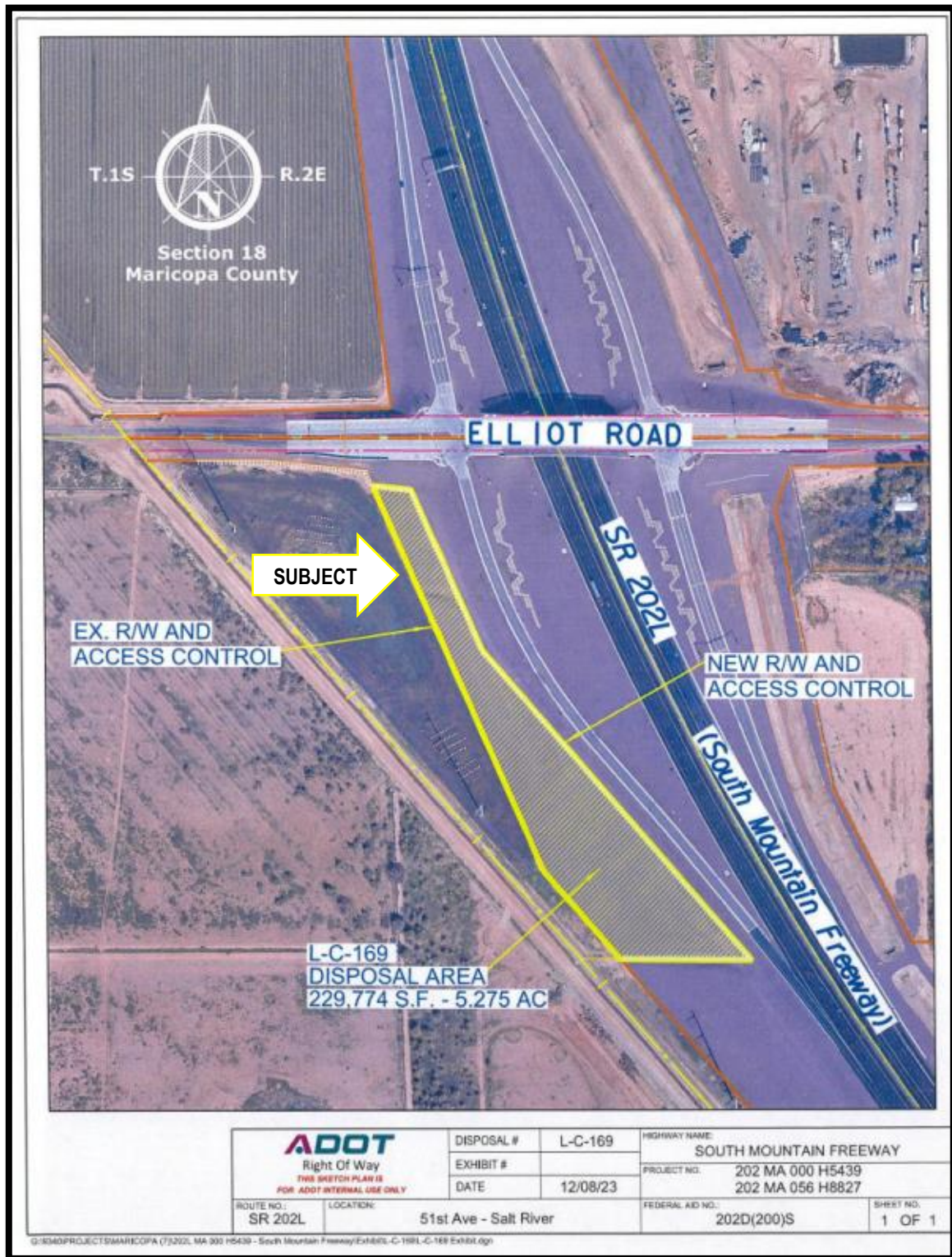


APPRAISAL COVER SHEET

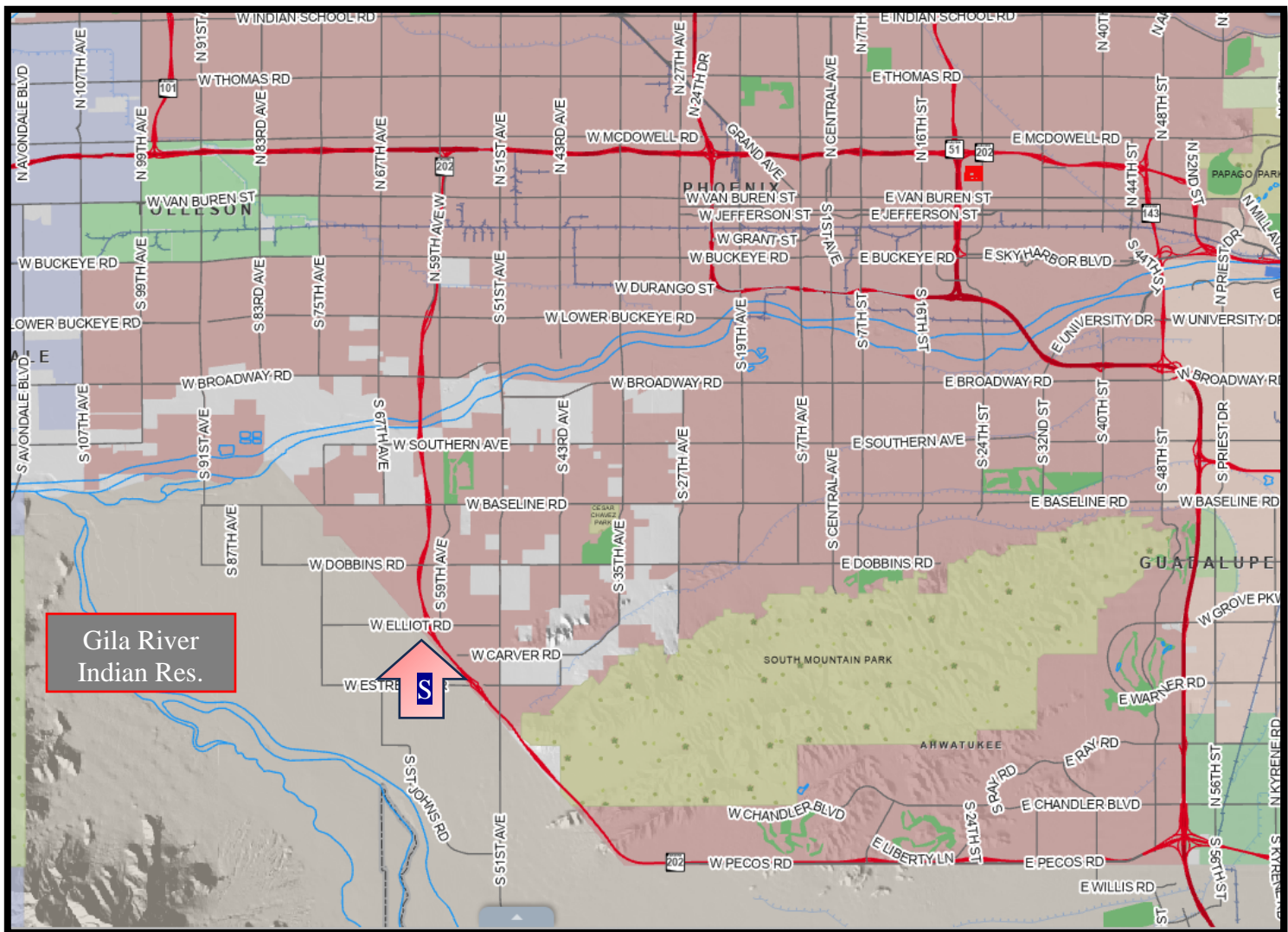
TYPE OF REPORT:	Appraisal for Market Value
ASSESSOR PARCEL NO.:	Portion of 300-03-016M
ADOT PARCEL NO.:	L-C-169
OWNER NAME:	State of Arizona Department of Transportation, ADOT.
NAME & LOCATION OF PROPERTY:	Vacant land consisting of approximately 5.27 acres or 229,774 square feet according to the client. The property is located southwest of the State Route 202 Interchange with Elliot Road. The property does not currently have a property address as the land is vacant.
PROJECT:	H882701R
HIGHWAY:	South Mountain Freeway
SECTION:	51 st Avenue – Salt River Segment
DATE OF APPRAISAL REPORT:	October 24, 2024
EFFECTIVE DATE OF VALUE:	September 2, 2024

STEVEN R. COLE, MAI, SRA, AI-GRS
*CERTIFIED GENERAL REAL
ESTATE APPRAISER #30130*

ADOT Exhibit - Aerial Photograph of the Subject Property ADOT Parcel L-C-169.



Boundary lines are an approximation



Grey background color is the Gila River Indian Reservation.



P.O. Box 16156
TUCSON, ARIZONA 85732
(520) 327-0000
FAX (520) 327-3974

October 24, 2024

Mr. Tim O'Connell
Arizona Department of Transportation
Right of Way Group, Appraisal Section Supervisor
205 S. 17th Avenue, Room 306
Mail Drop 612E Phoenix, AZ 85007

REF: Appraisal of the ADOT Parcel L-C-169 located southwest of State Route 202 and Elliot Road in the City of Phoenix, Maricopa County, Arizona.
Appraisers' File No.: 24-184-L

Mr. O'Connell,

At your request, I have provided my market value opinion for the subject property referenced above. The site is comprised of 229,774 square feet of vacant land adjacent to the S.R. 202 right of way. The subject property is a portion of Maricopa County Assessor's Parcel #300-03-016M.

Currently, the subject property does not have legal access that is physically possible. Additionally, the site has a dysfunctional shape which limits the options for standalone development. I believe the highest and best use of the property is for assemblage with the adjacent 8.07-acre property to the west, Maricopa Assessor's Parcel #300-03-16L. This parcel is also irregularly shaped with a narrow southern section. The two parcels complement each other into a far more functional 13.34-acre shape as shown below:

ADJACENT PARCEL



SUBJECT PARCEL



COMBINED PARCEL



This assemblage would increase the utility of both parcels, making a larger and more regularly shaped property with S.R. 202 visibility. This assemblage would result in a more valuable site compared to the individual sites combined. If the adjacent property owner were to purchase the subject property, that owner would not need to go through the lengthy and potentially costly process of obtaining legal and physical access. **Therefore, I believe that this adjacent purchaser can pay more for the subject compared to a standalone purchaser.** This parcel therefore is an excellent example of a property that benefits from plottage value. The definition of *Plottage Value* follows:

“The increment of value that often occurs when two or more sites are combined to produce greater utility, resulting in a higher productivity or income than could be obtained from the individual smaller sites.”¹

However, if this adjacent property owner is unwilling to collaborate in an assemblage, then the parcel’s highest and best use must consider the additional costs of acquiring physical and legal access. Because market value is not the value to one buyer, the estimated market value of the parcel must consider the costs of obtaining physical and legal access.

Obtaining access would involve purchasing an easement from the adjacent owner or filing for a Private Way of Necessity. This is a form of private condemnation. The cost and time associated with this process varies depending on whether or not the easement is contested. A significant deduction to the present value of the subject property assuming access is required due to the cost, time and trouble of obtaining this easement. This is discussed further in the report in the “Site Analysis” section under “Access.”

The subject’s location has limited development on the west side of S.R. 202 in this southern area of Phoenix metropolitan area. Much of the land to the west of the subject property is Gila River Indian community which cannot be sold and is unlikely to be developed soon. There are some industrial users showing interest west of S.R. 202. However, this is further north from the subject.

Given the previously mentioned issues with location, shape, and access, I believe that the subject property faces significant challenges in its current condition. In my search for comparable sales, I found no sales of properties with similar restrictions and none without access. There were a number of sales within reasonable proximity to the subject which are used for comparison. However, most of these sales had functional shapes, and all of the sales had physical and legal access. Thus, some sales have significantly higher prices per square foot than what I have estimated for the subject property. Several price adjustments were required to account for the subject property’s various problems. Overall, the comparability of the land sales data used in this appraisal is considered to be below average.

The purpose of this appraisal is to provide market value opinion for the subject parcel, as of September 2, 2024, the effective date of value, pursuant to Arizona Revised Statute 28-7091, as follows:

¹ *The Dictionary of Real Estate Appraisal – 7th Edition - 2022 Pg. 143*

“Market Value’ means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”²

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

This appraisal report is intended to comply with the Arizona Department of Transportation Appraisal Standards and Specifications. Further, this is an appraisal report that is intended to comply with the reporting requirements set forth in Standards rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation. The Sales Comparison Approach is utilized to support my market value opinion. Since this valuation is for land value only, the Cost and Income Approaches are omitted.

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

Based upon the data, analyses, opinion and conclusions contained in this report, my market value opinion, as of September 2, 2024, is as follows:

“AS IS” MARKET VALUE OPINION

FOR THE SUBJECT 5.27 ACRES\$490,000
\$2.13 per sq. ft.

The value opinion provided herein is subject to the following Extraordinary Assumptions and Limiting Conditions, and appraiser certifications.

Extraordinary Assumption:

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

*“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.*³

This appraisal report is based on the following extraordinary assumptions:

² Arizona Revised Statute 28-7091

³ *Uniform Standards of Professional Appraisal Practice, 2024 Ed.*, Appraisal Foundation

- 1) *No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the disposal parcel.*
- 2) *No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the disposal parcel.*
- 3) *The disposal parcel was inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption in this appraisal that there are no known environmental risks or hazardous conditions on the disposal parcel.*
- 4) *This appraisal assumes that legal access could be secured to the subject through the adjacent property by a Private Way of Necessity or other legal means.*

Hypothetical Condition:

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

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”⁴

There are no hypothetical conditions that apply to this appraisal. ***The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.***

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

Respectfully submitted,



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

⁴ *Uniform Standards of Professional Appraisal Practice, 2024 Ed., Appraisal Foundation*

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ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

When possible, the Appraisers has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraisers have relied upon their own measurements of the subject improvements. However, there are some factors that may limit our ability to obtain accurate measurements. Professional building area measurements are beyond the scope of this appraisal assignment.

In estimating the opinion of value of the subject property and in analyzing comparable information, the Appraisers have relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. To the extent that these plans may change, the value opinions of this report may also change.

The dates of value to which the opinions expressed in this report apply are set forth in this report. The Appraisers assumes no responsibility for the economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors. These forecasts are, therefore, subject to changes with future conditions.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraisers assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraisers assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraisers assumes, and the clients warrant, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraisers are not qualified to detect such substances. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The clients are urged to retain an expert in this field, if desired.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by us. We have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraisers assumes, and the clients warrant, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. The clients are urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraisers and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be attributed to the Appraisers.

Disclosures of the contents of the report by the Appraisers are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a

workmanlike manner and consistent with the specifications presented to the Appraisers.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants. They should not be judged on whether specific items in the forecasts are realized. The Appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is likely that some assumptions will not materialize and that unanticipated events may occur that will affect actual performance.

The appraisers has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from Southwest Appraisal Associates' President.

This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the clients or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Southwest Appraisal Associates. We claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. We assume such data is accurate and such systems functional unless otherwise noted in the appraisal.

This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

This appraisal is not intended to be used in connection with a real estate syndicate or syndicates. A real estate syndicate is a general or limited partnership, joint venture, unincorporated association or other organization formed for the purpose of an investment from an interest in real property. It includes, but is not limited to a sale, exchange, trade or

development of such real property. It may or may not be registered with the United States Securities and Exchange Commission or a state regulatory agency which regulates public offerings.

This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights, (mineral, gas, and oil), were not considered in this appraisal unless specifically stated to the contrary.

If any claim is filed against Southwest Appraisal Associates, its officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, only for direct compensatory damages, (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Southwest Appraisal Associates to provide this report.

All disputes shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

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

Extraordinary Assumption:

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

*“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.*⁵

This appraisal report is based on the following extraordinary assumptions:

- 1) No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the disposal parcel.*
- 2) No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the disposal parcel.*
- 3) The disposal parcel was inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption in this appraisal that there are no known environmental risks or hazardous conditions on the disposal parcel.*
- 4) This appraisal assumes that legal access could be secured to the subject through the adjacent property by a Private Way of Necessity or other legal means.*

⁵ *Uniform Standards of Professional Appraisal Practice, 2024 Ed., Appraisal Foundation*

Hypothetical Condition:

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

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”⁶

This appraisal report is based on the following hypothetical conditions:

There are no hypothetical conditions that apply to this appraisal.

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

⁶ Uniform Standards of Professional Appraisal Practice, 2020-2023 Ed., Appraisal Foundation

SUBJECT PROPERTY PHOTOS

Photo 1: View of northern section of subject property facing south.



