

**AN APPRAISAL REPORT OF THE MARKET VALUE OF THE GOVERNMENT LAND
OFFICE PATENT EASEMENT (GLOPE) ABANDONMENT ASSOCIATED WITH THE
LARGER PARCEL LOCATED AT 9875 EAST MCDOWELL MOUNTAIN RANCH ROAD
IN SCOTTSDALE, MARICOPA COUNTY, ARIZONA 85260**

PREPARED FOR

**ROSS BROWN PARTNERS, INC.
8925 EAST PIMA CENTER PARKWAY, SUITE 200
SCOTTSDALE, ARIZONA 85258**

ATTENTION

MR. KYLE MCGINLEY

A.T. I. FILE NO.: VEE893750

DATE OF REPORT

APRIL 30, 2025

EFFECTIVE DATE OF APPRAISAL

APRIL 25, 2025

PREPARED BY

**ZACH SINAY, MAI, R/W-AC
CERTIFIED GENERAL REAL ESTATE APPRAISER CERTIFICATE NO. 31199**



APPRAISAL TECHNOLOGY, LLC

April 30, 2025

TO: Ross Brown Partners, Inc.
8925 East Pima Center Parkway, Suite 200
Scottsdale, Arizona 85258

ATTN: Mr. Kyle McGinley

RE: An Appraisal Report of the market value of the Government Land Office Patent Easement (GLOPE) abandonment associated with the larger parcel located at 9875 East McDowell Mountain Ranch Road in Scottsdale, Maricopa County, Arizona 85260.

Dear Mr. McGinley:

As you requested, I have appraised the market value of the abandonment of the Government Land Office Patent Easement (GLOPE) of the aforementioned property. The purpose of the appraisal is to estimate the market value of the easement abandonment as of the effective date of value or April 25, 2025.

The value estimate is supported by market analysis, which is communicated through an appraisal report plus exhibits, which describes and identifies methods of approach and valuation.

This report was prepared under the Appraisal Report option of Standards Rule 2-2(a) of the most recent edition of the Uniform Standards of Professional Appraisal Practice ("USPAP"). As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Appraisal Technology internal standards for an Appraisal Report- Standard Format.

The subject of this report includes three Government Land Office Patent Easements located within the subject stie. A government land office patent easement, often referred to as a GLO or GLOPE, is a legal agreement that grants specific rights to a public body, such as a local government, for the use of a designated area on private land, typically for roadways, access or utilities.

I have performed no services as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

As part of this appraisal assignment, the appraiser became thoroughly familiar with the subject property and its submarket. Data on numerous sales within the submarket, and competing areas, were analyzed, in addition to conversations with well-informed persons familiar with the submarket and real estate values in the area.

No environmental studies have been provided. The appraiser has not identified any toxic waste and/or possible hazardous contaminant on the site; however, it does not mean that such materials do not exist. The indicated market value for the subject property represents a property free of any contaminants. If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void.

This appraisal was performed without undue pressure from anyone desiring a specific value. The appraiser's current or future employment was not contingent upon the appraisal producing a specific value or a value within a given range.

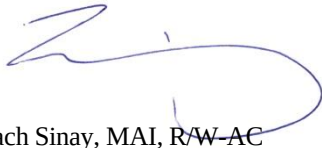
The appraiser is unaware of any leases on the property and the Market Value estimate of the easement abandonment reported in this appraisal assignment incorporates all ownership rights included in the Fee Simple estate. The value estimate is based upon the assumption the subject property is "free and clear" of all liens, subject to only the limitations of the four powers of government.

It is the appraiser's opinion, based upon the data and discussions presented, that the Market Value of the easement abandonment and its effects on the remainder, as of April 25, 2025, is:

ONE HUNDRED FOURTEEN THOUSAND TWENTY DOLLARS
(\$114,020)*

***It is noted that this value does not take into any consideration fees or deductions.**

Respectfully submitted,



Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199
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ADDENDA

Engagement Letter	EXHIBIT 1
Zoning Designation.....	EXHIBIT 2
Contingent and Limiting Conditions	EXHIBIT 3

FACTS AND CONCLUSIONS

TYPE OF PROPERTY

Residentially zoned land located within a Land Use area allowing light industrial and/or employment uses.

LOCATION

The subject is located at 9875 East McDowell Mountain Ranch Road in Scottsdale, Maricopa County, Arizona.

REPORT PURPOSE

The purpose of this appraisal is to estimate the market value of the proposed Government Land Office Easements.

INTENDED USE/USER OF REPORT

The intended use of the appraisal report is for asset management and potential disposal decisions to be made by the client. The intended users of this report are Ross Brown Partners, the property owner and the City of Scottsdale. This report is not intended for any other use or any other user.

TAX PARCEL NUMBER (S)

217-14-037A & 038A

SITE AREA/LARGER PARCELS:

In order to determine a value of the Government Land Office Patent Easement (GLOPE), the larger parcel needs to be established. For this valuation purpose, the larger parcel is defined by the following:

In governmental land acquisitions and in valuation of charitable donations of partial interests 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, or proximity, as it bears on the highest and best use of the property, 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. Appraisal Institute, The

Dictionary of Real Estate Appraisal, 7th ed. (Chicago Appraisal Institute, 2022).

For the purpose of this valuation, a larger parcel must be established. The larger parcel is defined as that tract, or those tracts, of land which possess a unity of ownership, unity of use or an integrated, highest and best use, and contiguity.

The larger parcel being valued consists of the land area that the GLOPE would be abandoned to totals 220,344 square feet or 5.06 acres

ZONING

R1-35 PCD ESL, Single Family Residential with a Planned Community District and Environmentally Sensitive Lands Overlay; City of Scottsdale.

According the City of Scottsdale General Plan, the subject site is located in the Employment Core, which are identified as primary employment centers for the city.

Although the subject property is currently zoned R1-35 PCD ESL, it is likely that the subject property could achieve a zoning change to a more light industrial or employment type use that is currently allowed within the existing General Plan.

FLOOD ZONE

Approximately 97% of the subject site is within an area denoted as being in an "X" Flood Hazard Area and approximately 3% is in the "A" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C1340L dated October 16, 2013.

IMPROVEMENTS

None; Vacant Land

HIGHEST & BEST USE

As Vacant: Zoning change to allow for light-industrial and regional- and community-level employment uses allowed within the existing Land Use Plan.

EFFECTIVE DATE OF THE APPRAISAL

April 25, 2025

INSPECTION DATE

April 25, 2025

EASEMENT ABANDONMENT AREA

The subject of this appraisal consists of three separate GLOPE areas to be abandoned. The area encompasses 45,608 square feet or 1.05 acres.

A summary of the total Government Land Office Patent Easements to be abandoned are as follows:

GLOPE 1 – 11,021 square feet

GLOPE 2 – 11,021 square feet

GLOPE 3 – 23,566 square feet

Total – 45,608 square feet or 1.05 acres

VALUATION SUMMARY OF PART TO BE ACQUIRED:

Contributory Value of the Subject Easement Before	\$ 1,231,416	
Contributory Value of the Subject Easement After	<u>\$ (1,345,436)</u>	
Preliminary Severance Damages	\$ -	\$ -
Special Benefits	\$ (114,020)	\$ 114,020
Cost to Cure		\$ -
Net Severance Damages		<u>\$ -</u>
Value Conclusion		\$ 114,020

SCOPE OF WORK

The practice of appraisal can be considered to be less of a science dictated by strict rules and more of an art, in which rules guide the appraiser towards a trustworthy, responsible and credible valuation. The Uniform Standards of Professional Appraisal Practice (USPAP) provides guidelines for this process to be undertaken through the Scope of Work Rule, to which all appraisal professionals must adhere.

The USPAP 2024 **SCOPE OF WORK RULE** states:

For each appraisal and appraisal review assignment, an appraiser must:

- *identify the problem to be solved;*
- *determine and perform the scope of work necessary to develop credible assignment results; and*
- *disclose the scope of work in the report.*

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (The Appraisal Foundation, USPAP 2024 edition, Page 13)

Comment: Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal and appraisal review assignment.

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

For this individual assignment, the appraiser shall address the three aspects of the Scope of Work Rule; Problem Identification, Scope of Work Acceptability and Disclosure Obligations.

PROBLEM IDENTIFICATION (PURPOSE):

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved. (The Appraisal Foundation, USPAP 2024 edition, Pg. 13)

The purpose of this appraisal is to estimate the Market Value of the proposed easement abandonment and its impact on the remainder, as of April 25, 2025.

The underlying assumptions and limiting conditions pertaining to this report are contained in the “Certificate of Appraiser” at the end of this appraisal report. These assumptions and limiting conditions are as integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

INTENDED USE/USER:

The intended use of the appraisal report is for asset management and potential disposal decisions to be made by the client. The intended users of this report are Ross Brown Partners, the property owner and the City of Scottsdale This report is not intended for any other use or any other user.

This appraisal assignment was drafted to adhere to the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute, plus the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and additional requirements of the City of Scottsdale.

EFFECTIVE DATE OF APPRAISAL:

April 25, 2025

DATE OF INSPECTION:

April 25, 2025

INTEREST VALUED:

As indicated, subject property is vacant land. The appraiser is unaware of any lease encumbrances and thus, the Fee Simple estate is considered. The Fee Simple estate is defined as follows:

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”
(The Dictionary of Real Estate Appraisal, 7th edition 2022)*

In the estimate of value, typically four interdependent factors must be considered as follows:

- Utility - the ability of a product to satisfy a human want, need or desire.
- Scarcity - the present or anticipated supply of an item relative to the demand for it.
- Desire - a purchaser's wish for an item to satisfy human needs (e.g., shelter, clothing, food, companionship) or individual wants beyond the essentials to support life.
- Effective Purchasing Power - the ability of an individual or group to participate in a market, i.e., to acquire goods and services with cash or its equivalent.

MARKET VALUE DEFINITION:

Following is the definition of *Market Value* as provided by the client.

“Market Value” means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. (Arizona Revised Statutes, ARS § 28-7091)

PROJECT INFLUENCE:

Following is the definition of *Project Influence* as provided by the client.

In acquiring property for transportation purposes pursuant to this section, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property prior to the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded. (Arizona Revised Statute 28-7097)

In the case of an easement abandonment, using the before and after method of valuation, my opinion of the value of the remaining not-to-be acquired portion of the property shall reflect any increase or decrease in value attributable to the abandonment.

EXTRAORDINARY ASSUMPTION:

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. (The Appraisal Foundation, USPAP 2024 edition, Page 4)

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (The Appraisal Foundation, *USPAP 2024 edition*)

No Extraordinary Assumptions were utilized in this report.

HYPOTHETICAL CONDITION:

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. (The Appraisal Foundation, USPAP 2024 edition, Page 4)

Comment: 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.

Pursuant to A.R.S. 28-7097, any decrease or increase in the market value of the real property prior to the date of valuation caused by the public improvement for which the property was acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to the physical deterioration within the reasonable care of the owner, was disregarded in estimating the market value of the proposed acquisition.

The opinion of the subject property's value in the after situation assumes that the easement has been abandoned and those property rights that were previously encumbered by the existing easement would no longer encumber the site.

The appraiser makes the Hypothetical Condition regarding Project Influence, which was defined previously in this report, that the opinion of value of the after value of the property shall reflect any increase or decrease in value attributable to the easement abandonment.

SCOPE OF WORK ACCEPTABILITY:

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased. (The Appraisal Foundation, USPAP 2024 edition, Page 14)

The client has requested that the appraiser estimate the Market Value of the easement abandonment. In order to credibly perform this task, the appraiser has followed these general guidelines:

- determination of problem and applicable Hypothetical Conditions or Extraordinary Assumptions
- research on the subject property, including but not limited to: ownership history, applicable leases and easements, physical characteristics (i.e. size, topography), relevant subject data (i.e. leases and financial statements for income producing properties)
- selection of, research on and collection of market data for the subject neighborhood
- site inspection
- analysis and synthesis of Highest and Best Use of the subject property
- selection of valuation methodology, subsequent research as is applicable, including market participant and market expert research (i.e. Sales Comparison Approach, Cost Approach, Income Approach, sales or rent comparable properties)
- analysis and conclusion of valuation methodology(ies)
- reconciliation of valuation methodology results
- conclusion of probable estimated market value

DISCLOSURE OBLIGATIONS:

The report must contain sufficient information to allow the client and other intended users to understand the scope of work performed. The information disclosed must be appropriate for the intended use of the assignment results. (The Appraisal Foundation, USPAP 2024 edition, Page 14)

Comment: Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report. The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

AREA ANALYSIS DATA SOURCES:

As part of this appraisal assignment, the appraiser made a number of independent investigations and analyses. Data retained in office files, which are updated regularly, were also relied upon. Affidavits of Property Value were checked, along with maps, aerials and zoning obtained from the City of Scottsdale were checked and also information provided by the client.

The Arizona State and Phoenix Metro area data was taken from many sources including, without limitation, Arizona State University, Arizona State Department of Economic Security and the U.S. Census Bureau.

All market data was confirmed from one or more of the following sources as indicated on the individual sales: Maricopa County Assessor's Office (www.maricopacountyaz.gov), Affidavit of Property Value, Real Quest (www.realquest.com), CoStar Realty Information (www.costar.com), FLEXMLS Data Systems (www.flexmls.com), owners or their representatives and/or Real Estate Brokers and/or Agents.

PROPERTY DESCRIPTION AND ANALYSIS:

The subject was personally inspected by Zach Sinay, MAI, R/W-AC. The subject description and analysis is based on my personal physical inspection, information obtained from the client and information obtained from the Maricopa County and/or the City of Scottsdale Engineering, Planning and Zoning Departments. It should be noted that Jeff Sinay provided significant real property appraisal assistance to the person signing this certification.

LEGAL DESCRIPTION:

The full legal description of the subject property is located within the Title Report in the Addenda.

OWNERSHIP:

The owner of record as provided by the Title Report is:

Winstar Pro, LLC

HISTORY:

This site was purchased by the current ownership for \$383,328 in June of 2001 and \$681,768 in February of 2001.

It is noted that the subject property is currently in escrow to be purchased for a price of \$6,500,000 or \$29.50 per square foot. The appraiser was not supplied with a copy of the purchase contract, but it was noted that the buyer was unaware of the existing Government Land Office Patent Easement that encumbers the property.

The current ownership has plans to develop an upscale indoor storage facility for high end automobiles that will be known as Collector's Garage at Westworld. The project will include a 2-story office/clubhouse building and five garage storage facilities totaling 58 storage units. These units are expected to total approximately 73,500 square feet of the total site area or 33%.

The appraiser is unaware of any other transactions over the previous five years and the property has not been reported as being listed for sale previously.

SCOPE OF VALUATION METHODOLOGY:

The valuation process is an orderly program in which data used to estimate value of the subject property is acquired, classified, analyzed, and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the fair market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site and improvement analysis, and the highest and best use analysis. They are then applied to the subject property in the discussion of the three approaches to value.

The Sales Comparison, Cost, and Income Capitalization Approaches are widely accepted methods of estimating value of an income producing property. Each approach is described briefly here and discussed in detail in the analysis of each.

To apply the Cost Approach, the depreciated replacement cost of the improvements is added to the value of the land as though vacant, derived through sales comparison, to arrive at a value estimate for the subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. The subject is considered to be vacant land with no improvements, thus the Cost Approach will not be utilized.

The Sales Comparison Approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable sales. The Sales Comparison Approach will be utilized in valuation of the subject property.

The Income Capitalization Approach can be analyzed by one of two methods: 1) Direct Capitalization or 2) Discounted Cash Flow.

The Direct Capitalization method involves estimating the gross rental income that a property will produce in a year, then subtracting losses due to vacancy and collections and subtracting normal operating expenses for the year to arrive at the annual net operating income to the property. The net operating income is capitalized into a value by applying a rate similar to those found in sales of similar properties in the competing marketplace.

Capitalization is a simple process whereby NOI is divided by an expected rate of return to the investment to indicate the amount an investor would likely be willing to spend to receive that return. This method is generally utilized when a property is stabilized or close to stabilization.

The Discounted Cash Flow (DCF) method uses the discounting procedure to convert future benefits to present value on the premise of a required level of profit or rate of return on an invested capital. The method is profit or yield oriented; it simulates the typical investor's investment assumptions by formulas that calculate the present value of expected benefits according to a requirement for profit or yield. This analysis is based upon the concept that the investor is willing to pay as much for the property as the present value of its expected income over the holding period, plus the present value of net revenue from the sale of the property at the end of the investment.

Revenue from the sale of the property is known as the reversion. The income stream and reversion are discounted to a present value at a rate representing respective perceived risks of each segment of the investment. This method is generally utilized when a property is in its lease-up period or if the property is experiencing a large vacancy.

The subject property is vacant land with no vertical improvements, with no income production, thus the Income Capitalization Approach will not be utilized.

The Sales Comparison Approach is utilized in this report to determine a value of the subject site.

MARKETING TIME:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effect date of an appraisal. (USPAP AO-7)

Based on market evidence, if the subject is placed on the market for sale at the appraised market value, with an intensive marketing program, the property should be sold and closed within nine to twelve months. If a property is priced considerably above market it will stay on the market for a considerably longer period of time than if it is priced at market levels. This can be shown within the market by examining the comparable sales' time on the market given their respective sale prices.

EXPOSURE TIME:

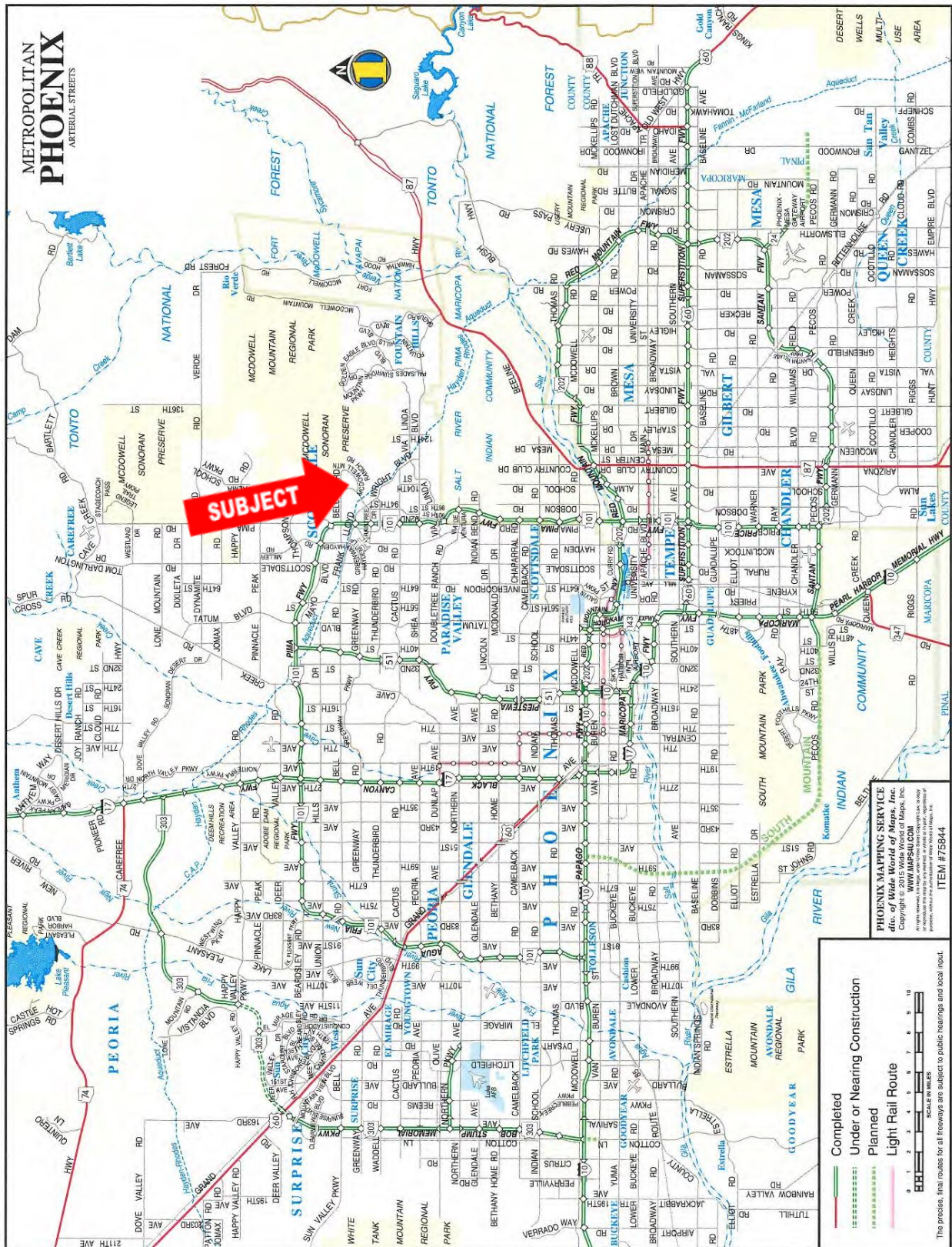
An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (The Appraisal Foundation, USPAP 2024 edition, Page 4)

The appraiser researched the subject's market area for similar type properties that were exposed with an intense marketing program and considered to be marketed within a reasonable exposure time. Based on market evidence, properties similar to that of the subject, and within the subject's neighborhood sold and closed within one to six months.

HAZARDOUS WASTES:

The appraiser was not provided with a copy of any environmental studies. If toxic waste and/or contaminants are detected on the subject property, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminate is and the cost of removal) by the appraiser. No other nuisances or hazards were recognized during my on-site inspection of the subject property.

AREA MAP



REGIONAL AND CITY DATA

LOCATION:

The State of Arizona is located within the southwestern region of the United States. The July 2024 population estimate puts the population of Arizona at 7,621,703. Maricopa County is located in the south central part of the State of Arizona. Maricopa County consists of numerous cities, towns and communities that are inter-connected through transportation corridors, economic affiliations, and physical/location characteristics.

The cities, towns, and communities that make up the Phoenix Metropolitan area include: Apache Junction, Avondale, Buckeye, Carefree, Chandler, El Mirage, Fountain Hills, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Litchfield Park, Mesa, New River, Paradise Valley, Peoria, Phoenix, Scottsdale, Sun City/Sun City West, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown.

