGHEST AND BEST USE, AS IF VACANT:

Legally Permissible: A-1 (Light Industrial District, City of Phoenix): 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 and residential uses. Uses permitted in this zoning district include residential (with use permit), all other uses permitted in RE-24, R-3, R-4, R-5, C-1, C-2 and C-3 districts and a great many other commercial and industrial uses.

Physically Possible: The site is indicated to be 23,396sf. It is moderately irregular in shape but not significantly reducing utility. The site is FEMA x-shaded and all utilities necessary for development are reportedly available or in close proximity. There are a number of easements, it is an extraordinary assumption that easements, particularly the water and sewer easements may be paved over, parked on, etc.

Financially Feasible: In addition to physical and legal characteristics, the financial feasibility of the subject site is significantly influenced by market conditions. Arizona, prior to the current "Covid19 crisis" was stabilizing into moderate growth, though at significantly lower rates to those prior to the last economic downturn.

The following is from the Arizona Economy First Quarter 2023 Forecast Update by George W. Hammond, Ph.D., EBRC Director and Research Professor; March 2023:

Despite a modest slowing at the end of 2022, the Arizona economy remains resilient. According to preliminary data, the state continued adding jobs to close out the year, although the pace slowed. The unemployment rate ticked up modestly from historic lows reached last summer. The latest population data suggest rapid population growth through mid-2022, driven by accelerated net migration. In addition, Phoenix inflation has come off highs reached during the summer but remains very rapid. Single-family housing permits plummeted during the second half of 2022, as housing affordability rapidly deteriorated.

The baseline U.S. outlook calls for a mild recession during the first half of 2023. That translates into slowing growth in Arizona, Phoenix, and Tucson, but no outright recession. The Arizona economy remains well-positioned to outpace the nation. The pessimistic scenario calls for a more severe U.S. downturn, which generates job losses statewide this year. The optimistic alternative envisions a more robust national economy, which likewise generates faster gains in Arizona.

Arizona Recent Developments

On the inflation front, there is a bit of good news. Over-the-year inflation in Phoenix dropped from a peak of 13.0% in August 2022 to 8.5% in February. The national rate has also decelerated recently to 6.0% over the year in February. That was down from a peak of 9.1% in June.

Both Phoenix and the nation have seen a significant deceleration in commodities inflation, with a much more modest slowdown in services inflation. One major factor driving this divergence is

housing, which is included in the services index. **Exhibit 1** shows shelter inflation (the largest component within the housing index) for Phoenix and the U.S. Shelter inflation is still very high in Phoenix, although on an over-the-year basis it cooled from 19.5% in September 2022 to 16.0% in February. Nationally, shelter inflation continued to gain speed in February at 8.1%.

Exhibit 1: Phoenix Inflation Shelter Cools a Little but Remains Elevated, Phoenix and U.S. Shelter CPIU, Over-the-Year Growth Rates

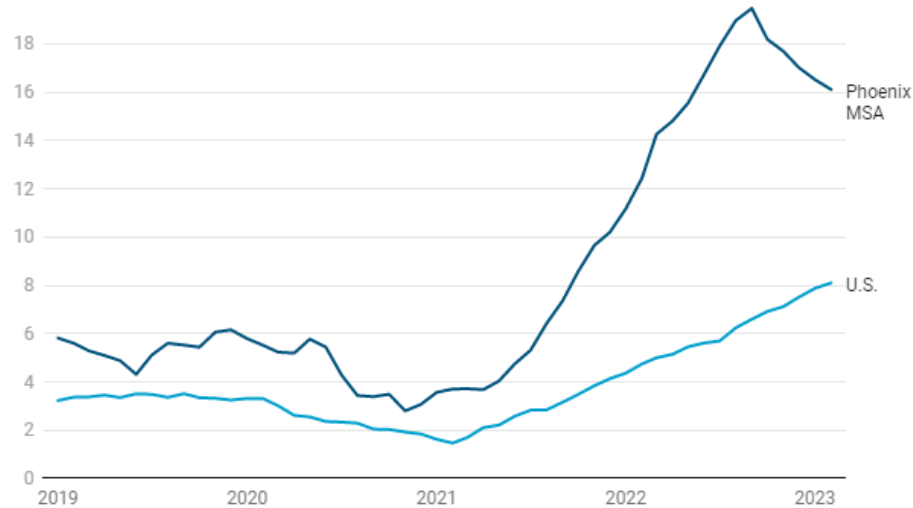


Exhibit 1: U.S. and Phoenix MSA Shelter CPIU, Over-the-Year Growth Rates

Chart: Economic and Business Research Center, Eller College of Management, The University of Arizona • Source: [U.S. BLS](#)

The huge increase in house prices since 2019, along with the recent increases in mortgage rates, have had a big negative impact on housing affordability nationally and in Arizona. Phoenix housing affordability (measured by the NAHB-Well Fargo Housing Opportunity Index) dropped from 64.9% in the fourth quarter of 2019 to 18.3% in the fourth quarter of 2022. That was a 46.6 percentage point drop in the share of homes sold that were affordable to a family making the median income. Tucson housing affordability dropped from 71.2% to 35.0% and in Prescott affordability declined from 55.9% to 18.6%. The nation experienced a decline from 63.2% to 38.1%.

Even so, housing remained more affordable in Arizona than in the major markets in California (a major source of migration to Arizona). In the fourth quarter of last year, only 2.2% of homes sold in Los Angeles were affordable to a family making the median income. Housing affordability was 7.3% in San Jose and 4.9% in San Francisco and San Diego.

As the Federal Reserve pushed up short-term interest rates last year, the 30-year conventional mortgage rate spiked from 3.1% in December 2021 to 6.4% in December 2022. That contributed to a significant drop in single-family permits issued in Arizona last year (preliminary Census data), which dropped from a revised total of 46,561 in 2021 to a preliminary count of 37,404 in 2022. That was a drop of 19.7% over the year. In contrast, multi-family permits increased significantly, rising by 24.2%. Overall, total permits were down 7.1% in 2022. Note that the Arizona forecast incorporates seasonally-adjusted quarterly data. Seasonal adjustment introduces small distortions to the annual data, so the Appendix Tables show slightly different results for 2022.

The statewide housing permit pattern was similar for the Phoenix MSA. Total permits dropped from a revised 50,581 in 2021 to a preliminary 46,939 last year. That 7.2% decline was driven by single-family permits, which declined by 21.9%, while multi-family permits increased by 23.9%. Tucson MSA total permits dropped from a revised 6,284 in 2021 to a preliminary 5,769 last year. Similar to the state and Phoenix, the drop was powered by single-family activity, down 25.9%, while multi-family permits rose 69.4%.

Arizona added 22,700 seasonally-adjusted jobs over the month in January 2023, up from a revised loss of 1,300 jobs in December. The preliminary estimates for December suggested that the state added 3,100 jobs in December.

Arizona's seasonally-adjusted unemployment rate dropped to 3.8% in January, down from 4.0% in December. That was slightly above the national rate of 3.4% in January.

With the release of the preliminary January data, the Bureau of Labor Statistics (BLS) has released benchmarked (revised) estimates for prior years. The revisions primarily impact estimates for 2021 and 2022, although data for prior years may reflect revisions as well.

Also, with this release, the BLS has transitioned from 2017 North American Industrial Classification System (NAICS) codes to 2022 NAICS codes. The largest impacts of this change are in retail trade. Stay tuned for more on this in upcoming posts.

The benchmark revisions suggest stronger job growth in Arizona in 2021 and 2022. On an annual average basis, job growth for 2021 has been raised from 3.6% to 4.1%. For 2022, growth has been raised from 3.7% to 4.2%. In percentage terms, construction and professional and business services jobs were revised up significantly in both years.

As **Exhibit 2** shows, nearly all major industries in Arizona are now above their pre-pandemic employment level. The one sector that has yet to regain its pre-pandemic peak is government, particularly local government. Overall, total state jobs are estimated to be 151,600 above their pre-pandemic level.

Exhibit 2: Arizona Jobs by Industry, Change from February 2020 to January 2023, Seasonally Adjusted, Thousands

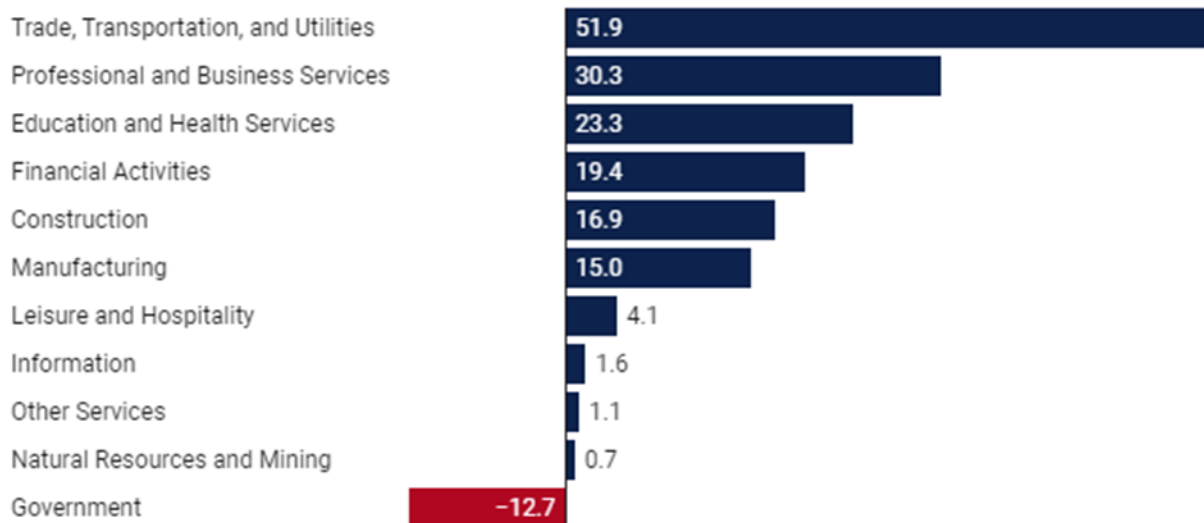


Exhibit 2: Arizona Jobs by Industry, Change From February 2020 to January 2023, Seasonally Adjusted, Thousands
Chart: Economic and Business Research Center, Eller College of Management, The University of Arizona • Source: [U.S. BLS](#)

The Arizona Office of Economic Opportunity has released population estimates for Arizona and its counties and places. Their estimates suggest that Arizona's population was 7.409 million as of July 1, 2022. That was up 123,800 from 2021, which translated into a growth rate of 1.7%. If correct, that was the fastest pace of population growth since 2007.

With natural decrease (more deaths than births) of 1,100 during the July 1, 2021 to June 30, 2022 period, implied net migration for Arizona was 124,900. That was up from net migration during the prior year of 113,900.

Phoenix MSA population rose by 1.9% (93,800). Natural increase of 8,100 generated implied net migration of 85,700, up from 76,700 in 2021. Tucson was estimated to have added 14,000

residents in 2022, which translated into a growth rate of 1.3%. Implied net migration was 16,400 in 2022, with natural decrease of 2,400.

Arizona Outlook

The outlook for Arizona, Phoenix, and Tucson depends in part on national and global economic events. The forecasts presented here are based on U.S. projections released by IHS Markit in January 2023. It was based on the following assumptions:

A transition from pandemic to endemic continues.

The forecast reflects legislation enacted before December 29 and current tax policy. It does not reflect the Consolidated Appropriations Act covering FY23. It does not include the cancellation of any student debt.

The Fed is assumed to raise its policy rate to a range of 4.75%-5.00% by March 2023, unchanged from the December forecast. It temporarily overshoots the terminal range of 2.5%-2.75%. The Fed's balance sheet declines by about one-third through 2024.

Tariffs and trade agreements between the U.S. and China since 2017 are assumed to continue.

Real foreign GDP contracted by 4.7% in 2020. Growth rebounded to 5.6% in 2021. The forecast calls for it to slow to 3.3% in 2022 and again to 1.4% in 2023, which is close to the IHS Markit characterization of a global recession.

The price of Brent crude oil rose to \$113 per barrel in the second quarter of 2022, up from \$80 per barrel in the fourth quarter of 2021. The price is forecast to drop back to \$86 per barrel by the first quarter of 2023 due to significantly slower global growth. After a modest rebound during the second half of 2023, prices settle around \$87 per barrel in 2024.

The baseline forecast (summarized here) is assigned a 55% probability. The pessimistic scenario is assigned 25% and the optimistic scenario is assigned the remaining 20%.

The baseline forecast calls for real GDP to increase by 2.0% in 2022 (annual average basis) before slowing to 0.5% in 2023. Growth rebounds to 1.8% in 2024 and again to 2.0% in 2025.

On a quarterly basis, the forecast calls for U.S. real GDP to decline during the first and second quarters of 2023. The peak-to-trough decline is 0.6%, which would be similar to the (relatively mild) early 2000s recession.

If the U.S. economy slows significantly and falls into recession, it will take the wind out of Arizona's sails. As **Exhibit 3** shows, Arizona job growth decelerates from 3.7% in 2022 to 1.5% in 2023 and 1.6% in 2024.