Photo 2: Northern section of property facing southwest from S.R. 202 southbound onramp.



Photo 3: Middle section of subject property facing southwest from S.R. 202 southbound onramp



Photo 4: Subject's northern strip facing south from northern boundary.



Photo 5: Elliot road facing east, standing north of adjacent parcel #300-03-16L



Photo 6: Utility road and irrigation canal facing south
– west of adjacent parcel #300-03-16L



Photo 7: Elliot Road facing west.



Photo 8: Current driveway to access subject within ADOT right of way. Not suitable access.



Photo 9: Subject northern section facing northeast towards Elliot Road & S.R. 202 interchange.



Photo 10: Adjacent parcel beyond fence line – facing northwest.



Photo 11: Subject's flat southern section facing southwest.



Photo 12: Entrance to S.R. 202 southbound from Elliot Road interchange.



EXECUTIVE SUMMARY

Property Location:	The property is located southwest of the State Route 202 Interchange with Elliot Road. The property does not currently have a property address as the land is vacant.
Assessor's Parcel Number:	Portion of 300-03-016M
Property Type:	Vacant Land
Effective Date of Value:	September 2, 2024, the date of the property inspection.
Purpose of the Appraisal:	Provide "As Is" Market Value opinion for the subject property.
Intended Use:	The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the potential sale of the subject property.
Intended Users:	The intended users of the appraisal includes the officials and agents of the Arizona Department of Transportation and the officials and agents of the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.
Interest Appraised:	Fee Simple Interest.
Site Size:	According to ADOT, the subject property consists of 5.27 acres or 229,774 square feet.
Hazardous Substances:	None known.
Flood Insurance Zones:	The subject property is located Zone X Shaded. A moderate flood risk zone with an average depth of less than one foot with drainage areas less than one square mile.
Zoning:	Zoned S-1, Suburban Ranch and C-2 Planned Community District (PCD) – Maricopa County.
Highest & Best Use:	Secondary Commercial with possibility of assemblage.
<i>As Is" Market Value Opinion:</i>	<i>\$490,000</i>
Exposure Time:	Exposure time is estimated at 8-12 months if priced appropriately.

THE APPRAISAL PROCESS

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

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

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

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

PROPERTY IDENTIFICATION

The property is located southwest of the State Route 202 Interchange with Elliot Road in the Laveen Village of the southwestern part of the City of Phoenix, Arizona. The property does not currently have a property address as the land is vacant. It is currently a part of Maricopa County Assessor's Parcel #300-03-016M. At present, the property has not been re-platted. A full legal description for the subject property is provided in the Addenda of this appraisal.

A brief legal description for the subject is as follows:

A portion of Lot 1 and Lot 2 of Section 18, Township 1 South, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.



SUBJECT PROPERTY AERIAL - BOUNDARY LINES ARE NOT EXACT

PURPOSE OF THE APPRAISAL

<i>Purpose of the Appraisal:</i>	The purpose of the appraisal is to provide “as is” market value opinions of the fee simple estate.
<i>Intended User of the Appraisal:</i>	The intended users of the appraisal includes the officials and agents of the Arizona Department of Transportation and the officials and agents of the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.
<i>Intended Use of the Appraisal:</i>	The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the potential sale of the subject property.
<i>Date of Value Opinion:</i>	The effective date of the value opinion is September 2, 2024, the date of the property inspection.
<i>Date of the Appraisal Report:</i>	The date of the appraisal report is October 24, 2024.

DEFINITIONS

Appraisal:

“(noun) The act or process of developing an opinion of value; an opinion of value. (adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.”⁷

Appraiser:

“One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.”⁸

Contiguity:

“The quality or state of being contiguous.”⁹

Economic Unit:

⁷ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2018-2019.

⁸ Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, pg. 10

⁹ Merriam-Webster On-Line Dictionary, 2010.

-
1. *"A portion of a larger (parent) parcel, vacant or improved, that can be described and valued as a separate and independent parcel. Physical characteristics such as location, access, size, shape, existing improvements, and current use are considered when identifying an economic unit. The economic unit should reflect marketability characteristics similar to other properties in the market area. In appraisal, the identification of economic units is essential in highest and best use analysis of a property."*
 2. *"A combination of parcels in which land and improvements are used for mutual economic benefit. An economic unit may comprise properties that are neither contiguous nor owned by the same owner. However, they must be managed and operated on a unitary basis and each parcel must make a positive economic contribution to the operation of the unit."*¹⁰

Exposure Time:

*"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."*¹¹

Fee Simple Estate:

The Fee Simple Estate is the interested to be appraised for the subject within this report.

*"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."*¹²

Larger Parcel:

*"In governmental land acquisitions and in valuation of charitable donations of partial interest in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, and unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use."*¹³

Market Value:

"'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in

¹⁰ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 72-73

¹¹ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2016-2017.

¹² Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 90

¹³ Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, pg. 105

*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."*¹⁴

OWNERSHIP HISTORY

The subject property is owned by the State of Arizona. Title to the property is established by Warranty Deed 2011-0358404, recorded on April 28, 2011. The following ownership information was provided by an ADOT Right of Way report.

RIGHT OF WAY / VESTING

- 1.) Special Warranty Deed from Jerome LaSalvia, a.k.a. Anthony Jerome LaSalvia and Peggy M. LaSalvia, husband and wife to the State of Arizona, Department of Transportation, dated April 8, 2011, recorded April 28, 2011, in Document No. 2011-0358404.
[Project 202L MA 000 H5439 / 202L MA 056 H8827 / Parcel 7-11182]

SCOPE OF WORK

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

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP) 2024, the scope of work for the appraisal includes, but is not limited to, the following:

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

Research included the examination of sales and listing data published by CoStar COMPS of Arizona, Multiple Listing Service of Southern Arizona (MLSSAZ), Maricopa County public records, and interviews with real estate participants and brokers. Based on my conclusions of Highest and Best Use, vacant land property sales with similar uses were selected.

¹⁴ Arizona Revised Statute 28-7091

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

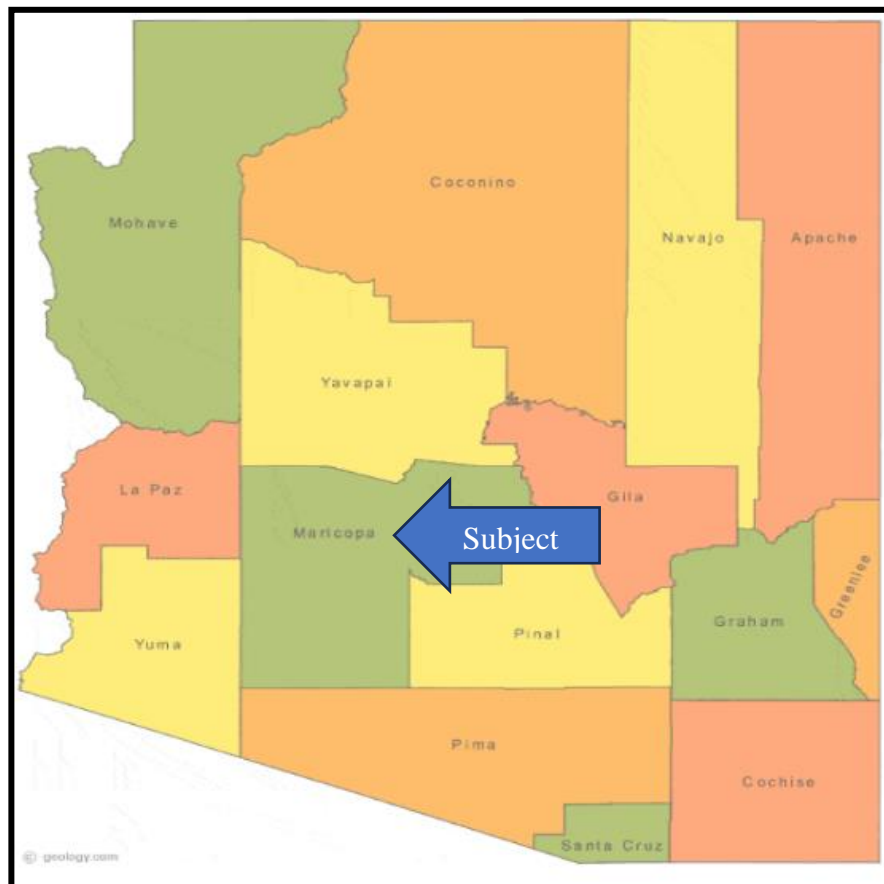
Limitation in Scope:

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

REGIONAL ANALYSIS

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

ARIZONA COUNTY MAP



OVERVIEW – MARICOPA COUNTY

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

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

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

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

Population – Maricopa County

The most recently published population for Maricopa County is detailed in the following table. The County has had positive population growth for the past ten years. The most recently published population is 4,665,020. The ten-year population growth was 16.5%.

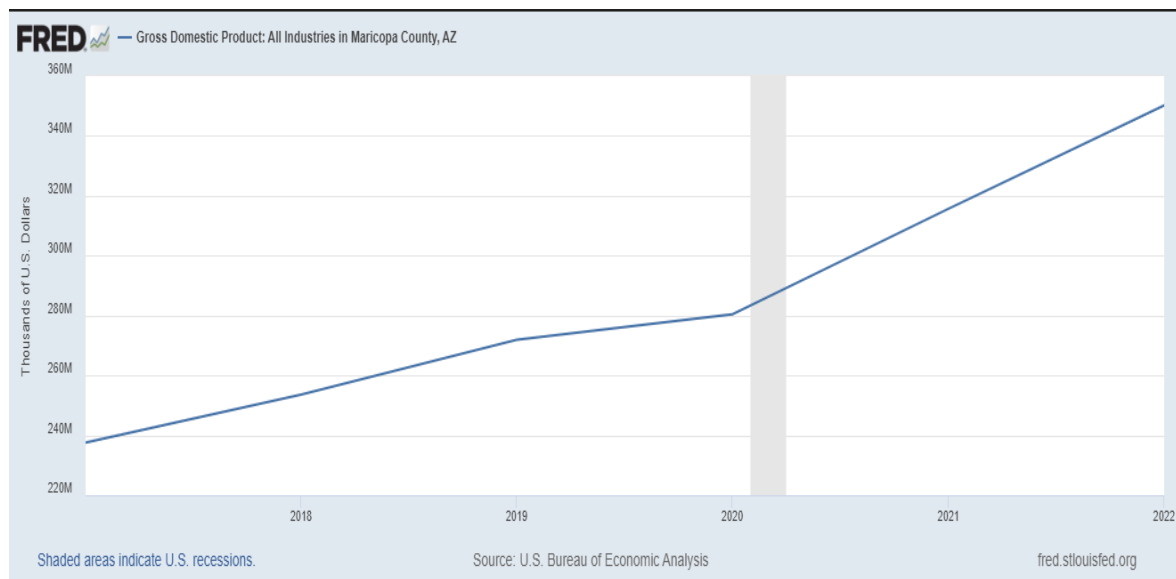
Population Maricopa County			
Year	Total Population	Numerical Increase	Percent Increase
2014	4,004,060	Not. Applc.	Not. Applc.
2015	4,076,400	72,340	1.81%
2016	4,154,976	78,576	1.93%
2017	4,221,203	66,227	1.59%
2018	4,293,823	72,620	1.72%
2019	4,366,987	73,164	1.70%
2020	4,436,704	69,717	1.60%
2021	4,507,419	70,715	1.59%
2022	4,586,431	79,012	1.75%
2023	4,665,020	78,589	1.71%

Note: All estimates are as of July.

Source: <https://oeo.az.gov/population/estimates>

Gross Domestic Product – Maricopa County

The primary measure of an area's economic activity is Gross Domestic Product (GDP). GDP figures for the Phoenix Metropolitan Statistical Area, (MSA), are provided in the following chart for the most recently published five-year timeframe. The figures are in current dollars. Over the last 5-year period, GDP has experienced steady growth. As of 2022, Maricopa County's GDP was \$350,168,218. A 47.4% increase over the 5-year period.



Employment and Unemployment – Maricopa County

Total employment and unemployment rates for Maricopa County are provided in the following tables for the period from 2020 through 2024. Please note that all statistics are as of January. Employment in the Phoenix MSA has experienced steady growth over the last 5-year period, with the exception of 2021. The decline in 2021 is attributed to the Covid-19 Pandemic. As represented in the following chart, total employment has fully recovered and grown to record numbers since the pandemic.

Employment Maricopa County			
<u>Year</u>	<u>Total Employment</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
2020	2,356,155	N/A	N/A
2021	2,342,777	(13,378)	-0.57%
2022	2,454,617	111,840	4.77%
2023	2,545,556	202,779	8.66%
2024	2,682,600	227,983	9.29%

Note: All figures are as of January.

Source: U.S. Bureau of Labor Statistics.

Unemployment as of January 2024 was 3.4%, which is below the pre-Covid pandemic years. Unemployment has been steadily trending downward after a rise during the height of the pandemic in 2021. The following chart represents unemployment rates over the last 5-year period.

Unemployment Rates Maricopaa County	
<u>Year</u>	<u>Unemployment Rate</u>
2020	4.2%
2021	6.2%
2022	3.4%
2023	2.9%
2024	3.4%

Note: All figures are as of January

Source: U.S. Bureau of Labor Statistics.

Largest Employers – Phoenix MSA

The 20 largest employers for The Phoenix MSA, as reported by Moody’s are noted in the table on the following page. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area. Job sector composition also gives an indication of the predominant drivers of current and future demand

for supporting commercial real estate sectors. The top five largest private sector employers are Banner Health, Walmart Inc., Fry's Food Stores, Wells Fargo, and Arizona State University.

Selected Major Employers: Phoenix MSA

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

Source: Moody's Analytics Precis@ US Metro

Phoenix MSA's core white-collar drivers are primed for solid growth in the near and medium term. Finance employment reversed course in the second quarter, regaining some momentum following a decline for the majority of last year. Credit intermediation accounts for the bulk of Phoenix MSA's finance employment, and its share of total jobs is nearly three times the national average. This sector will benefit from a rising interest rate environment as well as historically solid credit quality and credit growth, which will enable banks and credit card issuers to expand. Additionally, moderate business and living costs, a high quality of life, a strong labor pool, and a business-friendly climate will make Phoenix MSA a hub for expansions and relocations of back-office banking and insurance roles. Tech will offer additional support as many firms are opting to expand in the metro area given its cost advantage over other tech hubs through California.

Strong global demand for semiconductors will keep manufacturing on a growth trend. The industry is becoming increasingly important in the metro area, with job growth outpacing the overall labor market since 2016. The local semiconductor industry, Phoenix MSA's specialization, will benefit from solid demand and rising prices for chips used in

automobiles and electronic devices. Phoenix MSA's reasonable costs, large labor pool, and abundance of available land are already enabling it to attract a vast amount of factory investment. Semiconductor producers Intel and Taiwan Semiconductor as well as battery cell maker KORE Power are the latest firms to choose Phoenix MSA. KORE Power and Intel are in the process of expansion, which will result in the addition of a few thousand workers over the next few years. This will provide a generous tailwind to the rapidly growing industry.

Strong demographic tailwinds and robust income growth driven by expansion of high-paying industries will allow consumer industries to press ahead. Phoenix MSA's population will expand at three times the national pace in the coming years, while the addition of good-paying finance, tech and manufacturing jobs will allow incomes to grow faster than regionally and nationally. More residents will increase foot traffic at restaurants, stores and bars and boost demand for medical services, driving strong job growth in leisure/hospitality, retail and healthcare.

Transportation – Phoenix MSA

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

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

OVERVIEW – PHOENIX

With an outstanding quality of life, affordability and steady growth in job opportunities, more than 1.63 million people call Phoenix home. Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. As the fifth largest city in the country, Phoenix is emerging in a new economy with strengths in high technology, manufacturing, bioscience research and advanced business services. As a top market for skilled and available workforce, companies are growing in Phoenix because it is not only a thriving business environment, but a great place to live.

Principal Economic Activities

Phoenix remains one of the nation's better-performing markets for employment growth recording more than 56,000 job additions in the trailing 12-month period ending April 2023. The labor market now has 151,700 more jobs than before the pandemic, the fourth-highest gain in the nation. The local economy was highly resilient during the pandemic, thanks to a diversified employment base across a broad range of industries. Metro Phoenix lost about a quarter million positions in March and April 2020 but by July 2021, Phoenix fully regained those losses, which was nearly a full year ahead of the U.S. This marks a stark contrast to its protracted recovery from the global financial crisis, when Phoenix didn't recoup its job losses until well after the broader nation did.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley of the Sun remain strong. Affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The adoption of remote work has given more people mobility and has enticed residents in California or East Coast markets to relocate. Population growth, a diversifying economy, relative affordability, and business friendly regulation have strengthened the Phoenix value proposition. These characteristics attracted an average of 69 people to the Phoenix metro each day in 2023 and made Maricopa County one of the fastest-growing counties in the country.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 140,000 students in fall 2022, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 57,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula.