The subject property is located in the northeastern portion of the Metropolitan Phoenix area, Maricopa County, Arizona. The subject property is considered part of the greater Metropolitan Phoenix area and will be examined within the following regional data analysis.

The appraiser has identified basic regional factors that may have an impact on the value of the subject property which includes: location, population, employment, income characteristics, cost of living, education, quality of life, and real estate trends. This section will focus and analyze these recognized basic regional factors as they influence or affect real estate value.

SOCIAL FORCES:

Social forces primarily have to do with population and demographic trends. The demographics of the population indicate the potential basic demand for real estate services. Arizona has experienced rapid population growth continuously for the last seven years, largely due to the extended period of strong economic growth. The state added 96,590 residents last year which translated into a growth at 1.3%. Continued job and population growth have contributed to personal income gains of 5.3% in 2024.

POPULATION COUNTS OF THE CITIES WITHIN METROPOLITAN PHOENIX					
	1-Jul-24	1-Jul-23	1-Jul-2010	Number	Percent
	Population Est.	Population Est.	Population est.	Change	Change
Apache Junction	41,643	39,453	35,840	5,803	16.19%
Avondale	96,803	94,830	76,238	20,565	26.97%
Buckeye	113,349	109,729	50,876	62,473	122.79%
Carefree	3,738	3,723	3,363	375	11.15%
Cave Creek	5,259	5,239	5,015	244	4.87%
Chandler	286,342	285,234	236,123	50,219	21.27%
El Mirage	36,958	36,536	31,797	5,161	16.23%
Fountain Hills	24,163	24,075	22,489	1,674	7.44%
Gila Bend	1,894	1,893	1,922	-28	-1.46%
Gilbert	292,116	280,391	208,453	83,663	40.14%
Glendale	260,878	257,962	226,721	34,157	15.07%
Goodyear	116,694	111,508	65,275	51,419	78.77%
Guadalupe	5,327	5,329	5,523	-196	-3.55%
Litchfield Park	7,016	7,023	5,476	1,540	28.12%
Mesa	524,892	521,074	439,041	85,851	19.55%
Paradise Valley	12,781	12,749	12,820	-39	-0.30%
Peoria	203,065	202,183	154,058	49,007	31.81%
Phoenix	1,697,696	1,682,053	1,449,242	248,454	17.14%
Queen Creek	81,778	76,752	25,998	55,780	214.55%
Scottsdale	249,935	248,542	217,365	32,570	14.98%
Surprise	165,916	160,273	117,688	48,228	40.98%
Tempe	193,336	194,205	161,974	31,362	19.36%
Tolleson	8,627	7,322	6,573	2,054	31.25%
Wickenburg	8,450	8,309	6,353	2,097	33.01%
Youngtown	7,161	7,060	6,154	1,007	16.36%
Unincorporated	337,004	334,405	284,016	52,988	18.66%
METRO PHOENIX	4,782,821	4,717,852	3,856,393	926,428	24.02%

Arizona Office of Economic Opportunity

ECONOMIC FORCES:

The Metropolitan Phoenix Area (Maricopa County) represents 75% of the Arizona Labor Market. The Maricopa County MSA had a civilian labor force of 2,527.4 at the end of February 2025. The current unemployment rate in Arizona is 3.6% (February 2025).

Maricopa County - Monthly Summary	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
<i>Labor Force, Thousands, Seasonally Adjusted, Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics</i>						
Civilian Labor Force	2,490.8	2,494.5	2,496.2	2,508.6	2,530.8	2,527.4
% Chg from Year Ago	1.1%	1.2%	0.9%	1.5%	2.4%	2.1%
Employment	2,410.5	2,412.3	2,411.3	2,422.9	2,438.6	2,437.5
% Chg from Year Ago	1.2%	1.3%	0.7%	1.3%	1.9%	1.5%
Unemployment	80.4	83.2	88.7	88.2	89.3	91.5
% Chg from Year Ago	-2.1%	-0.3%	11.2%	10.4%	18.2%	22.7%
Unemployment Rate	3.2	3.3	3.6	3.5	3.5	3.6

Shown next is a chart of the top ten Phoenix Metropolitan major employers.

Top Ten Employers of Arizona

Banner Health	46,602
State of Arizona	41,531
Amazon	40,000
Walmart	37,648
Arizona State University	37,402
University of Arizona	23,439
Fry's Food Store	21,000
City of Phoenix	15,018
HonorHealth	14,801
Wells Fargo & Co.	13,000

Phoenix Business Journal December 2024

GOVERNMENTAL FORCES:

The State of Arizona has placed emphasis on economic development within the State through the Commerce Department. The regional government, through joint efforts of the communities within Maricopa County, has also taken a strong favorable stance toward continued economic development.

Phoenix and its surrounding city governments are considered progressive in their thinking, showing a commitment to strong neighborhood design concepts by improving the educational system, creating more parks and recreational facilities, building new freeway systems and developing major shopping areas for the individual neighborhoods that make up the Metro area. The entire government structure is described as well-run and dynamic.

TRANSPORTATION:

The State, as well as Phoenix, has an excellent transportation system because of Metropolitan Phoenix's primary ideal central location, the area is a natural regional transportation axis for the rest of the southwest. Linkages within the Metropolitan area are also considered good. Accessibility to other locations in this area is very important as people have the option of living in one city and working in another. The Arizona Department of Transportation has several major freeways in place and/or planned for the Metropolitan Phoenix area. (The following information is provided by the Arizona Department of Transportation).

The *Pima Freeway* system traverses east and west along the Beardsley Road alignment from I-17 (Black Canyon Freeway) to the Pima Road in North Scottsdale.

The *Agua Fria Freeway* (extension) runs east and west from the Black Canyon Freeway (I-17) westward to 83rd Avenue and north and south from Beardsley Road to the Papago Freeway (I-10). The *Piestewa Parkway* (extension) runs southward from the Pima Freeway at 32nd Street and feeds traffic from the northern portion of the Valley to Central Phoenix.

The *Superstition Freeway* is a major freeway that serves the East Valley, especially the cities of Mesa, Tempe, Chandler, Gilbert and Apache Junction. This freeway system runs east and west from the Hohokam Expressway through the entire length of the eastern portion of Metro Phoenix area.

The *SR 202* is a partial beltway looping around the eastern areas of the Phoenix metropolitan area in central Arizona. It connects the eastern end of the city of Phoenix, in addition to the towns of Tempe, Mesa, Chandler and Gilbert, and is a vital route in the metropolitan area freeway system. Loop 202 currently has two designated sections along its route; the *Red Mountain Freeway* and the *Santan Freeway*. A third section has recently been completed and is known as the *South Mountain Freeway*, which bypasses much of Central Phoenix and runs from the eastern Interstate 10 (I-10) near 59th Avenue to the western portion of Interstate 10 at Pecos Road.

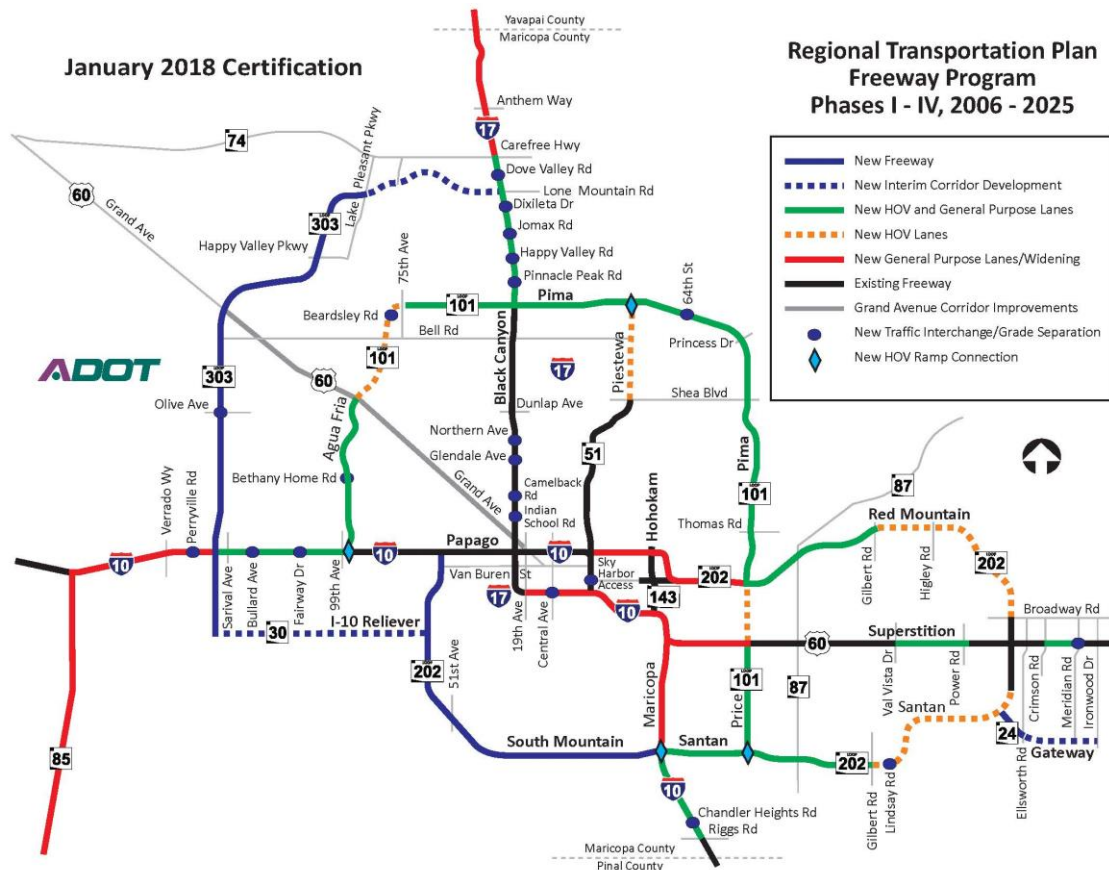
The *Gateway Freeway* (SR 24) was completed and opened in May of 2014. The initial phase is a one-mile stretch beginning at Loop 202 (Santan Freeway) near the Phoenix-Mesa Gateway Airport and ending at Ellsworth Road. Additional phases of this project, east of Ellsworth Road, are suspended until the North-South Corridor Study in Pinal County advances.

The *Price Freeway* (Loop 101) is currently completed from the Superstition Freeway north to Pima Freeway (Loop 101). In addition, recently completed is the portion which transverses from the Superstition Freeway southward to the Santan Freeway (Loop 202).

The *Bob Stump Memorial Parkway* (Loop 303) is the outer loop of the west side of Phoenix. The road begins at Interstate 10 in the far west valley then loops north to US- 60 (Grand Ave.) at Surprise, then east to Interstate 17. It's a six-lane highway between Interstate 10 and just south of Happy Valley Road and as a four lane freeway from Happy Valley Road to Interstate 17.

The Grand Avenue (US 60) freeway construction opened several new intersections from 43rd Avenue to the Loop 101.

Interstates 10 and 17, U.S. Highways 60, 70, 80 and 89 together with State Highways 51, 87 and 93, go through and connect in the City of Phoenix to all areas in the west and mid-western United States. In addition, construction of 249 miles of freeway has been planned for Metro Phoenix. This will further enhance transportation in the communities within the Valley area.



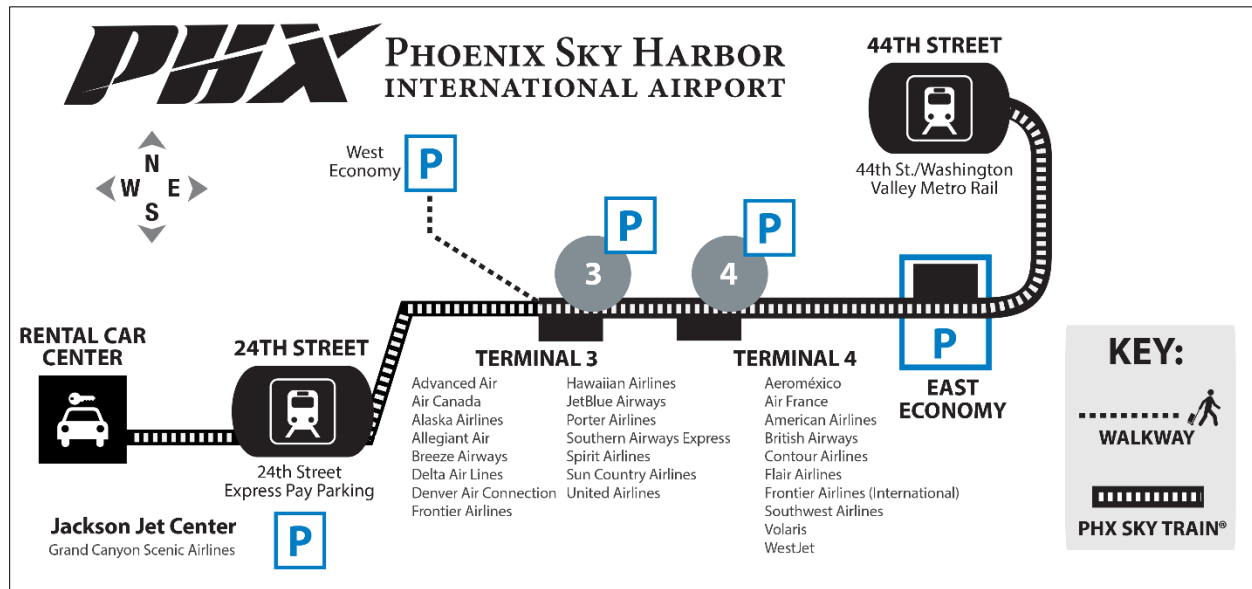
OTHER FORMS OF TRANSPORTATION:

Phoenix Sky Harbor International airport serves more than 143,000 passengers with more than 1,000 flights per day. Sky Harbor is one of the most convenient airports in the United States. In 2023, Phoenix Sky Harbor was the 14th busiest airport in the U.S. for passenger traffic. It was also the 10th busiest in the U.S. for take offs and landing and is served by 25 commercial airlines. The airport is located in the middle of Greater Phoenix, less than 10 minutes from downtown, and within 20 miles of almost all of our towns and cities.

Phoenix-Mesa Gateway Airport is located about 30 miles southeast of Phoenix Sky Harbor. Gateway Airport offers commercial flights to more than 45 destinations.

Convenient transportation to Sky Harbor airport comes by way of the PHX Sky Train. This driverless train transports Valley Metro Light Rail passengers to the airport from the 44th Street/Washington Street Station. The PHX Sky Train presently travels between Terminal 3, Terminal 4, east economy parking and 44th Street/Washington St., where it connects passengers to

the Metro Light Rail System. An extension to the Rental Car Center is complete and operating to the 24th Street station with approximately 1,600 economy parking spaces and curbside pick-up and drop-off, a convenient option for travelers arriving from the West Valley and Downtown.



Light Rail

The Valley's light rail system offers riders a speedy 30-mile ride linking Phoenix to the neighboring communities of Tempe and Mesa, and includes stops at attractions such as Phoenix Art Museum, the Heard Museum, Chase Fields, Footprint Center and Tempe's Mill Avenue District. There are 41 stations along the line and they are adorned with 6.2 million worth of public art. The art work at each station reflects the character of the community where it is located. Station platforms can accommodate the boarding of 600 passengers onto a three-car train within 30 seconds between the cities of Phoenix, Tempe, Mesa and Glendale and is an integral part of a comprehensive Valley-wide transit system.

The rail system in metro Phoenix continues to expand with the construction of the South Central Extension/Downtown Hub. The Capitol Extension, which will extend light rail west to the State Capitol area from downtown Phoenix, is currently in the advanced design phase. The I-10 West Extension, which is in the preliminary engineering phase, continues light rail from the State Capitol area for approximately 10 miles along I-17 and I-10 to Desert Sky Transit Center at 79th Avenue and Thomas Road. A study to evaluate high-capacity options in west Phoenix to 99th Avenue is also underway.

Currently, more than 30,000 riders rely on light rail each day and has shown to generate economic prosperity for historically underserved communities in metro Phoenix.

Light rail makes the unique offerings of South Phoenix more accessible to others, attracting new customers, businesses and jobs to the area. The advancement is funded through [Transportation](#)

Valley Metro Rail
Greater Phoenix, Arizona

- TC Transit Center
- P Park-and-Ride
- Station
- ✈ PHX Sky Train

Stations and Locations:

- Mountain View Rd / 25th Ave** (TC)
- 25th Ave / Dunlap** (P)
- 19th Ave / Dunlap** (P)
- Northern / 19th Ave**
- Glendale / 19th Ave**
- 19th Ave / Montebello** (P)
- 19th Ave / Camelback** (P)
- 7th Ave / Camelback** (P)
- Central Ave / Camelback** (P)
- Central Ave / Central Ave**
- Campbell / Central Ave**
- Indian School / Central Ave**
- Osborn / Central Ave**
- Thomas / Central Ave**
- Encanto / Central Ave**
- Encanto / Central Ave**
- McDowell / Central Ave**
- Roosevelt / Central Ave**
- Washington / Central Ave**
- Van Buren / 1st Ave** (TC)
- Jefferson / 1st Ave**
- 3rd St / Jefferson**
- 12th St / Jefferson**
- 24th St / Jefferson**
- 38th St / Washington**
- 44th St / Washington** (P)
- 50th St / Washington**
- Priest Dr / Washington**
- Center Pkwy / Washington**
- Mill Ave / 3rd St**
- Veterans Way / College** (TC)
- University Dr / Rural Rd**
- Dorsey / Apache Blvd** (P)
- McClintock / Apache Blvd** (P)
- Smith-Martin / Apache Blvd**
- Price-101 Fwy / Apache Blvd**
- Sycamore / Main St** (P)
- Alma School / Main St**
- Country Club / Main St**
- Center / Main St**
- Mesa Drive / Main St**
- Stapley / Main St**
- Gilbert Rd / Main St** (P)

Freight rail transportation from transcontinental origins from and to the Metro area is provided by the Union Pacific Railway (Southern Arizona), Arizona Eastern (Claypool-Globe), Arizona & California (Parker, Arizona –westward), and the BNSF Railway Company (Northern Arizona). Greyhound and seven other charter bus services serve the city as well. Public transportation is provided by the Phoenix Transit System, and Dial-A-Ride. Other transportation is provided by interstate and intrastate truck lines, household good carriers, United Parcel Service, Purolator Courier Service and Air Couriers International.

Appraisal Technology, LLC

RESIDENTIAL MARKET:

Active Listings	This Month			Year to Date		
	2025	2024	% Chg	2025	2024	% Chg
0-29,999	122	95	28.4	237	176	34.7
30,000-39,999	86	81	6.2	150	139	7.9
40,000-49,999	104	81	28.4	177	149	18.8
50,000-59,999	101	70	44.3	158	128	23.4
60,000-69,999	94	74	27	176	144	22.2
70,000-79,999	121	68	77.9	207	141	46.8
80,000-89,999	82	81	1.2	160	157	1.9
90,000-99,999	104	71	46.5	172	124	38.7
100,000-119,999	120	106	13.2	202	204	-1
120,000-139,999	204	140	45.7	361	280	28.9
140,000-159,999	193	176	9.7	326	320	1.9
160,000-179,999	231	176	31.3	417	380	9.7
180,000-199,999	312	209	49.3	556	457	21.7
200,000-249,999	911	645	41.2	1772	1438	23.2
250,000-299,999	1638	1025	59.8	3166	2449	29.3
300,000-399,999	5342	3723	43.5	11061	9270	19.3
400,000-499,999	5356	3636	47.3	10966	8931	22.8
500,000-549,999	1755	1178	49	3656	2749	33
550,000-749,999	4678	3271	43	9273	7525	23.2
750,000-999,999	2648	1922	37.8	5127	4083	25.6
1,000,000-1,249,999	816	680	20	1562	1383	12.9
1,250,000-1,499,999	711	515	38.1	1401	1100	27.4
1,500,000-1,999,999	780	592	31.8	1433	1133	26.5
2,000,000-2,999,999	670	523	28.1	1119	947	18.2
3,000,000+	863	735	17.4	1353	1115	21.3
Totals	28042	19873	41.1	55188	44922	22.9

The following housing statistics are provided by ARMLS as of March 2025.

Local Multiple Listing Service (ARMLS) had 55,188 active listings as of March 2025 across the Greater Phoenix area including listings under contract and seeking backup offers. This represents an increase of 22.9% compared to the previous year.

Active single-family home listings from \$180,000 to \$199,999 were up 21.7% compared to the previous year. The mid-range home listings from \$300,000 to \$399,999 were up 19.3% compared to the previous year.

ARMLS had 17,491 homes sold as of March 2025 across the Greater Phoenix area. This represents an increase of 3.1% from the previous year.