Exhibit 3: Arizona Outlook Summary

	Actual 2022	Forecast		
		2023	2024	2025
Growth Rate				
Nonfarm Jobs	3.7	1.5	1.6	2.4
Personal Income*	2.9	5.0	5.9	6.4
Retail Plus Remote Sales*	8.1	2.2	3.7	6.3
Population	1.7	1.5	1.2	1.3
Level				
Unempl. Rate	3.6	5.0	5.2	4.8
Housing Permits	60,910	39,319	40,620	44,812

*Personal income and retail sales data are forecast in 2022.

Slowing job growth causes the state unemployment rate to track up from 3.6% in 2022 to 5.0% in 2023 and 5.2% in 2024.

Nominal personal income growth is forecast to decelerate to 2.9% in 2022, reflecting the end of federal pandemic-related income support. Growth rebounds to 5.0% in 2023 and 5.9% in 2024.


Retail plus remote sales growth slows from 8.1% in 2022 to 2.2% in 2023 and 23.7% in 2024 as consumers adjust to higher prices, more normal income growth, depleted savings, and higher unemployment.

Net migration is forecast to drop significantly starting in 2023. This reflects the end of the work-from-home boom and reduced mobility as higher interest rates and past house price increases decimated housing affordability. This contributes to a slowdown in population growth, which falls from 1.7% in 2022 to 1.3% by 2025.


Housing permits are forecast to drop significantly in 2023, before stabilizing modestly and then finding a level commensurate with slowing population growth.

The following is the Forecast for the Phoenix Metro Area, compared with that of Arizona from first quarter 2023 baseline scenario forecasts produced in March 2023 by the EBRC:

Phoenix-Mesa-Scottsdale MSA Forecast (Maricopa + Pinal Counties)

Phoenix-Mesa-Scottsdale MSA Forecast*	2021	2022	2023	2024	2025
Personal Income (\$ mil)	288,401.3	295,808.1	313,203.9	333,508.3	354,990.5
% Chg from Year Ago	7.9%	2.6%	5.9%	6.5%	6.4%
Retail Sales (\$mil)	107,000.0	121,000.0	123,000.0	129,000.0	136,000.0
% Chg from Year Ago	23.2%	13.1%	1.7%	4.9%	5.4%
Total Nonfarm Employment (000s)	2,210.8	2,296.7	2,335.7	2,374.6	2,427.4
% Chg from Year Ago	4.2%	3.9%	1.7%	1.7%	2.2%
Population (000s)	4,946.5	5,040.4	5,128.5	5,208.3	5,292.2
% Chg from Year Ago	1.7%	1.9%	1.7%	1.6%	1.6%
Residential Permits (units)	50,581.0	46,939.0	36,064.9	37,595.4	38,077.5
% Chg from Year Ago	4.9%	-7.2%	-23.2%	4.2%	1.3%
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Arizona Economic Forecast Data (Statewide)

Arizona Forecast*	2021	2022	2023	2024	2025
Personal Income (\$ mil)	403,739.3	415,470.0	436,194.7	461,892.8	491,613.8
% Chg from Year Ago	7.5%	2.9%	5.0%	5.9%	6.4%
Retail Sales (\$mil)	148,000.0	164,000.0	167,000.0	173,000.0	182,000.0
% Chg from Year Ago	21.3%	10.8%	1.8%	3.6%	5.2%
Total Nonfarm Employment (000s)	2,958.0	3,067.5	3,113.7	3,163.0	3,240.3
% Chg from Year Ago	3.7%	3.7%	1.5%	1.6%	2.4%
Population (000s), July 1st estimates	7,285.4	7,409.2	7,520.8	7,614.8	7,716.6
% Chg from Year Ago	1.5%	1.7%	1.5%	1.2%	1.3%
Residential Building Permits (units)	65,334.0	60,910.5	39,319.2	40,620.4	44,811.6
% Chg from Year Ago	8.3%	-6.8%	-35.4%	3.3%	10.3%
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Phoenix Metro Industrial Market:

In consideration of subject location, zoning and surrounding uses, the industrial market is summarized following (source: Costar); the subject is in the Southwest – North of Buckeye Road submarket, this market segment is thus analyzed:

Summary: Fundamentals in the SW N of Buckeye Road Submarket remain historically tight. Consistent demand has pushed down vacancies, which has supported continued rent growth and investment. The submarket will be tested though, as several speculative projects will bring the most significant new supply the submarket has seen in decades.

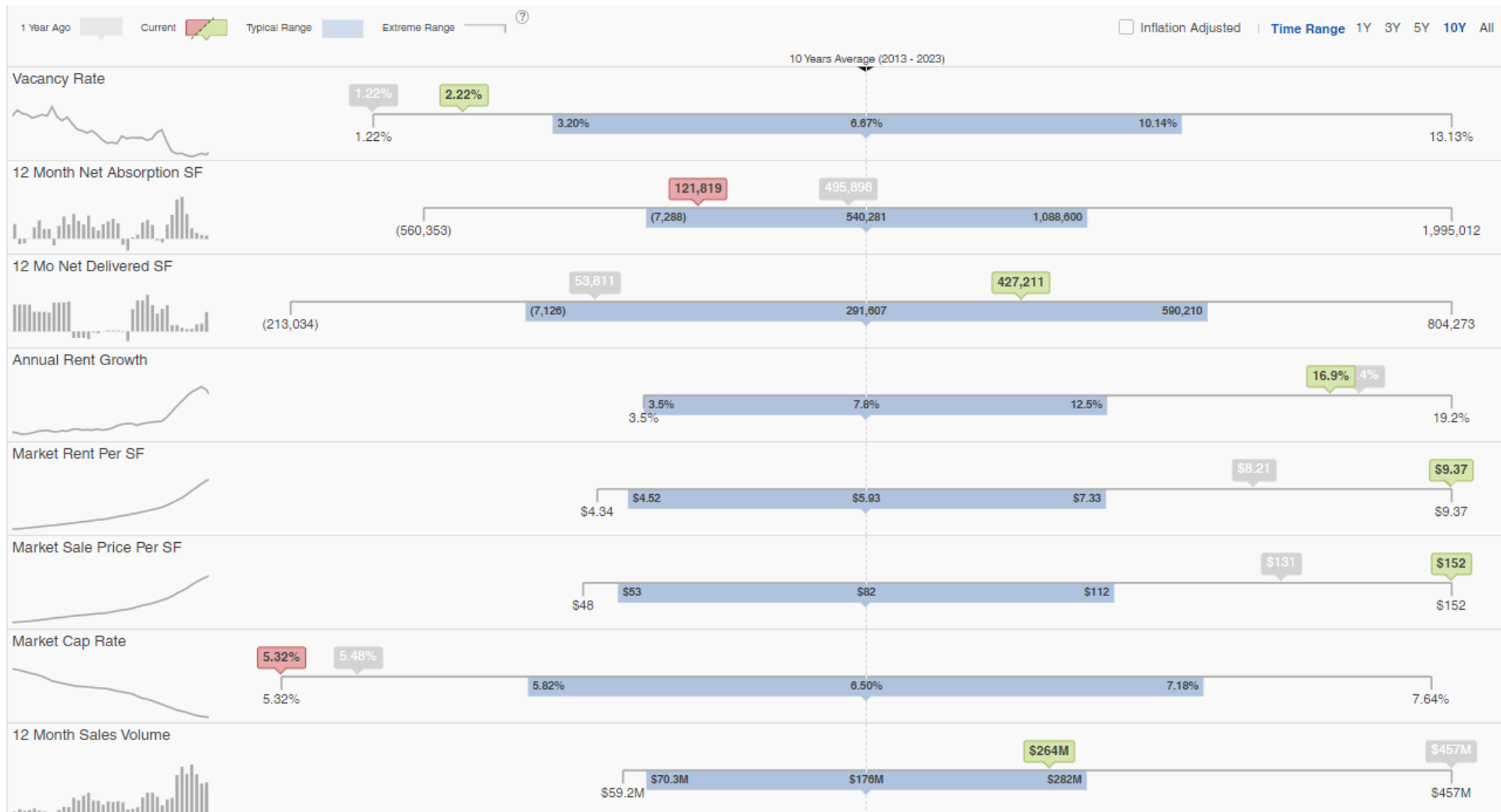
Some segments of industrial, such as e-commerce and third-party logistics firms, are benefiting from the rising dependence on e-commerce and home deliveries. Logistics accounts for more than 80% of the submarket's inventory. The ease of transportation via the I-10 provides access to the ports of Los 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 now heavy, which enhances supply-side risk. As part of Phase I, CapRock Partners will bring over 2.5 million SF to the West 202 Logistics Park in 2023.

Investors are bullish on fundamentals, which has made the area one of the more liquid industrial submarkets in Phoenix. About \$274 million has traded in the submarket in the past 12 months and average pricing is now around \$152/SF.

The subject is located in the SW N of Buckeye Road submarket, its boundaries: Buckeye north to McDowell Road, from 67th Ave east to 19th Ave.

The following is a summary of Key Market Indicators for the SW North of Buckeye submarket:



Submarket	Vacancy Rate	Avail Rate	Market Rent/SF	Ann Rent Growth	Inventory SF	12 Mo Deliv SF	Under Constr SF	Under Constr % of Inv	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol Growth	Market Cap Rate
Tolleson	2.6%	2.5%	\$9.69	18.7%	47,652,824	2,533,182	1,155,398	2.4%	3,368,193	\$168	-75.6%	5.1%
Glendale	7.8%	31.6%	\$10.66	17.5%	34,185,307	9,992,792	13,424,274	39.3%	10,694,048	\$168	-15.7%	5.0%
Chandler	6.4%	6.8%	\$14.82	13.6%	25,287,495	510,832	860,325	3.4%	483,701	\$229	-14.3%	5.3%
SW N of Buckeye Road	2.2%	8.7%	\$9.37	17.0%	34,855,211	428,013	2,752,723	7.9%	124,703	\$152	-39.4%	5.3%
Deer Vly/Pinnacle Pk	5.8%	13.3%	\$16.16	14.2%	19,574,794	692,231	2,895,516	14.8%	61,106	\$220	-70.4%	5.5%
Tempe Southwest	3.1%	6.2%	\$13.15	14.0%	22,100,206	197,000	356,904	1.6%	412,639	\$203	-42.5%	5.6%
SW S of Buckeye Road	5.9%	7.9%	\$10.49	17.8%	20,501,201	540,280	556,071	2.7%	-91,758	\$183	98.4%	5.2%
S Airport N of Roeser	4.8%	4.4%	\$13.73	14.4%	16,086,735	0	40,000	0.2%	-254,175	\$195	2.0%	5.7%
North Airport	3.2%	3.4%	\$14.62	14.3%	14,767,613	507,860	0	0.0%	490,647	\$193	-44.0%	5.8%
SC N of Salt River	3.5%	5.2%	\$12.54	15.5%	16,355,102	71,813	276,063	1.7%	-30,922	\$170	-1.1%	5.6%
Grand Avenue	2.2%	5.2%	\$10.98	15.1%	14,576,550	894,397	695,173	4.8%	823,602	\$166	-9.0%	5.5%
Tempe Northwest	4.7%	5.8%	\$14.64	13.8%	11,128,335	0	0	0.0%	-222,546	\$209	-37.8%	5.6%
Scottsdale Airpark	3.1%	3.7%	\$20.18	12.4%	6,969,085	0	0	0.0%	-12,847	\$334	-38.2%	5.3%
Scottsdale/Salt River	3.2%	4.1%	\$20.15	12.6%	5,591,245	47,534	112,485	2.0%	69,776	\$242	-65.8%	5.5%
Surprise	1.6%	18.8%	\$14.95	15.4%	4,433,307	62,198	1,214,392	27.4%	119,037	\$198	70.9%	5.7%
W Phx N of Thomas Rd	4.3%	4.2%	\$10.31	13.7%	8,221,536	0	0	0.0%	-46,225	\$135	12.3%	6.0%
W Phx S of Thomas Rd	0.9%	2.5%	\$10.47	14.7%	7,239,198	0	0	0.0%	94,039	\$147	-55.8%	5.6%
Central Phoenix	3.7%	8.0%	\$17.45	13.4%	4,452,408	0	10,000	0.2%	-15,086	\$231	-36.4%	5.8%
S Airport S of Roeser	1.1%	3.2%	\$14.07	14.4%	4,550,076	0	0	0.0%	-24,630	\$203	-71.2%	5.6%
North Black Canyon	1.9%	2.0%	\$14.54	13.1%	4,629,252	0	0	0.0%	47,424	\$185	-88.6%	5.7%
SC S of Salt River	2.5%	2.6%	\$12.32	15.4%	2,677,057	0	0	0.0%	-21,660	\$176	-78.5%	5.8%
North Outlying	0.9%	0.9%	\$13.06	14.7%	213,242	0	13,803	6.5%	-2,000	\$165	0.0%	5.6%
Average/Totals	3.4%		\$13.56	14.8%	326,047,779	16,478,132	24,363,127	5.2%	16,067,066	\$194	-27.3%	5.5%
SW N of Buckeye Road					10.7%	2.6%	11.3%					
Median			\$13.44	14.39%				1.65%		\$189		5.61%

As compared to the other Metro Phoenix industrial submarkets (above), the subject has lower than average vacancy but significant space under construction (West 202 Logistics Park); average rent per square foot is also below average but annual rent growth above average. Its average sale price/sf is below average but its cap rate is also below average.