Businesses are selecting Phoenix to expand because of the extensive labor pool and favorable regulatory treatment. Numerous employers have announced expansions and relocations since the pandemic. Taiwan Semiconductor Manufacturing Company (TSMC) made national headlines when it confirmed plans to build a second fabrication plant in north Phoenix. The move increases the firm's investment from \$12 billion to \$40 billion, creating 10,000 high-tech jobs. Preliminary estimates from city economic development officials indicate the investment by TSMC could bring up to 45 additional businesses to the Valley

that support and supply the plant. Additionally, Intel is underway on a \$20 billion expansion at its Chandler campus where the semiconductor giant is building two new fabs alongside its four existing ones. Amazon recently opened several last-mile and fulfillment sites throughout the metro and leased a 95,000-SF office in Tempe, which will generate thousands of new jobs. Other companies that have added hundreds of new jobs over the past few years include Allstate, Deloitte, Choice Hotels, Mayo Clinic, Wells Fargo, Farmers Insurance, and USAA. Microsoft, Google, and Apple have invested in data centers throughout the metro. While labor is the primary driver behind the market's business attraction success, relative affordability and a more accommodating regulatory environment help tip the scale in favor of Phoenix when companies make their site selection decision.

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

Population-City of Phoenix

Population information for the City of Phoenix is provided in the following table for the past 10 years. The City of Phoenix has the largest population in Maricopa County followed by the City of Mesa. Phoenix's current population is 1,682,053. The 10-year population growth totals 12.2%, or about 1.2% per year.

Population City of Phoenix			
Year	Total Population	Numerical Increase	Percent Increase
2014	1,499,510	N/A	N/A
2015	1,520,158	20,648	1.38%
2016	1,542,212	22,054	1.45%
2017	1,558,912	16,700	1.08%
2018	1,576,598	17,686	1.13%
2019	1,595,630	19,032	1.21%
2020	1,611,162	15,532	0.97%
2021	1,630,195	19,033	1.18%
2022	1,657,035	26,840	1.65%
2023	1,682,053	25,018	1.51%

Source: Arizona Commerce Authority
www.azcommerce.com/oeo/population-estimates

Transportation – Phoenix MSA

Phoenix is well served by all major modes of transportation. Phoenix Sky Harbor International Airport is Arizona's largest and busiest airport, and among the largest commercial airports in the United States. According to the FAA, in 2022, Phoenix Sky Harbor was the 12th-busiest airport in the U.S. with 21,852,586 enplanements. The airport serves as a hub for American Airlines and a base for Southwest Airlines

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

CONCLUSION – REGIONAL IMPACT ON VALUE

The Phoenix MSA remains one of the nation's best-performing markets for job growth. The local economy has been one of the most resilient in the U.S. during the pandemic, thanks to a diversified job market. Affordability and job prospects are attracting people living in dense and expensive cities to the Phoenix MSA. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of the Phoenix MSA when companies make their site selection decision. Longer term, the Phoenix metro area will outperform the U.S. thanks to lower living costs, solid population gains and the continued diversification of industry.

In addition to housing, the area includes a few commercial developments including the planned Elliot 202 mixed-use development which includes 65.85 acres at the corner of 59th Avenue and Elliot Road. This area benefits from State Route 202. This roadway serves as an important transportation route linking commuters and freight traffic to different parts

of the Phoenix metropolitan area. The combination of residential, industrial, and transportation infrastructure reflects the growth in Laveen.

Access

Primary access to the subject neighborhood is provided by State Route 202, (SR 202), also known as Loop 202 or the South Mountain Freeway, which serves as a roadway circling the eastern and southern areas of the Phoenix metropolitan area. Elliot Road, an east-west arterial thoroughfare, intersects with SR 202 and provides additional access to the surrounding areas.

Elliot Road is a two lane, asphalt paved road that provides access to various residential neighborhoods and commercial districts in the area. It begins in southern Phoenix and extends eastward through multiple cities, serving as a principal arterial from Interstate 10.

To the north of the subject property are more developed residential and industrial areas and Interstate 10. The proximity to these major highways contributes to the area's connectivity and economic development potential.

Demographics

2024 Demographics: <i>Source: STDBOnline</i>	1-Mile Radius	3-Mile Radius	5-mile Radius
2024 Summary			
Population	3,079	38,344	88,623
Households	743	10,725	24,477
Families	612	8,826	20,015
Average Household Size	4.14	3.57	3.62
Owner Occupied Housing Units	658	8,743	19,577
Renter Occupied Housing Units	85	1,982	4,900
Median Age	38.3	33.2	32.1
Median Household Income	\$113,048	\$107,778	\$96,119
Average Household Income	\$133,790	\$131,887	\$117,220

Conclusion:

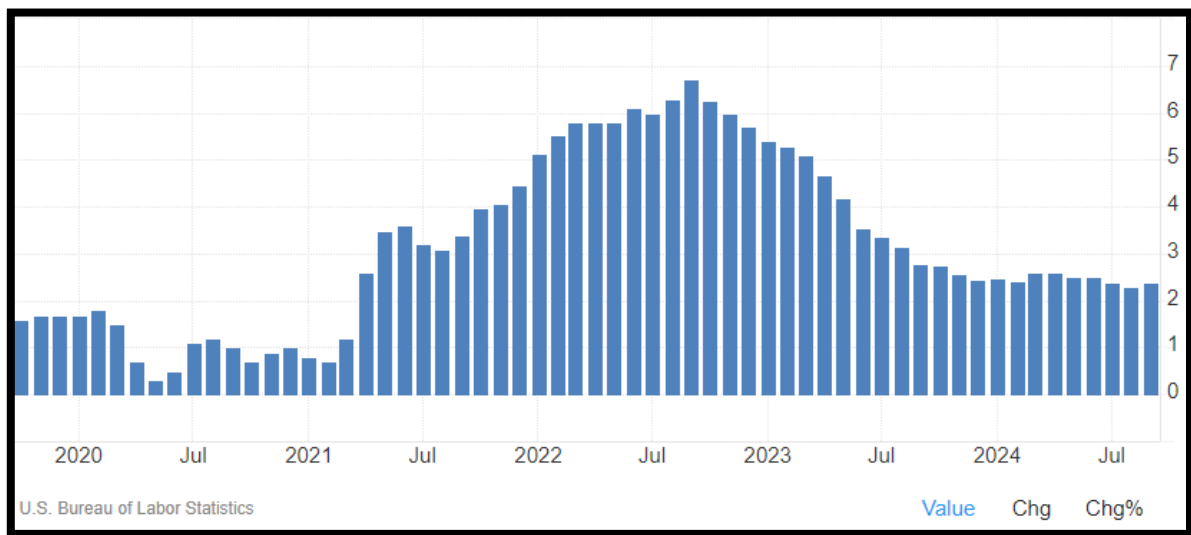
There is some residential development near the subject, east of S.R. 202. However, there is minimal development on the west side of the highway in the subject's immediate area. Despite the benefit of residential development nearby, the area still has vacant land to support development of residential, industrial or commercial uses. The area is in a growth phase leaving behind its rural past for a more urban future.

MARKET ANALYSIS

“Market analysis is a study of the supply of and demand for a specific type of property in a specific market area.”¹⁵

National Economy:

According to the U.S. Bureau of Labor Statistics, the inflation rate was around 2% from 2019 through 2021. In 2022 core inflation peaked at over 6.7% in June 2022. Since then, inflation has declined and is presently to 2.4% as of September 2024. This remains above the Federal Reserve’s target of 2%. The following chart represents inflation in the United States over the last 3 years according to the U.S. Bureau of Labor Statistics.



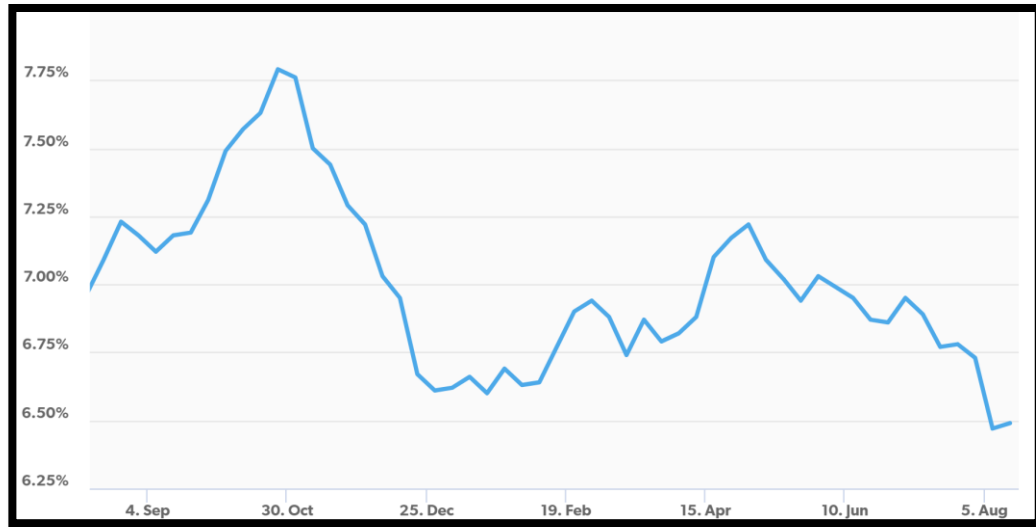
<https://tradingeconomics.com/united-states/core-inflation-rate>

Conventional Long Term Mortgage Data:

According to the “Primary Mortgage Market Survey” compiled by Freddie Mac, the most recent interest rate for a 30-year fixed rate mortgage is 6.49% as of August 2024. Mortgage interest rates are up from the all-time low of 2.65% in January, 2021. In the beginning of 2022, the 30-year mortgage interest rates began a steep climb to almost 8% by late 2023. Since then, the 30-year mortgage interest rate has declined to the previously reported 6.82%. The outlook for 2024 is for continued declines in mortgage interest rates according to Freddie Mac’s Chief Economist, Sam Khater, although those rate cuts have yet to materialize.

¹⁵ *The Appraisal of Real Estate, 15th Edition*, Appraisal Institute, P 273

The following chart shows the fixed mortgage interest rates for a 30-year loan over the last 3-year period.

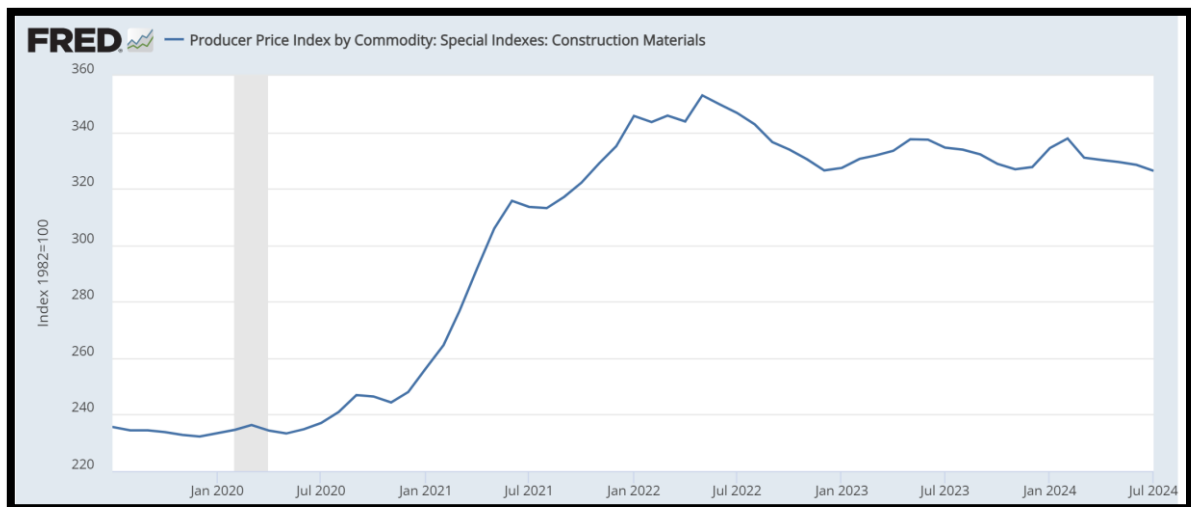


SOURCE: <https://www.freddiemac.com/pmms>

Cost of Construction:

In July 2020, Construction Materials Pricing index was 237, (1982=100). The index increased dramatically to 353.02 in May 2022, an increase of 49% in less than 2 years. Even though construction material costs have declined modestly by 8.2% since that time to 324.1, these costs remain well above the previous 10-year average.

The following chart represents the previous 5-year period of construction costs according to the St. Louis Federal Reserve follows.

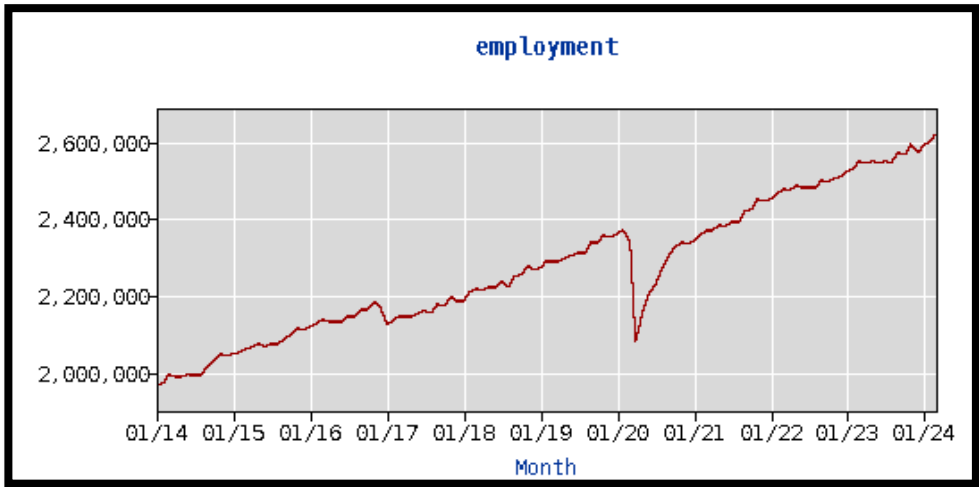


SOURCE: <https://fred.stlouisfed.org/series/WPUSI012011>

PHOENIX MSA STATISTICS

Employment

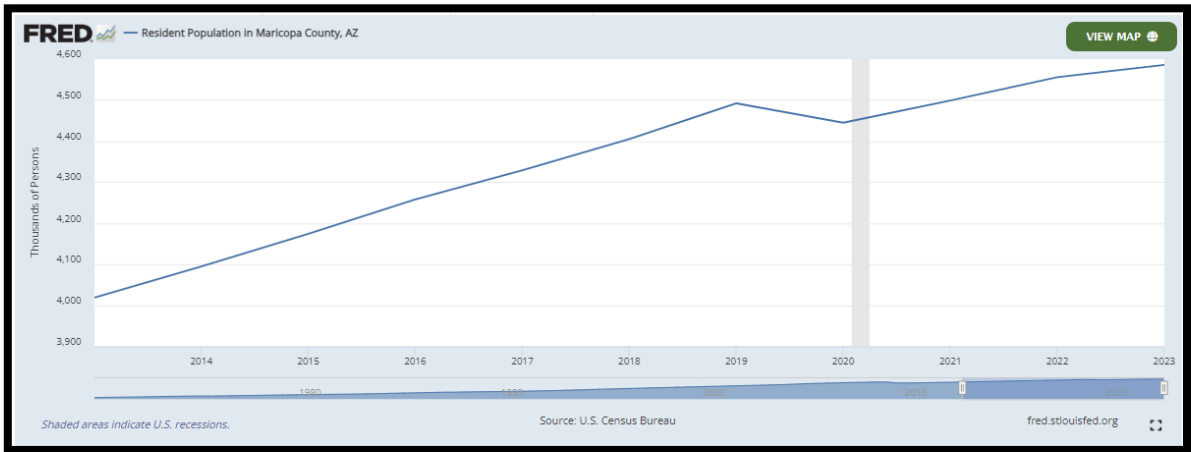
Employment in the Phoenix MSA has also shown strong growth. In August 2024, there were 2,697,200 non-farm persons employed. The unemployment rate was 3.5% during the same period. Over the last 5 years, employment has increased 17.7% from 2,291,450 non-farm workers in March 2019. This increase in employed persons has led to increased demand in the residential and commercial markets. The chart below represents this employment growth from the Bureau of Labor Statistics.