Sold Listings	This Month			Year to Date		
	2025	2024	% Chg	2025	2024	% Chg
0-29,999	23	24	-4.2	55	53	3.8
30,000-39,999	8	15	-46.7	34	39	-12.8
40,000-49,999	13	16	-18.7	37	37	0
50,000-59,999	11	12	-8.3	28	28	0
60,000-69,999	19	18	5.6	43	40	7.5
70,000-79,999	13	9	44.4	42	44	-4.5
80,000-89,999	13	17	-23.5	28	39	-28.2
90,000-99,999	13	11	18.2	28	25	12
100,000-119,999	19	23	-17.4	54	55	-1.8
120,000-139,999	36	38	-5.3	86	86	0
140,000-159,999	38	46	-17.4	106	109	-2.8
160,000-179,999	43	45	-4.4	117	123	-4.9
180,000-199,999	59	60	-1.7	156	150	4
200,000-249,999	217	244	-11.1	566	621	-8.9
250,000-299,999	374	389	-3.9	970	1014	-4.3
300,000-399,999	1571	1631	-3.7	3978	4155	-4.3
400,000-499,999	1496	1488	0.5	3690	3762	-1.9
500,000-549,999	490	474	3.4	1263	1159	9
550,000-749,999	1166	1136	2.6	2918	2776	5.1
750,000-999,999	594	515	15.3	1451	1266	14.6
1,000,000-1,249,999	209	151	38.4	533	399	33.6
1,250,000-1,499,999	152	120	26.7	374	298	25.5
1,500,000-1,999,999	158	119	32.8	387	297	30.3
2,000,000-2,999,999	96	102	-5.9	296	227	30.4
3,000,000+	110	65	69.2	251	162	54.9
Totals	6941	6768	2.6	17491	16964	3.1

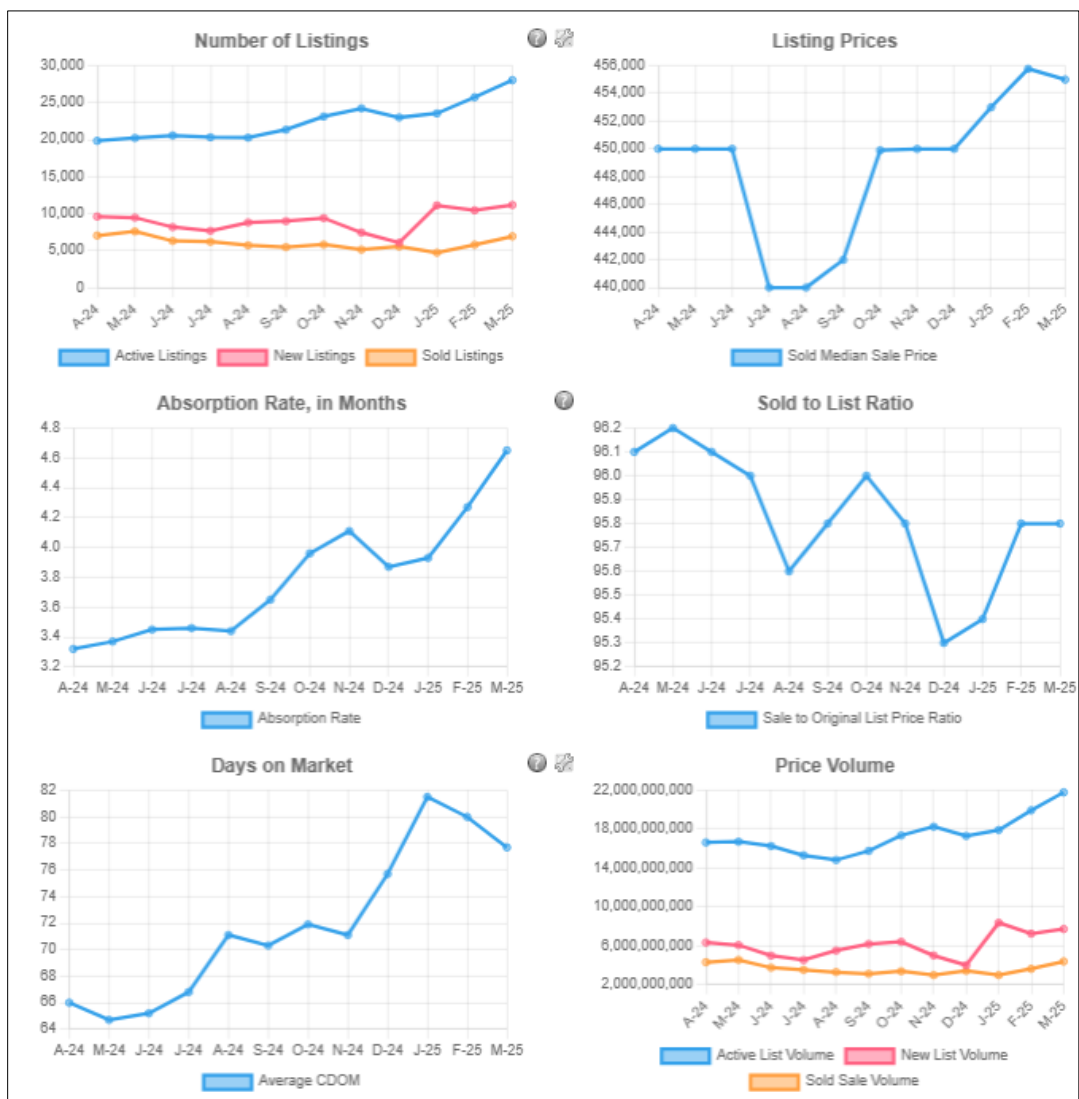
Sold single-family homes from \$180,000 to \$199,999 were up 4.0% compared to the previous year. The mid-range home sales from \$400,000 to \$499,999 had a decrease of 1.9% compared to the previous year.

The median single-family home sale price for the Phoenix Metropolitan Area was \$455,000 year-to-date an increase of 3.41% compared to this time last year. The average sale price was \$628,710, an increase of 9.26% compared to the previous year. The average days on market was 76 days, up 15.15% compared to the previous year.

Following are the summary statistics for single family residential sales activity within Maricopa County.

Summary Statistics						
	Mar-25	Mar-24	% Chg	2025 YTD	2024 YTD	% Chg
Absorption Rate	4.65	3.29	41.34	4.28	3.12	37.18
Average List Price	\$777,306	\$833,665	-6.76	\$725,903	\$726,261	-0.05
Median List Price	\$479,900	\$489,000	-1.86	\$475,000	\$470,000	1.06
Average Sale Price	\$632,108	\$580,605	8.87	\$628,710	\$575,435	9.26
Median Sale Price	\$455,000	\$444,998	2.25	\$455,000	\$440,000	3.41
Average CDOM	77	67	14.93	76	66	15.15
Median CDOM	50	44	13.64	55	47	17.02

Following are multiple charts relating to single family residential activity in the Phoenix Metropolitan Area.



MULTI-FAMILY MARKET:

The existing multi-family inventory for Metropolitan Phoenix consists of 413,669 apartment units. The vacancy rate increased to 11.7% as of the 1st Quarter 2025. The Metropolitan Phoenix Multi-Family Market had a year-to-date (YTD) absorption of 18,643 units. The average rental rate ranged from \$1,177 per month (1 & 2 Star Apartments) to \$1,803 per month (4 & 5 Star Apartments). The overall average rental rate was \$1,588 per month.

Shown next is a chart of the key indicators for the Metropolitan Phoenix Multi-Family Market as of the 1st Quarter 2025 as compiled by CoStar Realty Information, Inc.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	203,029	13.2%	\$1,803	\$1,761	528	517	18,501
3 Star	147,947	10.7%	\$1,425	\$1,405	58	0	4,409
1 & 2 Star	62,693	8.9%	\$1,177	\$1,166	(2)	0	25
Market	413,669	11.7%	\$1,588	\$1,558	584	517	22,935

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	1.0% (YOY)	8.8%	10.9%	12.8%	2009 Q4	5.1%	2021 Q2
Absorption Units	18,643	5,912	10,669	18,415	2025 Q1	(4,011)	2007 Q4
Delivered Units	25,711	7,318	10,482	25,711	2024 Q4	205	2011 Q1
Demolished Units	200	176	257	709	2016 Q2	0	2024 Q1
Asking Rent Growth	-2.3%	2.4%	3.0%	17.1%	2021 Q3	-6.9%	2009 Q4
Effective Rent Growth	-2.3%	2.4%	3.0%	18.1%	2021 Q3	-6.9%	2009 Q4
Sales Volume	\$3.7B	\$4B	N/A	\$19.1B	2022 Q2	\$342.5M	2009 Q1

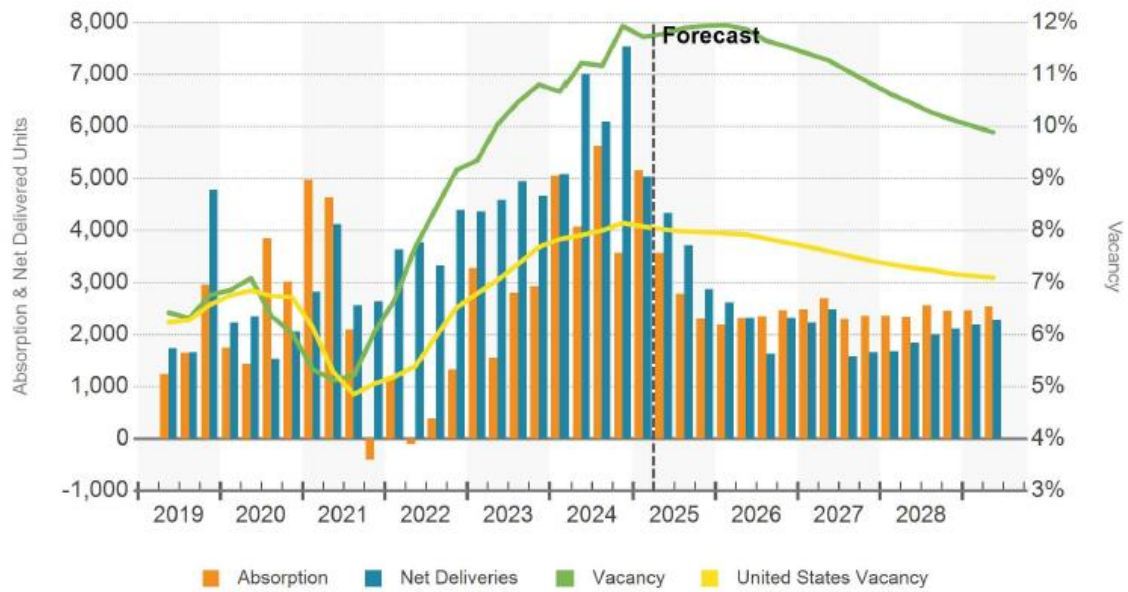
Demand is rebounding in the Phoenix apartment market. Over the past 12 months, the Valley recorded 19,000 units of net absorption, outpacing the pre-pandemic five year annual average of about 7,200 units per year. The Valley finished 2024 as one of the nation's top eight markets for net demand formation, on both an absolute and inventory-normalized basis.

While newly-built communities continue to capture the bulk of net absorption, a pick-up in demand at mid-priced communities drove the improvement. Over the past 12 months, 3 Star properties recorded 4,100 units of net absorption, compared to -2,500 units from 21Q3 to 22Q4 cumulatively.

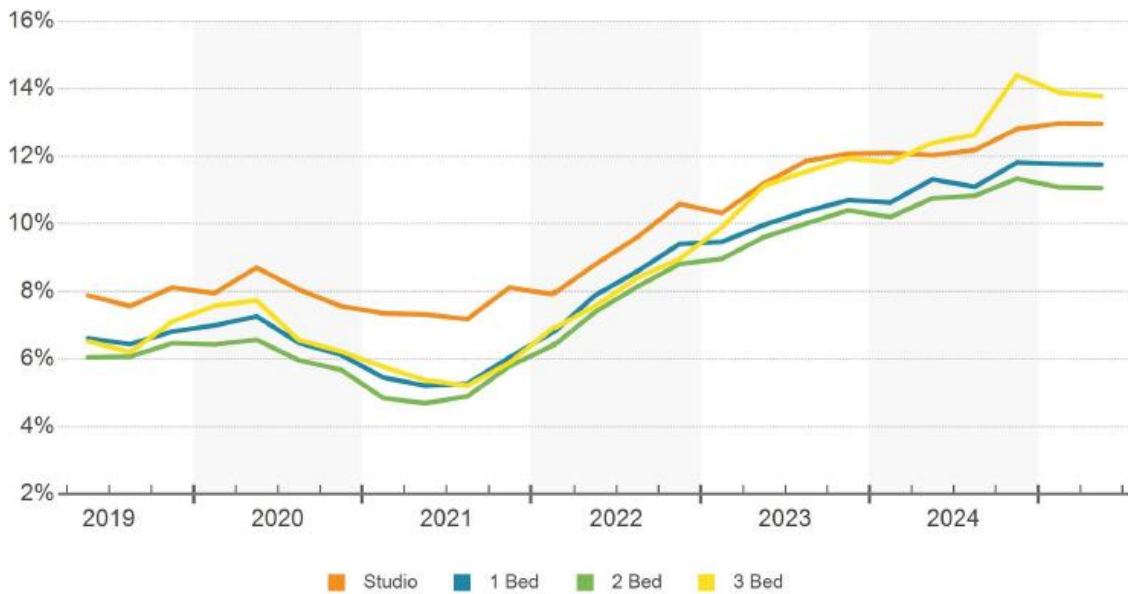
Though renter demand formation has been strong, the wave of new construction is stronger, keeping the Valley apartment market in a persistent state of fundamental imbalance. Over the past 12 months, about 25,000 net new units delivered, causing vacancy to rise to a 15-year high of 11.7%.

Over the short term, the substantial construction pipeline will continue to weigh on the market. Developers delivered 61,000 units over the past three years, and another 23,000 units are underway. The construction boom over the past few years represents the largest supply injection since the 1980s, and the increased competition from new development is straining operations. Local property managers are reporting longer lease-up timelines for newly delivered complexes as well as challenges at the time of renewal for stabilized communities. Additionally, operating expenses such as payroll, insurance, and third-party services have risen, squeezing profitability. Shown next are charts representing the absorption, net deliveries and vacancy for the Metropolitan Phoenix Multi-Family Market as compiled by CoStar Realty Information, Inc.

ABSORPTION, NET DELIVERIES & VACANCY



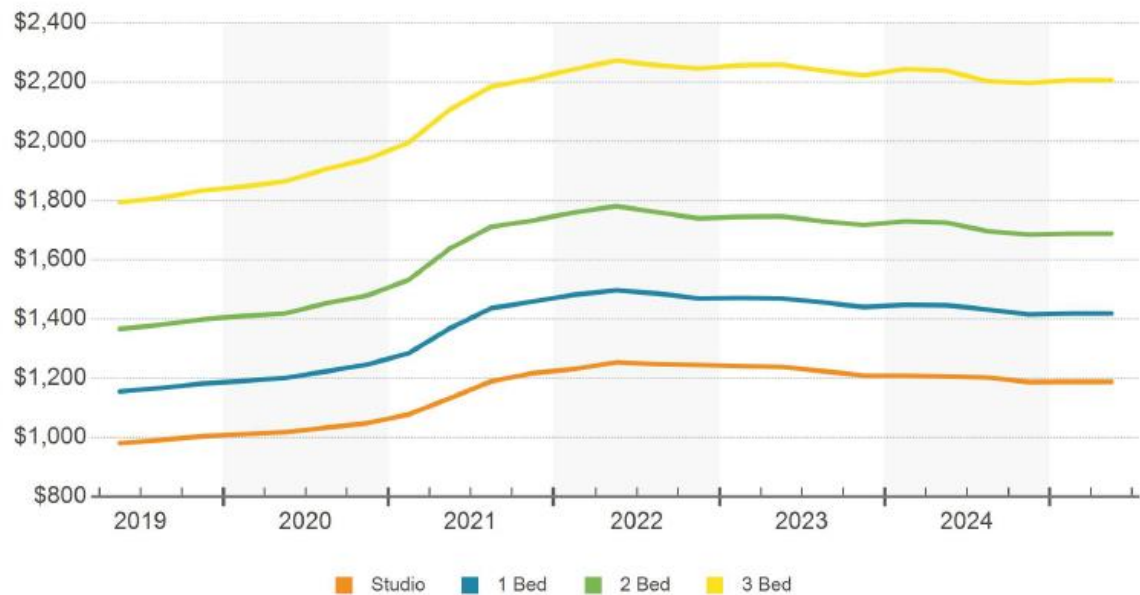
VACANCY BY BEDROOM



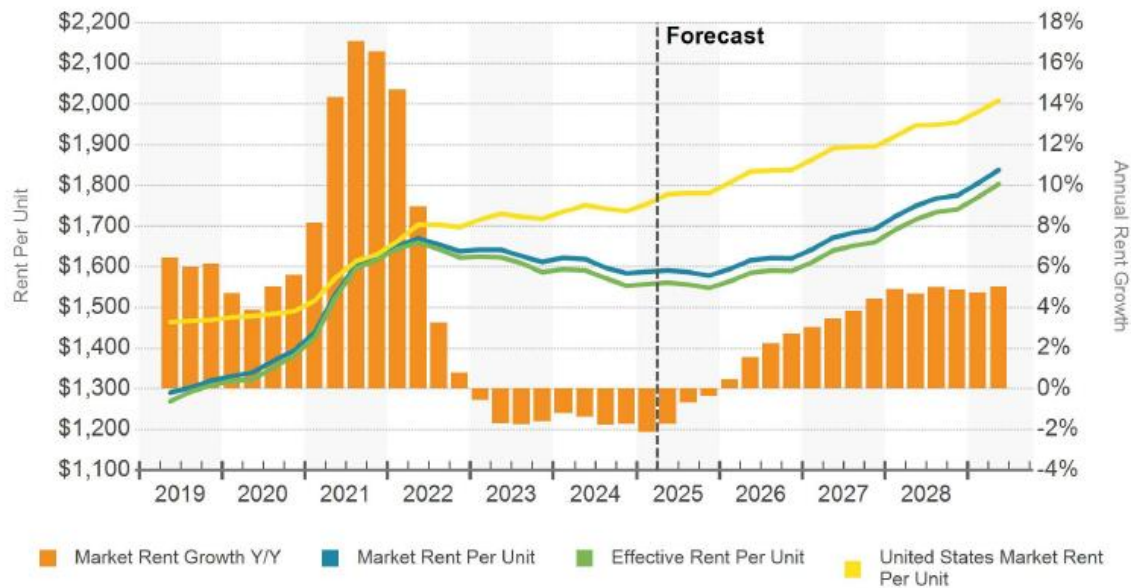
Over the past 12 months, the average asking rent declined 2.1%, ranking the Valley as one of the worst-performing rent growth markets in the United States with at least 75,000 units of inventory. However, Phoenix still maintains its place as an affordable market when compared to major metros in California and the Pacific Northwest, attracting new residents.

Shown next are charts representing the market rents within the Metropolitan Phoenix Multi-Family Market as of the 1st Quarter 2025 as compiled by CoStar Realty Information, Inc.

MARKET RENT PER UNIT BY BEDROOM



MARKET RENT PER UNIT & RENT GROWTH



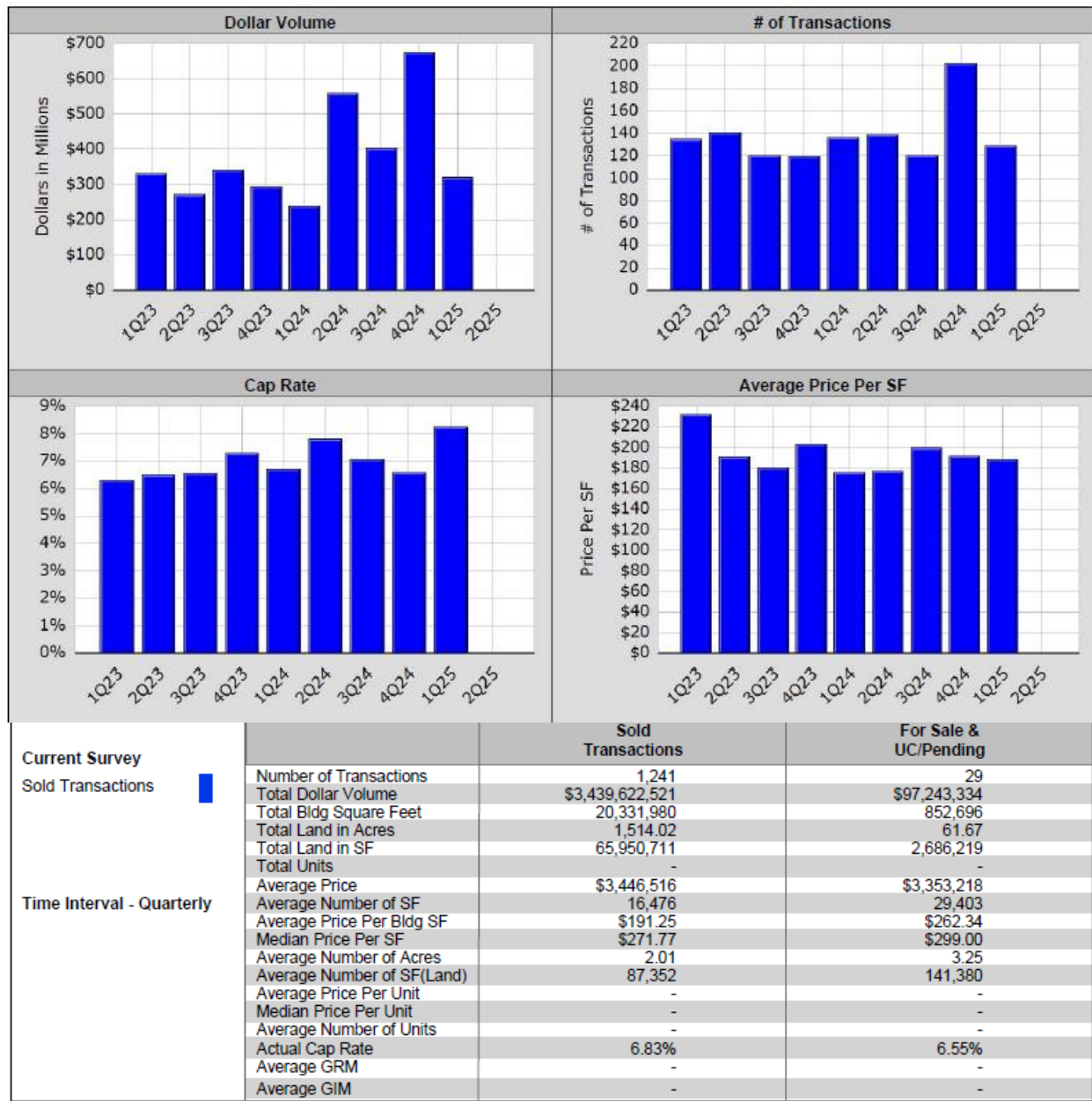
OFFICE MARKET:

The existing office inventory for Metropolitan Phoenix consists of over 193 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 50 million square feet. The Metropolitan Phoenix Office Market showed a vacancy rate in the 1st Quarter 2025 of 18.9%. The Phoenix Office Market had a year-to-date (YTD) absorption of (-1,202,784) square feet. The average rental rate ranged from \$26.38 per square foot (Paradise Valley) to \$30.60 per square foot (East Phoenix). The overall average rental rate was \$28.57 per square foot on a full service basis.