Maximum Profitability: In conclusion, the industrial market, is considered to be very strong; demand in the subject submarket will continue to be strong due to good transportation linkages and being priced slightly below other areas in the metro area; new development will likely raise the vacancy rate in the submarket; however, the space under construction (much larger industrial buildings, West 202 Logistics Park), is not likely to compete with uses appropriate for the subject site. Highest and best use as vacant is considered to be development of a smaller industrial use.

VALUATION METHODOLOGY

In the appraisal of real estate, three methods of estimating value are often employed, depending on the characteristics of the property; they include the Cost Approach, Sales Comparison Approach and the Income Approach.

The cost approach is a set of procedures through which a value of the fee simple interest is derived by estimating a reproduction or replacement cost of improvements, deducting accrued depreciation from all sources, and adding the value of the site as if vacant. This approach is particularly useful in the analysis of a property that is new or nearly new, which is not significantly affected by any forms of depreciation, and properties that are not frequently exchanged in the market.

As the appraisal considers an unimproved parcel of land the cost approach is not considered to be necessary for credible assignment results.

The Sales Comparison Approach is a set of procedures through which value is estimated by comparison of the subject property to the sales of similar properties that have recently sold, making adjustments to the sales for differences between the subject and the comparable property's based on units of comparison. The sales comparison approach is significant in the estimate of site value.

The income approach is a set of procedures through which value is estimated based on the future benefits of property ownership (income earning potential) of the property appraised. Rental income is estimated based on analysis of similar market properties and or the subject income stream. Incomes are reduced by expenses to the owner and net income is capitalized by either direct capitalization, yield capitalization, or both. As vacant sites are not typically leased or purchased for income earning potential, the income approach is not considered to be necessary for credible assignment results.

In consideration of the availability of comparable site sales from which to estimate value, and due to deficiencies in the cost and income approaches, the sales comparison approach is considered to be the only approach necessary for credible assignment results.

SITE VALUATION

The following comparable sales are chosen in the estimate of site value for the above referenced site. They were selected after a thorough search of the market; services used included affidavits and public records, brokers, appraisers, and others because they represent the best (i.e. most similar) comparables available within a reasonable degree of similarity to the property appraised.

Properties are never identical with respect to all major items which affect value, so the price of each of the comparable properties is adjusted, on a price per square foot basis, for points of significant difference with respect to the property appraised in the order noted. The prices are adjusted, if need be, for (in sequence):

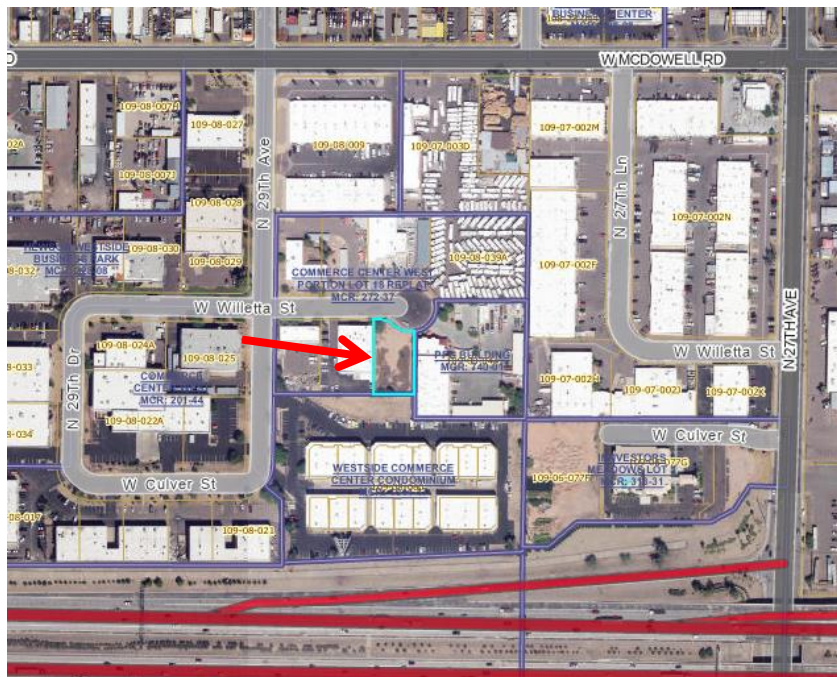
1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The prices are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics, and any non-realty components of value.

The following sales are considered to be most significant to the valuation of the subject site, after thorough search of market sales comparables.

Comparable Site Sale One

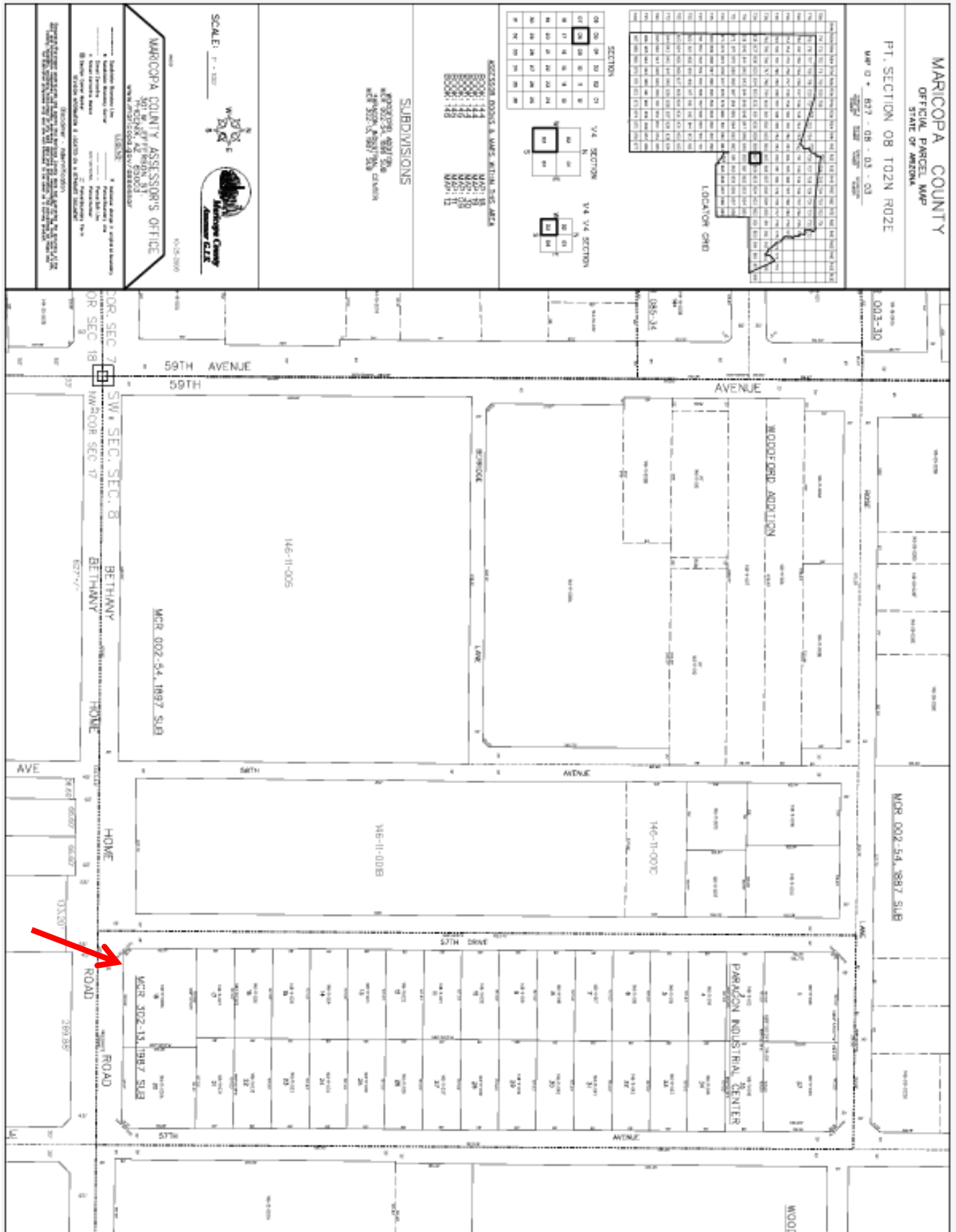
Location: 2811 W Willetta St, NW of I-10 and N 27th Av, Phoenix, 85009
Legal Description: COMMERCE CENTER WEST REPLAT OF LOT 18 MCR 272-37 LOT 23 EX W 20F, Maricopa County, AZ
Tax Code Number 109-08-041a
Records: 1/26/2023 document 2023 004146
Seller: Aaron Gonzales
Buyer: Goodyear Plumbing LLC
Sale Price: \$225,000
Terms: Cash
Site Size: 16,935sf
Price Per Unit: \$13.29/sf
Zoning: CP/GCP (Phoenix Commercial Property / Commerce Park)
Comments: Located northwest west of 27th Av and I-10 at the end of a cul-de-sac. All utilities available. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: Costar, Andrew Cloud, listing agent, 602-224-4419, pdh 2023270



Comparable Site Sale Two

Location: NEC Bethany Home & 57th Dr (6001N), Glendale, 85301
Legal Description: PARAGON INDUSTRIAL CENTER MCR 302-13 LOT 18 PER CERT OF CORR 89-0132519, Maricopa County, AZ
Tax Code Number: 146-11-028A
Records: 9/1/2022 document 2022 0688622
Seller: Mario Garcia Flores
Buyer: Emanuel Soto
Sale Price: \$295,000 Asking Price \$360,000, 96 DOM
Terms: Cash
Site Size: 22,285sf
Price Per Unit: \$13.24/sf
Zoning: M-1 (Glendale Light Industrial)
Comments: Bethany Home 11,369vpd (22) and 57th Dr (no traffic counts); the site accessible from both streets. There is a partial wall (2-3' high) along the south and west sides, not considered to add significant value. All utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: MLS 6388707, Andres Reyes, listing agent, 602-721-6020, pdh 2023270





Comparable Site Sale Three

Location: Glendale Av (w/o 6317), w/o Grand Av Van Buren, Phoenix, 85043

Legal Description: ORCHARD ADD PT LOTS 1 & 2 BLK 6 BEG NE COR LOT 1 W ALG N LINE 224' THE PT OF BEG TH S PAR TO E LINE LOT 1 312.80' TH W PAR TO N LINE LOTS 1 & 2 124' TH N TO N LINE LOT 2 TH E 124' ALG N LINE LOTS 1 & 2 TO PT OF BEG EX N 7' RD, Maricopa County, AZ

Tax Code Number: 104-08-022

Records: 12/30/2021 2021 1227021

Seller: RAVIF LLC

Buyer: Premier Real Estate Investments LLC

Sale Price: \$240,000 Asking Price \$240,000, 167 DOM

Terms: \$115,000 cash, to seller carryback, not considered to have affected sale price

Site Size: 37,919sf

Price Per Unit: \$6.33/sf

Zoning: C-2 (Glendale General Commercial)

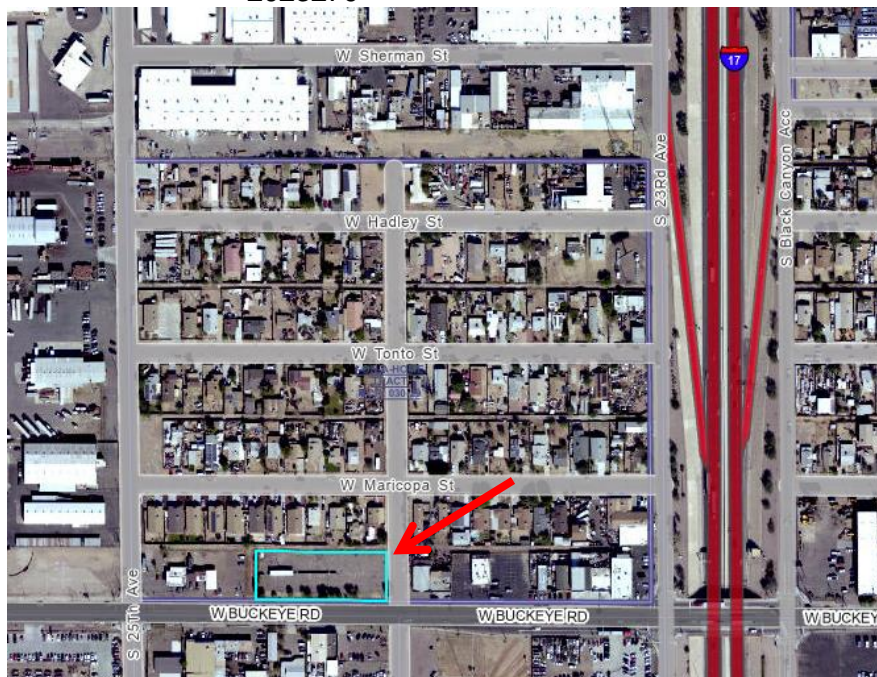
Comments: Located mid-block on Glendale Av, 17,777vpd (22). Utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).