Source: U.S. Bureau of Labor Statistics

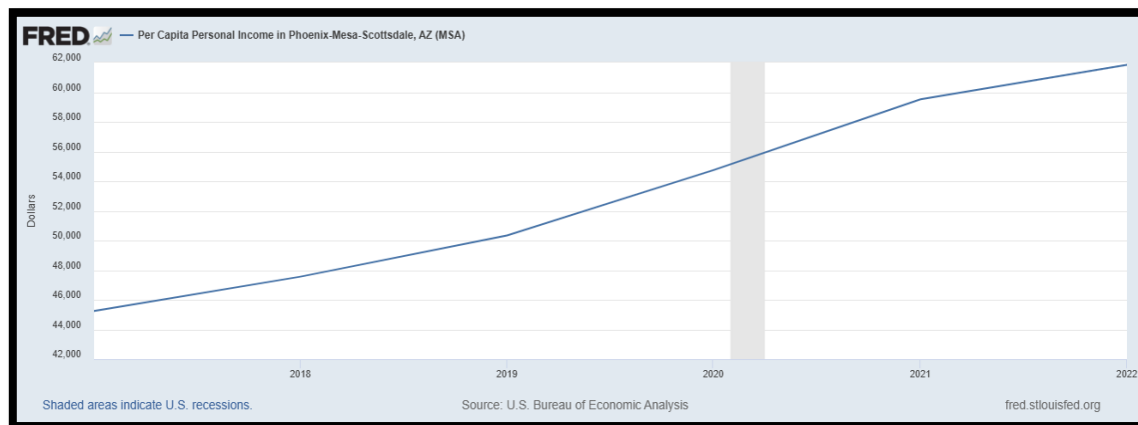
Maricopa County Population

According the data obtained by the U.S. Census Bureau, Maricopa County has experienced consistent annual population growth for the last 10 years except for 2020. The graph below represents a total population increase of 14.11%. This is a strong economic indicator for the area. Population statistics are only available through January 2023.



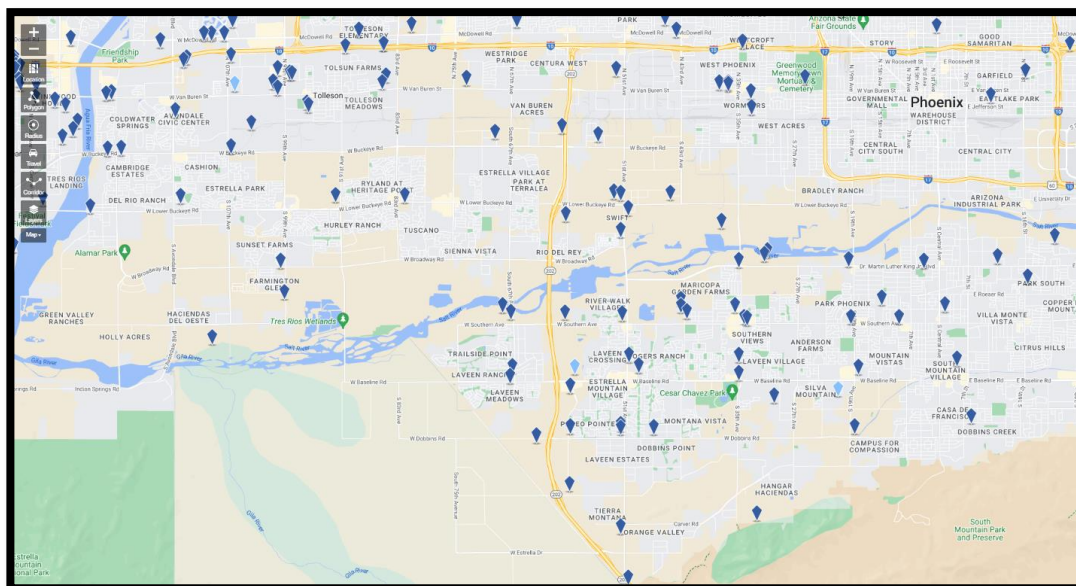
Household Income

According to the most recent information from the St. Louis Federal Reserve, the Phoenix MSA has per capita personal income of \$61,840 dollars annually in 2022. This is the highest metro area in the State of Arizona. Income growth has steadily increased since 2017 with a 5-year total increase of 36.7%. The higher-than-average income increases the potential buyers for higher end homes compared to other municipal areas in Arizona. A chart below shows the income growth since 2017. Statistics are only available through January 2022.

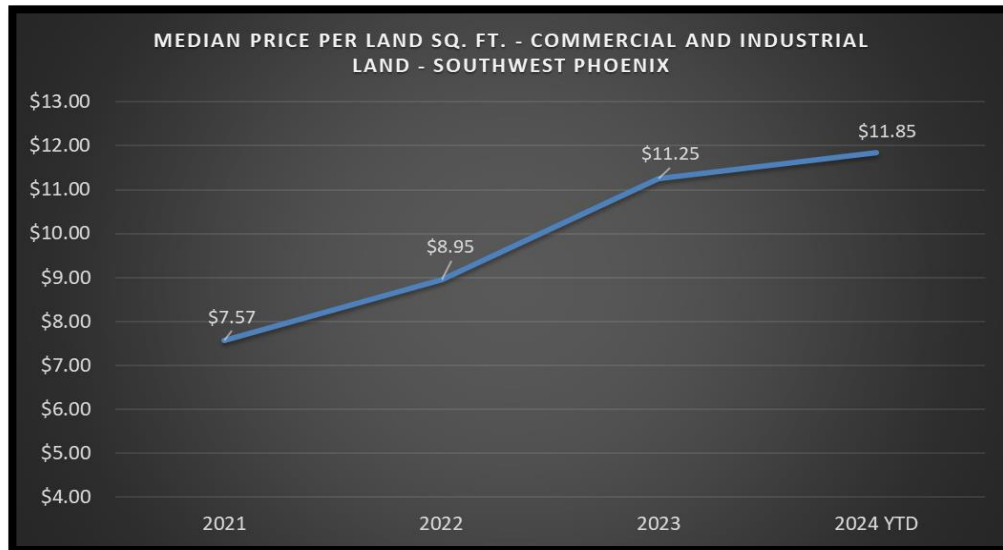


Vacant Land Sales (Commercial and Industrial Property Types)

According to CoStar, there were 113 commercial and industrial land sales in the southwestern region of Phoenix, shown below, from 2021 to 2024 year to date. A filter for parcel size was applied to include sales of between 3-10 acres.



From 2021 to 2024 year to date, the median sale price per square foot of land has increased from \$7.57 to \$11.85. This represents a total increase of 56% or approximately 14% per year. The following chart represents the annual median sales price increases per square foot.



However, each year the total sales volume, and number of transactions has declined significantly as follows:

Period	# of Transactions	Sales Volume	Median Price Per Land SF
2021	47	\$124,189,534	\$7.57
2022	35	\$114,098,921	\$8.95
2023	18	\$48,446,032	\$11.25
2024 YTD	13	\$48,322,354	\$11.85

The decreasing number of transactions and sales volume is expected for vacant land due to the rise of constructions costs and higher interest rates. The impact of interest rates is relevant because most commercial and industrial developments rely heavily on debt financing. With more costly financing and rapidly increasing construction costs many land developers have realized that projects are not feasible under recent economic conditions. This reduces the overall demand for vacant land.

Market Analysis Conclusion

Economic conditions in the Phoenix MSA real estate market have experienced continued demand over the last 3 to 4-year period. Due to this, price adjustments to comparable sales that occurred in prior years are warranted. I have selected an annual adjustment of 12%, or 1% per month. This is slightly below the pricing trends shown above.

SITE ANALYSIS

Location

The subject site is well located at the State Route 202 interchange with Elliot Road, in the southwest portion of the City of Phoenix. West of the subject property is owned by the Gila River Indian Community. East of the subject property is a fast-growing area of master planned residential neighborhoods.

Site Area

According to ADOT, the subject property consists of 5.27 acres or 229,774 square feet.

Topography/Shape

The site is generally level with a slight downward grade from the S.R. 202 onramp heading southbound.

Access and Visibility

The nearest recorded traffic in the area is from S.R. 202 which is a paved 8-lane divided highway. According to ADOT, the 2022 average two-way daily traffic count is 69,624 vehicles at the point nearest the subject property. Elliot Road, north of the subject, is reported to have had only 271 average passing vehicles per day in 2022. The subject enjoys nearly 1,500 linear feet of frontage visibility to the southbound S.R. 202 frontage road. Most of this frontage is eye level or slightly elevated in the southern portion of the site.

Physical Access: The only physical access to the subject property is a non-graded strip right of way on the south side of Elliot Road, north of parcel #300-03-016L. The parcel is below the elevation of the elevated interchange. This access has a steeply graded hill that is not navigable by a sedan or other non-four-wheel drive vehicles. This is not suitable physical access.

Legal Access: The subject property does not have existing legal access from Elliot Road or the S.R. 202 onramp. An assemblage of parcels with the adjacent owner could resolve the access issue. However, for standalone use, legal and physical access must be obtained through a Private Way of Necessity through the adjacent private property. In Arizona, this is considered a type of private condemnation. A private agreement can sometimes be negotiated without filing the legal petition.

The following steps for a private way of necessity follows:

1. Determine if your property qualifies:
 - Confirm that your land is truly landlocked with no existing legal access to a public road.
 - *Reasonable Necessity:* The easement must be reasonably necessary for the use and enjoyment of the landlocked parcel. It is not enough for access to be merely convenient; it must be essential.

-
- Verify that your property and the neighboring property were once owned by the same entity. An easement by necessity often requires that the dominant and servient estates were once part of a single property owned by the same entity.
 2. Gather evidence:
 - Obtain a professional survey to map exact property boundaries.
 - Research the recorded history of your land and neighboring lots.
 - Prepare documentation showing that there is no practicable route of ingress or egress to the nearest public road.
 3. Consult with a real estate attorney:
 - Have them review your situation and evidence.
 - Discuss the legal process and potential outcomes.
 4. Attempt negotiation:
 - Try to reach an agreement with the neighboring property owner for an easement.
 - If successful, have the agreement legally documented and recorded.
 5. If unsuccessful, file a legal petition:
 - If negotiation fails, your attorney will need to file a petition under A.R.S. §12-1202.
 - The petition should demonstrate that the way of necessity is required for the "proper use and enjoyment" of your property.
 6. Court proceedings:
 - Present your case, showing the necessity of the easement.
 - Propose a reasonable route that minimizes damage and inconvenience to the servient property.
 - The court will consider factors such as the most appropriate location and the potential impact on both properties.
 7. Compensation and implementation:
 - If granted, you'll need to compensate the servient property owner for the easement.
 - Ensure the court order is properly recorded with local authorities.
 - Comply with any conditions set by the court regarding use and maintenance of the easement.

A map on the following page shows my estimate of the least intrusive route for which access may be obtainable by purchasing the land and access rights from the owner of Maricopa Assessor's Parcel #300-03-016L. The white hash-marks above the red highlighted area are the boundaries of ADOT's access restrictions. Following this map is a discussion of estimated costs for purchasing this access.

POTENTIAL NEW LEGAL AND PHYSICAL ACCESS



EASEMENT BOUNDARIES ARE APPROXIMATE

Description of Potential Legal and Physical Access

The most cost-effective way to obtain legal access from the subject property to Elliot Road is along the northern parcel boundary of the adjacent private property to the west. Using the Maricopa County GIS measuring tool, an estimated 560 linear feet of easement is required over Parcel #300-03-016L, owned by LCG2I LAVEEN LLC. An image of this aerial is in the Addenda of this appraisal report. Assuming the right of way is 50-feet wide, the total area of land required is 28,000 square feet as calculated below.

$$\mathbf{560\ L.F.\ X\ 50\ Feet\ Wide = 28,000\ Square\ Feet}$$

Estimated Cost to Obtain Legal Access from LCG2I LAVEEN LLC, Parcel 300-03-016L:

The process of obtaining legal access was described previously. The most favorable opportunity for a future buyer would be to negotiate with the adjacent private property owner. However, there is no guarantee that the request will go uncontested. Therefore, it is important to estimate the potential costs of filing a Private Way of Necessity.

G. Lawrence Schubart, a real estate attorney, was consulted for estimated legal fees for this type of representation. Mr. Schubart reported that the attorney fees for uncontested access would be approximately \$45,000. This includes negotiations, filing documents, and coordination between the landlocked owner and neighboring owners. However, contested attempts for access could increase legal fees to \$100,000 or more depending on whether an appeal is necessary.

Mr. Schubart also indicated that the private “condemnor” does not have the right to immediate possession of the acquired property until the process is completely resolved. This creates a unique issue in which an unusually long holding period may be necessary before the site obtains access. During this process, the investor seeking access will receive no return on their invested capital until the process is complete. An estimated time frame is difficult to project. However, 1-3 years is certainly possible for a contested filing.

Land Value

To estimate the land value for the land to be acquired for an easement, we have used a weighted average sale price of the five comparable sales. The average unadjusted price of the five comparables within this report is \$8.68 per square foot. Most weight is given to Comparables Four for its similar location and recency of the date of sale. Without doing a full appraisal, it is possible that the adjacent owner’s land could be acquired for \$7.00 per square foot. If a legal process is necessary, an appraisal would be required. This equals \$243,040 for the land needed for access. The adjacent owner may accommodate a discount to this, granted the access is non-exclusive. The combined cost to obtain legal access from the adjacent property are summarized below:

Estimated Cost to Obtain Legal Access from adjacent property owner:

Appraisal Fees:					\$5,000
Legal Fees:					\$45,000-\$100,000
Land Survey					\$3,000
Land Needed:	28,000	S.F. *	\$7.00	S.F.	<u>\$196,000</u>
Subtotal:					\$249,000 – \$304,000

**Total Estimated Cost
(average of range):****\$276,500**

The total estimated cost to obtain legal access is \$276,500 or \$1.20 per square foot for the subject's 5.27 acres. However, this analysis does not consider the cost of creating physical access.

The costs of creating physical access involves the following tasks:

- Grading and Engineering
- Asphalt paving
- Curbs
- Gutters

Based on my estimate of road length of 560 linear feet, and a width of 30 feet of pavement, I estimate that a road can be built over the easement for approximately \$101,325.

ROAD CONSTRUCTION COSTS					
Improvement	Cost Source	Cost Per Linear Foot (30-foot width)		Linear Feet	Cost
Grading, engineering, rock base, and surplus disposal (per linear foot)	MVS (Street and Utility Improvements)	\$52	*	560	\$28,980
Asphalt Paving (per linear foot)	MVS (Street and Utility Improvements)	\$93	*	560	\$52,080
Concrete curbing with 2' gutter	MVS (Street and Utility Improvements)	\$36	*	560	\$20,265
TOTAL COSTS FOR ROAD					\$101,325

This results in a total cost to obtain legal access and install physical paved access of \$377,825. Reminder: Physical construction of the road cannot begin until the private "condemnor" obtains legal access. There is no immediate possession until the easement is granted and closed. Thus, the prospective investor in this project would have to commit a significant amount of capital for development. This is in addition to the sale price of the subject property.

Considering this significant risk and large amount of capital investment, I estimate that an entrepreneurial incentive of 10% per year is appropriate for the average estimated completion time of two years. The result of this is \$75,565 for entrepreneurial incentive. Therefore, the total costs, including entrepreneurial return equals \$453,390.

Later in this appraisal report, the property will be valued in a Sales Comparison Approach which assumes legal and physical access. The market value estimate from this approach will be reduced by \$453,390 to account for the issues above.

Utilities:

Electricity is available along the west boundary of the subject. No water and sewer services are available to the subject.

Surrounding Uses:

The subject is immediately surrounded by undeveloped land to the north, south, and west. The vacant land to the north is used for agriculture. The eastern boundary of the subject property abuts S.R. 202, and east of the highway is interim agriculture and residential communities.

Flood Zone:

According to the FEMA FIRM Map Panel 04013C2660L, dated October 16, 2013, the subject property is in Zone X Shaded. This is defined as:

Zone X Shaded: *“Area of moderate flood hazard, usually the area between the limits of the 100- year and 500-year floods.”*

Police & Fire Protection:

Police and fire protection are provided by the City of Phoenix and Maricopa County.

Soil & Subsoil Conditions:

A soils engineering report was not provided to the appraisers and the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the site. The surrounding improved properties indicate that subsoil conditions support development of properties of this nature.