Shown next is a chart of the Office Market as of the 1st Quarter 2025 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %				
Airport Area	5,811,866	24.1%	43,644	0	0	\$28.17
South Tempe/Ahwatukee	7,392,367	24.6%	-11,003	135,000	0	\$27.77
Airport Area	13,204,233	24.4%	32,641	135,000	0	\$27.97
Midtown	13,390,816	23.3%	-592,850	0	0	\$25.95
Downtown	10,845,642	21.9%	153,335	0	0	\$31.44
Central Corridor	24,236,458	22.6%	(439,515)	0	0	\$28.69
44th Street Corridor	4,252,298	15.1%	17,248	0	0	\$28.97
Camelback Corridor	9,958,637	19.3%	-139,194	0	40,000	\$37.58
Midtown/Central Phoenix	6,166,469	9.3%	-159,165	0	0	\$25.25
East Phoenix	20,377,404	43.8%	(281,111)	0	40,000	\$30.60
Chandler	12,925,480	19.5%	-392,798	0	124,371	\$29.63
Mesa Downtown	1,512,394	6.0%	-18,619	0	0	\$21.23
Mesa East	5,036,142	10.3%	82,618	0	0	\$25.26
Superstition Corridor	6,781,260	13.0%	-167,291	0	16,618	\$26.08
Tempe	21,104,678	21.6%	592,981	133,356	0	\$33.73
Gateway Airport/Loop 202	3,080,212	5.7%	22,355	6,538	26,032	\$30.51
East Valley	50,440,166	12.7%	119,246	139,894	167,021	\$27.74
Arrowhead	4,820,790	9.4%	-49,570	0	89,870	\$29.62
North I-17	1,010,435	7.5%	17,954	0	0	\$27.76
Deer Valley/Airport	12,308,533	17.2%	-304,833	0	0	\$28.37
Northwest Phoenix	10,861,578	18.7%	-145,371	0	0	\$23.22
Northwest Phoenix	29,001,336	13.2%	(481,820)	0	89,870	\$27.24
N Phoenix/Cave Creek	168,446	5.7%	-5,208	0	0	\$24.82
Paradise Valley	5,541,037	13.1%	-13,844	0	77,507	\$28.96
Piestewa Peak Corridor	3,458,268	15.9%	-82,862	0	0	\$25.36
Paradise Valley	9,167,751	11.6%	(101,914)	0	77,507	\$26.38
Central Scottsdale	9,301,692	14.9%	12,903	0	100,000	\$29.49
N Scottsdale/Carefree	1,872,434	10.5%	23,456	0	0	\$26.02
Scottsdale Airpark	14,354,700	15.1%	-17,053	101,136	0	\$31.06
Scottsdale South	8,092,894	20.0%	-303,169	8,805	0	\$32.35
Scottsdale	33,621,720	15.1%	(283,863)	109,941	100,000	\$29.73
Glendale	3,775,658	12.3%	72,311	0	39,650	\$29.67
Loop 303/Surprise	2,625,222	6.0%	60,338	0	9,989	\$30.41
Southwest Phoenix	4,436,076	3.2%	-2,138	0	0	\$28.59
West I-10	2,338,726	9.8%	103,041	150,577	118,100	\$32.01
West Phoenix	13,175,682	7.8%	233,552	150,577	167,739	\$30.17
Totals	193,224,750	18.9%	(1,202,784)	535,412	642,137	\$28.57

Shown next is a historical sales activity of office buildings from 1Q 2023 through 1Q 2025 in the Metro Phoenix area.



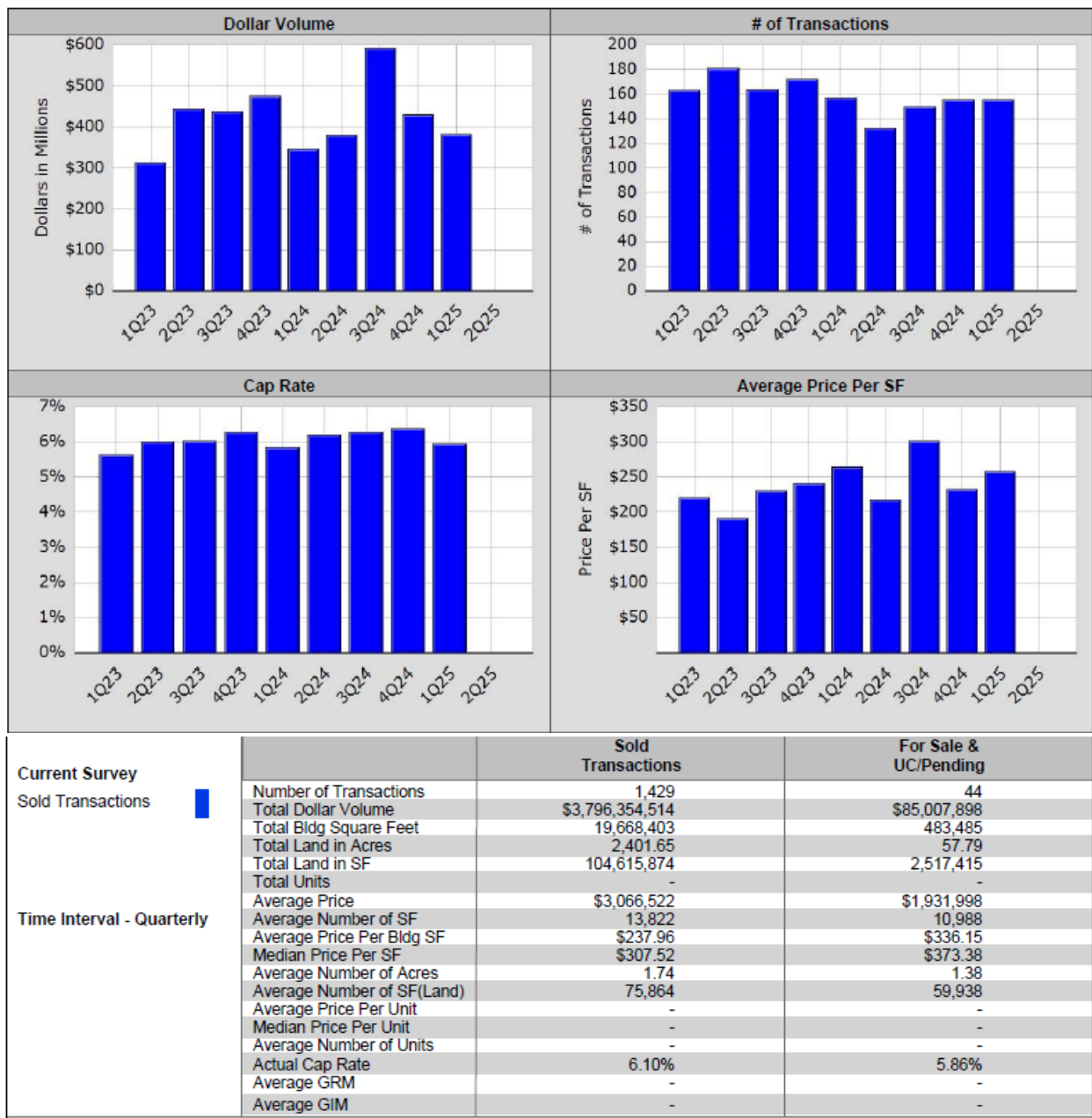
RETAIL MARKET:

The existing retail inventory for Metropolitan Phoenix consists of over 244 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 81 million square feet. The Metropolitan Phoenix Retail Market showed a vacancy rate in the 1st Quarter 2025 of 4.6%. In the 1st Quarter 2025, the Metropolitan Phoenix Retail Market had a year-to-date (YTD) absorption of 105,703 square feet. The average rental rate ranged from \$18.67 per square foot (Maricopa County retail) to \$30.81 per square foot (Northwest Phoenix Retail). The overall average rental rate was \$25.37 per square foot. All rents are based on a triple net lease basis.

Shown next is a chart of the Retail Market as of the 1st Quarter 2025 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorb SF	12 Mo Delivered	Under Const SF	Quoted Rates
Market	Inventory SF	Vac %				
Airport Area Retail	4,507,866	5.5%	-87,152	0	0	\$21.15
South Phoenix Retail	1,949,349	5.2%	-15,555	9,278	646	\$22.33
Airport Area Ret	6,457,215	5.4%	(102,707)	9,278	646	\$21.74
Downtown Phoenix Retail	8,605,284	4.7%	23,566	4,800	108,000	\$23.92
Downtown Phoenix Retail	8,605,284	4.7%	23,566	4,800	108,000	\$23.92
Chandler Retail	17,148,844	4.7%	170,237	48,361	6,500	\$25.93
Gilbert Retail	18,135,620	2.4%	239,440	143,362	224,878	\$26.54
Queen Creek Retail	3,045,786	0.4%	250,761	200,230	105,979	\$26.67
Red Mountain/Mesa Retail	31,284,196	8.0%	-170,239	38,399	49,311	\$20.60
Tempe Retail	8,673,860	6.0%	150,421	155,847	150,000	\$23.96
Gateway Airport Retail	3,239,704	4.6%	92,741	110,407	298,800	\$28.39
East Valley Retail	81,528,010	4.4%	733,361	696,606	835,468	\$25.35
W Outlying Maricopa Retail	870,533	0.9%	-2,901	0	0	\$18.67
Maricopa County Retail	870,533	0.9%	-2,901	0	0	\$18.67
East Phoenix Retail	9,126,927	5.4%	-118,505	752	0	\$22.04
Glendale Retail	12,154,365	4.9%	-19,161	69,070	77,545	\$22.54
N Phoenix/I-17 Corridor Retail	15,218,792	7.2%	-795,732	3,033	2,006	\$19.01
Sun City Retail	3,969,086	4.8%	-4,894	22,770	0	\$20.62
North Phoenix Retail	40,469,170	5.6%	(938,292)	95,625	79,551	\$21.05
Carefree Retail	1,861,651	5.1%	11,005	0	0	\$28.68
Fountain Hills Retail	765,522	3.9%	1,909	0	0	\$22.27
N Scottsdale Retail	14,346,574	2.8%	199,977	71,674	148,438	\$30.76
North Scottsdale Retail	15,557,010	6.1%	-154,382	10,542	15,545	\$27.24
Anthem Retail	2,841,761	2.6%	20,160	8,147	19,201	\$29.13
Central Peoria/Arrowhead Retail	10,698,021	4.8%	82,261	31,200	15,500	\$29.14
Deer Valley Retail	2,393,270	0.5%	-1,941	4,416	5,000	\$35.13
Surprise/N Peoria Retail	5,940,836	1.5%	143,141	163,143	185,208	\$29.84
Northwest Phoenix Retail	21,873,888	2.3%	243,621	206,906	224,909	\$30.81
Central Scottsdale Retail	17,340,723	3.8%	3,349	63,586	0	\$36.00
S Scottsdale Retail	3,403,900	6.3%	13,858	4,512	0	\$22.70
Scottsdale Retail	20,744,623	5.1%	17,207	68,098	0	\$29.35
Ahwatukee Foothills Retail	3,230,795	4.6%	-5,625	0	0	\$26.42
Laveen Retail	1,880,598	2.2%	25,784	41,355	0	\$28.10
S Mountain Retail	1,675,484	9.9%	6,850	1,438	9,800	\$26.78
South Mountain Retail	6,786,877	5.6%	27,009	42,793	9,800	\$27.10
Goodyear Retail	4,081,019	2.4%	10,819	49,657	106,900	\$25.76
Loop101/I-10 Retail	3,743,437	2.9%	24,011	58,809	53,800	\$29.58
N Goodyear/Litchfield Retail	8,222,721	2.7%	352,663	442,545	492,492	\$29.96
N Buckeye Retail	323,174	3.0%	31,556	37,367	0	\$25.93
S Buckeye Retail	1,825,996	1.2%	9,998	0	443,737	\$28.98
Tolleson Retail	3,213,339	4.1%	-37,991	18,549	6,300	\$24.68
West Phoenix/Maryvale Retail	8,678,479	4.9%	-227,316	2,400	0	\$21.35
West Phoenix Retail	30,088,165	3.0%	163,740	609,327	1,103,229	\$26.60
Apache Junction Retail	2,458,933	7.8%	91,842	99,768	27,002	\$21.44
Outlying Pinal County Retail	9,401,404	7.0%	3,639	69,431	42,280	\$20.75
Pinal County Retail	11,860,337	7.4%	95,481	169,199	69,282	\$21.10
Totals	244,841,112	4.6%	105,703	1,913,174	2,446,430	\$24.81

Shown next is a historical sales activity of retail buildings from 1Q 2023 through 1Q 2025 in the Metro Phoenix area.



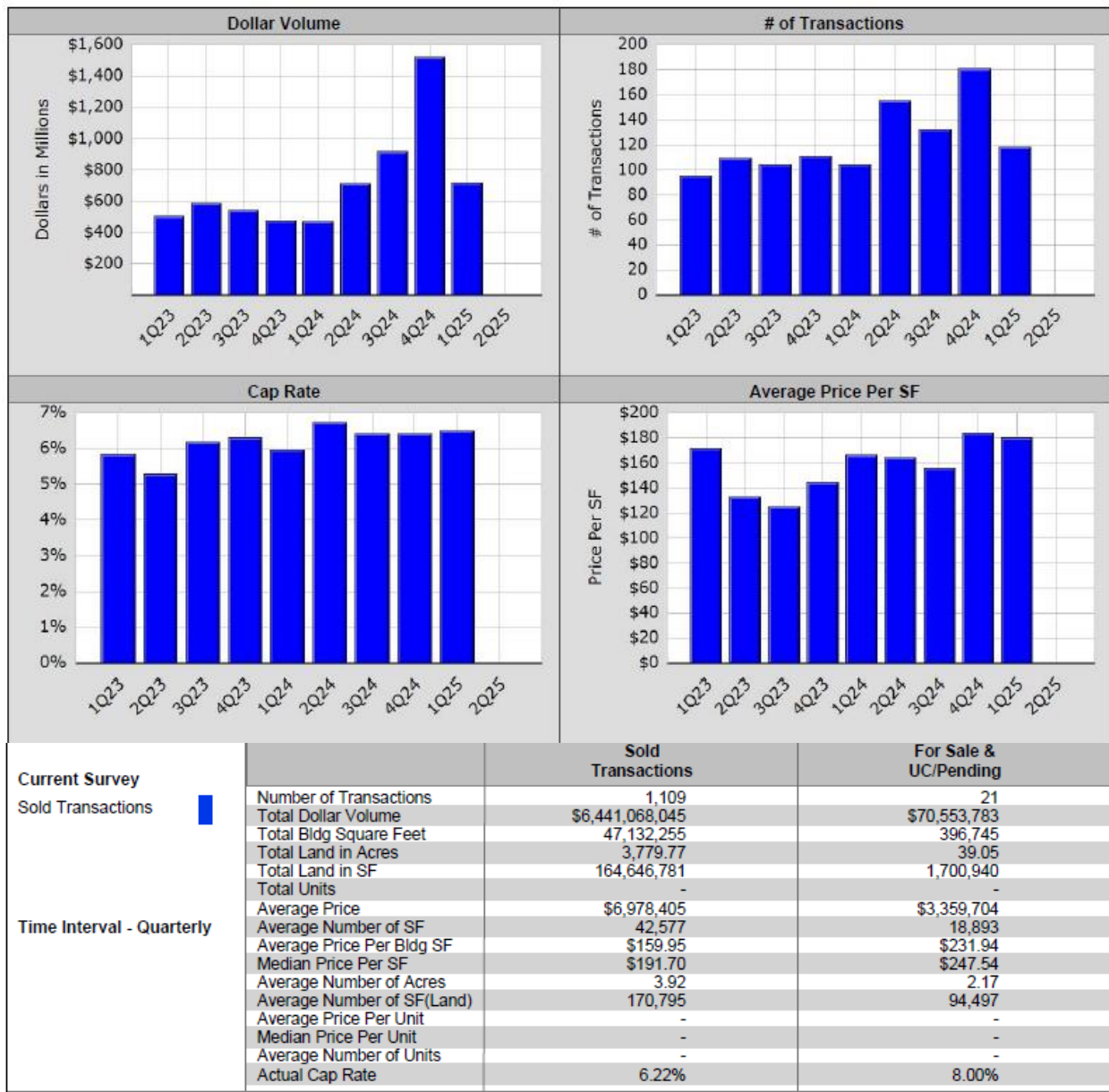
INDUSTRIAL MARKET:

The existing industrial inventory for Metropolitan Phoenix consists of over 476 million square feet. The Southwest Market encompasses the largest Market, with a total of over 149 million square feet. The overall vacancy rate for Metro Phoenix is 6.90%. The Metropolitan Phoenix Industrial Market, as of the 1st Quarter 2025 had a year-to-date (YTD) absorption of 13,478,635 square feet. The average rental rate ranged from \$10.92 per square foot (Southwest) to \$20.89 per square foot (Northeast Industrial). The overall average market rental rate was \$12.66 per square foot. All rents are typically Modified Gross.

Shown next is a chart of the Industrial Market as of the 1st Quarter 2025 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %				
North Airport	15,389,046	5.4%	-103,858	0	58,450	\$16.08
S Airport N of Roeser	15,655,009	6.0%	-407,658	0	130,300	\$14.96
S Airport S of Roeser	4,826,389	2.6%	-30,655	0	0	\$15.46
SC N of Salt River	16,932,772	6.5%	259,962	106,220	0	\$13.72
SC S of Salt River	2,756,743	3.3%	-23,280	0	0	\$13.42
Airport Area	55,559,959	4.8%	(305,489)	106,220	188,750	\$14.73
Central Phoenix	4,578,282	4.5%	-93,233	0	0	\$18.89
Scottsdale Airpark	6,942,097	6.8%	-129,190	8,210	45,047	\$21.90
Scottsdale/Salt River	5,561,510	1.6%	48,069	0	548,115	\$21.89
Northeast Industrial	17,081,889	4.3%	(174,354)	8,210	593,162	\$20.89
Deer Valley/Pinnacle Peak	23,010,684	10.6%	1,461,224	2,334,758	646,975	\$17.66
Glendale	57,019,172	27.2%	6,503,212	12,452,468	3,303,114	\$12.16
Grand Avenue	15,730,302	6.0%	462,145	799,157	669,071	\$12.17
North Black Canyon	5,364,846	17.0%	-112,986	0	0	\$16.48
W Phx N of Thomas Rd	8,433,147	3.7%	189,349	0	0	\$11.17
W Phx S of Thomas Rd	7,361,740	3.2%	118,737	0	0	\$11.67
Northwest Phoenix	116,919,891	11.3%	8,621,681	15,586,383	4,619,160	\$13.55
Chandler/Airport	9,388,364	18.8%	-240,788	504,870	432,098	\$16.14
Chandler	25,920,136	6.1%	921,874	930,855	755,347	\$16.20
Chandler/N Gilbert	46,440,650	25.0%	3,004,310	6,324,871	4,291,273	\$15.84
Falcon Fld/Apache Jct	6,582,033	6.0%	-24,160	281,824	430,014	\$17.45
Mesa	7,894,690	6.6%	-221,890	38,000	0	\$14.70
Tempe East	6,995,031	7.1%	-162,559	0	689,109	\$16.42
Tempe Northwest	11,032,168	3.9%	522,486	8,000	183,096	\$15.92
Tempe Southwest	22,562,020	8.3%	48,127	0	384,364	\$14.42
Southeast Industrial	136,815,092	10.2%	3,847,400	8,088,420	7,165,301	\$15.89
Goodyear	41,107,517	22.3%	2,199,322	5,877,448	2,346,749	\$10.62
SW N of Buckeye Rd	38,159,444	11.6%	-374,389	99,498	926,198	\$10.34
SW S of Buckeye Rd	20,953,957	4.3%	-497,402	0	623,298	\$11.85
Tolleson	49,702,148	5.1%	161,866	811,016	95,580	\$10.86
Southwest Industrial	149,923,066	10.8%	1,489,397	6,787,962	3,991,825	\$10.92
Totals	476,299,897	6.90%	13,478,635	30,577,195	16,558,198	\$12.66

Shown next is a historical sales activity of industrial buildings from 1Q 2023 through 1Q 2025 in the Metro Phoenix area.



SUMMARY AND CONCLUSION:

Still going strong, the Arizona economy added large numbers of new jobs and residents last year. Nominal taxable retail plus remote sales expanded slowly, while personal income growth decelerated. Single-family permits increased significantly but housing affordability remained low. The labor market remains very tight, with low unemployment, while employment cost growth slowed as job churn lost momentum.

The outlook calls for Arizona, Phoenix, and Tucson to weather significantly increased macroeconomic policy uncertainty in the near term. However, growth is projected to slow as demographic pressures, elevated interest rates, and slowing national growth come to bear. The pessimistic scenario assumes slower growth than under the baseline, but no outright U.S. recession. That is driven by tighter financial conditions caused by tariff-induced inflationary pressures and more restrictions on immigration (additional deportations). The optimistic scenario assumes gains faster than expected under the baseline. (Arizona Economic and Business Research Center)

The Phoenix market took another step toward recovery in 2024. Easing inflation and rising consumer confidence have unlocked renter household formation, driving a rebound in underlying tenant demand. Though new supply additions continue to outpace leasing activity, the rate of decline in occupancy has begun to flatten out, indicating that the start of a recovery in property performance could take place in the coming year.