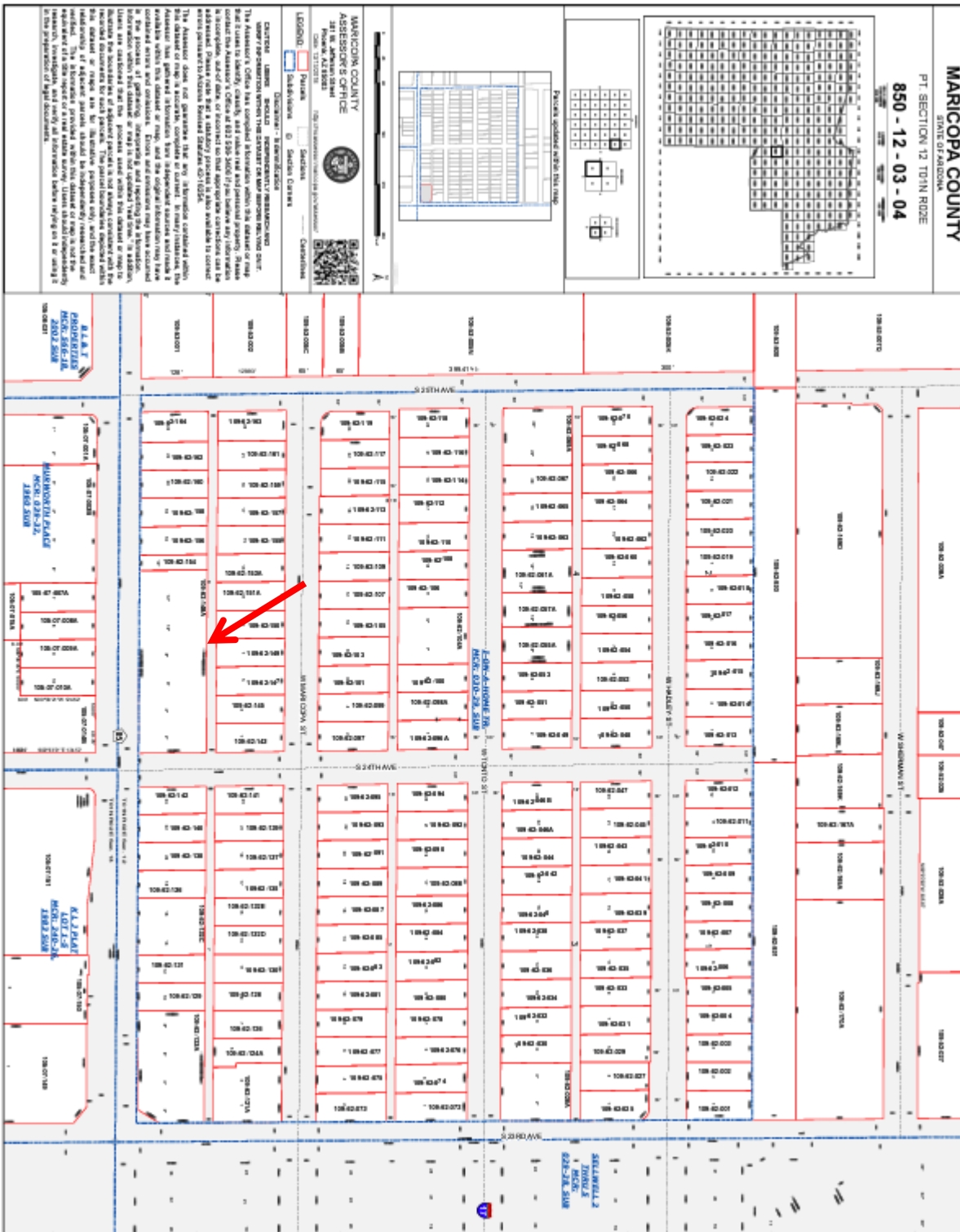
Confirmation: MLS 6190149, Bettina Franco, listing agent, 602-526-1921, pdh 2023270



Comparable Site Sale Four

Location: NWC Buckeye Rd (2412 W) & 24th Av, Phoenix, 85009
Legal Description: LT 2,4,6,8,10,12,& E 21F OF LT 14 BLK 8 I-ON-A HOME TR P/F 2018-0854776, Maricopa County, AZ
Tax Code Number: 109-62-148A
Records: 10/27/2021 document 2021 1156537
Seller: Jovany Ceia
Buyer: Orozco Auto Parts LLC
Sale Price: \$550,000, \$595,000 Asking Price; 97 DOM
Terms: \$350,000 cash and private financing
Site Size: 38,887sf
Price Per Unit: \$14.14/sf
Zoning: C-3 (Phoenix Commercial)
Comments: Located on the corner of Buckeye, 23,453vpd traffic counts (22), and 24th Av (no traffic counts). The site was paved and striped at time of sale; purchased for automotive parts supply use. Utilities available or in close proximity. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: MLS 6269337, Manny Peraza, listing agent, 602-614-2755, pdh 2023270



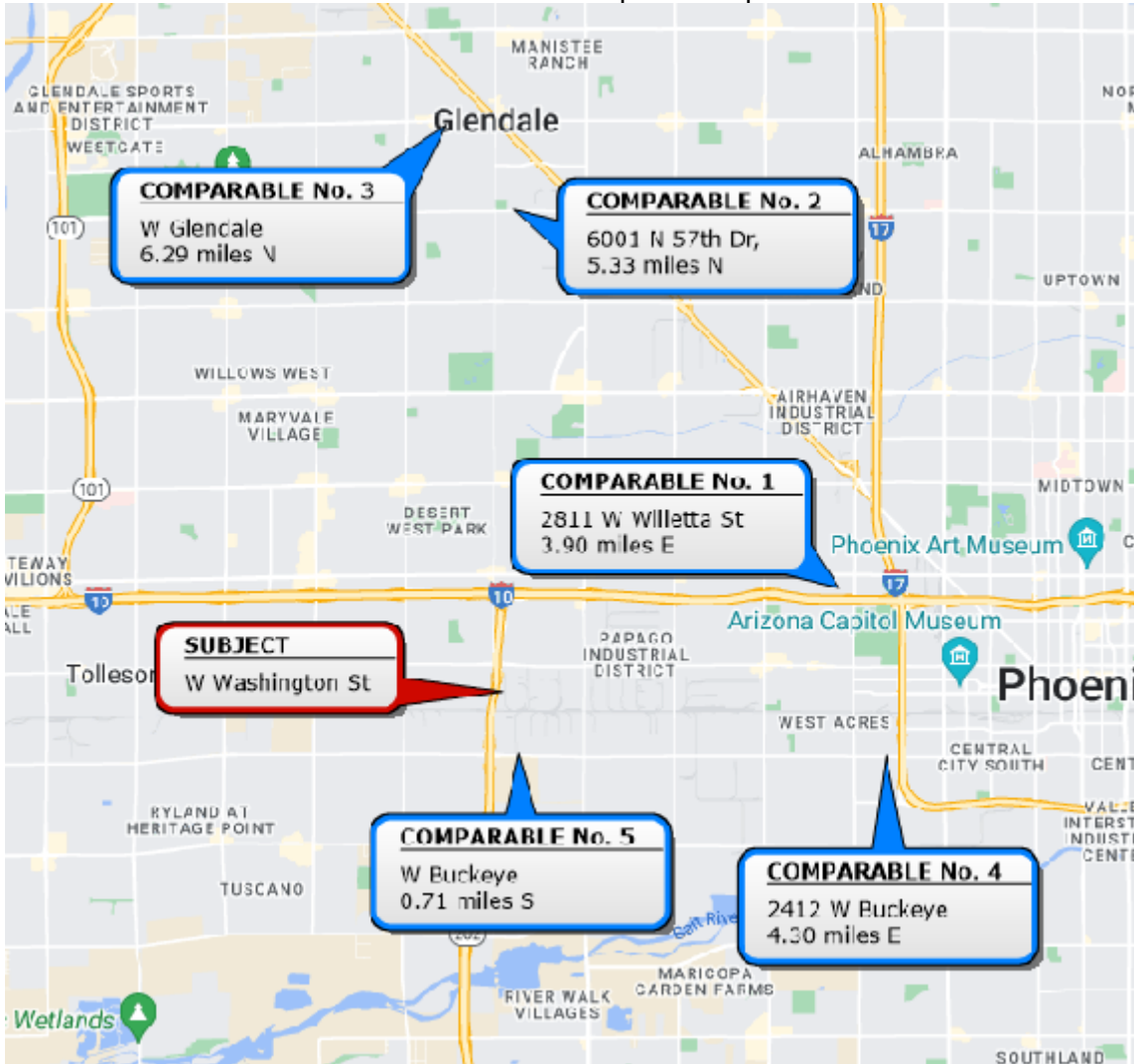


Comparable Site Sale Five

Location: NWC 56th Ave (e/o 5650 W) & Buckeye, Phoenix, 85043
Legal Description: Lot 1 FREEPORT CENTER MCR 241-38, Maricopa County, AZ
Tax Code Number: 104-19-010
Records: 5/18/2021 document 2021 0493117
Seller: AAL Investment LLC
Buyer: Diego Fernando Rosales
Sale Price: \$275,000
Terms: Cash
Site Size: 39,419sf
Price Per Unit: \$6.98/sf
Zoning: A-1 (Phoenix Light Industrial)
Comments: Located at the northwest corner of Buckeye, 28,272vpd traffic counts (22) and 56th Av, no traffic counts. All utilities available. FEMA x-shaded (0.2% annual chance of flood).
Confirmation: Costar, Andrew Cloud, listing agent, 602-224-4419, pdh 2023270



Sales Composite Map



Comparable Sales Discussion and Adjustments:

Adjustments are first made, if necessary, for property rights appraised, financing, conditions of sale, market conditions, and expenditures after sale, indicating an adjusted sale price. The comparables are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics and any non-realty components of value.

Adjustments are applied to provide insight into the relative significance (weight) of the characteristic being considered and difference from the various comparable sales to the subject parcel. While based on appraisal experience and interpretation from the market, they are not intended to be precise to each comparable and category.

Property Rights: Each of the comparable sales involved fee simple interests, there are no adjustments required for property rights conveyed.

Financing: Sales 1, 2, 4 and 5 were all cash; no adjustment is necessary; sale 3 involved a partial owner carryback, the terms were not considered to have affected the sale price, no adjustment is considered necessary.

Conditions of Sale: The sales were all reported to have average sales motivation, not requiring adjustment.

Market Condition: The sales occurred from May 2021 through September 2022, the market for this type of property has been increasing over this time frame, the comparable sales are adjusted upward on the basis of approximately 10% per year.

Location: The subject and comparables are considered to be average locations, no adjustment is considered necessary.

Size: the sales bracket the subject in site size. As smaller properties typically sell for more on a per unit basis, sale 1 is adjusted downward, conversely, sales 3-5 are adjusted upward for inferior larger size; sale 2 is considered to be similar enough as to not warrant adjustment.

Zoning: The subject and comparables were zoned to permit commercial/industrial uses; no adjustment is considered necessary.

Improvements: Neither the subject nor sales 1-3 and 5 had improvements significantly adding to value, no adjustment is necessary; sale 4 is adjusted downward for site improvements.

Utilities: The subject and comparables are similar in the availability of public utilities, no adjustment is necessary.

Site Utility: The subject and comparables are considered to have average site utility, no adjustment is considered necessary.

Access/Visibility: The subject has moderate access along Washington Street, access is not permitted on 59th Avenue but visibility is good from 59th Ave, and when improved, signage would likely be visible from SR 202. Visibility/access for sales 2, 4 and 5, is considered to be offsetting, not requiring adjustment; sales 1 and 3 are considered to be inferior and are thus adjusted upward.

Estimated Market Value Conclusion:

Each of the comparables has net upward adjustment, largely due to market conditions (time), however, physically the sales bracket the subject site, sales 1, 3 and 5 with net upward adjustment, sale 2 not requiring adjustment, and sale 4 with net downward adjustment. Some emphasis is placed on sale 2 for requiring least adjustment; with emphasis as indicated, a subject value at \$12.60/sf, \$23,396sf x \$12.60=\$294,790) rounded to \$295,000, is considered reasonable.