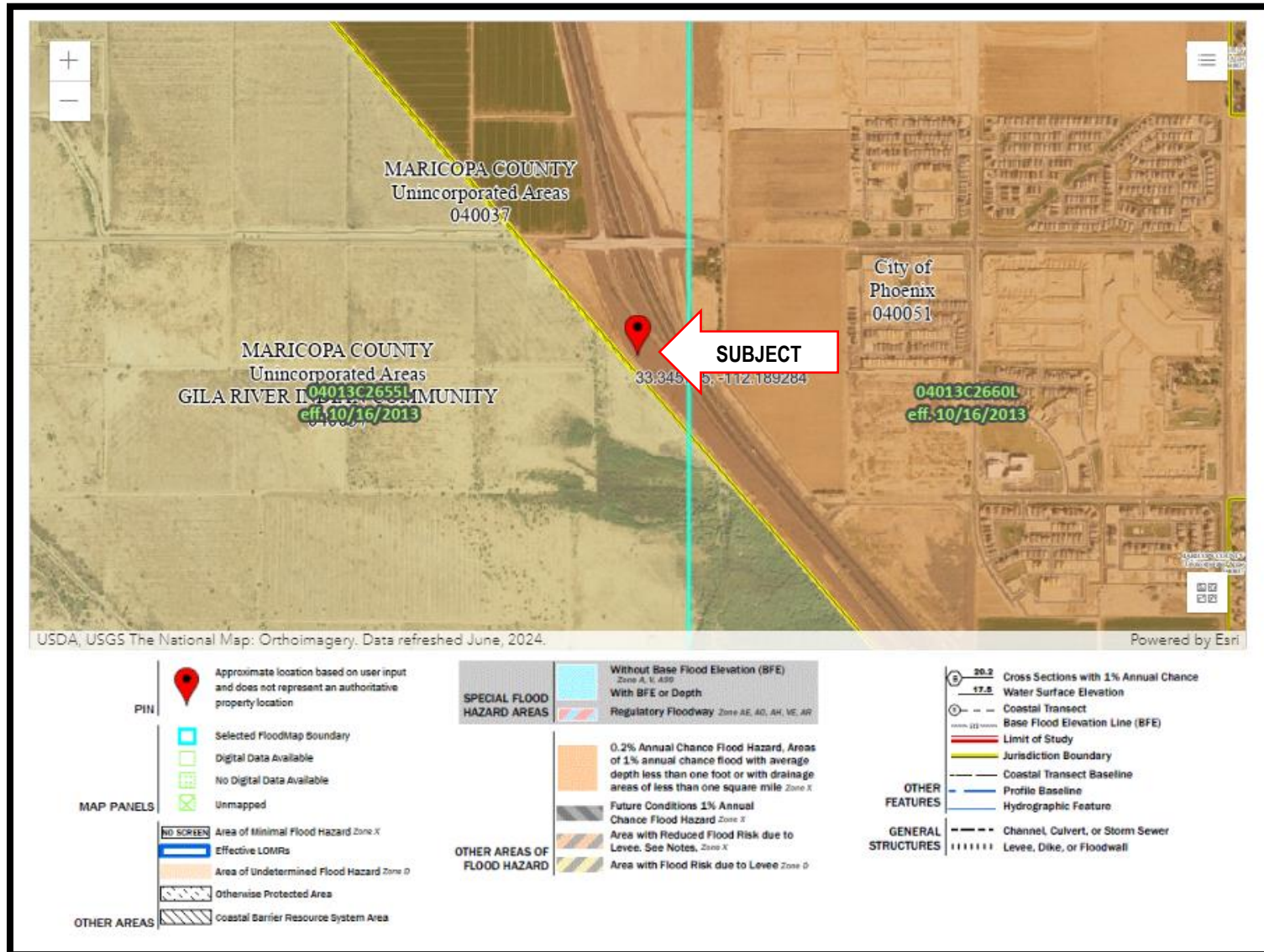
Environmental Conditions:

During the property inspection, no signs of distressed vegetation, soil stains or extraordinary odors were observed. No environmental reports were provided to the appraisers. Lacking an environmental report that specifically includes the subject property, this appraisal assumes no environmental conditions are present that would adversely affect the value of the appraised property.

Restrictions & Easements:

No apparent adverse easements or encroachments were observed. According to the right of way disposal report provided, the subject property has an easement for underground and overhead power distribution. These power easements do not prohibit the subject property's development and provide electric to the site. Thus, they are not considered to negatively impact the subject property's market value. No other adverse easements impact the subject.

FEMA FLOODMAP



ZONING

S-1 zoning in Phoenix, known as the “*Suburban S-1 District - Ranch or Farm Residence,*” is designed for very low-density farm or residential uses. It aims to preserve semi-rural and agricultural areas from encroachment by higher-density development. This zoning allows for one primary dwelling unit per lot, with the possibility of additional accessory dwelling units under specific conditions.

Permitted uses include single-family homes, adult day care homes, community residences, aviaries, recreational facilities, and certain agricultural activities. S-1 zoning also accommodates various accessory uses related to residential living and may allow for limited commercial activities like farm product sales stands with a use permit.

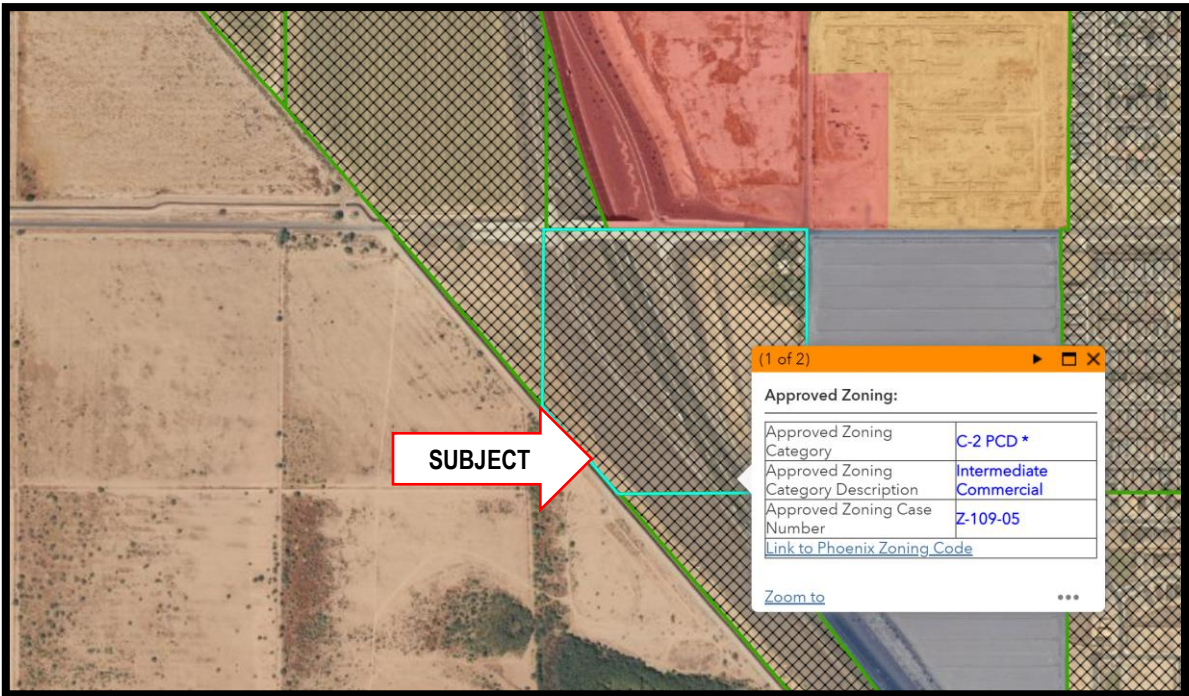
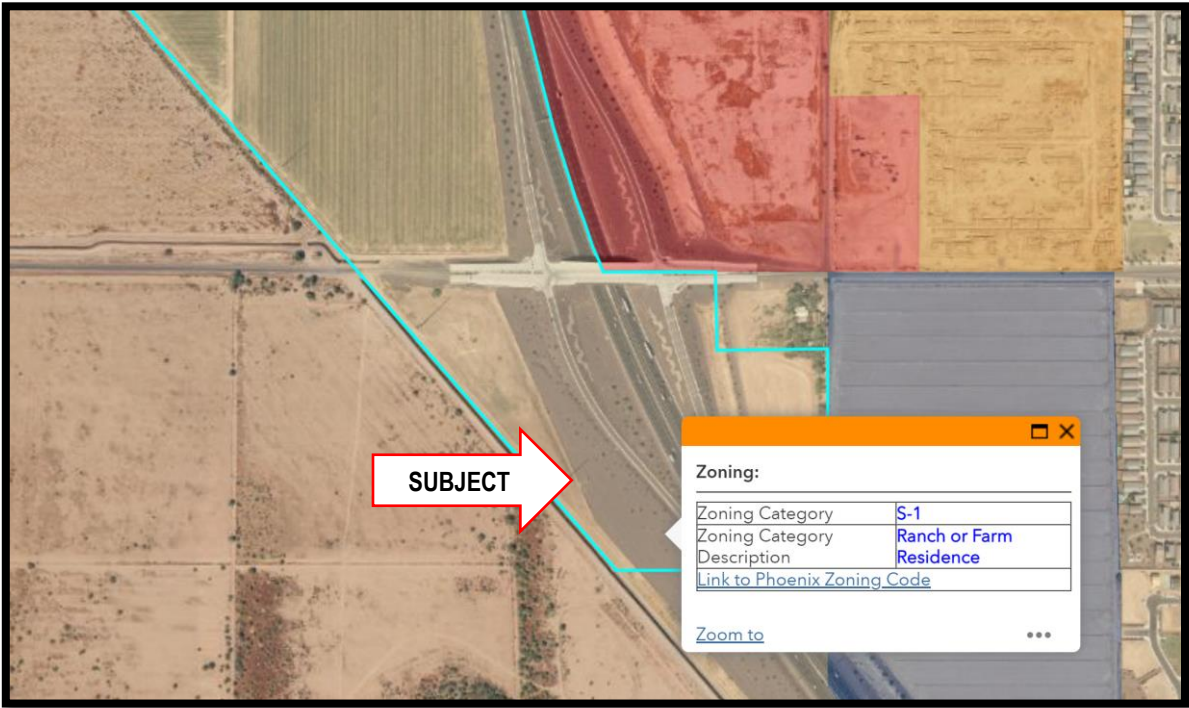
Overall, it represents one of the lowest density residential zoning categories in Phoenix, intended to maintain a rural character. A second zoning also applies to the subject site, C-2 PCD.

C-2 PCD zoning in Phoenix combines the Intermediate Commercial (C-2) district with a Planned Community District (PCD) overlay. This zoning allows for a range of intermediate commercial uses, such as larger retail stores, banks, and certain schools, while the PCD designation provides greater flexibility in development. The combination aims to create a superior built environment by allowing more comprehensive planning than conventional zoning alone.

This zoning typically requires a detailed master plan and approval process, potentially incorporating a mix of commercial and compatible uses with more flexible setbacks and requirements. However, specific details and restrictions can vary based on individual zoning cases and any additional overlays or stipulations that may apply to a particular property.

Here follows a map showing the zonings as they apply to the subject.

ZONING MAPS



ASSESSED VALUATION & REAL ESTATE TAXES

The subject property is exempt from real estate taxes due to its ownership by the State of Arizona. Additionally, the subject property is only a portion of a larger parent parcel.. The real estate tax data for the appraised property is derived from the Maricopa County Assessor's records, as follows:

Tax Year	2025	2024	2023	2022	2021
Full Cash Value ②	\$10,140,000	\$8,104,300	\$6,234,000	\$3,517,200	\$2,694,700
Limited Value ②	\$1,611,224	\$1,534,499	\$1,461,428	\$1,391,836	\$1,325,558
Legal Class	2.R	2.R	2.R	2.R	2.R
Description	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P
Assessment Ratio	15%	15%	15%	15%	15%
Assessed LPV	\$241,684	\$230,175	\$219,214	\$208,775	\$198,834
Property Use Code	9500	9500	9500	9500	9500
PU Description	State Ownership	State Ownership	State Ownership	State Ownership	State Ownership
Tax Area Code	591300	591300	591300	591300	591300
Valuation Source	Notice	Notice	Notice	Notice	Notice

HIGHEST AND BEST USE

According to *The Appraisal of Real Estate, 15th Edition*, published by the Appraisal Institute, highest and best use is defined as:

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

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

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

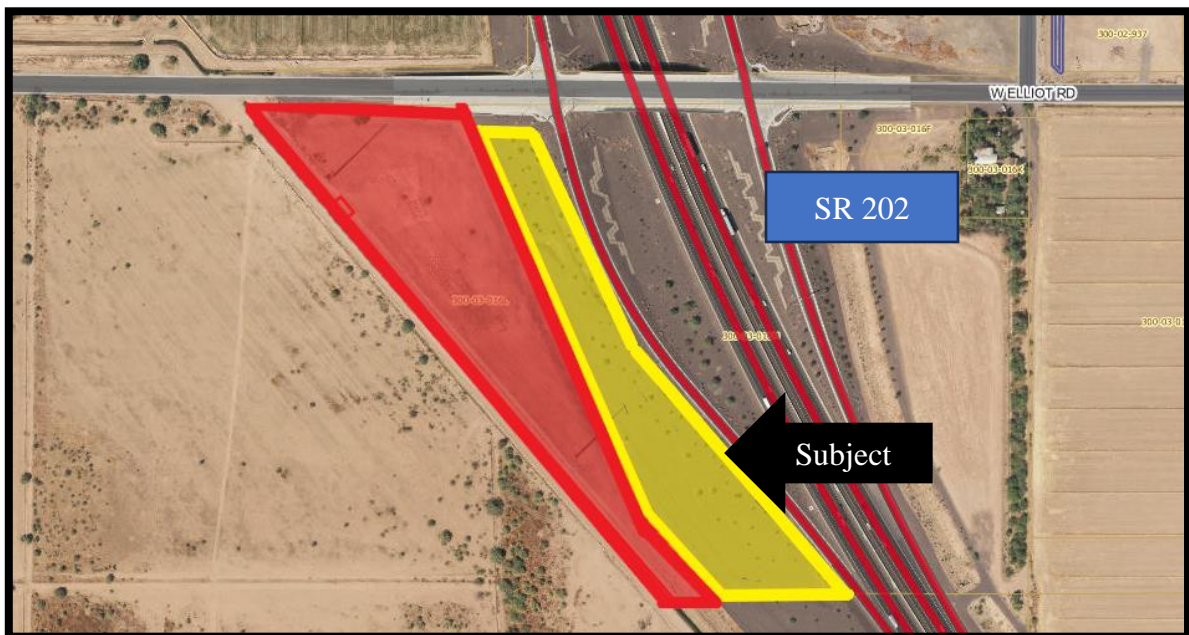
The four tests above are applied to the appraised property in the following analysis, Highest and best use as vacant.

HIGHEST AND BEST USE - AS VACANT

Introductory Note:

The subject property's true highest and best use is for assemblage with the parcel adjacent west. However, market value is not based upon the use of one specific buyer. The assemblage of these two parcels would create a significant benefit to the subject site which has no access and is unusually narrow at its northern end. The adjacent property to the west would also benefit from being combined with the subject. It has no highway frontage, and an irregularly shaped parcel. Together, these two parcels create a more functional parcel with highway visibility and adequate size and shape for a significant development. This creates an atypical motivation for either owner. The added value created by combining the properties is known as plottage. All other buyers on the open market do not stand to gain such a benefit. **This adjacent owner could be willing to pay a higher price for the subject property than any other purchaser.**

The market value estimated in this appraisal assumes a typically motivated buyer for the subject site. The utility of the *standalone* property is what is valued *without assemblage*. Assemblage or plottage value is not considered. The image below shows the two parcels functional utility together. The subject parcel is highlighted in yellow. The adjacent parcel to the west is highlighted in red. This was previously explained in the Letter of Transmittal.