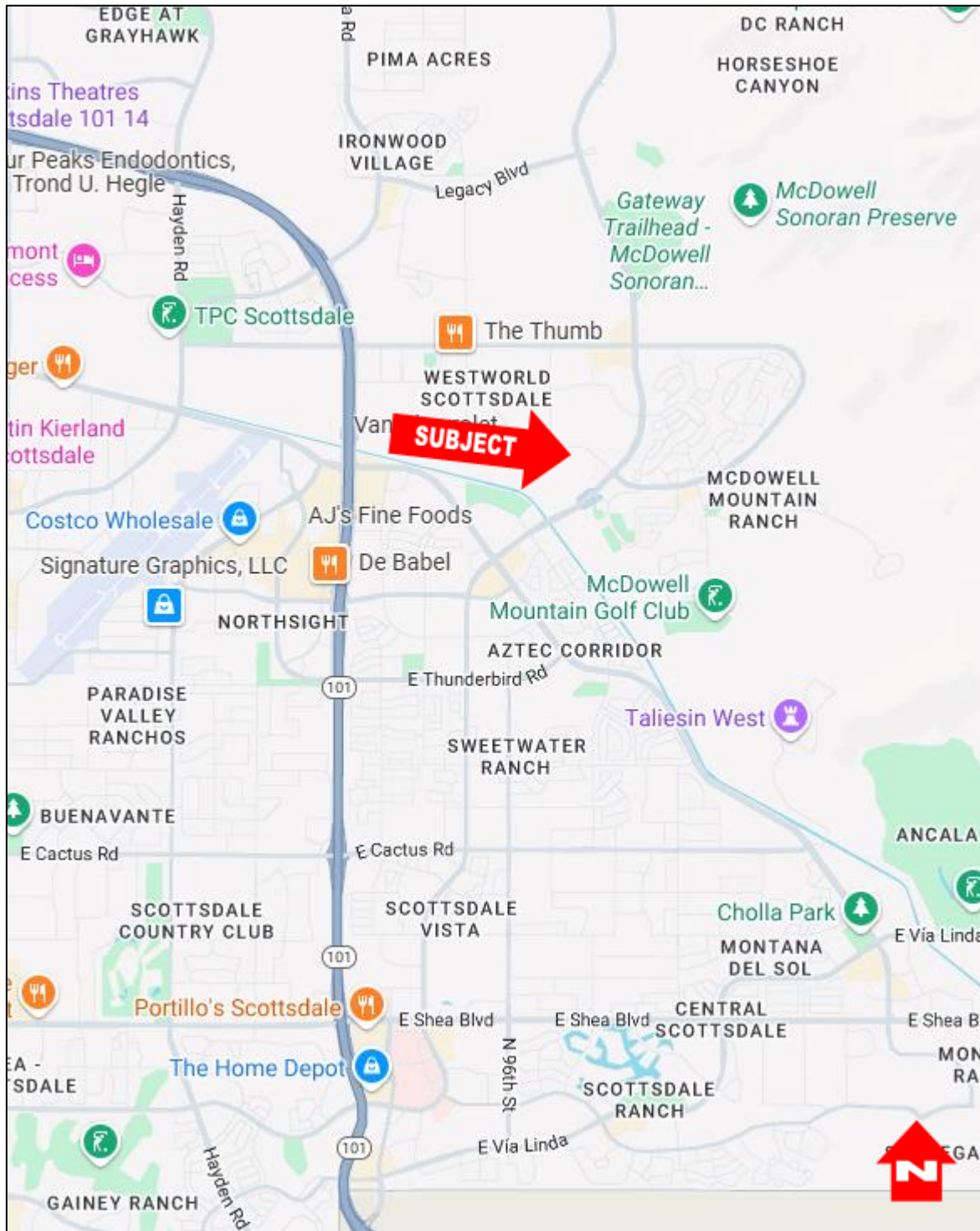
The office market vacancy for the 1st Quarter 2025 has increased to 18.9% compared to the 4th Quarter of 2024 at 18.7%. Quoted rental rates decreased to \$28.57 compared to the previous quarter at \$29.37 per square foot in the 4th Quarter 2024.

The retail market vacancy for the 1st Quarter 2025 decreased to 4.6% compared to the 4th Quarter of 2024 at 4.7%. Rental rates have decreased to \$24.81 per square foot in the 1st Quarter 2025 from \$25.37 per square foot in the 4th Quarter 2024.

In the 1st Quarter 2025 the industrial market vacancy has seen an increase in vacancy to 6.90% compared to 6.67% in the 4th Quarter 2024. Quoted rental rates have increased to \$12.66 compared to the previous quarter at \$12.48 per square foot in the 4th Quarter 2024.

The State of Arizona and regional governmental agencies have a forward looking, progressive attitude toward more mutual and joint efforts at economic development in the Metropolitan area. However, even in the midst of such economic turnaround the cost of living in Phoenix can still be viewed as a bright spot. Though Phoenix residents have seen an increase in the price of day-to-day expenses, the area remains one of the more affordable places to live and work in comparison to the rest of the United States. It is in part because of our cost of living that we continue to see individuals and businesses choose Phoenix as a relocation destination.

NEIGHBORHOOD MAP



NEIGHBORHOOD DATA ANALYSIS

This section involves an analysis of the environmental, economic, social and governmental forces within the subject neighborhood.

An area of influence is commonly called a "neighborhood", is defined as a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood analysis is the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

Neighborhood boundaries identify the physical limits of a neighborhood, which may be delineated by natural, man-made, or geopolitical features. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood which is described as that area beyond which a change in land use would not affect the subject property site, is an area bounded on the North by Legacy Boulevard, on the South by Shea Boulevard, on the West by the Loop 101 Freeway and on the East by McDowell Mountain Ranch in Maricopa County, Arizona. The major east/west roadways for the area include Legacy and Bell Road to the north and Thunderbird Road and Cactus Road to the south. Major north/south roadways consist Thompson Peak Parkway to the east and the Loop 101 Freeway to the west.

LAND USE:

Overall, the subject is located in an area that consists mainly of commercial uses at several of the major arterial intersections with low density single-family and some multi-family residential uses located in the area along the minor roadways.

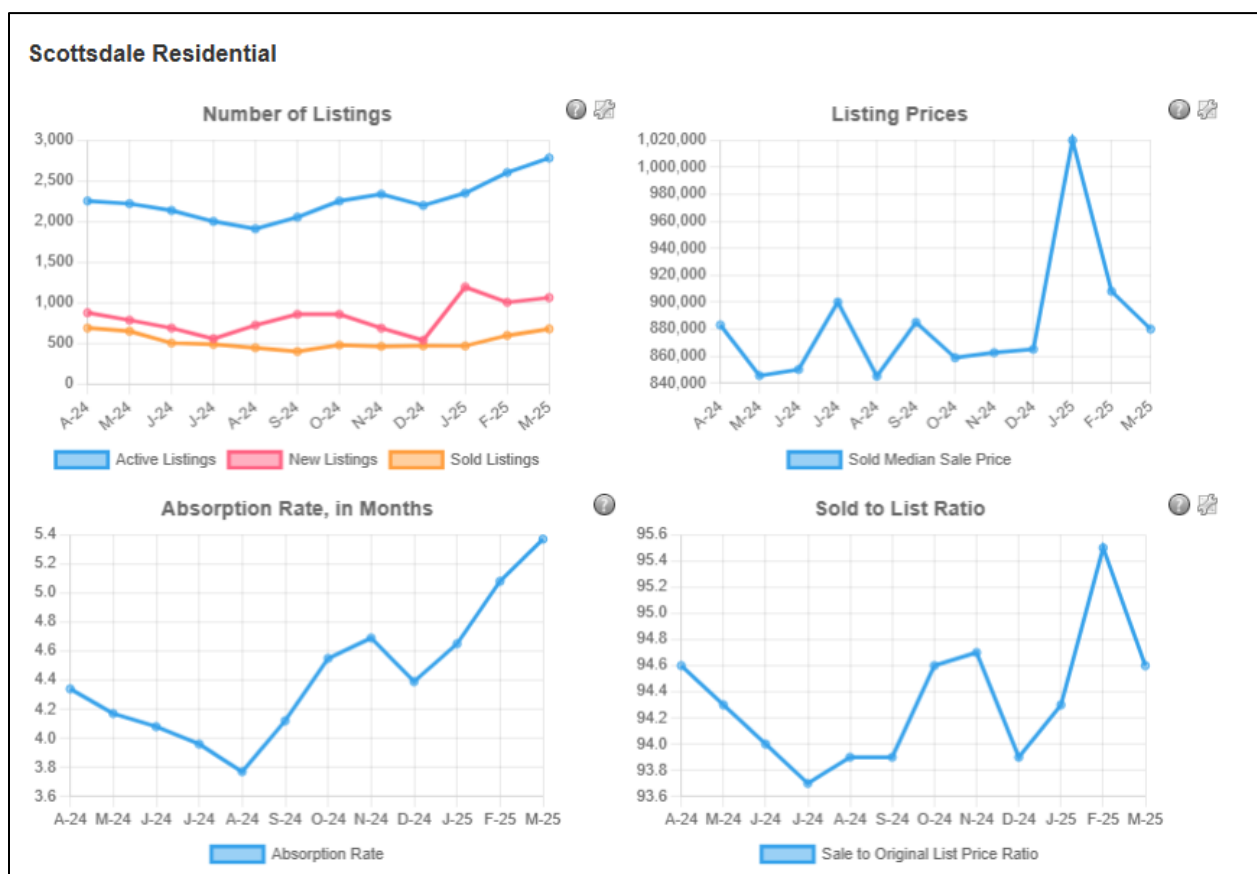
The appraiser was unable to limit the single family residential search to the immediate neighborhood boundaries and instead researched the single family residential supply and demand factors within the City of Scottsdale. According to Arizona Multi List Service the current single family median sales price within the City of Scottsdale is up 5.90% compared to the same time period last year. The median list price for homes in Scottsdale was down 4.16% from the previous year's median list price. Absorption rates for single family homes are up 25.47%.

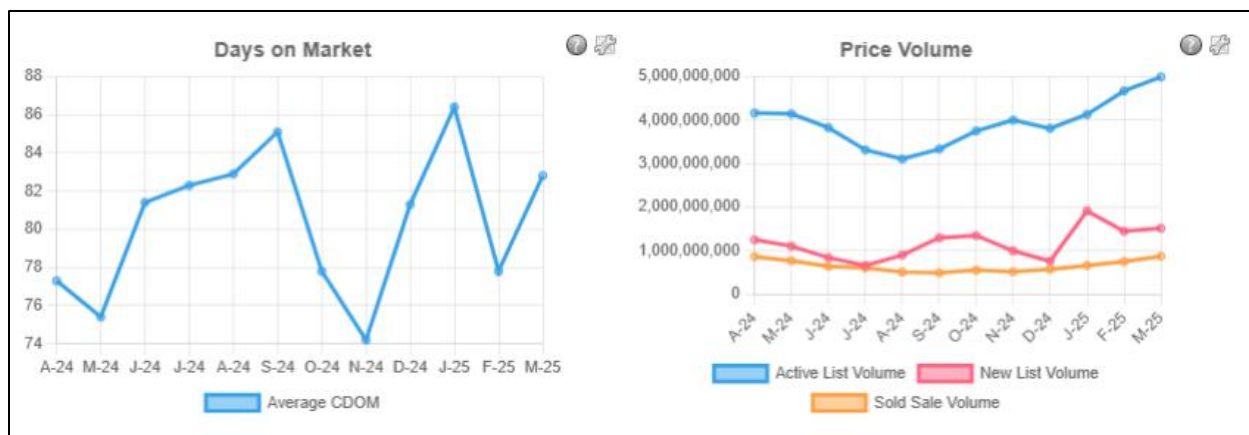
Following is a summary of the single family residential activity and statistics over the past 12 months within the City of Scottsdale.

Summary Statistics						
	Mar-25	Mar-24	% Chg	2025 YTD	2024 YTD	% Chg
Absorption Rate	5.37	4.28	25.47	5.03	4.09	22.98
Average List Price	\$1,794,188	\$1,817,082	-1.26	\$1,591,309	\$1,579,476	0.75
Median List Price	\$1,049,500	\$1,095,000	-4.16	\$975,000	\$975,000	0.00
Average Sale Price	\$1,288,381	\$1,181,958	9.00	\$1,310,597	\$1,156,001	13.37
Median Sale Price	\$880,000	\$831,000	5.90	\$919,665	\$826,430	11.28
Average CDOM	82	70	17.14	77	69	11.59
Median CDOM	51	45	13.33	51	49	4.08

Following are multiple charts relating to single family residential activity within the City of Scottsdale including:

- Number of listings
- Listing Prices
- Absorption Rate, in Months
- Sold to List Ratio
- Days on Market
- Price Volume





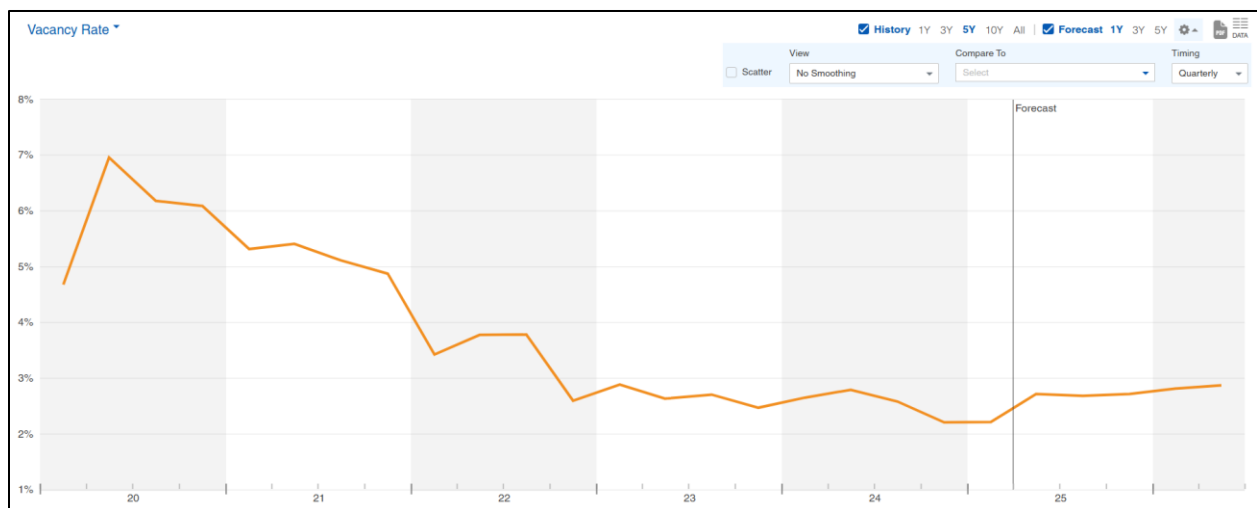
Retail

The following historical data from CoStar represents the retail market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had a retail inventory of approximately 4.6 million square feet. Of this area approximately 118,000 square feet was vacant equating to a vacancy rate of 2.6%. Over the past five years, vacancy rates ranged from 2.2% to 7.0%. Over the past year, vacancy rates have been relatively level at the current rate.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
4.6M +0%	2.2K -	6.1K -90.8%	2.6% -0.1%
Prior Period 4.6M	Prior Period 0	Prior Period 65.7K	Prior Period 2.7%

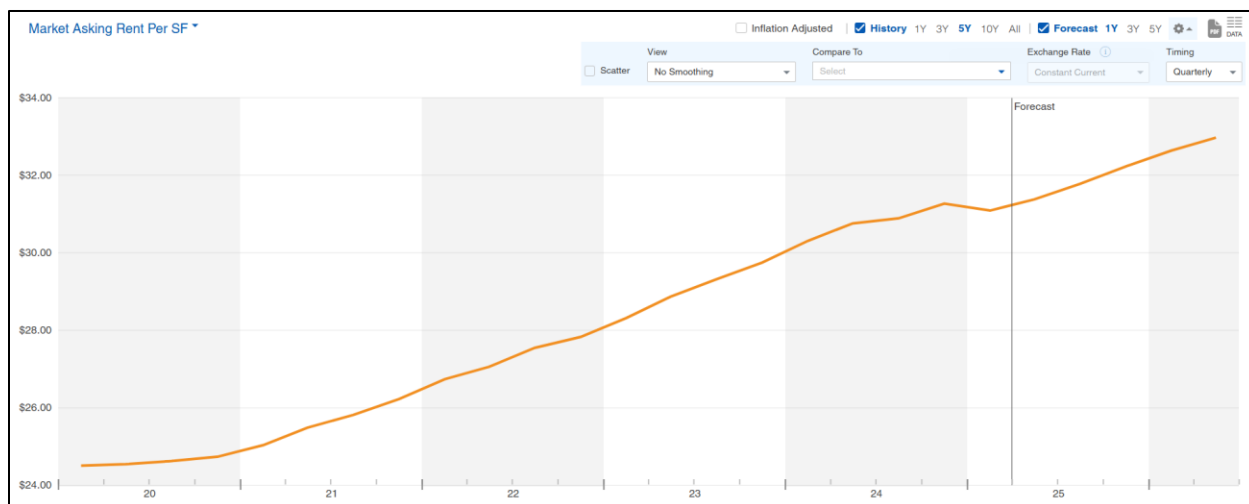
Availability		Inventory	
Vacant SF	118K ↓	Existing Buildings	197 ↕
Sublet SF	1.6K ↓	Under Construction Avg SF	2.2K
Availability Rate	2.2% ↑	12 Mo Demolished SF	0 ↓
Available SF Total	103K ↑	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$27.80 ↑	12 Mo Construction Starts SF	2.2K ↑
Occupancy Rate	97.4% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	98.8% ↓	12 Mo Avg Delivered SF	-



The current quarter showed average asking rental rates of \$31.09 per square foot. Over the past five years, average asking rental rates ranged between \$24.50 per square foot to the current rate of \$31.09 per square foot. Average asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$31.09 +2.3%	\$285 -0.7%	6.5% +0.2%
Prior Period \$30.40	Prior Period \$287	Prior Period 6.3%

Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	0.1% ↓
Sale to Asking Price Differential	-	12 Mo Leased SF	73.1K ↓
Sales Volume	\$36.3M ↑	Months on Market	6.6 ↑
Properties Sold	8 ↓	Months to Lease	-
Months to Sale	6.2 ↑	Months Vacant	-
For Sale Listings	-	24 Mo Lease Renewal Rate	86.7%
Total For Sale SF	-	Population Growth 5 Yrs	10.1%



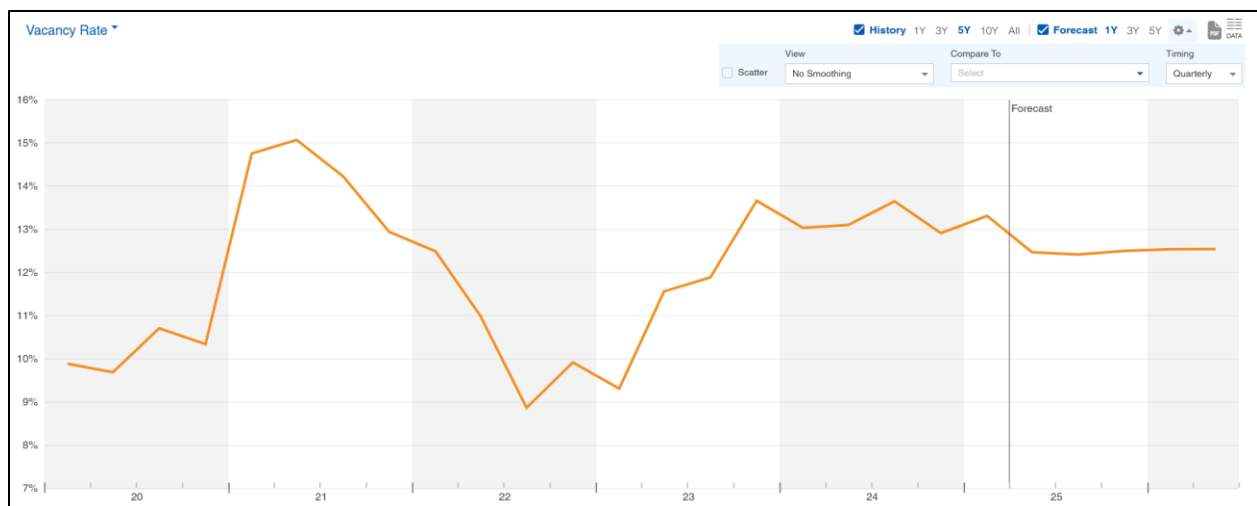
Office

The following historical data from CoStar represents the office market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had an office inventory of approximately 8.5 million square feet. Of this area approximately 1.1 million square feet was vacant equating to a vacancy rate of 12.6%. Over the past five years, vacancy rates ranged from 8.9% to 15.1%. Over the past year, vacancy rates have been relatively level at the current rate.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
8.5M +0%	0 -	41.1K +134.5%	12.6% -0.4%
Prior Period 8.5M	Prior Period 0	Prior Period (119K)	Prior Period 13.0%

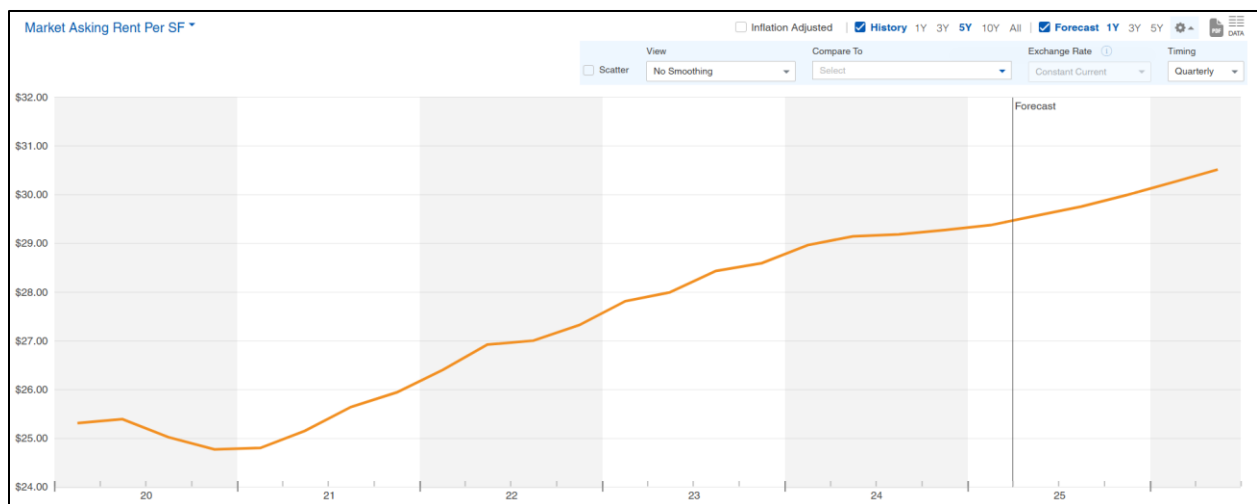
Availability		Inventory	
Vacant SF	1.1M ↓	Existing Buildings	272 ↑
Sublet SF	144K ↓	Under Construction Avg SF	-
Availability Rate	14.8% ↓	12 Mo Demolished SF	0 ↑
Available SF Total	1.3M ↓	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$30.99 ↑	12 Mo Construction Starts SF	0 ↑
Occupancy Rate	87.4% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	89.4% ↓	12 Mo Avg Delivered SF	-