Greater detail on the comparable sales and their adjustment is available on the following grid:

Site Grid

SITE SALES COMPARISON SUMMARY						
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Location	Washington St e/o 59th Av	2811 W Willetta	6001 N 57th Dr.	Glendale w/o Grand	2412 W Buckeye Rd	NWC 59th & Buckeye
Tax ID Number	w/o 104-04-039A	109-08-041a	146-11-028A	104-08-022	109-62-148a	104-19-010
Sales Data						
Date of Sale	N/A	Sep-22	Sep-22	Dec-21	Oct-21	May-21
Sales Price	N/A	\$225,000	\$295,000	\$240,000	\$550,000	\$275,000
Site Size (sf)	23,396	16,935	22,285	37,919	38,887	39,419
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash, PMM	Cash	Cash
Cash Equivalent Price	N/A	\$225,000	\$295,000	\$240,000	\$550,000	\$275,000
Conditions of Sale	Average	Average	Average	Average	Average	Average
Condition Adjustment	0%	0.0%	0%	0.0%	0.0%	0.0%
Market Condition (Time)	N/A	Sep-22	Sep-22	Dec-21	Oct-21	May-21
Market Conditions Adj.	0.0%	5.0%	7.0%	14.0%	16.0%	20.0%
Adjusted price per SF	N/A	\$13.95	\$14.16	\$7.22	\$16.41	\$8.37
Physical Characteristics						
Location	Average	Similar	Similar	Similar	Similar	Similar
Size	23,396	16,935	22,285	37,919	38,887	39,419
Zoning	A-1	Similar	Similar	Similar	Similar	Similar
Improvements	None	Similar	Nil	Similar	Superior	Similar
Utilities	Available	Similar	Similar	Similar	Similar	Similar
Site Utility	Below Avg	Similar	Similar	Similar	Similar	Similar
Access/Visibility	Avg/Good	Inferior	Offsetting	Inferior	Offsetting	Offsetting
Adjustments						
Location	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	-2.5%	0.0%	5.0%	5.0%	5.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	-10.0%	0.0%
Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Access/Visibility	0.0%	5.0%	0.0%	10.0%	0.0%	0.0%
Net Physical Adjustments						
Net Physical Adjustments	N/A	Upward	Offsetting	Upward	Downward	Upward
Net Adjustment (Overall)	0.0%	2.5%	0.0%	15.0%	-5.0%	5.0%
Adjusted Comp Price/sf		\$14.30	\$14.16	\$8.30	\$15.59	\$8.79
Subject Value (\$/SF)	\$12.60					
Subject Value Opinion	\$295,000					

Auditing Breakdown

Land	\$295,000
Improvements	\$0
Severance	\$0
Cost to Cure	\$0
Special Benefits	\$0
Total	\$295,000

CERTIFICATE OF APPRAISER

Project Number: M697201X

Parcel Number: L-C-156

I hereby certify;

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

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

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

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

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

That I understand this appraisal may be used in conjunction with the disposition of excess land related to right of way for a highway by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

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


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

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

That my opinion of the MARKET VALUE for disposition of the parcel as of the 1st day of June, 2023, is \$295,000, based upon my independent appraisal and the exercise of my professional judgment.

Date: 7/5/23

Signature:



Arizona Certified General Real Estate Appraiser #30197

STATEMENT AND CERTIFICATION OF APPRAISER

I certify that, to the best of my knowledge and belief:

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

the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

my engagement in this assignment was not contingent upon developing or reporting predetermined results.

my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. (C.S.R.1-1)

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional appraisal assistance to the person signing this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.(C.S.R.1-2).

As of the date of this report, I have completed the continuing education program of the Appraisal Institute (C.S.R.1-3).

I have performed no services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.

If this report is in any way disassembled, reproduced, altered, or used in any other capacity than that made known to the appraiser at the time of the request and stated herein, the appraiser is not responsible for this report and it is invalid.

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

APPENDIX

1. Appraisal Assumptions and Limiting Conditions
2. Subject Exhibits
3. Right of Way Title Report
4. Consultant Qualifications
5. Purchase Order

LIMITING CONDITIONS AND ASSUMPTIONS

of Standard Real Estate Appraisal

(Consisting of the 23 Items Below and Others as Mentioned)

1. Information Used, Trade Secrets

The appraiser(s) shall not be responsible for the accuracy of any information obtained from the client or any other source and used in the appraisal, subject to the due diligence provision of the Uniform Standards of Professional Appraisal Practice. The appraiser(s) shall not be liable for any information or work obtained from any subcontractor. It is strongly suggested that the client consider independent verification of all factual data as a prerequisite to any transaction involving the purchase, sale, lease, or other decision involving a significant commitment of funds affecting the subject property. The client agrees that the appraisal produced pursuant to this agreement consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4) and furthermore agrees to obtain the appraiser(s) authorization before reproducing the appraisal in whole or in part.

2. Authentic Copies, Changes, Modifications

The authentic copies of this report will be signed in blue ink. Any copy not having said seal is unauthorized and may have been altered. The appraiser(s) reserve the right, at their sole discretion, and at any time, to alter statements, analysis, conclusions or any value estimate(s) in the appraisal if facts pertinent to the appraisal process and report which were unknown at the time of completion become known to the appraiser(s).

3. Use of Appraisal, Limit of Liability

This report is intended solely and exclusively for use by the client. The sole purpose of the report is to assist the client by valuation of the subject property. The client also acknowledges and agrees that some of those involved with the assignment appraisal may be independent contractors and the client hereby agrees not to hold the appraiser(s) liable for any acts of same. Notwithstanding anything herein to the contrary, the client will forever indemnify and hold appraiser(s) harmless from any claims by third parties related in any way to this appraisal.

The liability of the appraiser and affiliated business entities, its officers, directors, shareholders or employees (hereinafter collectively referred to as appraiser) is limited to the herein named client only. No liability shall extend to any third party, and the total amount of such liability shall in no event exceed the amount of the fee actually received by the appraiser(s).

Third parties shall include, but not be limited to, general and limited partners of the client if said client is a partnership, stock holders of the client if said client is a corporation, and all lenders, tenants, past owners, successors, assigns, offerees, transferees and spouses of client. The appraiser(s) shall not be held responsible for any costs incurred to investigate or correct any deficiencies of any type which may be present in the real estate and/or real property herein appraised. Acceptance and/or use of this report by the client constitutes acceptance of all limiting conditions and assumptions set forth herein.

4. Court Testimony

Testimony or attendance in court by reason of this appraisal, with reference to the property in question, shall not be required, unless arrangements have previously been made.

5. Copies, Publication, Distribution of the Report

Possession of any copy of this report shall not authorize or empower the client or any third party with any publication rights whatsoever, or with any authorization to use the appraisal other than for its intended and stated purpose noted in the agreement and/or in the report. The physical report(s) shall remain the property of the appraiser(s) at all times and appraiser(s) hereby grant the client permission to use the appraisal report(s) solely for the purposes set forth. The client agrees that the payment of the appraisal fee is in exchange for the analytical services of appraiser(s) and by the payment of said fee, the client has not purchased the appraisal report. With the exception of public disclosure indicated below, neither all nor any part of this appraisal report shall be given,

recited, published, copied, distributed, nor in any way communicated to third parties in any manner, in whole or in part, without the prior written consent of the appraiser(s).

6. Confidentiality

All conclusions and opinions concerning the analysis as set forth in this report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No changes shall be made in the report by anyone other than the appraiser(s). The appraiser(s) shall not be held responsible for any unauthorized changes or such consequences as may transpire from unauthorized changes. The appraiser(s) may not divulge the material contents of the report to anyone other than the client or his designee as specified in writing, except as may be required by the professional association(s) of which the appraiser(s) are members as may be requested in confidence for ethics enforcement, or by a court of law, or any other body with the power of subpoena.

7. Measurements, Exhibits

The sketches, maps and photographs in the appraisal report are included solely for the purpose of assisting the reader in visualizing the property and are not necessarily to scale. The appraiser(s) have made no survey of the property and site plans included in the report are not to be considered as surveys unless so designated. Any sketch or map in the appraisal report shows approximate dimensions and is included for general illustrative purposes only. It is the responsibility of a qualified engineer, architect, or registered land surveyor to show the exact location of the subject improvements thereon, existing or proposed, as well as the measurements and areas of land and improvements. In the absence of a survey, the appraiser(s) may have used Tax Assessor's maps or records or other maps provided by the client which may or may not represent the exact measurements of the subject property or other comparable data relied upon in estimating the market value of the subject property. Any variation in land or building areas from those considered in the appraisal may alter the estimates of value contained in the report.

8. Legal, Title, and Market Value Premise

The appraiser(s) have no responsibility for matters of any legal nature affecting the property being appraised or the title thereto; the appraiser(s) assume title to be good and marketable, and free of clouds unless otherwise noted. No Title Policy or report has been furnished to the appraiser(s), unless so stated in the report. The property is being appraised as though it were under financially sound and responsible ownership with typical and competent management. The hypothetical sale referred to in the definition of market value assumes adequate marketing efforts and exposure time normal for the property. The appraiser(s) are not responsible for the accuracy of legal description.

9. Engineering, Structural Matters; Hazardous or Toxic Materials, Physical Condition

The appraiser(s) have inspected the land and the improvements. However, it is not possible to observe conditions beneath the soil surface, or hidden structural, mechanical, or other components; the appraiser(s) shall not be held responsible for any defects in the property related thereto. The property appraised is as though there are no hidden or unapparent conditions which would affect market value; this includes subsoil conditions, potential flood conditions, hydrological and/or structural conditions. The appraiser(s) are not responsible for such conditions or those engineering efforts which might be required to discover and/or correct such factors. The value estimate assumes there are no defective property conditions that would cause a loss of value. The land or the soil of the area being appraised is assumed to be firm and otherwise satisfactory for building use. Although soil subsidence and the influence of toxic material in the area of the subject and its environs is unknown, the appraiser(s) do not warrant against this condition or occurrence of problems from soil (or toxic atmospheric) conditions known or unknown.

Unless otherwise stated in the report, the existence of hazardous material, substance or gas, which may or may not be present within, on or near the property, has been disregarded in the appraisal. The appraiser(s) are not qualified to detect such substances as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous material and/or substances which may adversely affect the value of the property. The value estimate is predicated on the assumption that there is no such toxic material and/or condition affecting the property that would cause a loss in value. The appraiser(s) are not responsible for any such condition and/or the engineering expertise required to discover any such condition. The client is urged to retain an expert in this field, if so desired. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are

assumed to be in good working order unless otherwise stated. Appraiser(s) are not responsible for the adequacy or type of insulation, or energy efficiency of the improvements or equipment, which are assumed to be standard for the subject property type. Unless otherwise stated, the appraiser(s) have not been supplied with a termite inspection report or occupancy permit. The appraiser(s) shall not be held responsible for, nor shall the appraiser(s) be deemed to have made any representations regarding any potential costs associated with obtaining same or for past or present, legal or physical, deficiencies which may be found. Client further agrees that the appraiser(s) shall not be held responsible for any costs incurred or consequences arising from the need, or the lack of need, for flood hazard insurance.

10. Utilities

In the absence of a qualified professional engineer's study, information regarding the existence of utilities is made from a visual inspection of the site and review of available public information. The appraiser(s) have no responsibility for the actual availability of utilities, their capacity, or any other problem which might result from a condition involving utilities. Although public utility lines might be located adjacent to the subject property, the capacity of these lines for any proposed development is not known. The respective companies, governmental agencies or entities should be contacted directly by concerned individuals. Unless otherwise stated in the report, utilities of all types are considered in the appraisal to be present in adequate quality and quantity for the intended use or highest and best use of the property.

11. Legality of Use, Management of Property

The appraisal is based, unless otherwise stated, on there being full compliance with all applicable federal, state and local environmental regulations and laws, that all applicable zoning, building, use regulations and restrictions of all types have been complied with and, moreover, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. The appraisal is prepared under the assumption that the property which is the subject of this report is maintained and managed pursuant to prudent and competent ownership and management.

12. Component Values, Special Studies

The distribution of the total valuation in this report between land and improvements applies only under the existing program of use. The separate valuations for land and building must not be used separately and are invalid if so used. No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or within the report.

13. Inclusions.

Furnishings, equipment, personal property or business operations which may sometimes be considered a part of the real estate, have been disregarded, unless otherwise specified and only the real estate is considered in the value estimate. In some limited circumstances, business and real estate interests and values may be combined depending on the specific situation and as determined by a written agreement. Please see the appraisal report for further clarification.

14. Proposed Improvements, Conditional Value

Any improvements proposed, on- or off-site, as well as any repairs required, will be assumed, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted by the client for consideration by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property by the appraiser after construction is completed. The estimate of market value is as of the date shown, as proposed, and as if completed and operating at the levels shown and projected or as otherwise indicated and labeled in the appraisal report.

15. Value Change, Dynamic Market, Influences on Market Value, Alteration of Estimate and/or Analysis Herein By Appraiser

The estimated market value, as defined in the report, is subject to change with market fluctuations over time; value is highly related to exposure, time, promotional effort, terms, motivation, and personal and general economic and supply/demand conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property both physically and economically in the marketplace.