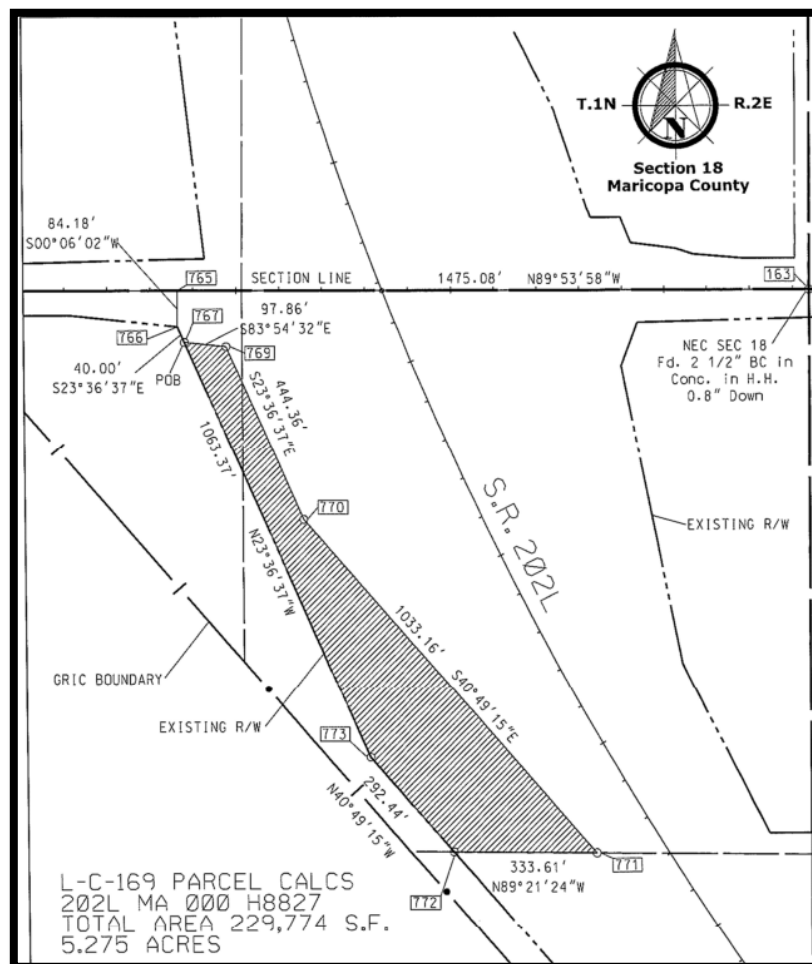


Legally Permissible:

The subject property is within an S-1 Zone with approved C-2 PCD zoning. This means that a variety of commercial uses are possible on the subject property as explained in the Zoning section of this appraisal. In the City of Phoenix General Plan, the subject is planned for commercial use. S-1 Zoning is predominantly used for rural residential uses and farming. This is an unlikely use for the subject given its direct adjacency to S.R. 202. As vacant, commercial use is legally permissible.

Physically Possible:

The subject is 5.27 acres of land with an irregular shape. As shown by the following image provided by ADOT, the narrow northern portion of the property has significant development constraints that impact the market value.



As can be seen above, the northern section of the property is only 97.86-feet wide. This narrow stretch continues south for approximately 444 feet. Beyond this area, the property widens to a more functional site in the southern half. It is my opinion that the narrow

northern section of the property is only useful for parking, driveways, and future signage. Any commercial structure would most likely need to be in the wide southern section. This usable area is 333.61 feet wide at the southern boundary.

A key physical issue with the site is its current lack of physical access. This is also a legal concern because there is no legal access. If assembled with the property to the west, the subject could have access from Elliot Road. However, standalone access does not exist for any other typically motivated purchaser of the subject property. A non-adjacent buyer of the subject would need to purchase access from the property adjacent west via a private way of necessity. Arizona Revised Statute 12-1202 explains the following regarding a right to access.

Arizona Revised Statutes Title 12. Courts and Civil Proceedings § 12-1202.

“An owner of or a person entitled to the beneficial use of land, mines or mining claims and structures thereon, which is so situated with respect to the land of another that it is necessary for its proper use and enjoyment to have and maintain a private way of necessity over, across, through, and on the premises, may condemn and take lands of another, sufficient in area for the construction and maintenance of the private way of necessity.”

Financially Feasible and Maximally Productive:

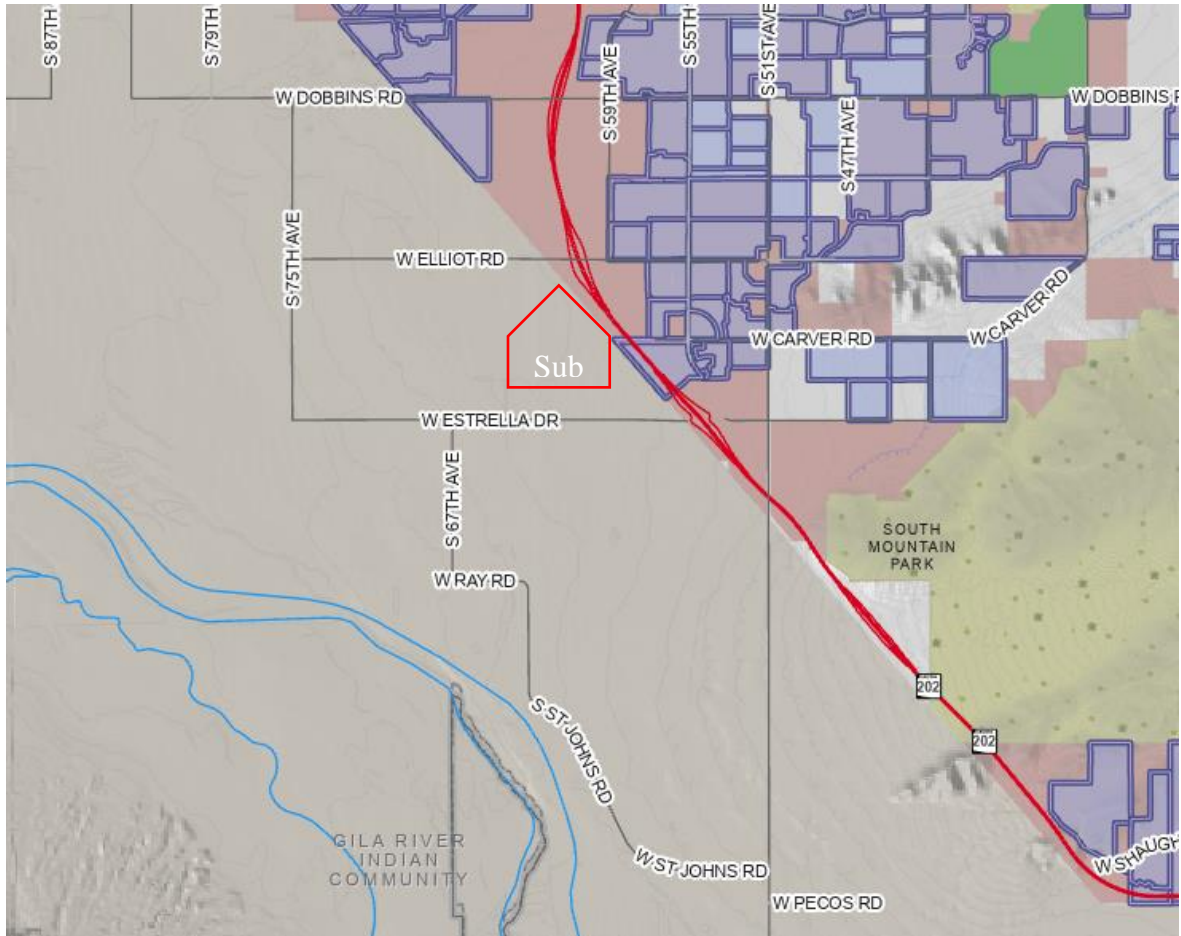
The financially feasible and maximally productive use for the property is that use which is legally permissible, physically possible and that generates the greatest return on investment. The southwestern area of Phoenix is growing rapidly as can be seen by the large number of new housing units recently developed in close proximity to the subject property. An important benefit to the subject is that it is directly adjacent to a state route highway with permissive commercial zoning.

The land further west of the subject property is Gila River Indian land that is vacant for miles. However, on the east side of the subject, across S.R. 202, there are thousands of homes that will use the highway next to the subject property. The west side of S.R. 202 is significantly less developed in this area. Due to this, quick-serve restaurants, coffee shops, fueling stations, and general commercial are less likely to be feasible. However, some secondary commercial uses that benefit from highway visibility are possible.

A buyer of the subject property will have to obtain previously mentioned private access which may be a time-consuming and costly process. However, limited availability of

land at highway interchanges makes the property interesting even with its current shape and access issues.

Based on the foregoing, the financially feasible and maximally productive use of the subject, as vacant, is for potential secondary commercial, highway-oriented use. The subject property is desirable for an investment hold until this area continues to grow in population.



Grey color indicates Gila River Indian Reservation

LAND VALUATION

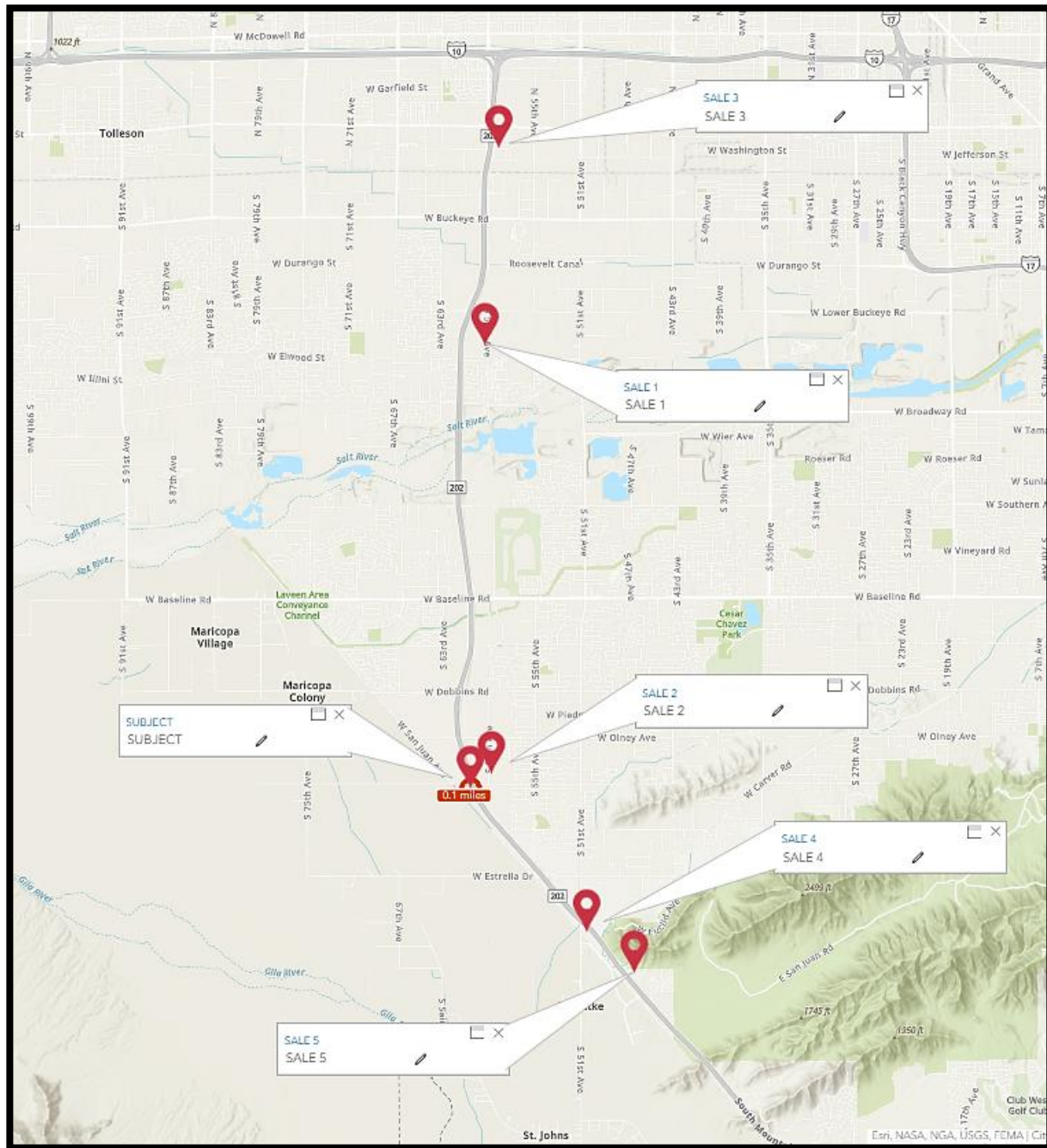
The Sales Comparison Approach is used to provide a market value opinion for the subject as vacant land. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without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

Adjustments are made to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions or date of sale, location, physical characteristics and zoning/intended use. The sale price per square foot is the appropriate unit of comparison for the analyses. This is derived by dividing the sale price by the total square footage of the site.

Search parameters for comparable land sales focused on land sales that are similar in size and location near S.R. 202 in the southwestern region of Phoenix. None of the sales used were landlocked parcels like the subject. However, the next best available sales were researched and price adjustments were applied to account for significant differences. The market data that is included in the analysis is considered to be the best available and provides a credible opinion of value.

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

COMPARABLE LAND SALES MAP



SITE TO DO BUSINESS MAP (2024)

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

TAX CODE NUMBER(S):

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

LAND AREA IN SQ. FT.

LAND AREA IN ACRES.

SALE PRICE PER SQ. FT:

SALE PRICE PER ACRE:

PHYSICAL DESCRIPTION

Location:

Access:

Traffic Count (VPD):

Topography/Shape:

Utilities:

Flood Plain:

ZONING / PLANNED USE:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATES OF CONFIRMATION:

COMMENTS:

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

LAND COMP 1

3500 S. 59th Avenue, Phoenix, AZ 85043

104-47-003U

Special Warranty Deed

December 1, 2021

20211277764

Red River 647 Holdings, LLC

Phoenix Jones Partners, LLC

\$2,500,000

Fee Simple

Cash to Seller

Arm's-Length

387,560

8.90

\$6.45

\$280,989

Good

Average

5,651

Level / Rectangular

All to site

Zone X - Shaded

A-1, Light Industrial / Spec Off/Warehouse

No prior sales

13 months

Bill Bayless, Broker (CBRE), 602-735-5652

11/4/2022

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

TAX CODE NUMBER(S):

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

LAND AREA IN SQ. FT.

LAND AREA IN ACRES.

LAND PRICE PER SQ. FT:

LAND PRICE PER ACRE:

PHYSICAL DESCRIPTION

Location:

Access:

Traffic Count (VPD):

Topography/Shape:

Utilities:

Flood Plain:

ZONING / PLANNED USE:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATE CONFIRMED:

COMMENTS:

This comparable sale represents a land parcel which was sold at the northeast corner of Elliot Road and 59th Avenue. This parcel was marketed by Max Bippus as retail/mixed-use pads. This property is located approximately 1,400 feet northeast of the subject. Surrounding this sale is an in progress development of 249 rental duplex community called Isola at 202 and Elliot. All utilities are available to the property line. A sewer manhole was seen during my inspection at the southwest corner of the property.

LAND COMP 2

59th Avenue N. of Elliot Road, Laveen, AZ, 85339

300-02-055D

Special Warranty Deed

September 19, 2022

2022-0719275

Miller 160, LLC

WSD-NN 59th Avenue and Elliot Storage LLC

\$2,945,000

Fee Simple

All Cash

Arm's-Length

169,693

3.90

\$17.35

\$755,978

Average

Good

3,024

Flat / Rectangular

All Available to Site

Zone X Shaded

C-1, Commercial

No Prior Sales

642 Days on Market

Max Bippus - Listing Broker - CBRE, Affidavit of Property Value, CoStar Database

9/19/2024

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

TAX CODE NUMBER(S):

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

LAND AREA IN SQ. FT.

LAND AREA IN ACRES.

LAND PRICE PER SQ. FT:

LAND PRICE PER ACRE:

PHYSICAL DESCRIPTION

Location:

Access:

Traffic Count (VPD):

Topography/Shape:

Utilities:

Flood Plain:

ZONING / PLANNED USE:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATES OF CONFIRMATION:

COMMENTS:

This comparable represents the sale of 4.93 acres, (214,751 SF), of vacant industrial use land located at the northwest corner of 57th Avenue and Van Buren Street in southwest Phoenix, AZ. The site is situated in a mixed-use area with good visibility to the Loop 202 and Van Buren Street with exposure to heavy traffic volumes. Zoned A-1, Light Industrial with a General Plan designation of Mixed-Use, the property is irregular in shape with average site utility. It sold at an ADOT auction on May 24, 2023 for \$3,045,000, or \$14.18/SF of land area, including the \$20,000 administrative fee paid by buyer to Arizona Department of Transportation. The Special Warranty Deed was recorded on July 17, 2023. The buyer purchased the site for a parking lot adjacent to its existing industrial improvements. The buyer paid cash for the site and no sale conditions were noted.

LAND COMP 3

5802 W Washington St, Phoenix, AZ 85043

104-04-018A; 104-04-512; 104-04-015A; 104-04-035

Special Warranty Deed

July 17, 2023

N/A; Affidavit Exempt

State of Arizona (ADOT)

Precision Components, Inc.