The current quarter showed gross asking rental rates of \$29.41 per square foot. Over the past five years, gross asking rental rates ranged between \$24.80 per square foot to the current rate of \$29.41 per square foot. Gross asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$29.41 +1.4%	\$208 -6.6%	8.9% +0.5%
Prior Period \$29.01	Prior Period \$222	Prior Period 8.4%

Sales Past Year		Demand	
Asking Price Per SF	\$190 ↓	12 Mo Net Absorp % of Inventory	0.4% ↑
Sale to Asking Price Differential	-19.1% ↓	12 Mo Leased SF	480K ↓
Sales Volume	\$87.6M ↓	Months on Market	7.5 ↓
Properties Sold	35 ↑	Months to Lease	9.0 ↑
Months to Sale	4.0 ↓	Months Vacant	9.0 ↓
For Sale Listings	9 ↓	24 Mo Lease Renewal Rate	34.1%
Total For Sale SF	227K ↓	Population Growth 5 Yrs	10.0%



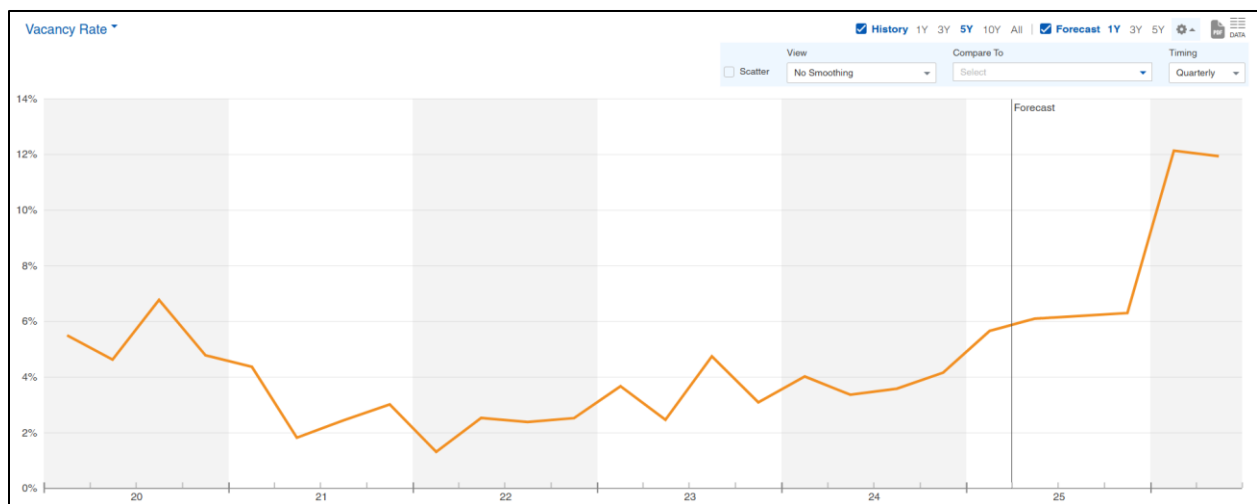
Industrial

The following historical data from CoStar represents the industrial market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had an industrial inventory of approximately 4.4 million square feet. Of this area approximately 295,000 million square feet was vacant equating to a vacancy rate of 6.8%. Over the past five years, vacancy rates ranged from 1.3% to 6.8%. Over the past year, vacancy rates have been increasing slightly.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
4.4M +0.2%	305K +4,549.7%	(121K) -531.7%	6.8% +3.0%
Prior Period 4.4M	Prior Period 6.6K	Prior Period (19.2K)	Prior Period 3.8%

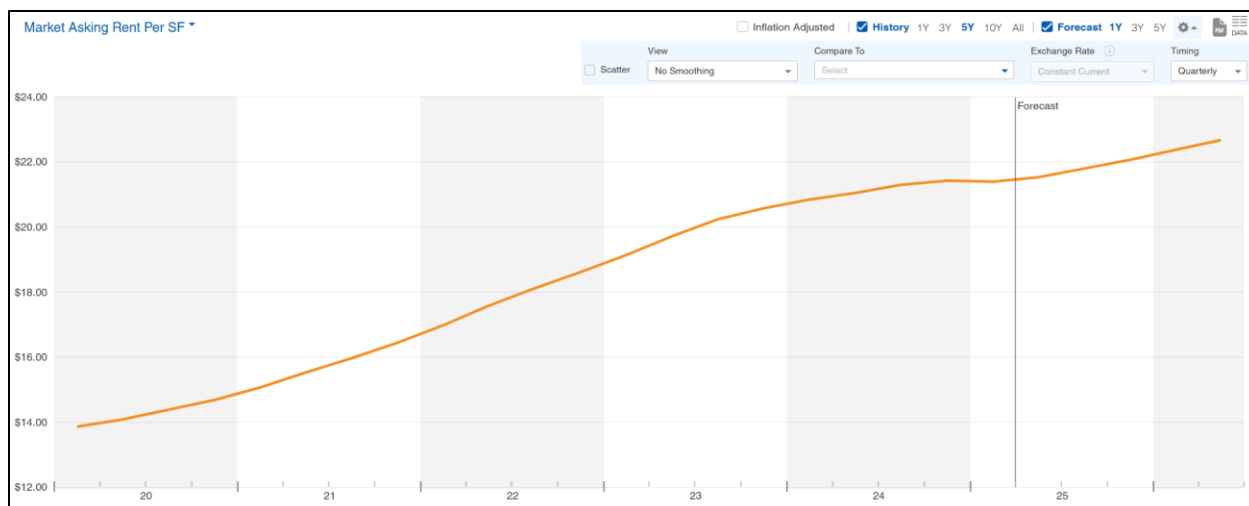
Availability		Inventory	
Vacant SF	295K ↑	Existing Buildings	241 ↓
Sublet SF	24.2K ↑	Under Construction Avg SF	153K
Availability Rate	12.5% ↑	12 Mo Demolished SF	0 ↓
Available SF Total	584K ↑	12 Mo Occupancy % at Delivery	100.0% ↓
Available Asking Rent/SF	\$20.88 ↑	12 Mo Construction Starts SF	305K ↑
Occupancy Rate	93.2% ↓	12 Mo Delivered SF	6.5K ↓
Percent Leased Rate	94.8% ↓	12 Mo Avg Delivered SF	8.8K ↓



The current quarter showed gross asking rental rates of \$21.39 per square foot. Over the past five years, gross asking rental rates ranged between \$13.86 per square foot to the current rate of \$21.39 per square foot. Gross asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$21.39 +2.4%	\$315 +5.6%	6.4% +0%
Prior Period \$20.89	Prior Period \$298	Prior Period 6.4%

Sales Past Year		Demand	
Asking Price Per SF	\$390 ↑	12 Mo Net Absorp % of Inventory	-2.8% ↓
Sale to Asking Price Differential	-9.2% ↓	12 Mo Leased SF	210K ↓
Sales Volume	\$75.6M ↑	Months on Market	2.2 ↓
Properties Sold	20 ↑	Months to Lease	6.1 ↑
Months to Sale	5.0 ↑	Months Vacant	6.7 ↑
For Sale Listings	7 ↑	24 Mo Lease Renewal Rate	58.8%
Total For Sale SF	128K ↑	Population Growth 5 Yrs	10.7%



DEMOGRAPHICS:

Population			
	1 mile	3 miles	5 miles
2020 Population	7,626	47,146	121,795
2024 Population	8,371	51,803	136,895
2029 Population Projection	9,162	56,708	150,380
Annual Growth 2020-2024	2.4%	2.5%	3.1%
Annual Growth 2024-2029	1.9%	1.9%	2.0%
Median Age	42.9	46.5	47.3
Bachelor's Degree or Higher	65%	62%	59%
U.S. Armed Forces	0	47	66

Source: CoStar

DIRECTION AND DISTANCE TO EMPLOYMENT CENTERS:

Employment centers and other community support services, such as medical facilities, churches, schools and parks are available within the neighborhood and/or in the other neighborhoods which surround the subject neighborhood.

COMMUNITY SERVICES AND FACILITIES:

Within the immediate community there are adequate grade schools, middle schools and high schools that can provide public school education for the neighborhood. Additionally, there are adequate medical facilities nearby.

GOVERNMENTAL FORCES:

The governmental forces maintaining accord in the neighborhood and influencing development in the area have been Scottsdale zoning regulations. Police and fire protection is provided by the City of Scottsdale.

TRANSPORTATION:

The major east/west roadways for the area include McDowell Mountain Ranch Road, Bell Road, Frank Lloyd Wright Boulevard, Raintree Drive, and Thunderbird Road. Major north/south roadways consist of Thompson Peak Parkway/94th Street to the east and the Loop 101 Freeway to the west.

WESTWORLD OF SCOTTSDALE:

Westworld of Scottsdale is located just east of the subject property. Westworld of Scottsdale is a multi-use events facility in Scottsdale, Arizona. Westworld annually hosts the Barrett-Jackson Classic Car Auction, the Maricopa County Home Shows, as well as conventions, trade shows, concerts, equestrian shows and other events. Roughly 100 events occur each year at Westworld and it is situated on 386 acres at the base of the McDowell Mountains.

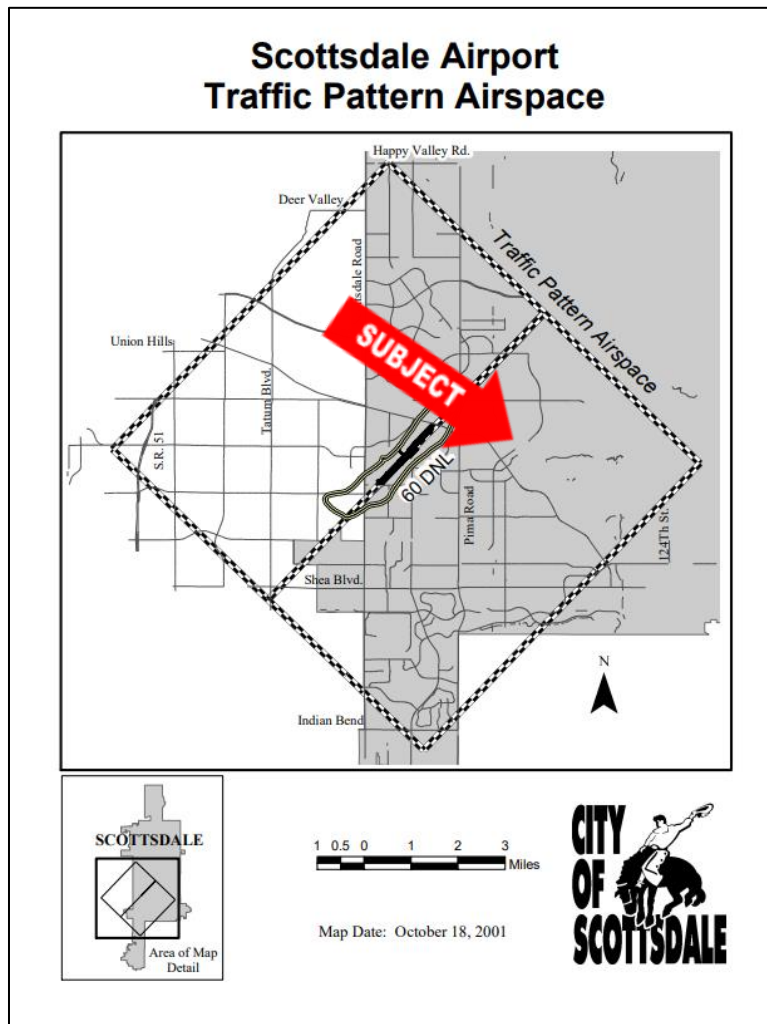
REATA SPORTS COMPLEX:

The Reata Sports Complex is located adjacent to the south of the subject. The Reata Sports Complex in Scottsdale, Arizona, is a newly opened facility that features five international-sized soccer fields with LED lighting. The complex, part of Scottsdale's investment in sports and recreation, is also used for events like Barrett-Jackson and the Waste Management Open.

SCOTTSDALE AIRPORT:

The Scottsdale Airport is located approximately 3 to 5 miles to the west of the subject. Scottsdale Airport began in June 22, 1942, as Thunderbird Field II, a basic training facility for World War II Army Air Corps pilots and in 1966, the City of Scottsdale acquired the airfield from the Arizona Conference of Seventh Day Adventists. The Scottsdale Airport facilities are contained on more than 300 acres of land in the north central part of Scottsdale, Arizona. The runway is 8,249 feet long, 100 feet wide.

Scottsdale Airport, the busiest single-runway general aviation airport, continues to be a significant asset for the city of Scottsdale, according to a recently published report. The ADOT Aeronautics Group in collaboration with IHS Markit and Kimley-Horn have announced the 2021 Arizona Aviation Economic Impact Study (2021 Arizona AEIS) results. This study validates the value of airport investment. The study revealed that in 2019 Arizona's 67 publicly owned, public-use airports; the aerospace manufacturing and research industry; and 10 principal military installations contributed \$121.4B in economic activity (output) and supported 575,826 jobs earning \$34.2B in wages.



UTILITIES:

Water and sewer is provided by the City of Scottsdale; Electricity is provided by Arizona Public Service; Natural gas is provided by Southwest Gas; Telephone service is provided by CenturyLink. These services are adequate and are available at reasonable rates. The cost of obtaining these services is similar to competing neighborhoods in the Phoenix metropolitan area.

CONCLUSION:

The subject neighborhood is in a stable stage of development with new development occurring within various pockets of the neighborhood. The subject neighborhood is located within an area of Scottsdale/North Scottsdale that consists of an adequate amount of retail centers, schools, medical facilities, and other goods and services that will promote the marketability of the subject neighborhood.

SUBJECT PHOTOGRAPHS



Looking east along McDowell Mountain Ranch Road, subject on the right



Looking west along McDowell Mountain Ranch Road, subject on the left



Looking north along the southwestern property line



Looking northeast across the subject larger parcel from the southwestern property line



Looking east along the southeastern property line



Looking north across the subject larger parcel from the southern property line



Looking north along GLOPE 1 from the southern end



Looking north along GLOPE 1 from the southern end



Looking north along GLOPE 2 from the southern end



Looking northwest across the subject larger parcel from southeastern portion of parcel 217-14-037A



Looking north across the subject larger parcel from the southern end



Looking west along the southern property line of parcel 217-14-037A



Looking northeast across the subject larger parcel from the southwestern corner of parcel 217-14-038A



Looking east along the southern property line of parcel 217-14-037A



Looking northeast across the subject larger parcel from the southern middle portion of parcel 217-14-038A



Looking north from the south of the middle portion of parcel 217-14-038A



Looking northeast across the middle portion of parcel 217-14-038A



Looking east across the middle portion of parcel 217-14-038A



Looking north along the western property line from the southwest corner of parcel 217-14-038A



Looking northeast across the subject larger parcel from the southwestern corner of parcel 217-14-038A



Looking north along GLOPE 3 from the southern end



Looking northwest across the subject larger parcel from the southeastern portion of parcel 217-14-038A



Looking west along the southern portion of the subject larger parcel



Looking north across the subject larger parcel from the southern portion



Looking east along GLOPE 3 from the southwestern end



Looking east across the subject larger parcel from the west end



Looking southeast across the subject larger parcel from the northwest portion of parcel 217-14-037A



Looking east along the northern property line from the northwestern portion of parcel 217-14-037A



Looking south along the western property line from the northwest



Looking south across the subject larger parcel from northern property line



Looking south along GLOPE 1 from the northern end



Looking east along the northern property line



Looking south along GLOPE 2 from the northern end



Looking south along GLOPE 3 from the northern end



Looking southwest across the subject larger parcel from the northeastern portion



Looking west along the northern property line



Looking east across the northern portion of GLOPE 3 adjacent to the wash



Looking south across the wash from the northern end

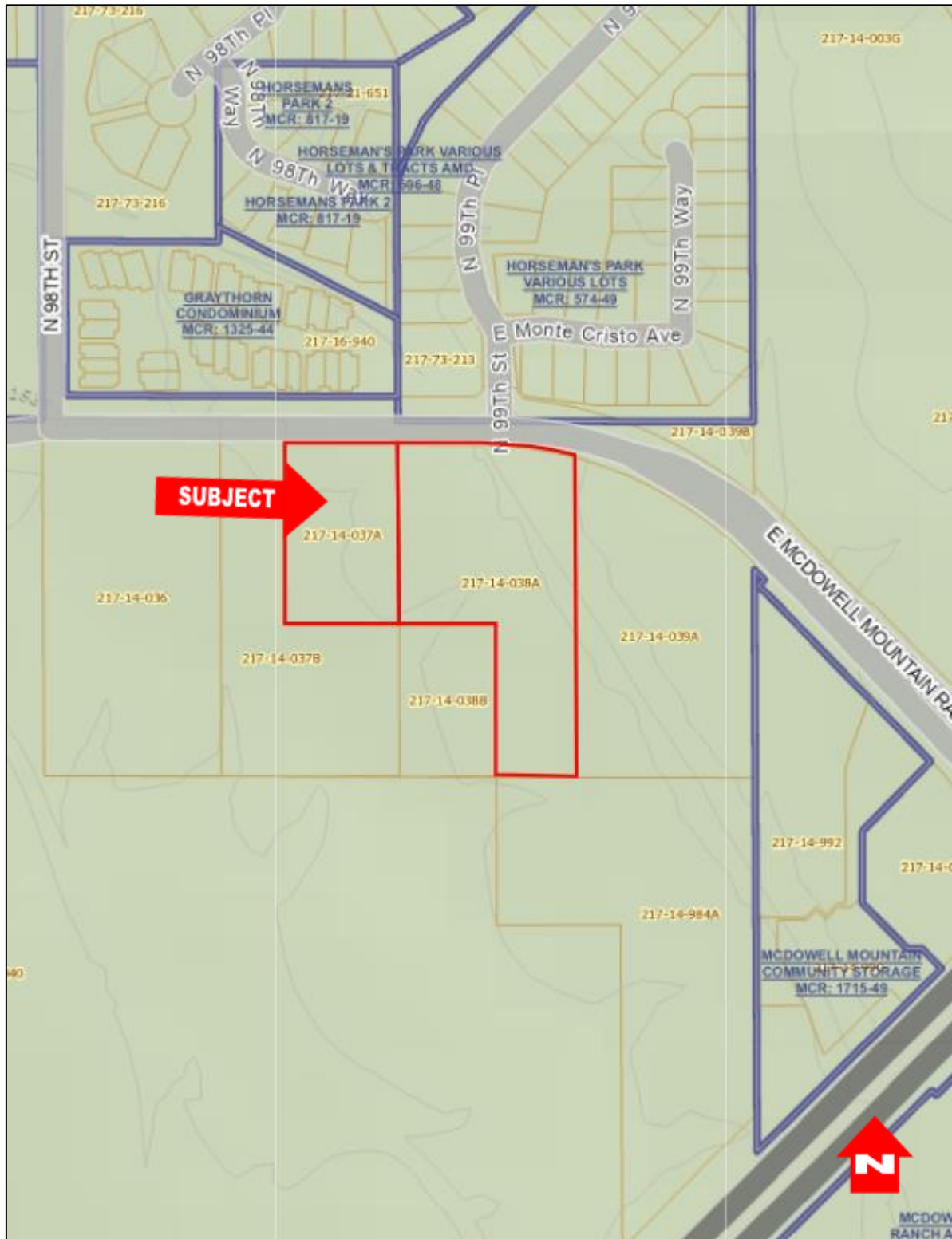


Looking southeast across the wash from the northern end



Looking south along the wash from the northern end

PLAT MAP



SITE DATA ANALYSIS

LOCATION:

The subject property is located at 9875 East McDowell Mountain Ranch Road in Scottsdale, Arizona.

SITE DIMENSIONS AND SHAPE:

The subject larger parcel is irregular in shape considered to be functionally adequate for most types of development.

According to the Maricopa County Assessor's map, the larger parcel totals 5.06 acres or 220,344 square feet in size. The site has approximately 535 feet of frontage along McDowell Mountain Ranch Road with a depth that ranges from 330 feet to 610 feet.

IMPROVEMENTS:

There are no vertical improvements on site.

NUISANCES OR HAZARDS:

The appraiser has not been provided with any environmental studies. The appraiser is without the expertise to identify and/or detect such substances, upon physical inspection of the site, there are no known hazards that would affect the development of the property. Because of the liability generated if toxic wastes and/or contaminants are found on the site, it is strongly recommended that a specialist in the detection of toxic waste be retained to check for possible contamination.

If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminant is and the cost of removal) by the appraiser.

VISIBILITY AND ACCESS:

The subject site has frontage, visibility, and access from McDowell Mountain Ranch Road. Roadway improvements adjacent to the subject site are as follows:

Street:	McDowell Mountain Ranch Road
Road Surface:	Paved
Lanes:	Four lanes with a center turn lane
Curbs/Gutters:	Only on the north side
Sidewalks:	Only on the north side
Street Lights:	No
Speed Limit:	30 mph
Traffic Count (vpd):	8,813

TOPOGRAPHY, DRAINAGE AND SOIL CONDITIONS:

Elevations in the area slope slightly from the north/northeast to south southwest due to the natural desert topography and the McDowell Mountains located to the east/northeast of the subject. Elevations are generally level and at grade with adjoining properties. A soils study has not been provided. The load bearing capacity of the top soil and sub-soils is unknown, but is assumed to be sufficient to support existing and/or future improvements.