The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate. The client hereby agrees that the appraisal report and value estimate are subject to change if the physical or legal entity or the financial arrangements are different than that envisioned in this report or upon change in, or discovery of, certain influencing market conditions or property conditions as well.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use, the client hereby acknowledges and agrees that such estimates are intended to be a reflection of benefits which the appraiser(s) have been directed to assume as given, as well as from the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic. The client agrees that these types of appraisals are based on reasonable estimates and as such, will not hold appraiser(s) responsible for any errors in the estimated values. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present or previous owners nor upon the occupants of the properties in the vicinity of the property which is the subject of the appraisal.

16. After-Tax Analysis, Investment Analysis, and/or Valuation

Any "after" tax income or investment analysis and resultant measures of return on investment are intended to reflect only possible and general market considerations, whether as part of estimating value or estimating possible returns on investment at an assumed value or price paid; the client acknowledges and agrees that the appraiser(s) do not claim any expertise in tax matters and moreover will not rely on any information prepared by appraiser(s) which in any way relates to income tax matters.

17. Information furnished by Client and Third Parties

Any and all information furnished by the client and/or third parties is logically presumed to not only be correct but complete, either in entirety or summarized as presented, and if there are no other documents modifying the one or ones mentioned herein.

18. Federal Law OMB Circular A-129 & Bulletins 91-05 and 92-06 Amending Circular A-129

These require USPAP standards and practices be used under State certification and license programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (P.L. 101-73) and OMB Bulletin 92-06 applies these USPAP to the 17 affected Federal eminent-domain agencies subject to the regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended by regulations in 49 CFR Part 24. Agencies not subject to the Uniform Act should follow the revised 49 CFR Part 24 to conform to OMB Bulletin 92-06.

19. Americans With Disabilities Act (ADA)

This act became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. As the appraiser(s) have no direct evidence relating to this issue, possible or direct noncompliance with the requirements of ADA in estimating the value of the property was not considered.

20. Pygmy Owl Habitat

It is assumed that the site is not a cactus ferruginous pygmy owl habitat (defined by US Fish & Wildlife as: Land below 4000 feet in elevation that has saguaro greater than 8 feet tall or containing a woodpecker cavity) ironwood, mesquite, or palo verde vegetation (must be >6 inches in diameter).

21. Report Type

This is a Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. It is believed to be compliant with ADOT "Detailed Narrative Report". Supporting documentation concerning the data, reasoning, and analysis is retained in the

appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

22. Other Information for Readers

We recommend that if sewer or septic connection, or condition of same, is of concern to client or other readers of this report, a qualified expert should be hired to inspect the system and perform appropriate tests as he/she deems necessary. Further, if water source, status, possible toxic influences on air, water, soil, or improvement construction material or condition of mechanical, structural or other systems or components are of concern, an appropriate expert should be engaged as we are not experts in such matters. The reader is cautioned that value is dynamic and changes with changing market conditions over time. Subsequent sales, listings, and other market influencing activity may influence value after the date of the value estimate. The value estimate is an estimate, not a determined fact.

23. Conclusion

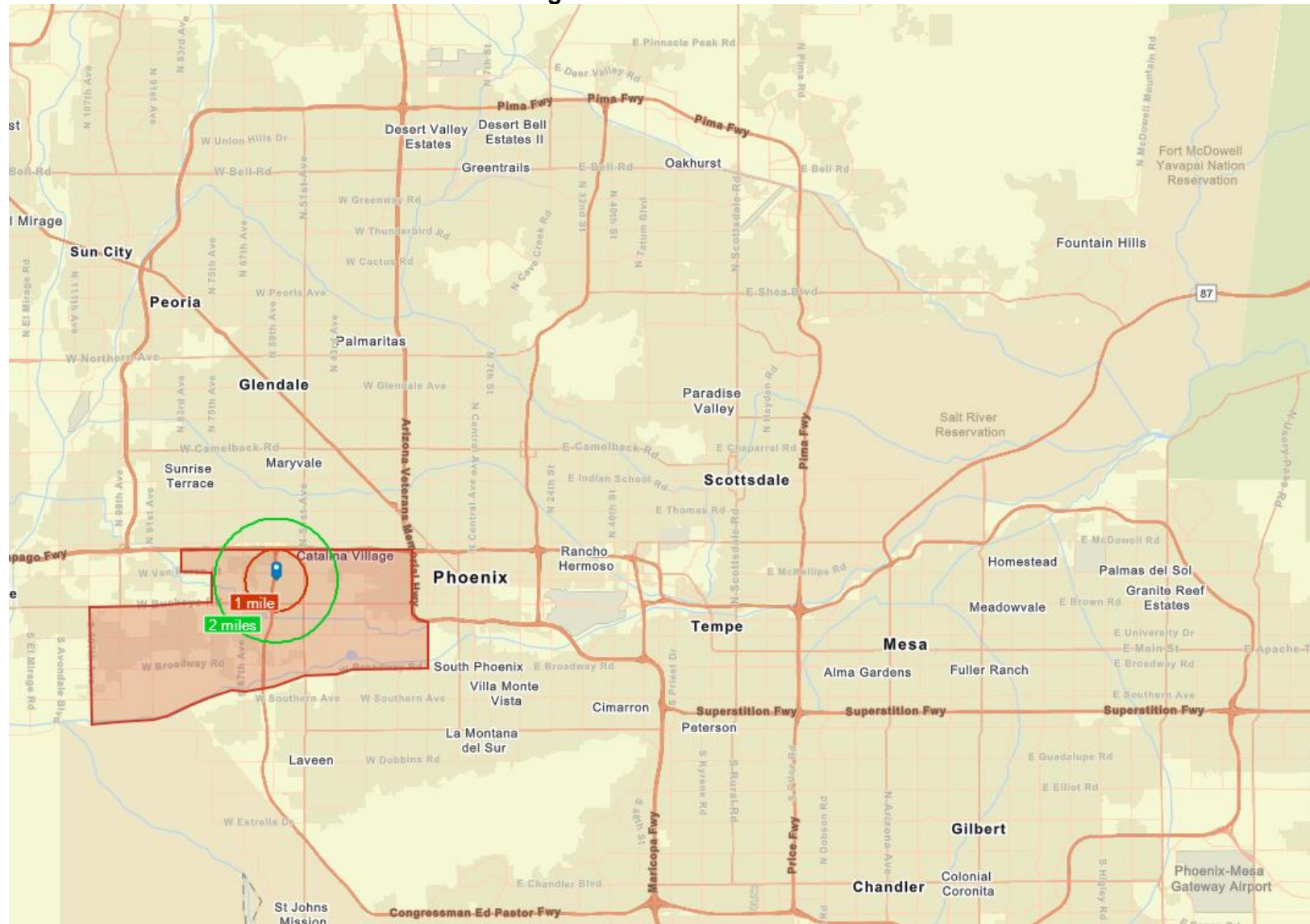
Acceptance of and/or use of this appraisal report by the client or any third party reader or user, constitutes acceptance of the above stated conditions as well as any other(s) stated in this report. The acceptance of this appraisal report also constitutes acceptance of responsibility for payment of the appraisal fee balance due and any costs incurred by the appraiser(s) in collection of same. Appraiser liability extends only to stated client, not subsequent parties or users; any additional appraiser liability is limited to the actual amount of fee received by said appraiser(s).

These Limiting Conditions and Assumptions are in conjunction with any form type page(s) of similar nature in the appraisal report package; further, the reader is advised that certain comments in the report may point out other specific assumptions and/or limiting conditions pertaining to this appraisal even though an attempt has been made to summarize all limiting conditions and assumptions herein; the client or designated user of the appraisal report should inspect the property and confirm factual information before a final decision is made concerning the subject.

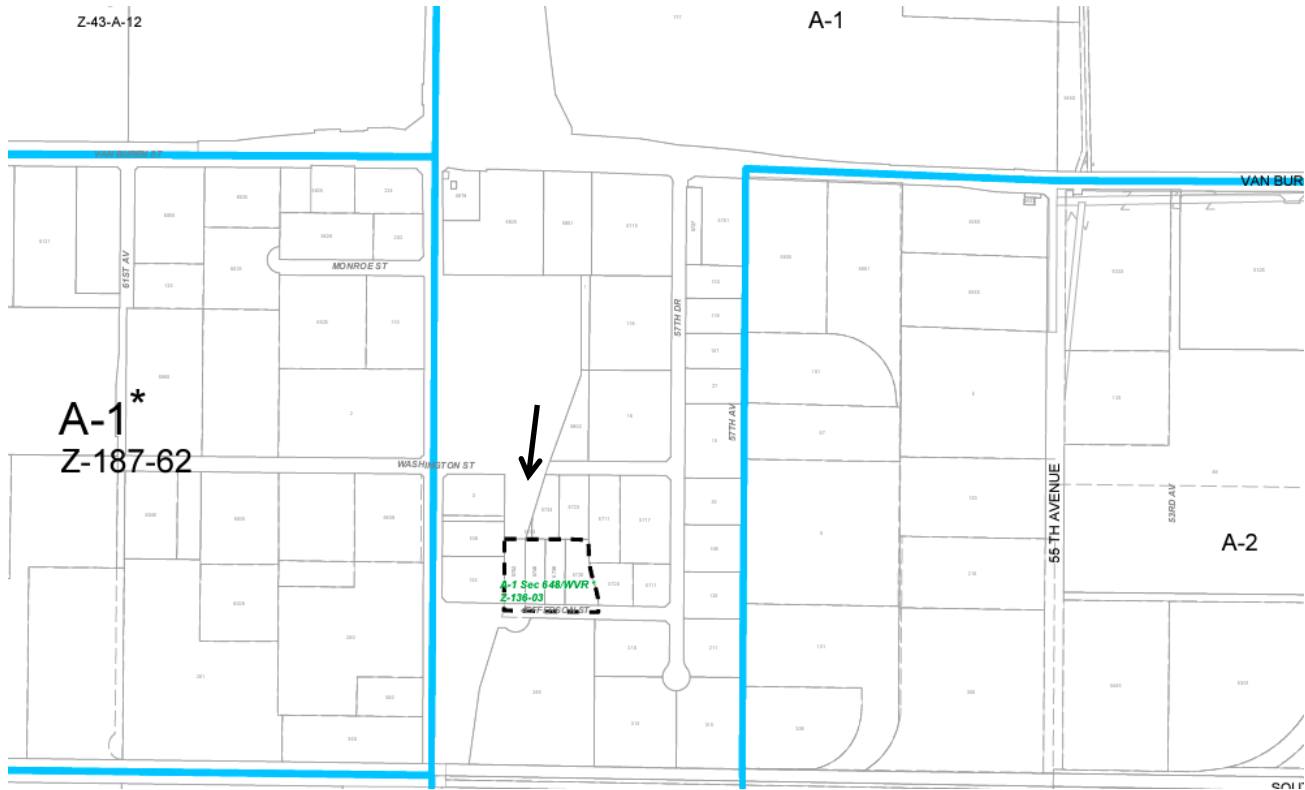
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SUBJECT EXHIBITS

Neighborhood/Market Area



Zoning Map

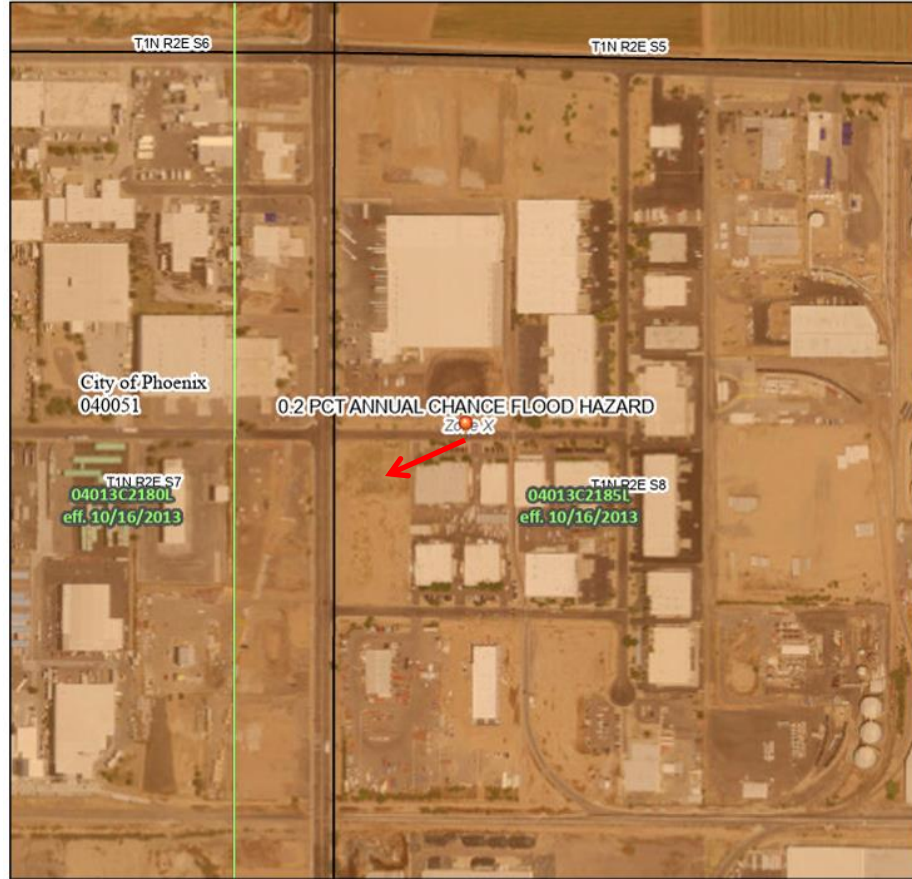


FLOOD ZONE MAP

National Flood Hazard Layer FIRMette



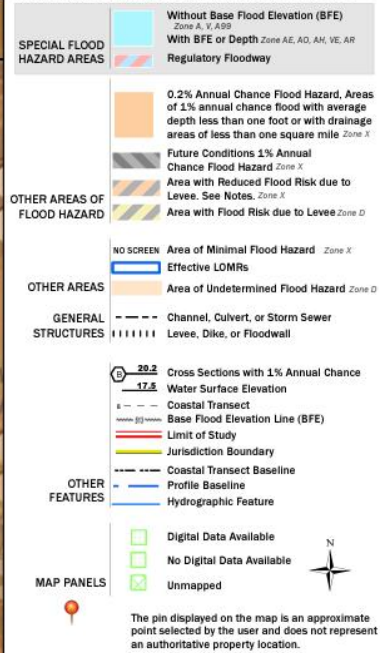
112°11'24"W 33°27'7"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000 112°10'47"W 33°26'37"N