\$3,045,000

Fee Simple

Cash to Seller

Arm's-Length; Auction w/ Multiple Bidders

214,751

4.93

\$14.18

\$617,646

Good

Average

22,570

Level / Rectangle + access strip

All to site

Zone X - Shaded

A-1 /Light Industrial assemblage

No prior sales

Not Disclosed

Seller, Arizona Department of Transportation

December, 2023

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

TAX CODE NUMBER(S):

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

LAND AREA IN SQ. FT.

LAND AREA IN ACRES.

LAND PRICE PER SQ. FT:

LAND PRICE PER ACRE:

PHYSICAL DESCRIPTION

Location:

Access:

Traffic Count (VPD):

Topography/Shape:

Utilities:

Flood Plain:

ZONING / PLANNED USE:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATE CONFIRMED:

COMMENTS:

This comparable sale represents a 3.7 acre disposal parcel which was sold by The Arizona Department of Transportation (ADOT) in April of 2024. The property is located at the southeast intersection of S.R. 202 and 51st Avenue, north of Dusty Lane. This intersection is not a highway interchange. The nearest access to this property from S.R. 202 is either the Estrella Road interchange to the north, or the Vee Quiva Way interchange to the south. The Arizona Department of Transportation provided an appraisal for this property as part of the advertising package. The appraiser's opinion was that the land had a highest and best use for investment hold. There is limited development near this sale aside from the Gila River Casino and scattered residential properties.

LAND COMP 4

51st Avenue & Dusty Lane, Laveen, AZ, 85339

300-07-707

Special Warranty Deed

May 15, 2024

20240258777

Arizona Department of Transportation

SYRAN LLC

\$480,000

Fee Simple

All Cash

Arms Length - Auction

160,627

3.69

\$2.99

\$130,170

Poor

Below Average

7,249

Level / Irregular

Electric, water, no sewer

Zone X - Shaded

S-1, Suburban Ranch

No Prior Sales

72 Days

Seller - ADOT - Maricopa County Assessor - Special
Warranty Deed - Final Closing Statement

9/19/2024

COMPARABLE LAND LISTING



COMPARABLE:

LOCATION:

TAX CODE NUMBER(S):

SELLER:

BUYER:

ASKING PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

LAND AREA IN SQ. FT.

LAND AREA IN ACRES.

LAND PRICE PER SQ. FT:

LAND PRICE PER ACRE:

PHYSICAL DESCRIPTION

Location:

Access:

Traffic Count (VPD):

Topography/Shape:

Utilities:

Flood Plain:

ZONING / PLANNED USE:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATE CONFIRMED:

COMMENTS:

This comparable land parcel is currently for sale by the Arizona Department of Transportation. The original listing price of \$964,00 was based on an appraisal by Paul Hendricks, MAI, with a June 2023 effective date of value. ADOT has since reduced the price to \$867,600. The property is located approximately 1,000 feet north of the S.R. 202 interchange with Vee Quiva Way. The property's visibility to S.R. 202 is restricted by a sound reduction wall. The Arizona Department of Transportation has restrictions when selling property that it must be at the appraised value.

COMPARABLE 5 (LISTING)

East of S.R. 202 - 4631 W. Ray Road, Laveen, AZ, 85339

Portion of 300-04-003A, 003C, 003H, 003J

Arizona Department of Transportation

Not Applicable

\$867,600

Assume Fee Simple

Assume Cash Equivalent

Active listing - Offer Tendered

357,186

8.20

\$2.43

\$105,807

Poor

Below Average

None Recorded

Moderate slope / Irregular

Electric only

Zone X Shaded

RU-43, Rural Residential

No Sales

Approximately 1 Year

ADOT Listing Package with provided appraisal, Public Records, and CoStar Database

9/19/2024

LAND VALUATION ANALYSIS

Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale, location, and physical characteristics, zoning/planned use. Due to the limited available sales data, the appraisers have limited ability to extract adjustments based on paired-sales. Due to this, alternative data is used as a proxy for price adjustments. A tabulation of these comparable sales and listing follows.

<i>SUMMARY OF COMPARABLE LAND SALES</i>							
LAND COMP	SALE DATE	PROPERTY LOCATION	LAND SALE PRICE	GROSS ACRES	LAND AREA (SF)	PRICE PER SF	ZONING / PLANNED USE
1	12/01/21	3500 S. 59th Avenue, Phoenix, AZ 85043	\$180,000	8.90	387,560	\$6.45	A-1, Light Industrial / Spec Off/Warehouse
2	09/19/22	59th Avenue N. of Elliot Road, Laveen, AZ,	\$2,945,000	3.90	169,693	\$17.35	C-1, Commercial
3	07/17/23	5802 W Washington St, Phoenix, AZ 85043	\$3,045,000	4.93	214,751	\$14.18	A-1 /Light Industrial assemblage
4	05/15/24	51st Avenue & Dusty Lane, Laveen, AZ, 85339	\$480,000	3.69	160,627	\$2.99	S-1, Suburban Ranch
5	Active listing	East of S.R. 202 - 4631 W. Ray Road, Laveen,	\$867,600	8.20	357,186	\$2.43	RU-43, Rural Residential
SUBJECT	---	Southwest of S.R. 202 and Elliot Road, Laveen, AZ, 85339	---	5.27	229,774	---	S-1, with Approved C-2 PCD

Property Rights Conveyed:

All of the comparable sales transferred the fee simple estate. The comparable listing is assumed to be sold with the fee simple interest. The fee simple interest in the subject property is conveyed. Price adjustments are unnecessary.

Financing Terms:

All of the sale transactions were or are assumed to be cash to the seller. No price adjustments are necessary.

Conditions of Sale:

Adjustments for conditions of sale consider any atypical conditions that surrounded the negotiations of the sales. Examples include a seller under duress, an adjacent property purchase or the lack of a sales commission.

Comparables Three and Four were auctioned by the State of Arizona. The state does not pay sales commissions. Downward price adjustments to these two sales are applied to reflect the lack of commission as a condition of these sales. Comparable Five has not yet closed. As of the writing of this appraisal report, the status is that there is a tendered offer.

This means that a buyer has submitted a deposit to ADOT for the purchase price. If another offer is submitted prior to November 12th, an auction will be initiated. No price adjustment is applied to this listing for conditions of sale.

Market Conditions:

The transaction dates for the sales are from December 2021, to actively listed. The effective date of this appraisal is September 2, 2024. As described in the Market Analysis, a 12% annual market condition adjustment is made from the comparable sales' sale dates to the effective date of value. This reflects the significant increases in pricing for commercial and industrial land in the southwestern region of Phoenix. Sales One through Four received upward price adjustments for market conditions on a price per square foot basis. Sale 5 is an active listing and did not receive a price adjustment for this element of comparison.

Location and Access:

One of the most significant elements of value for a vacant land is location. The subject is in an area that is rural. Land to the west is largely a native American reservation and is not expected to have much development on it. However, recent master planned residential developments to the east of State Route 202 have been a positive influence on demand in the subject's submarket. According to Site to do Business demographics, average household income within one mile of the subject property is \$133,780. This is well above the 2024 average household income for Arizona of \$98,569. The subject property has nearly a quarter mile of frontage to the S.R. 202 southbound onramp. A negative factor of the subject property's location is that it is on the west side of S.R. 202 where there is little surrounding development.

Overall, the subject property's location is below average due to the slow growth and limited growth potential on the west side of S.R. 202. As mentioned earlier in this report, most of the land west of the subject property is Gila River Indian Community which is unlikely to be developed in the near future.

The subject property has significant issues related to legal access. However, this is accounted for outside of the sales comparison approach. For the purpose of estimating a land value for which costs of obtaining access can be subtracted, legal access is assumed to be adequate within the sales comparison analysis. At the end of this sales comparison analysis, the costs of obtaining access by a private way of necessity are subtracted to arrive at a reconciled land value estimate.

Comparable Sales One, Two, and Three are superior comparable sales for their locational attributes and access. These sales were used due to their close proximity to S.R. 202, however, they have attributes that make their locations much more valuable. For example, all three of the sales are on the eastern side of S.R. 202. They all have significantly more surrounding development. Land Comparables One and Three are surrounded by industrial uses, and Land Comparable Two is adjacent to a 249-unit duplex community that under development. Overall, downward price adjustments are appropriate to Sales One, Two, and Three for their superior locational attributes.

Comparable Sales Four and Five are located south of the subject property, close to Dusty Lane and the Vee Quiva Way exit of S.R. 202. This location is significantly more remote compared to the subject's location. According to a Site to do Business Demographics Report, there are only 122 households within one mile of the Vee Quiva – SR202 intersection. There are 727 households within one mile of the subject property, and several hundred more under development. The average household income within one mile of this intersection is \$92,903. This is much less than the average household income closer to the subject property. Upward price adjustments are warranted.

Most of the few vehicles that would typically use the Vee Quiva Way exit would include patrons of the Gila River Casino, and residents of the 122 homes in the immediate area. There are no commercial uses other than the Gila River Casino in this area. Therefore, the location of Sales Four and Five is believed to be inferior to the subject property. Upward price adjustments are applied on a price per square foot basis.

PHYSICAL CHARACTERISTICS

Site Size:

Assuming all other things are equal, a larger property usually sells for a lower price per acre than a smaller property due to economies of scale. This is because smaller properties typically have a larger number of potential buyers than a larger property and because the holding cost to the developer of a larger parcel is greater due to the extended timeline to develop a larger site area. The subject property is 5.27 acres in size. The comparable sales range from 3.69 to 8.9 acres.

None of the sales included in this analysis provide paired-sale evidence to support adjustments for differences in size. Due to this, commercial and industrial land sales over

the last 5-year period in Southwest Phoenix were analyzed to extract a site size adjustment. According to CoStar, land sales from 3 to 6 acres had a average sale price of \$12 per square foot, and 6-9 acres had a median sale price of \$10 per square foot. This 20% difference confirms the economy of scale theory previously mentioned.

Price adjustments for size are applied on a sales price per square foot basis to the comparable sales within this range depending on their variance from the subject property. Sales One and Five were 2.92 to 3.62-acres larger than the subject and received an upward adjustment. Sales Two and Four were approximately 1.38 to 1.59-acres smaller than the subject and received lesser upward price adjustments. Comparable Sale Three was similar in size. No price adjustment.

Topography and Shape:

The subject property's shape is long and narrow with the norther portion being mostly undevelopable for a building. The widest portion of the site is the southern half, and this area is mostly level. I estimate that approximately 25%-35% of the subject site area is too narrow for a building. However, this area has utility for a driveway that could extend to the buildable area.

Sales One, Two, and Three were all mostly rectangular sites with level topography. The sites are significantly superior for this element of comparison and downward price adjustments are warranted to account for their superior developability.

Sale Four had level topography and an irregular shape which was narrow given its smaller size. The width of Sale Four is approximately 220 feet. Development configurations for industrial or commercial use are possible, but negatively impacted by this limited width. Overall, it is my opinion that no price adjustment is necessary for Sale Four's shape.

Sale Five was irregularly shaped with some minor sloping from west to east. The highest and best use of this sale is likely for investment hold or a low-density residential use. Therefore, the irregular shape is less impactful. Overall, the subject's shape is inferior. A downward price adjustment is applied.

Utilities:

Electricity is available at the subject's west boundary. The subject does not presently have access to water or sewer. The residential neighborhoods to the east of S.R. 202 are serviced by City of Phoenix Water. However, bringing water across the State Route is unlikely. 1.3 miles north of the subject property is McLellan Ranch, a residential subdivision.

There are City of Phoenix water lines in this area. However, the distance from the subject makes this an infeasible source in the short term. Therefore, drilling a well may be the most feasible option if the subject were to be developed.

Comparable Sales One, Two, and Three all had access to all utilities to the site. To account for this, downward price adjustments are applied to each of these sales. The basis for the price adjustments is a two-part issue. First, there are significant costs involved in digging a well and obtaining a commercial septic system. According to Marshal Valuation Service, a national cost service, a private well costs approximately \$80 per linear foot. It is unknown how deep the subject property's well would need to be given that there are no nearby wells on the Arizona Department of Water Resource's map. However, the deep well pump, large storage tank, and water line drilling could cost an estimated \$150,000 to \$200,000. A septic system for the subject is likely to cost \$15,000-\$35,000 depending on size.

Secondly, a parcel with remote or no access to all or some utilities becomes more difficult to sell due to the time and trouble of getting utilities. The impact of not having water, sewer, and electric impacts value beyond the costs of obtaining them. Investors seeking development within a shorter timeline may be completely turned away from a property without the full package of utilities available nearby. Other investors willing to bring utilities to the site expect a discount beyond the costs to make the endeavor worthwhile.

Comparable Sale Four has access to electricity, and during my inspection, I observed access to water near the property line. A downward price adjustment to Comparable Four is applied. Comparable Five had similar access to utilities, no price adjustment was made.

Floodplain:

The subject property is located in Zone X (Shaded). Properties under this designation are not required to have flood insurance. Since all of the comparable sales had similar designations, no price adjustments for floodplain designations are warranted.

Zoning/Potential Use:

The subject is located in the **S-1** and **C-2 PCD** zoning areas. These are explained previously in the "zoning" section of this appraisal. Due to the access restrictions and floodplain issues, the subject's highest and best use is for investment.

The approved C-2 PCD zoning of the subject is more permissive than its S-1 zoning, which would likely result in a higher property value by higher intensity of potential use.

Comparables One through Three were zoned for commercial or light industrial which is believed to be similar to the subject. However, Comparables Four and Five are subject to zoning designations for residential and ranching only. Commercial uses would not be legally permissible on these two sales without a rezoning. Therefore, an upward price adjustment is necessary to reflect the subject property's more permissive zoning designation.

The Land Sales Adjustment Matrix follows which summarizes the adjustments as they apply to the sales.

LAND COMPARABLE ADJUSTMENT MATRIX

	SUBJECT	LAND COMP 1		LAND COMP 2		LAND COMP 3		LAND COMP 4		COMPARABLE 5 (LISTING)	
ELEMENTS OF COMPARISON	Southwest of S.R. 202 and Elliot Road, Laveen, AZ, 85339	3500 S. 59th Avenue, Phoenix, AZ 85043	Price Per Sq. Ft. / Adjustments	59th Avenue N. of Elliot Road, Laveen, AZ, 85339	Price Per Sq. Ft. / Adjustments	5802 W Washington St, Phoenix, AZ 85043	Price Per Sq. Ft. / Adjustments	51st Avenue & Dusty Lane, Laveen, AZ, 85339	Price Per Sq. Ft. / Adjustments	East of S.R. 202 - 4631 W. Ray Road, Laveen, AZ, 85339	Price Per Sq. Ft. / Adjustments
SALE PRICE	N/A	\$2,500,000	\$6.45	\$2,945,000	\$17.35	\$3,045,000	\$14.18	\$480,000	\$2.99	867,600 (asking)	\$2.43
PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Assume Fee Simple	
Adjustment		0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
FINANCING TERMS	Assume cash to seller	Cash to Seller	\$6.45	All Cash	\$17.35	Cash to Seller	\$14.18	All Cash	\$2.99	Assume Cash Equivalent	\$2.43
Adjustment		0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
CONDITIONS OF SALE	Assume Arm's -Length	Arm's-Length	\$6.45	Arm's-Length	\$17.35	Arm's-Length - Auction.	\$14.18	Arms Length - Auction	\$2.99	Active listing - Offer Tendered	\$2.43
Adjustment		0%	\$0.00	0%	\$0.00	-6%	-\$0.85	-6%	-\$0.18	0%	\$0.00
MARKET CONDITIONS (TIME)	September 2, 2024	December 1, 2021	\$6.45	September 19, 2022	\$17.35	July 17, 2023	\$13.33	May 15, 2024	\$2.81	Active listing - Offer Tendered	\$2.43
Adjustment	Date of Value	33%	\$2.13	24%	\$4.17	13%	\$1.73	4%	\$0.10	0%	\$0.00
ADJUSTED SALE PRICE			\$8.58		\$21.52		\$15.06		\$2.91		\$2.43
LOCATION	Below Average	Good		Average		Good		Poor		Poor	
General Access	Assume Adequate Access	Average		Good		Average		Below Average		Below Average	
Adjustment		-35%	-\$3.00	-35%	-\$7.53	-30%	-\$4.52	35%	\$1.02	35%	\$0.85
PHYSICAL CHARACTERISTICS	2.219572275										
Site Size in Sq. Ft.	229,774	387,560		169,693		214,751		160,627		357,186	
Site Size in Acres	5.27	8.90		3.90		4.93		3.69		8.20	
Adjustment		20%	\$1.72	-10%	-\$2.15	0%	\$0.00	-10%	-\$0.29	20%	\$0.49
Topography / Shape	Mostly Level / Narrow	Level / Rectangular		Flat / Rectangular		Level / Rectangle + access strip		Level / Irregular		Moderate slope / Irregular	
Adjustment		-10%	-\$0.86	-10%	-\$2.15	-15%	-\$2.26	0%	\$0.00	-5%	-\$0.12
Utilities	Electric nearby, needs septic and likely a private well	All to site		All Available to Site		All to site		Electric, water, no sewer		Electric only	
Adjustment		-25%	-\$2.14	-25%	-\$5.38	-25%	-\$3.77	-10%	-\$0.29	0%	\$0.00
Floodplain	Zone X - Shaded	Zone X - Shaded		Zone X Shaded		Zone X - Shaded		Zone X - Shaded		Zone X Shaded	
Adjustment		0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
Zoning / Planned Use	S-1, with Approved C-2 PCD	A-1, Light Industrial / Spec Off/Warehouse		C-1, Commercial		A-1 /Light Industrial assemblage		S-1, Suburban Ranch		RU-43, Rural Residential	
Adjustment		0%	\$0.00	0%	\$0.00	0%	\$0.00	20%	\$0.58	20%	\$0.49
ADJUSTED SALE PRICE /SF			\$4.29		\$4.30		\$4.52		\$3.92		\$4.13

Conclusion:

The unadjusted sale price range from the comparable sales is \$480,000 to \$3,045,000. The unadjusted sale prices per square foot were \$2.43 to \$17.35. This is an unusually wide range. However, I believe that the subject property is bracketed by superior sales and inferior sales overall resulting in a credible opinion. After adjustments for the appropriate elements of comparison, the estimated value range for the subject is from \$3.92 to \$4.52 per square foot of land. The arithmetic mean is \$4.23 with a median price of \$4.29 per square foot. Greatest weight is given to Comparable Sale Four, which is a recent sale on the west side of S.R. 202, remotely located, similarly sized, and has access and development restraints. It does have legal access; however, it is not close to a freeway interchange making the access more circuitous. Its development is restrained by its narrow shape like parts of the subject.