It should be noted that there is a significant wash/drainage area bisecting the northeastern portion of the subject larger parcel. Vertical development within this area is restricted; however, this area can be used for density transfer, open space requirements, floor area ratio requirements and other City of Scottsdale development requirements.

It is estimated that the wash area totals approximately 27,500 square feet or 12% of the subject larger parcel with an additional 3,000 square feet that is severed or noncontiguous with the portion of the site allowing vertical development. Including this additional 3,000 square feet equates to approximately 30,500 square feet of land area, or 14% impacted by the wash.



FLOOD ZONE:

Approximately 97% of the subject site is within an area denoted as being in an "X" Flood Hazard Area and approximately 3% is in the "A" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C1340L dated October 16, 2013. The "X" Zone designation indicates:

Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas projected by levees from 100-year flood.

The "A" Zone designation indicates:

Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.

It should be noted that the City of Scottsdale map typically utilized to determine Flood Hazard impact appears to show inaccurate information regarding the flood hazard locations and therefore the appraiser utilized the Federal Emergency Management Agency information. Additionally, there is a significant wash/drainage channel running diagonally through the property in the northeast corner of the site. This wash area is not included as a Flood Hazard Area by the FEMA maps; however, it is clearly located within the subject site and is estimated to total approximately 27,500 square feet or 12% of the subject larger parcel. The existence of this same wash was referenced previously within the Topography and Drainage section.

UTILITIES:

All utilities including electrical, sewer/septic, municipal water, gas, and telephone services are available to the site.

EASEMENTS:

A title search was not provided. The subject site includes three Government Land Office Patent Easements (GLOPE). The subject of this appraisal consists of three separate GLOPE areas to be abandoned. The area encompasses 45,608 square feet or 1.05 acres.

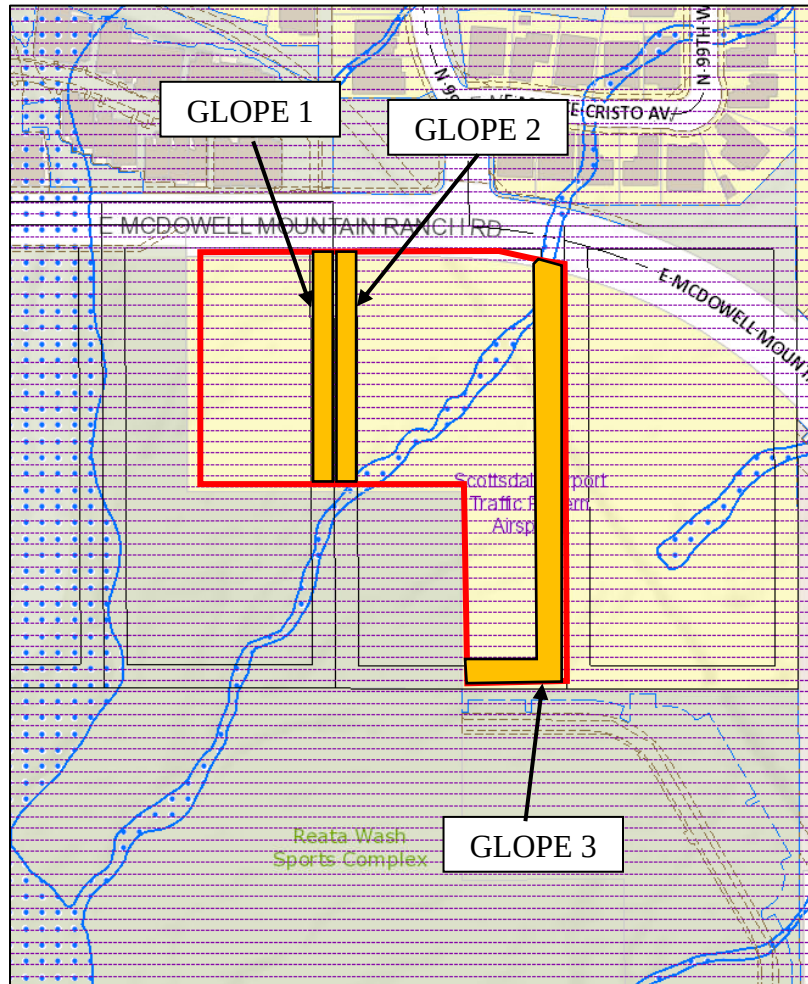
GLOPE 1 – 11,021 square feet

GLOPE 2 – 11,021 square feet

GLOPE 3 – 23,566 square feet

Total – 45,608 square feet or 1.05 acres

Easements 1 and 2 bisect the center of the property and Easement 3 runs along the eastern border of the property. These areas are illustrated as follows.



It is noted that these easements were put in place nearly 90 years ago when the property existed as rural desert land and the intent of these easements was to allow for access and utilities the various 5 acre tracts of land within the area. Vertical development within these areas is restricted; however according to Meredith Tessier, Senior Planner with the City of Scottsdale, the underlying fee owner of these easements can utilize this portion of the site for access, utilities, and this area would be included within the gross lot area of the subject which is used to determine the allowable building density. The area can also be utilized for the calculation of the allowed FAR, which would allow the property owner to develop more building improvements on the site outside of the easement area than they would be allowed to if the easement area were simply dedicated public right of way. The GLOPE area encumbers approximately 45,608 square feet or 21% of the site. Although this area does encumber 20.7% of the site, the GLOPE 3 area also runs through a wash and the portion of the site that is severed from the more useable area to the southwest. It is estimated that approximately 9,570 square feet [33' x 290'] of the GLOPE area is located within this existing wash or severed land area. In other words approximately 21.0% of the existing GLOPE area is also located within land area that has no vertical development uses.

Ms. Tessier also indicated that the easement area cannot be used for NAOS or Open Space requirements.

Additionally, the existing GLOPE area does not appear to be a part of any future planned public road right of way or utility corridor and any development of the GLOPE area for public roadway purposes would run through the existing parking lot to the south of the subject property, which would impact several parking spaces associated with the Reatta Sports Complex. The parking lot has a public road access just west of the subject property and two roadways accessing the parking lot is unnecessary.

Based upon a review of the available property information, there does not appear to be any other easements, encroachments, or restrictions other than those that are typical for the property type. My valuation is based on the fact that the subject has a clear and marketable title.

ZONING:

The purpose of zoning is to provide for orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

Subject Existing Zoning

R1-35 PCD ESL, Single Family Residential with a Planned Community District and Environmentally Sensitive Lands Overlay; according to the City of Scottsdale Planning and Zoning Department.

The R1-35 district is intended to promote and preserve residential development. The minimum lot size, although less than one (1) acre, still results in a low density of population. The principal land use is single-family dwellings and uses incidental or accessory thereto, together with required recreational, religious and educational facilities.

The Planned Community is a zoning district that may be developed only in accordance with a specific development plan. The approved development plan is an integral part of this zoning district and all development shall comply with said plan. The planned community district is designed and intended to enable and encourage the development of large tracts of land which are under unified ownership or control, or lands which by reason of existing or planned land uses are appropriate for development under this section, so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area.

To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas, arranged and designed in accordance with modern land planning principles and development techniques; and in such a manner as to be properly related to each other, the surrounding community, the planned thoroughfare system, and other public facilities such as water and sewer systems, parks, schools and utilities.

The planned community district and procedure are further established to provide a land developer with reasonable assurance that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the city; and to provide the City Planning Commission and the City Council with a long-term proposal for the development of a given area.

The purpose of the ESL District is to identify and protect environmentally sensitive lands in the city and to promote the public health, safety and welfare by providing appropriate and reasonable controls for the development of such lands.

Scottsdale General Plan

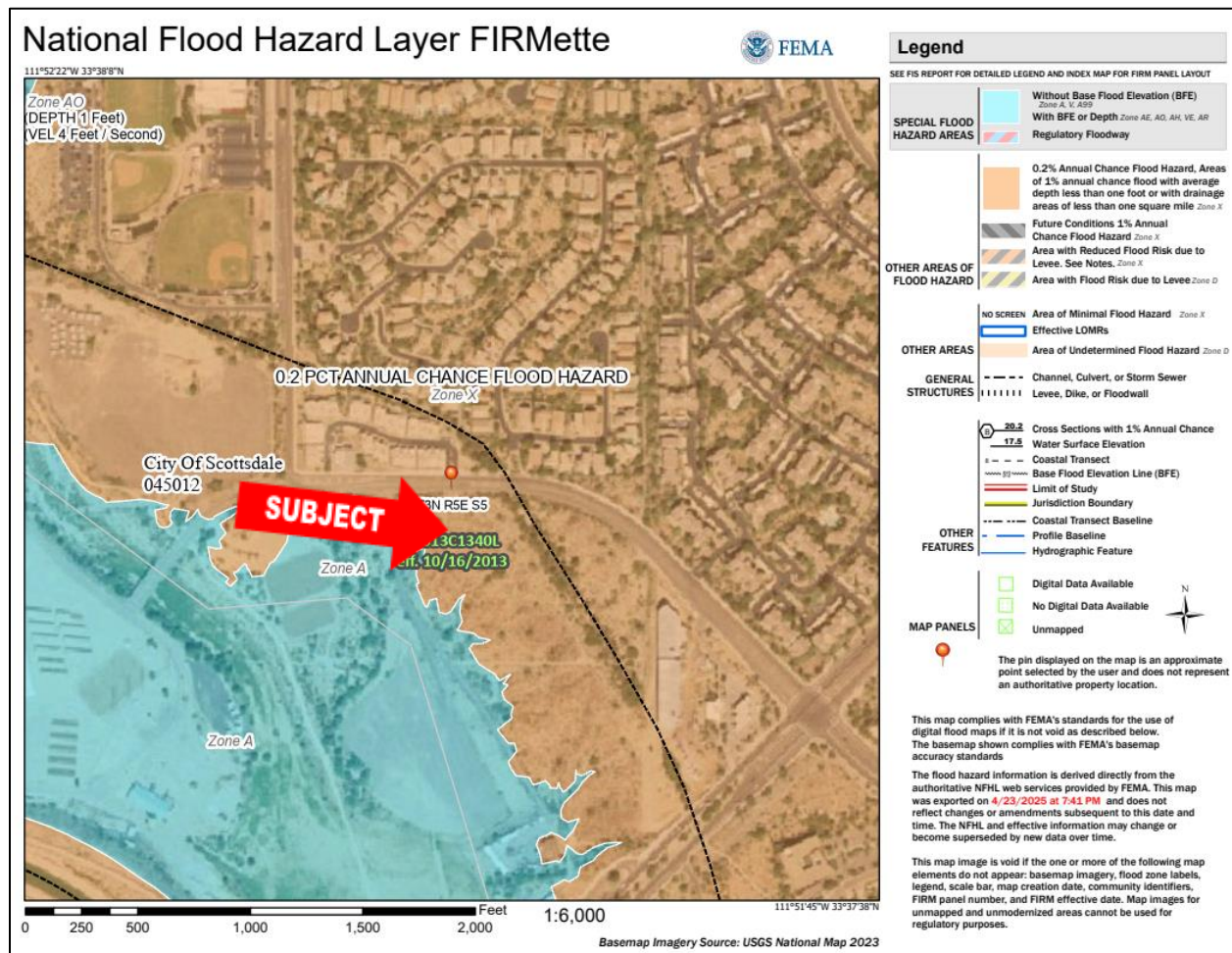
According the City of Scottsdale General Plan, the subject site is located in the Employment Core. Employment Cores are primary employment centers for the city. These areas are predominately concentrated in the Greater Airpark Character Area, a mixed-use employment core with primary freeway access, as well as around other major employment campuses, such as the Mayo Clinic and General Dynamics. Employment Cores support a wide range of activities, such as aviation, light-industrial, and regional- and community-level employment uses. These areas consist of multi-functional buildings with an emphasis on technology and corporate character. Taller building heights are found within the core, and low-scale building heights are typically found within the transition areas adjacent to Rural and Suburban Character Types. The Greater Airpark Character Area Plan denotes appropriate locations for height and intensity in the Airpark area.

The most likely use of the subject site would be in line with what is allowable in the Employment Core which includes light-industrial and regional- and community-level employment uses.

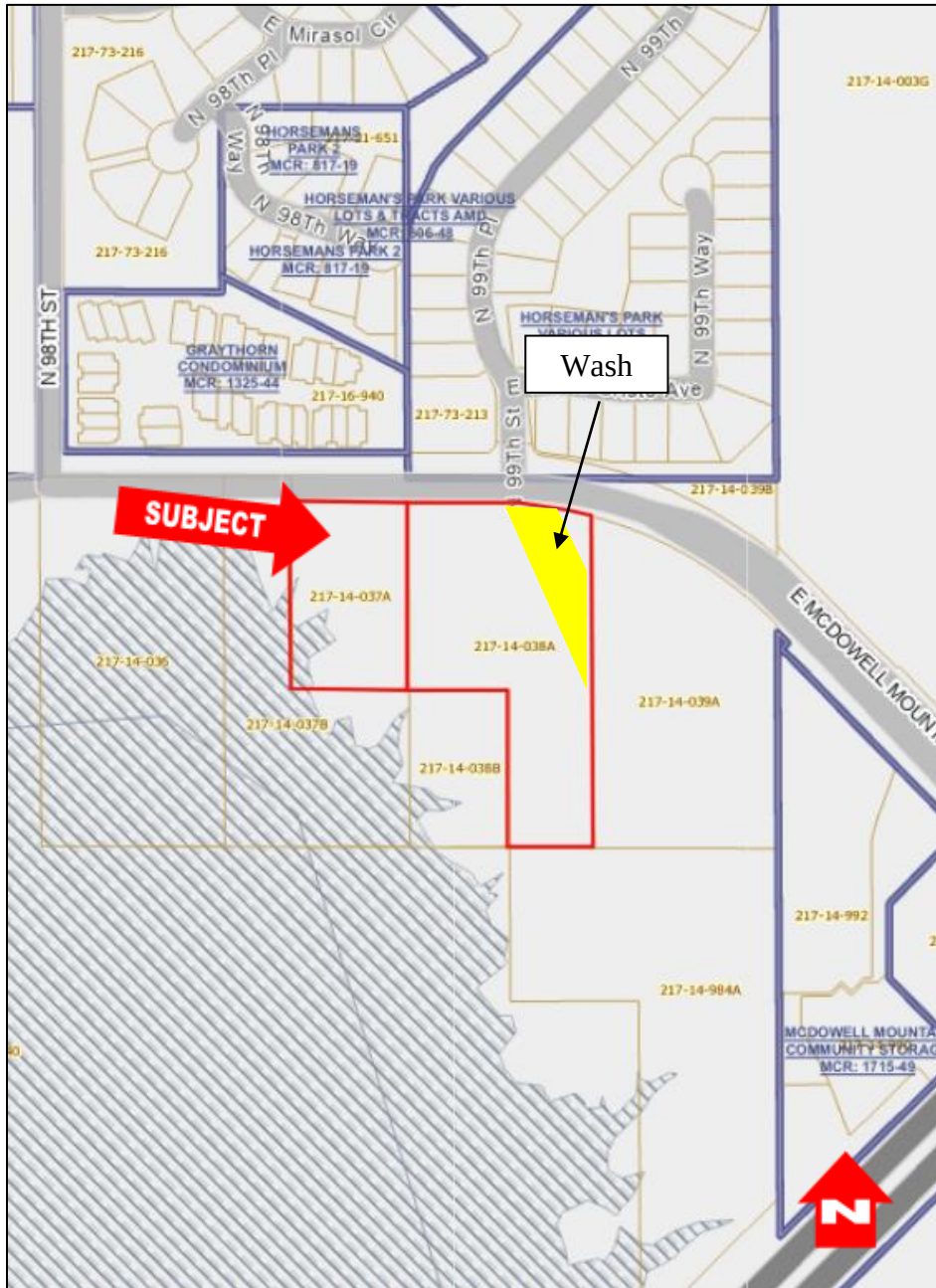
Although the subject property is currently zoned R1-35 PCD ESL, it is likely that the subject property could achieve a zoning change to a more light industrial or employment type use that is currently allowed within the existing General Plan.

A more detailed description of the subject zoning is located within the Addenda.

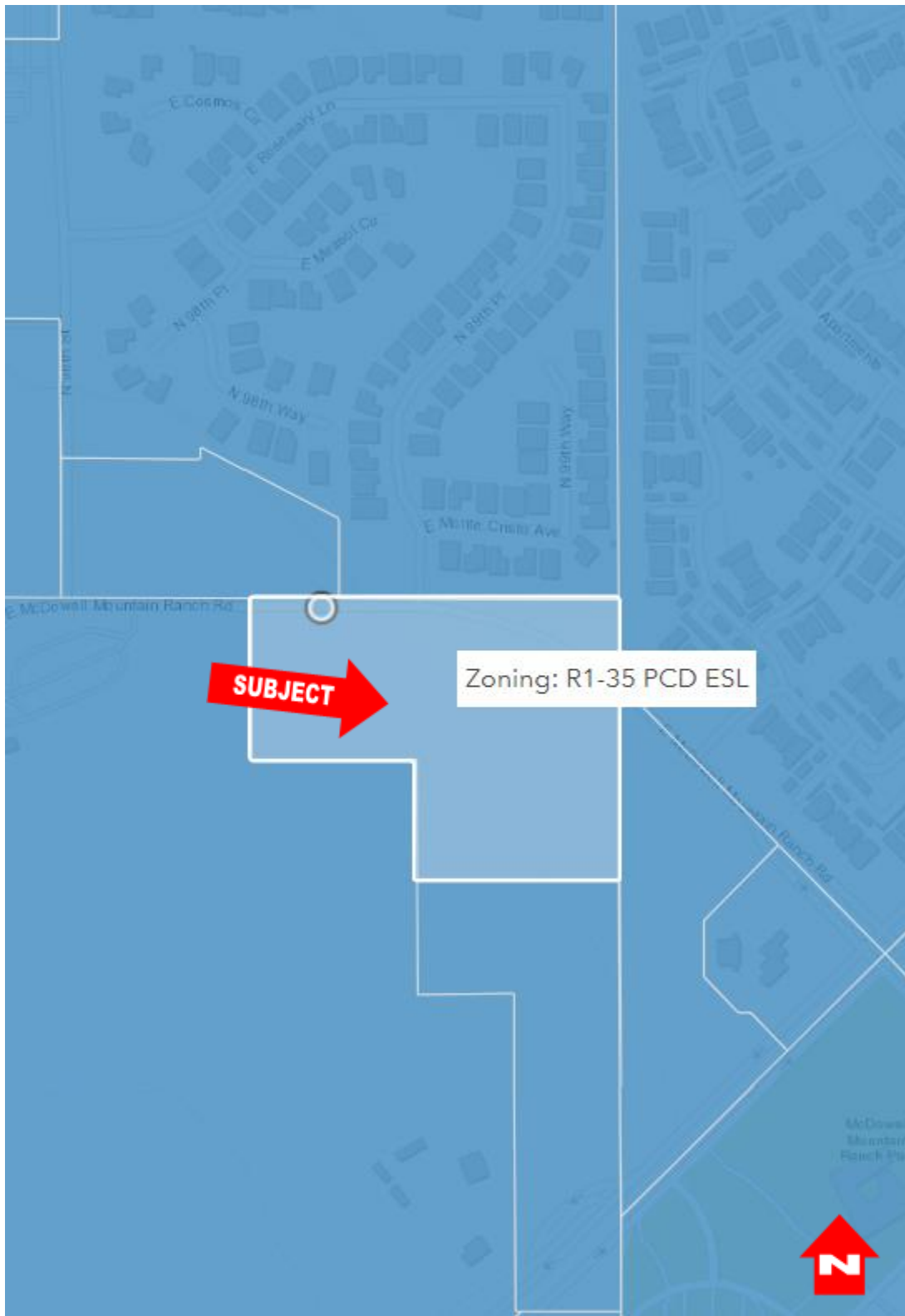
FLOOD ZONE MAP



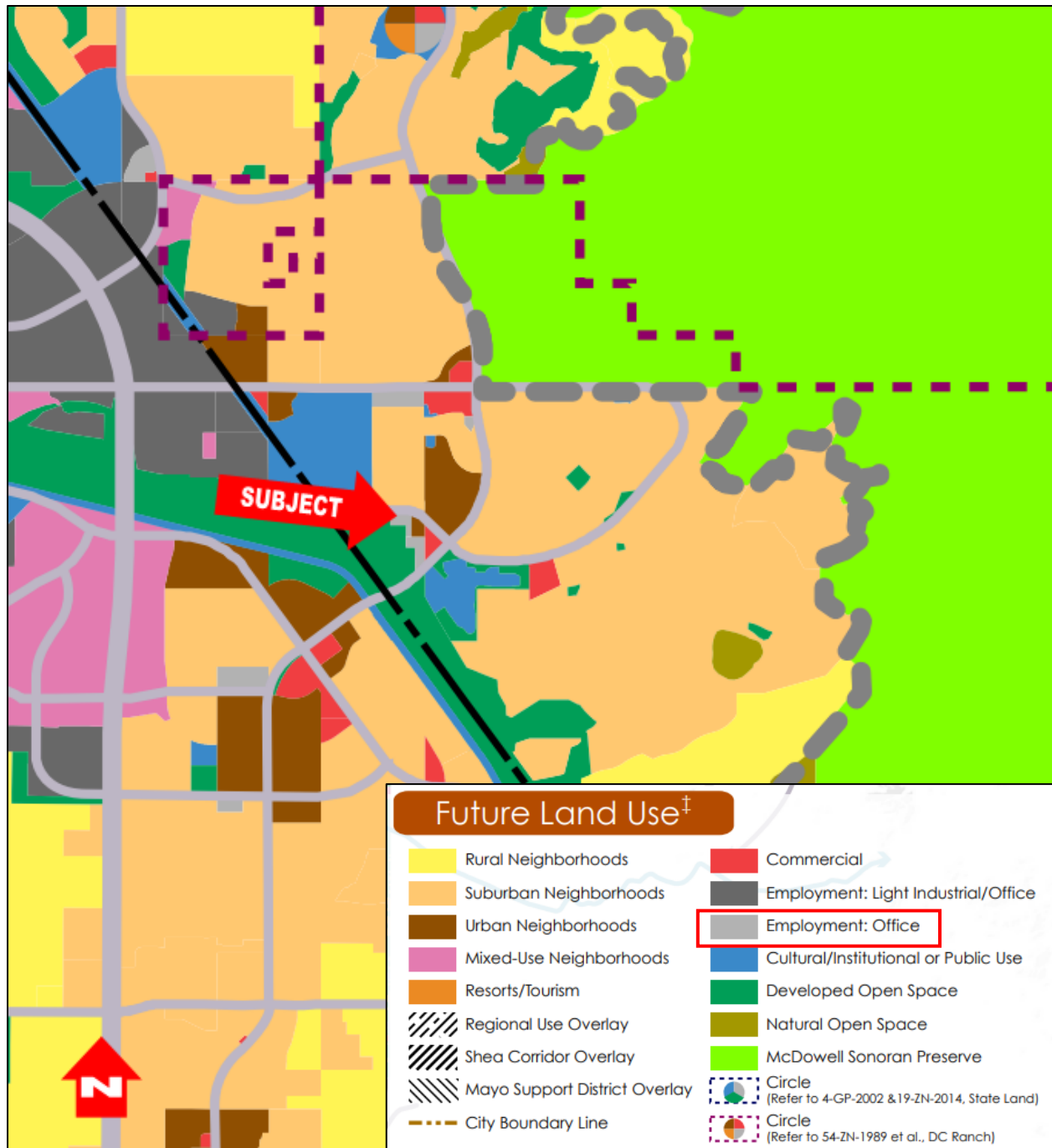
COUNTY FLOOD ZONE MAP



ZONING MAP



GENERAL PLAN MAP



TAX AND ASSESSMENT DATA:

Presently, the subject property is identified as assessor's tax parcel numbers 217-14-037A & 038A. The subject property is located in Maricopa County and valued by the county assessor for taxing purposes.