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

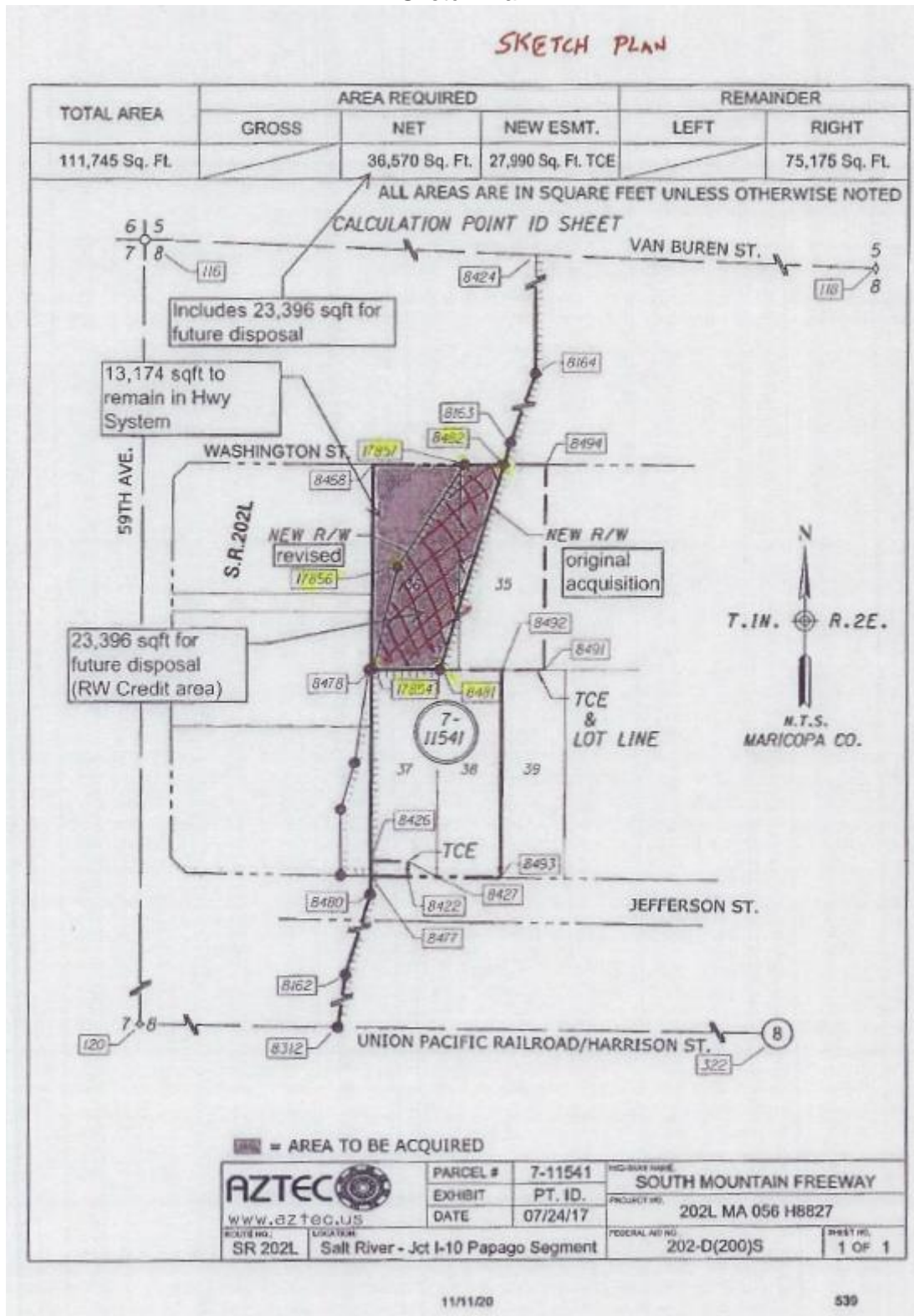


This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 5/22/2023 at 10:07 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

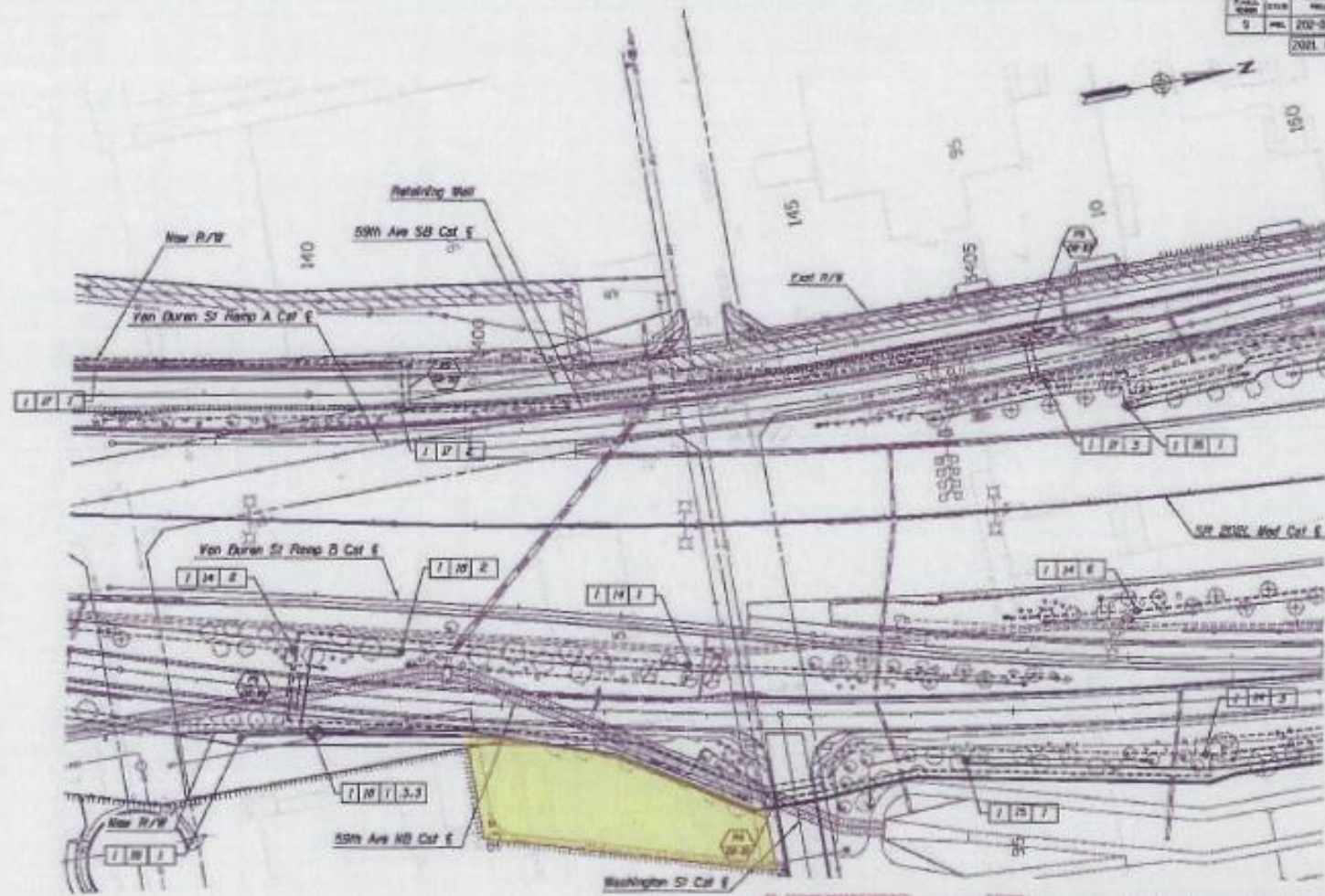
Sketch Plan



DrawSign Envelope ID: 8D5874F8-3048-454A-919C-11D827107B68

UNREVIEWED

FILE NO.	DATE	PROJECT NO.	SCALE	DATE	REVISION
202-3-02005	2002-07-05	202-3-02005	1"=100'	7/20/02	1ST REVISION
2002 MA 054					



Revisions on Sheet

NO.	DESCRIPTION OF REVISION	DATE	BY	CHKD.	APP'D.
1	FINAL	2002-07-05	CD	CD	CD
2	REVISED	2002-07-05	CD	CD	CD
3	REVISED	2002-07-05	CD	CD	CD
4	REVISED	2002-07-05	CD	CD	CD
5	REVISED	2002-07-05	CD	CD	CD
6	REVISED	2002-07-05	CD	CD	CD
7	REVISED	2002-07-05	CD	CD	CD
8	REVISED	2002-07-05	CD	CD	CD
9	REVISED	2002-07-05	CD	CD	CD
10	REVISED	2002-07-05	CD	CD	CD
11	REVISED	2002-07-05	CD	CD	CD
12	REVISED	2002-07-05	CD	CD	CD
13	REVISED	2002-07-05	CD	CD	CD
14	REVISED	2002-07-05	CD	CD	CD
15	REVISED	2002-07-05	CD	CD	CD
16	REVISED	2002-07-05	CD	CD	CD
17	REVISED	2002-07-05	CD	CD	CD
18	REVISED	2002-07-05	CD	CD	CD
19	REVISED	2002-07-05	CD	CD	CD
20	REVISED	2002-07-05	CD	CD	CD
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23	REVISED	2002-07-05	CD	CD	CD
24	REVISED	2002-07-05	CD	CD	CD
25	REVISED	2002-07-05	CD	CD	CD
26	REVISED	2002-07-05	CD	CD	CD
27	REVISED	2002-07-05	CD	CD	CD
28	REVISED	2002-07-05	CD	CD	CD
29	REVISED	2002-07-05	CD	CD	CD
30	REVISED	2002-07-05	CD	CD	CD
31	REVISED	2002-07-05	CD	CD	CD
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33	REVISED	2002-07-05	CD	CD	CD
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51	REVISED	2002-07-05	CD	CD	CD
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57	REVISED	2002-07-05	CD	CD	CD
58	REVISED	2002-07-05	CD	CD	CD
59	REVISED	2002-07-05	CD	CD	CD
60	REVISED	2002-07-05	CD	CD	CD
61	REVISED	2002-07-05	CD	CD	CD
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63	REVISED	2002-07-05	CD	CD	CD
64	REVISED	2002-07-05	CD	CD	CD
65	REVISED	2002-07-05	CD	CD	CD
66	REVISED	2002-07-05	CD	CD	CD
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68	REVISED	2002-07-05	CD	CD	CD
69	REVISED	2002-07-05	CD	CD	CD
70	REVISED	2002-07-05	CD	CD	CD
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72	REVISED	2002-07-05	CD	CD	CD
73	REVISED	2002-07-05	CD	CD	CD
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75	REVISED	2002-07-05	CD	CD	CD
76	REVISED	2002-07-05	CD	CD	CD
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85	REVISED	2002-07-05	CD	CD	CD
86	REVISED	2002-07-05	CD	CD	CD
87	REVISED	2002-07-05	CD	CD	CD
88	REVISED	2002-07-05	CD	CD	CD
89	REVISED	2002-07-05	CD	CD	CD
90	REVISED	2002-07-05	CD	CD	CD
91	REVISED	2002-07-05	CD	CD	CD
92	REVISED	2002-07-05	CD	CD	CD
93	REVISED	2002-07-05	CD	CD	CD
94	REVISED	2002-07-05	CD	CD	CD
95	REVISED	2002-07-05	CD	CD	CD
96	REVISED	2002-07-05	CD	CD	CD
97	REVISED	2002-07-05	CD	CD	CD
98	REVISED	2002-07-05	CD	CD	CD
99	REVISED	2002-07-05	CD	CD	CD
100	REVISED	2002-07-05	CD	CD	CD

UNREVIEWED



Disposal Title Report Documents

DocuSign Envelope ID: F0402926-738C-42BA-B4AD-C2AE951B74AA

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY DISPOSAL REPORT

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

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

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

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

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

LEGAL DESCRIPTION
SEE SCHEDULE A-1 ATTACHED

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

Date of Search: 10-25-2022	Examiner: Jim Gregg	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Maricopa	Tax Arb: N/A	Disposal: N/A
Tracs No.: 202L MA 000 H5439	Highway: SOUTH MOUNTAIN FREEWAY	Excess Land: L-C-156
Fed. No.: N/A	Section: Salt River-Jct I-10 Papago	Parcel No.: 7-11541

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**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the Northwest quarter of Section 8, Township 1 North, Range 2 East, as depicted on Exhibit "A" attached, Sheet P-10, of ADOT Drawing D-7-T-1014, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, Section Salt River-Jct I-10 Papago, Project 202L MA 000 H5439 01R / 7-11541.