Based on the foregoing data and analysis it is my opinion that the market value of the larger parcel is \$4.10 per square foot. This equals a market value of **\$942,073**.

Deductions for costs of obtaining legal access and creating physical access:

As previously discussed in the Site Analysis section, the costs of obtaining legal access and creating physical access are substantial. Since the Sales Comparison Approach assumed adequate access, these costs must be subtracted from the market value estimate above. Total costs for obtaining legal access and creating physical access, including entrepreneurial profit, totaled \$453,390. This deduction is calculated as follows:

$$\$942,073 - \$453,390 = \$488,683, \text{ Rounded to } \$490,000.$$

**“AS IS” MARKET VALUE OPINION
FOR THE SUBJECT 5.27 ACRES\$490,000**

EXPOSURE TIME

The marketing times from the comparable sales ranged from 72 days to nearly two years. Based on the current market conditions in the Phoenix market, and nationwide economic influence, an exposure time of 8-12 months is estimated, if priced appropriately.

AUDITING BREAKDOWN

The following is the Auditing Breakdown for ADOT Parcel L-C-169.

Parcel L-C-169: ADOT

Opinion of Market Value

\$490,000

PROJECT: H882701R
HIGHWAY: SOUTH MOUNTAIN FREEWAY
SECTION: 51st AVE – SALT RIVER SEGMENT
PARCEL: L-C-169
CONTRACT: TO-25-001

I hereby certify:

That I personally inspected, the property herein appraised, and that I have afforded the property owner the opportunity to accompany us 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 as 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 our knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the 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 analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of my knowledge, no portion of the value

assigned to such property consists of items which are non-compensable under the established laws of said State.

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

That neither my employment nor our 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 results of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the MARKET VALUE of the acquisition as of the 2nd day of September 2024, is \$490,000 based upon my independent appraisal and the exercise of my professional judgement.



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

APPRAISER'S CERTIFICATION

THE APPRAISER CERTIFIES TO THE BEST OF THEIR KNOWLEDGE AND BELIEF:

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

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

The reported valuations, assumptions and limiting conditions are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have **no** present or prospective interest in the properties that are the subject of this report and no personal interest or bias with respect to the parties involved.

I have not performed services as appraiser regarding the Larger Parcel or the subject disposal parcels which are the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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

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

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

Steven Cole and Dustin Perrin have made personal inspections of the properties that are the subject of this report.

Dustin Perrin, AZ Trainee License #RTA-1044213, provided significant real property appraisal assistance to the person(s) signing this certification. Mr. Perrin assisted me in gathering data for the appraisal, writing the analyses, and determining the property's value. However, the final opinions and conclusions of value are my own.

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

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers' Statement of Qualifications.

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

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

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

Date: October 24, 2024.



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

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

FORMAL EDUCATION:

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

Master's degree in business administration, University of California, Los Angeles. Concentration: Urban Land Economics.

PROFESSIONAL EDUCATION:

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

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

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

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

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

"Market Analysis"

"Review Theory - General"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2027.

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

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

EXPERIENCE:

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

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

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

“

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

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

Associate Faculty, University of Arizona and Pima Community College. Courses offered; “Real Estate Appraisal Principles” and “Basic Valuation Procedures.”

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

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

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

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

Chairman, Tucson Airport Authority Chairman, 2015.

Board of Directors, 2011-2016. Member, Tucson Airport Authority, 2007-2024.

Member of the Arizona Airports Association.

APPROVED APPRAISER:

With many major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Appraiser Number 30130. Currently certified through August 31, 2026.

Licensed real estate salesperson in Arizona, 1975-2024. Licensed through April 2026.

Licensed real property tax agent. Current through April 27, 2025.

ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-30130



STEVEN R. COLE

This certificate was printed on August 5, 2024 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

Arizona Department of Insurance and Financial Institutions
difl.az.gov
100 N 15th Ave, Suite 261
Phoenix, AZ 85007-2630

ADDENDA

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: 08/1/2023

Examiner: Sherry L Kinsella

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

County:	Maricopa	Tax Arb:	300-03-016M	Disposal:	N/A
Tracs No.:	202LMA000H5439 202LMA056H8827	Highway:	South Mountain Freeway	Excess Land:	L-C-169
Fed. No.:	202-D(200)S	Section:	51 st Ave – Salt River Segment	Parcel No.:	7-11182

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the Northeast quarter of Section 18, Township 1 South, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona shown as a portion of ADOT Parcel 7-11182 as depicted on Exhibit "A" attached, Sheet P-8 of ADOT Drawing D-7-T-1017, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 51st Ave. – Salt River Segment, Project 202LMA000H5439/202LMA056H8827.

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

NOTE: Parcel is landlocked; should the property be conveyed to any party other than the adjacent property owner (Tax ID#300-03-016L), further requirements and access will need to be determined.

END OF SCHEDULE A-1

- 2 -

RIGHT OF WAY / VESTING

- 1.) Special Warranty Deed from Jerome LaSalvia, a.k.a. Anthony Jerome LaSalvia and Peggy M. LaSalvia, husband and wife to the State of Arizona, Department of Transportation, dated April 8, 2011, recorded April 28, 2011, in Document No. 2011-0358404.
[Project 202L MA 000 H5439 / 202L MA 056 H8827 / Parcel 7-11182]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

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

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 1 of Right of Way / Vestings.
[Project 202L MA 000 H5439 / 202L MA 056 H8827 / Parcel 7-11182]

END OF REQUIREMENTS

- 4 -

SCHEDULE B

1. Land Use License by Salt River Project Agricultural Improvement and Power District (Licensor) to the State of Arizona, by and through its Department of Transportation (Licensee), dated August 1, 2017, recorded August 25, 2017 in Document No. 2017-0629808.
2. Easement for overhead and underground power distribution and incidentals to Salt River Project Agricultural Improvement and Power District, dated November 15, 2018, recorded December 4, 2018 in Document No. 2018-0891521.
3. Conveyance of Easement Interests from Public Service Company of New Mexico, a New Mexico corporation to Salt River Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona, an undivided 1.91% interest in certain easements dated December 2, 2021, recorded December 8, 2021 in Document No. 2021-1300563.
4. Conveyance of Easement Interests from Public Service Company of New Mexico, a New Mexico corporation to Salt River Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona, an undivided 0.64% interest in certain easements dated January 13, 2023, recorded January 13, 2023 in Document No. 2023-0021803.
5. Resolution No. 2016-07-A-040 by John S. Halikowski, Director of the Arizona Department of Transportation to establish and acquire new right of way as a state route and state highway for the improvement of State Route 202 Loop dated July 15, 2016, recorded July 19, 2016 in Document No. 2016-0508129.
6. Resolution No. 2017-07-A-040 by John S. Halikowski, Director of the Arizona Department of Transportation to establish and acquire new right of way as a state route and state highway for the improvement of State Route 202 Loop dated July 21, 2017, recorded July 25, 2017 in Document No. 2017-0543632.
7. Resolution No. 2018-05-A-025 by John S. Halikowski, Director of the Arizona Department of Transportation to establish and acquire new right of way as a state route and state highway for the improvement of State Route 202 Loop dated May 18, 2018, recorded June 12, 2018 in Document No. 2018-0447249.
8. Resolution No. 2018-12-A-062 by John S. Halikowski, Director of the Arizona Department of Transportation to establish and acquire new right of way as a state route and state highway for the improvement of State Route 202 Loop dated December 21, 2018, recorded January 9, 2019 in Document No. 2019-0017443.

END OF SCHEDULE B

EXHIBIT "A"

That portion of Lot 1 and Lot 2 of Section 18, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at a 2½ inch brass cap in concrete in handhole marking the Northeast corner of said Section 18, being South 89°53'58" East 2071.28 feet from a ½ inch iron pipe 0.5 foot down with washer stamped "LS 38862" marking the closing corner to the Northwest corner of said Lot 2 of Section 18;

thence along the North line of said Section 18, North 89°53'58" West 1475.08 feet;

thence South 00°06'02" West 84.18 feet to the juncture of the existing southerly right of way line of Elliot Road with the existing westerly right of way line of State Route 202L (SOUTH MOUNTAIN FREEWAY);

thence along said existing westerly right of way line of State Route 202L South 23°36'37" East 40.00 feet to the POINT OF BEGINNING;

thence South 83°54'32" East 97.86 feet;

thence South 23°36'37" East 444.36 feet;

thence South 40°49'15" East 1033.16 feet to the South line of said Lot 1;

thence along said South line of Lot 1 North 89°21'24" West 333.61 feet to said existing westerly right of way line of State Route 202L;

thence along said existing westerly right of way line North 40°49'15" West 292.44 feet;

thence continuing along said existing westerly right of way line North 23°36'37" West 1063.37 feet to the POINT OF BEGINNING.

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

(continued)

EXHIBIT "A"

PAGE 1

PROJECT: 202L MA 000 H5439	LOCATION: Salt River – Jct I-10 Papago Segment	PARCEL: L-C-169
Unassigned	Disposal	CG 01-23-2024

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

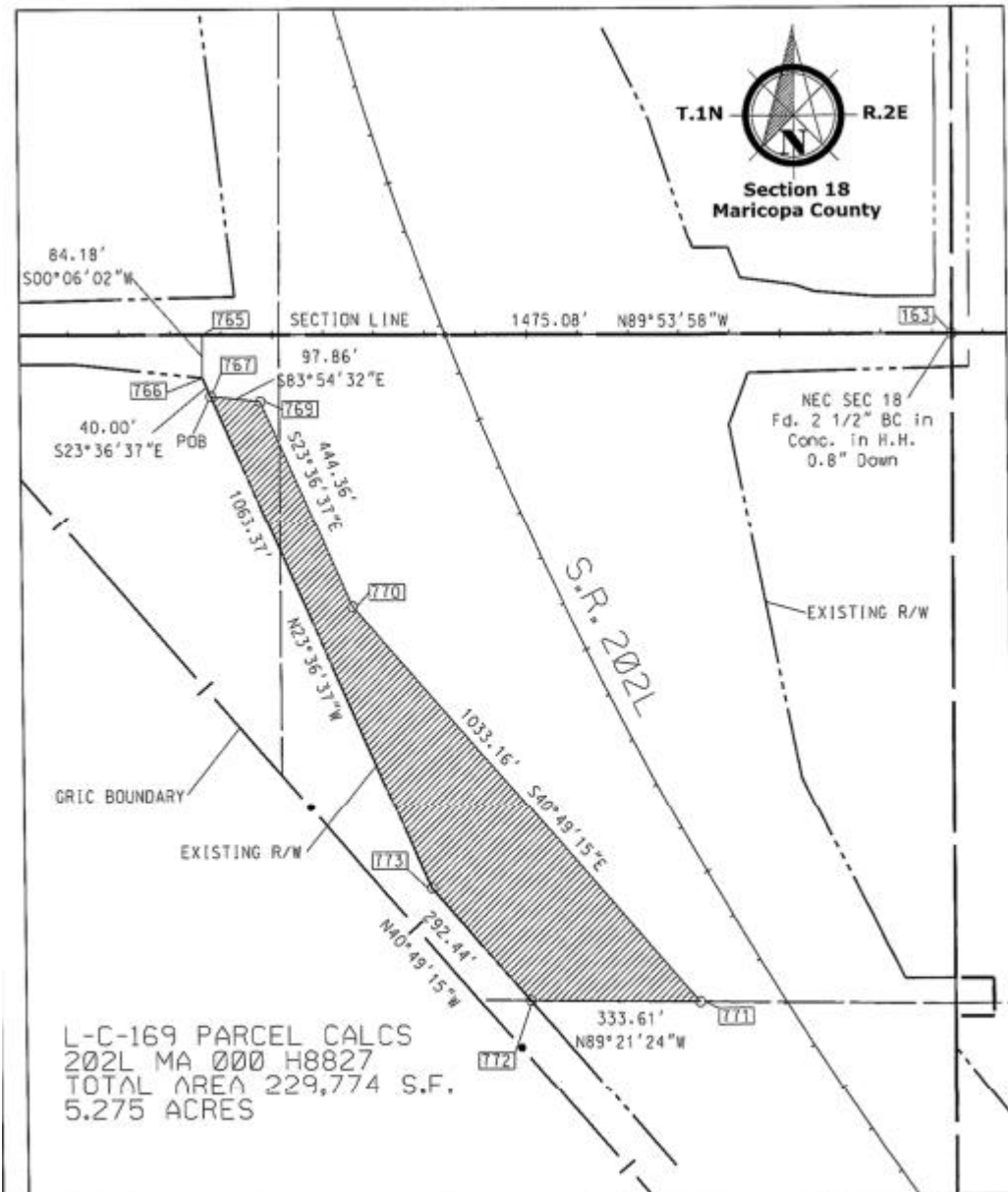
The property described above is landlocked, having no means of access to or from any public way. By acceptance of this deed, the Grantee acknowledges awareness of the landlocked condition of this parcel prior to purchase and further acknowledges that it is the Grantee's expressed intention to acquire a landlocked parcel of land. The Grantor makes no warranty, covenant or assurance, expressed or implied, concerning the suitability or usability of this parcel of land for any purpose.

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

EXHIBIT "A"

PAGE 2

PROJECT: 202L MA 000 H5439	LOCATION: Salt River – Jet I-10 Papago Segment	PARCEL: L-C-169
Unassigned	Disposal	CG 01-23-2024



ADOT Right of Way THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY		DISPOSAL #	L-C-169	HIGHWAY NAME:	
		EXHIBIT #	CALCS	SOUTH MOUNTAIN FREEWAY	
ROUTE NO.:		DATE	12/06/23	PROJECT NO.:	202 MA 000 H5439
SR 202L		LOCATION:	51st Ave - Salt River	202 MA 056 H8827	
				FEDERAL AID NO.:	202D(200)S
				SHEET NO.:	1 OF 1

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PURCHASE ORDER

PHOENIX, on 10/9/2024
CTR054974/ TO-25-001/ H882701R/ L-C-169/ Appraisal due 11-4-24-SOUTHWEST APPRAISAL ASSOCIATES INC

SUPPLIER

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

ORDER No. PO0000710923

(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
1801 W Jefferson St
UNITED STATES
Phoenix, Arizona 85007

Deliver To:

Requested Delivery Date:

(Unless specified differently per item in section delivery details)

BILL TO

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

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054974-3	840343-1	CTR054974/ TO-25-001/ H882701R/ L-C-169/ Appraisal due 11-4-24 Commentaire : L-C-169	1.0000	Total Cost		

Total before Tax

Non-Taxable - 0 %

Total after Tax

0.00 USD





PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item



Page 2 of 5

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 fit 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.

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. Protection of State Cybersecurity Interests. Seller shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.

11. 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.

12. 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

13. 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.

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

15. 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

16. 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.

17. 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.

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

19. 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.

20. 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.)

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

22. 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.

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