END OF SCHEDULE A-1

- 2 -

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RIGHT OF WAY / VESTING

- 1.) Warranty Deed from Jewel Investment Company, LP, an Arizona limited partnership, who acquired title as Jewel Investment Company, an Arizona general partnership, to the State of Arizona, by and through its Department of Transportation, dated August 17, 2017, recorded August 18, 2017, in Document No. 2017-0609755.
[Project 202L MA 000 H5439, Parcel 7-11541]

END OF RIGHT OF WAY / VESTING

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REQUIREMENTS

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

NOTE: Repurchase rights do apply due to the signing of request for proper notification of possible re-purchase of excess land.

END OF REQUIREMENTS

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SCHEDULE B

1. Power Distribution Easement from the State of Arizona, by and through its Department of Transportation to Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona dated April 11, 2018, recorded April 12, 2018 in Document No. 2018-0277419.

NOTE: Thereafter Terms and Conditions contained in Subordination of SRP Power Distribution Easement, in connection with the relocation of a portion of an irrigation facility, by and between Salt River Project Agricultural Improvement and Power District and the United States of America, dated May 22, 2018, recorded May 22, 2018, in Document No. 2018-0391979.

END OF SCHEDULE B

CONSULTANT'S QUALIFICATIONS
PAUL D. HENDRICKS, MAI
4708 E. Scarlett, Tucson, AZ 85711
Voice & Fax (520) 325-6512
Email: PaulHendricksMAI@gmail.com
www.TucsonAzAppraisal.com

EDUCATION

Academic

Bachelor of Science in Business Administration, University of Arizona; Real Estate and Finance Major.

Valuation

Appraisal Courses and Examinations:

- Standards of Professional Practice; A, B
- Standards of Professional Practice, C
- Investment Analysis
- Highest and Best Use, and Market Analysis
- Valuation Analysis and Report Writing
- Case Studies in Real Estate Valuation
- Income Approach to Value and Capitalization
- Basic Principles, Methods 1A

Appraisal Seminars

- Appraisal Business Management
- Critical Building Inspections
- Fair Lending and the Appraiser
- Residential Real Estate Econometrics
- Commercial Appraisal; Lender Requirements

- Americans with Disabilities Act
- Due Diligence/Environmental Checklist
- Residential Appraisal Techniques
- FEMA Flood Hazard
- Arizona Appraisal Law
- Construction and Engineering Awareness
- Reviewing Appraisals
- Small Residential Income Property Appraisal
- Hazardous Materials
- Litigation Valuation
- Appraiser as Expert Witness
- Partial Interest Valuation; Undivided
- Land Valuation Assignments
- Residential & Commercial Solar Valuation
- Uniform Standards Appraisal Federal Land Acquisitions

EXPERIENCE

November 1995 - Present:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling, Tucson, Arizona

In November 1995, Mr. Hendricks again returned to his own firm which performs appraisal and consulting assignments primarily in Arizona; he also works as an independent contractor for other appraisal firms in the Tucson area. He continues to work as an independent contractor with Hendricks, Vella, Weber & Williams, a California corporation with assignments primarily in California.

1994-November 1995:

Senior Real Estate Analyst; The Dorchester Group, Scottsdale, Arizona.

In January 1994 Mr. Hendricks joined The Dorchester Group as a Senior Analyst. He has provided consulting and valuation services on several complex real estate issues and assignments for the firm which specialized in litigation support for its operations in Arizona and California.

1986-1993:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling; Tucson, Arizona.

During this time Mr. Hendricks performed real estate appraisals and consulting for his own firm as well as working as an independent contractor primarily for Swango Appraisal. Appraisal assignments included a wide variety of property types including industrial and retail, special use, apartment, motel, subdivision and land as well as residential properties and commercial appraisal reviews.

1979-1986:

Senior Real Estate Analyst, Swango Appraisal & Consultation; Tucson, Arizona.

Mr. Hendricks primarily performed a wide variety of appraisal assignments for residential and commercial properties.

PROPERTIES

Property experience encompasses virtually all types, including apartments, retail centers, industrial, offices, motels, special use properties and commercial appraisal reviews. Clients include private, corporate, institutional, and governmental entities.

COMPUTERS

Mr. Hendricks' experience includes development of specialized spreadsheets dealing with anticipated income streams from tenant leases, analysis of various leasehold positions and Discounted Cash Flow analyses and projections.

PROFESSIONAL AFFILIATIONS

- Member Appraisal Institute, MAI (Membership No. 7811)
- Certified General Real Estate Appraiser, State of Arizona (30197)
- President, Appraisal Institute, Tucson Chapter (1997)
- Vice President, Appraisal Institute, Tucson Chapter (1996)
- Secretary, Appraisal Institute, Tucson Chapter (1995)
- Treasurer, Appraisal Institute, Tucson Chapter (1994)
- Board of Directors, Appraisal Institute, Tucson, Arizona (1991-1993)

GEOGRAPHIC WORK/MARKET EXPERIENCE

Mr. Hendricks has completed real estate assignments and has market familiarity in Arizona, California and Nevada.

EXPERT WITNESS EXPERIENCE

Mr. Hendricks will always sign appraisal reports and be responsible for analysis of the appraisal problem, primary and secondary data research, selection and confirmation of comparable properties, inspection and all analysis as well as defense of conclusions.

Mr. Hendricks has been qualified as an expert witness in Superior Court in Arizona and has given depositions and testimony experience in bankruptcy proceedings, condemnation, and other litigation. He has performed analysis for condemnor and condemnee parties.

Prior 4 year experience:

7/23/21 Testimony (telephonic interview) Arizona Superior Court, Pima County, Hon Gary J. Cohen; for City of Tucson Danielle Constant, Esq. and Dina Aouad, assistant; for Defendant-Hector Ochoa.

11/9/20 Testimony (via go to meeting) in Arizona Superior Court, Judge-Daniele Viola. Staples V Watson Chevrolet; for plaintiff-Lesley Lukach, ESQ, Pima County Assessor, for Defendant-Jeremy Shorbe, ESQ. Stubbs & Schubart.

SPECIAL PROJECTS

In Tucson, Mr. Hendricks worked as an independent fee appraiser for the City of Tucson and Pima County in the condemnation, acquisition and negotiation of several large road projects including Country Club, Alvernon and Speedway Boulevard, Golf Links, Wetmore Road and La Cholla as well as condemnation for the acquisition of Central Arizona Project pumping station sites.

In Phoenix, Mr. Hendricks is an independent fee appraiser for the City of Phoenix with experience in appraisal of a variety of commercial property types for the Central Phoenix/East Valley Light Rail Project.

Mr. Hendricks is under contract with Arizona Department of Transportation and has experience in appraisal of a variety of commercial property types.

At The Dorchester Group, Mr. Hendricks has assisted in the analysis of the impact of the Exxon Valdez Oil Spill in Prince William Sound, Alaska on certain real estate holdings and litigation support for the U.S. Justice Department in relation to acquisition of and subsequent development of Lake Pleasant. Consulting assignments have analyzed market rental and effects in value from site contamination and soil subsidence.

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30197

This document is evidence that:

PAUL D. HENDRICKS

has complied with the provisions of

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

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

PAUL D. HENDRICKS

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**

Purchase Order



PURCHASE ORDER

PHOENIX, on 4/22/2023
CTR054970/ JW-23-012/ M697201X/ L-C-117A, L-C-156, L-C-159/ Appraisal due 60 days from
approval-PAUL HENDRICKS REAL ESTATE APPRAISAL AND CONSULTIN

SUPPLIER

PAUL HENDRICKS REAL ESTATE APPRAISAL
Attn: Mr. Paul Hendricks
Address: 4708 E Scarlett St
UNITED STATES
Tucson, 85711
Phone: 5203256512
E-mail: pdhend18@gmail.com

ORDER No. P00000542896

(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: 100% Upon Acceptance

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054970-2	642857-1	CTR054970/ JW-23-012/ M697201X/ L-C-117A, L-C-156, L-C-159/ Appraisal due 60 days from approval Commentaire : L-C-117A, L-C-156, L-C-159	1.0000	Total Cost	7,950.0000	7,950.00

Total before Tax 7,950.00 USD

Non-Taxable - 0 % 0.00 USD

Total after Tax 7,950.00 USD





PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item





PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

State of Arizona
PURCHASE ORDER TERMS AND CONDITIONS
Applied to APP Purchase Orders on or after 11/10/2022

1. **Modification.** No modification of the purchase order shall bind State of Arizona Buyer (Buyer) unless Buyer agrees to the modification in writing.
2. **Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to all legal requirements. Containers must be clearly marked with any required identifying information such as the lot number, destination address, and purchase order number.
3. **Title and Risk of Loss.** The title and risk of loss of the materials shall not pass to Buyer until Buyer physically receives the materials 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 materials and no payment will be made prior to receipt and acceptance of materials and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of materials or date of receipt of correct invoice (whichever is later) to date Buyer's warrant as 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 (A.R.S.), subject to the requirements and limitations of A.R.S. § 35-154. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the materials or services referred to in this Purchase Order; should Buyer's funding change, no legal liability on the part of the Buyer for any payment may arise under this Purchase Order until funds are made available for performance.
5. **Inspection.** All materials 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 similar expenses are the responsibility of the Seller.
6. **No Replacement of Defective Tender.** Every tender of materials 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. **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 the purpose of 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 canceled by Buyer pursuant to this provision, Buyer shall be entitled to recover or withhold from the Seller the amount of the gratuity, in addition to any other rights and remedies available under Arizona state law.
8. **Warranties.** Seller warrants that all materials and services delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawing 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 materials or services by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.





PURCHASE ORDER

9. E-Verify. In accordance with A.R.S. § 41-4401, Seller warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.

10. Assignment and 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 written permission of Buyer.

11. Third Party Antitrust Violations. Seller assigns to Buyer any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Seller toward fulfillment of this Purchase Order

12. Interpretation – 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 course of dealing or usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding. Whenever a term defined by the Uniform Commercial Code (U.C.C.) is used in the Purchase Order, the definition contained in the U.C.C. is to control.

13. Non-Discrimination. The Contractor shall comply with State Executive Orders No. 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

14. Indemnity. Seller agrees to indemnify and save 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 expense any legal action or suit against Buyer involving any such alleged patent infringement and will pay and satisfy any judgments rendered or settlements reached in any such legal actions or suits. Seller will indemnify Buyer against all claims for damages to persons or property resulting from defects in materials or workmanship

15. Liens. All delivered materials and services performed under this Purchase Order shall be free of all liens and if Buyer requests, a formal release of all liens shall be delivered to Buyer.

16. Contract Number. If an Arizona contract number appears on the face of this Purchase Order or the Purchase Order was placed against an existing Arizona contract, the terms of that contract are incorporated herein by this reference.

17. Taxes. Seller shall be responsible for paying any and all applicable taxes, including but not limited to state and local transaction privilege taxes.

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

19. Remedies and Applicable Law. This Purchase Order shall be governed by the law of the State of Arizona and suits pertaining to this Purchase Order may only be brought under Article 9 of the Arizona Procurement Code (A.R.S. §§ 41-2501 et seq., and the rules thereunder, A.A.C. R2-7-101 et seq.)

20. Books and Records. Under A.R.S. § 35-214 and § 35-215, the Seller shall retain all books, accounts, reports, files and other





PURCHASE ORDER

records relating to the Purchase Order for five years after completion of the Purchase Order. These books and records shall be available at all reasonable times for inspection and audit by the State at such state offices designated by the State.

21. State Law Certifications. If Seller is a Company as defined in A.R.S. § 35-393, Contractor Seller certifies that it shall comply with A.R.S. § 35-394, regarding use of forced labor of ethnic Uyghurs, as applicable. If this purchase order is over \$100,000, Seller further certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 et seq. and will refrain from any such boycott for the duration of this Purchase Order.

22. Arbitration. The Buyer and Seller agree to use arbitration as required by A.R.S. § 12-1518.