The Maricopa County Assessor's Office assesses the subject. Full Cash Value (FCV) has no relationship to market value as defined in this report. Full cash value is set by State law and is for tax assessment purposes only. It does not consider the future potential use of the property and is not always current with market transactions. Limited Property Value (LPV) is set by the State of Arizona and, by statute, cannot exceed full cash value.

In the State of Arizona, a sale of the subject does not trigger a reassessment.

Proposition 117 passed in 2012 by a majority of Arizona voters, Proposition 117 works as a mechanism to control the large valuation swings that did so much damage to, not only property owners, but to government budgets, during the recession.

Proposition 117 acts as a mandatory cap on valuation increases to the LPV, upon which both primary and secondary tax rates will now be based. So even though FCV may rise dramatically (as it is not limited and is based on market conditions), Proposition 117 caps increases in the LPV to 5% annually. It should be noted, this cap does not apply to new construction, additions, or deletions to your property.

Proposition 117 does not change statutory formulas used for calculating the amount of money which can be collected by taxing jurisdictions. Proposition 117 provides a stable and dependable value for LPVs, and, in theory, a stable tax base for taxing jurisdictions dependent on property taxes. Proposition 117 went into effect for Tax Year 2015.

Following is the available information concerning FCV, LPV, and Assessed Ratio for the subject property.

217-14-037A

Tax Year	2026	2025	2024	2023	2022
Full Cash Value ②	\$1,005,700	\$938,800	\$802,200	\$707,100	\$648,000
Limited Value ②	\$519,783	\$495,031	\$471,458	\$449,008	\$427,627
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	\$77,967	\$74,255	\$70,719	\$67,351	\$64,144
Property Use Code	0012	0012	0012	0012	0012
PU Description	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Tax Area Code	481400	481400	481400	481400	481400
Valuation Source	Notice	Notice	Notice	Notice	Notice

217-14-038A

Tax Year	2026	2025	2024	2023	2022
Full Cash Value ②	\$1,327,300	\$1,316,400	\$1,220,000	\$1,058,600	\$863,000
Limited Value ②	\$758,849	\$722,713	\$688,298	\$655,522	\$624,307
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	\$113,827	\$108,407	\$103,245	\$98,328	\$93,646
Property Use Code	0012	0012	0012	0012	0012
PU Description	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Tax Area Code	481400	481400	481400	481400	481400
Valuation Source	Notice	Notice	Notice	Notice	Notice

The total 2024 taxes for the subject equate to \$12,358.78. The tax liability of the subject property and the assessed values were determined to be in-line with the surrounding properties and appropriate for the property type.

According to the Maricopa County Treasurer's Office, there are no delinquent taxes owed for the subject. The appraiser is unaware of any known special assessments which would affect the value of the property.

CONCLUSION:

The subject has very good access to the goods and services of Metropolitan Phoenix. All necessary city utilities/services and electricity are available to the site. The site has a sloping slightly topography from northeast to southwest with a wash bisecting the northeastern portion of the property. This wash and the land area it bisects is estimated to impact approximately 14% of the site area limiting this portion of the site to other development requirements including, but not limited to density transfer, floor area ratio, and Natural Area Open Space.

Additionally, the subject site includes three Government Land Office Patent Easements (GLOPE) that encumber approximately 45,608 square feet or 1.05 acres or 21% of the site. While these areas cannot be utilized for vertical development or open space requirements, they can be utilized for access, utility corridors, floor area ratio requirements and or other density requirements associated with gross lot area. It is also noted that of the 20.7% of land area encumbered by the existing GLOPE approximately 9,570 square feet [33' x 290'] of the GLOPE is located within the previously referenced wash area. In other words approximately 21.0% of the existing GLOPE area is also located within land area that has no vertical development uses.

In conclusion, the physical and functional characteristics of the site are considered to have adequate street visibility and access. The site is located in an area predominantly made up of low density single family residential development with commercial uses located at some of the major arterial intersections. The site is also located adjacent to the Reatta Sports Complex and near the Westworld multi-use event facility.

HIGHEST AND BEST USE

Highest and best use is a market driven concept that focuses on market forces as each relates to the subject site identifying the most profitable and competitive use to which the property can be put.

Following is the definition of highest and best use as used in this report:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
1. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that is would be willing to bid. (IVS)
2. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (The Dictionary of Real Estate Appraisal, 7th edition 2022)

Highest and Best Use as a Vacant Site

Highest and best use of a site as vacant assumes that a parcel of land is vacant or can be vacated by demolishing existing improvements, as of the date valuation.

The purpose of determining the use of the site as vacant is to identify its potential. The goal of the analysis is to ascertain the optimum use of the land as vacant, and what variety or type of improvement, if any, is warranted given present market conditions.

In growth areas and neighborhoods in transition or where a change in the near term is expected, an interim use could be utilized. An interim use may be the existing use, a proposed development, an assemblage or to hold as a speculative investment.

Highest and best use implies contribution of that specific use (ideal improvements) to the community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied, is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

The highest and best use conclusion may be identical to the one permitted by either zoning ordinances or private restrictions. In some instances, land has a more valuable use than that permitted by law. When there is a strong possibility that a change in the legal use would be permitted, then it could properly be considered as a factor affecting value. Conversely, zoning could legally permit a use more intense than the site could reasonably be expected to perform. In such cases, if zoning will not permit

a less intense use, then it is necessary to determine whether or not the zoning could be changed and the effect of this factor upon the ultimate utilization of the property.

Although consistent and compatible uses are general considerations for developers, city and county planners and the basis of more intense land use studies, they do not usually indicate the Highest and Best Use of a property.

The Highest and Best Use is considered after analyzing current market conditions relating to the positive and negative attributes of the subject site, significant limitations to the future use and current relationship to other uses in the immediate neighborhood. Specifically, the use must be reasonable within the following areas:

- ***Legally Permissible:*** The use must be a legal use of the land, meeting all regulatory approvals from national to local levels.
- ***Physically Possible:*** The use must be physically feasible and appropriate for the site.
- ***Financially Feasible:*** This area incorporates tests for both financial feasibility and maximum profitability. There must be a proven market demand for any use. Further, the present worth of the economic benefits provided by the demand must be in excess of development costs. The use which returns the greatest profit to the land is considered the highest and best use.
- ***Maximally Productive:*** The most reasonable use which returns the greatest profit to the land is considered the highest and best use.

Each of these areas will be discussed in more detail in the following section of my analysis of Highest and Best Use.

To test highest and best use for the land as vacant, an appraiser analyzes all logical, feasible alternatives with legal permissibility and physical possibilities considered first.

LEGALLY PERMISSIBLE

Legal permissibility is indicated by land use regulations and current zoning code of the controlling governmental agency.

Subject Existing Zoning

The subject is currently zoned R1-35 PCD ESL, Single Family Residential with a Planned Community District and Environmentally Sensitive Lands Overlay; according to the City of Scottsdale Planning and Zoning Department.

The R1-35 district is intended to promote and preserve residential development. The minimum lot size, although less than one (1) acre, still results in a low density of population. The principal land use is single-family dwellings and uses incidental or accessory thereto, together with required recreational, religious and educational facilities.

The Planned Community is a zoning district that may be developed only in accordance with a specific development plan. The approved development plan is an integral part of this zoning district and all development shall comply with said plan. The planned community district is designed and intended to enable and encourage the development of large tracts of land which are under unified ownership or control, or lands which by reason of existing or planned land uses are appropriate for development under this section, so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area.

To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas, arranged and designed in accordance with modern land planning principles and development techniques; and in such a manner as to be properly related to each other, the surrounding community, the planned thoroughfare system, and other public facilities such as water and sewer systems, parks, schools and utilities.

The planned community district and procedure are further established to provide a land developer with reasonable assurance that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the city; and to provide the City Planning Commission and the City Council with a long-term proposal for the development of a given area.

The purpose of the ESL District is to identify and protect environmentally sensitive lands in the city and to promote the public health, safety and welfare by providing appropriate and reasonable controls for the development of such lands.

Scottsdale General Plan

According the City of Scottsdale General Plan, the subject site is located in the Employment Core. Employment Cores are primary employment centers for the city. These areas are predominately concentrated in the Greater Airpark Character Area, a mixed-use employment core with primary freeway access, as well as around other major employment campuses, such as the Mayo Clinic and General Dynamics. Employment Cores support a wide range of activities, such as aviation, light-industrial, and regional- and community-level employment uses. These areas consist of multi-functional buildings with an emphasis on technology and corporate character. Taller building heights are found within the core, and low-scale building heights are typically found within the transition areas adjacent to Rural and Suburban Character Types. The Greater Airpark Character Area Plan denotes appropriate locations for height and intensity in the Airpark area.

The most likely use of the subject site would be in line with what is allowable in the Employment Core which includes light-industrial, and regional- and community-level employment uses.

Although the subject property is currently zoned R1-35 PCD ESL, it is likely that the subject property could achieve a zoning change to a more light industrial or employment type use that is currently allowed within the existing General Plan.

In conclusion, it is a reasonable assumption that the subject property could achieve a zoning change to allow for a light industrial/office type development.

PHYSICALLY POSSIBLE

Physical possibility is shown by indicating the capabilities and adaptability of the site for the proposed improvement (project) together with the availability of utilities and community services, modifications that may be required and limitations caused by physical characteristics of the site.

The subject site is irregular in shape considered to be functionally adequate for most types of development. According to the Maricopa County Assessor's map, the site totals 5.06 acres or 220,344 square feet in size. The site has approximately 535 feet of frontage along McDowell Mountain Ranch Road with a depth that ranges from 330 feet to 610 feet.

As discussed, the subject has all necessary city utilities/services and electricity are available to the site. The site has a sloping slightly topography from northeast to southwest with a wash bisecting the northeastern portion of the property. This wash and the land area it bisects is estimated to impact approximately 14% of the site area limiting this portion of the site to other development requirements including, but not limited to density transfer, floor area ratio, and Natural Area Open Space.

Additionally, the subject site includes three Government Land Office Patent Easements (GLOPE) that encumber approximately 45,608 square feet or 1.05 acres or 21% of the site. While these areas cannot be utilized for vertical development or open space requirements, they can be utilized for access, utility corridors, floor area ratio requirements and or other density requirements associated with gross lot area. It is also noted that of the 20.7% of land area encumbered by the existing GLOPE approximately 9,570 square feet [33' x 290'] of the GLOPE is located within the previously referenced wash area. In other words approximately 21.0% of the existing GLOPE area is also located within land area that has no vertical development uses.

In conclusion, the physical and functional characteristics of the site are considered to have adequate street visibility and access. The site is located in an area predominantly made up of low density single family residential development with commercial uses located at some of the major arterial intersections. The site is also located adjacent to the Reatta Sports Complex and near the Westworld multi-use event facility.

Although the subject property has limitations within portions of its site, associated with the existing wash and GLOPE easements, these limitations still have use to a property owner in the form of open space requirements, access driveways, utility corridors, or gross site area used to calculate floor area ratios that limit vertical development density. While the wash and GLOPE areas may limit vertical development within portions of the site and their existence limit development flexibility, these types of limitations, whether they exist as easements or natural development barriers, are not considered atypical. Even if a development site was fully developable with no physical or legal limitations, the City of Scottsdale still requires projects to remain within floor area ratio requirements and useable land area would be required to remain undeveloped as Open Space.

In conclusion, light industrial/office type development is considered to be physically possible on the site.

FINANCIAL FEASIBILITY

At this point of the Highest and Best Use analysis, the appraiser can conclude that the subject, from legal, physical and appropriate considerations, could be developed with a commercial use. This conclusion statement considers the type of uses that are deemed to be the most reasonable and prudent uses for the subject, as of the date of valuation. Now at this point, one must divert the analysis with regards to the economic feasibility that may affect the subject site.

To do this task, a market study was conducted. For the purposes of this appraisal report, Market Study is defined as follows: Market Study, an analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (The Dictionary of Real Estate Appraisal, 7th edition 2022)

As indicated, it is concluded that light-industrial, and regional- and community-level employment uses are legally permissible and physically possible on the site.

Therefore, the appraiser has searched the market to determine if this type of use is currently feasible in the marketplace.

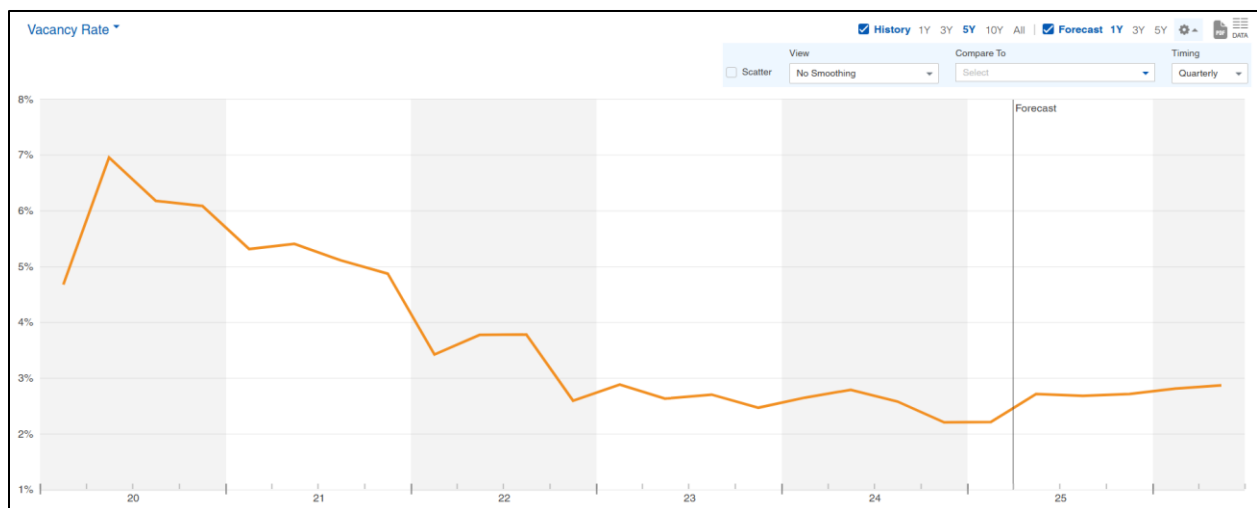
Retail

The following historical data from CoStar represents the retail market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had a retail inventory of approximately 4.6 million square feet. Of this area approximately 118,000 square feet was vacant equating to a vacancy rate of 2.6%. Over the past five years, vacancy rates ranged from 2.2% to 7.0%. Over the past year, vacancy rates have been relatively level at the current rate.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
4.6M +0%	2.2K -	6.1K -90.8%	2.6% -0.1%
Prior Period 4.6M	Prior Period 0	Prior Period 65.7K	Prior Period 2.7%

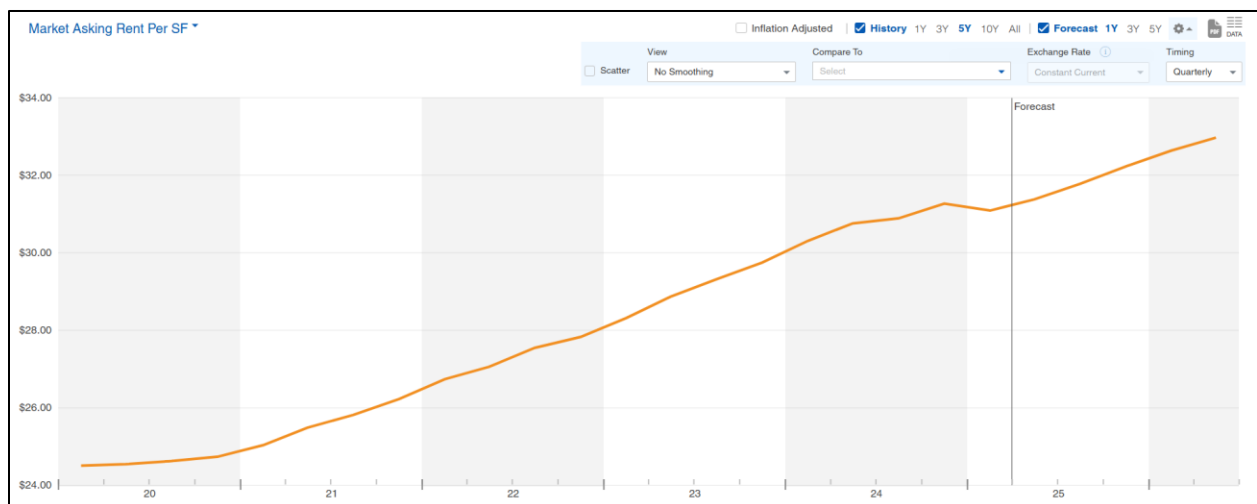
Availability		Inventory	
Vacant SF	118K ↓	Existing Buildings	197 ↕
Sublet SF	1.6K ↓	Under Construction Avg SF	2.2K
Availability Rate	2.2% ↑	12 Mo Demolished SF	0 ↓
Available SF Total	103K ↑	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$27.80 ↑	12 Mo Construction Starts SF	2.2K ↑
Occupancy Rate	97.4% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	98.8% ↓	12 Mo Avg Delivered SF	-



The current quarter showed average asking rental rates of \$31.09 per square foot. Over the past five years, average asking rental rates ranged between \$24.50 per square foot to the current rate of \$31.09 per square foot. Average asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$31.09 +2.3%	\$285 -0.7%	6.5% +0.2%
Prior Period \$30.40	Prior Period \$287	Prior Period 6.3%

Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	0.1% ↓
Sale to Asking Price Differential	-	12 Mo Leased SF	73.1K ↓
Sales Volume	\$36.3M ↑	Months on Market	6.6 ↑
Properties Sold	8 ↓	Months to Lease	-
Months to Sale	6.2 ↑	Months Vacant	-
For Sale Listings	-	24 Mo Lease Renewal Rate	86.7%
Total For Sale SF	-	Population Growth 5 Yrs	10.1%



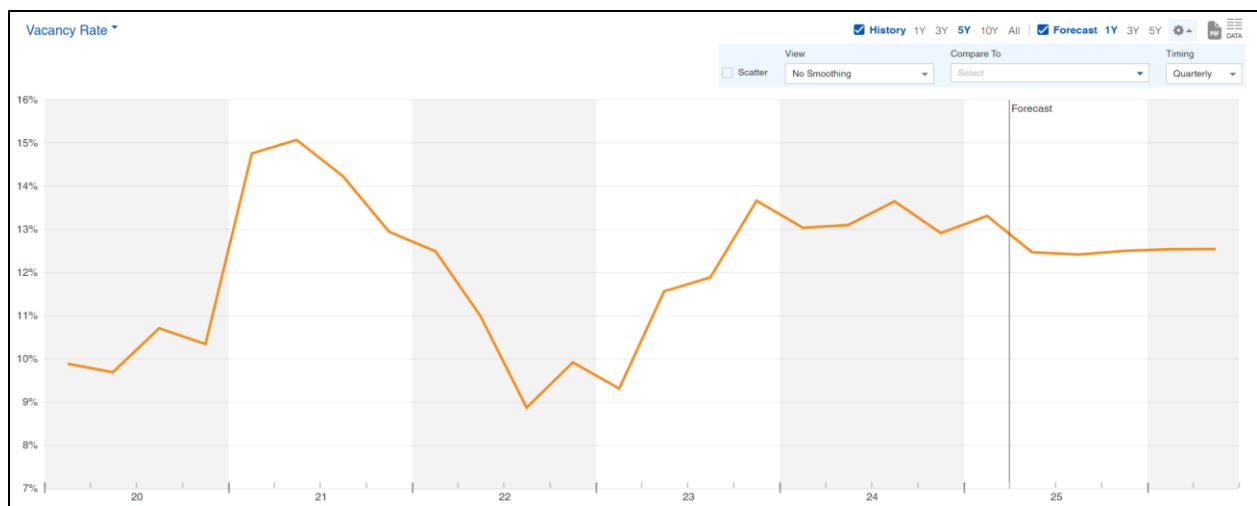
Office

The following historical data from CoStar represents the office market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had an office inventory of approximately 8.5 million square feet. Of this area approximately 1.1 million square feet was vacant equating to a vacancy rate of 12.6%. Over the past five years, vacancy rates ranged from 8.9% to 15.1%. Over the past year, vacancy rates have been relatively level at the current rate.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
8.5M +0%	0 -	41.1K +134.5%	12.6% -0.4%
Prior Period 8.5M	Prior Period 0	Prior Period (119K)	Prior Period 13.0%

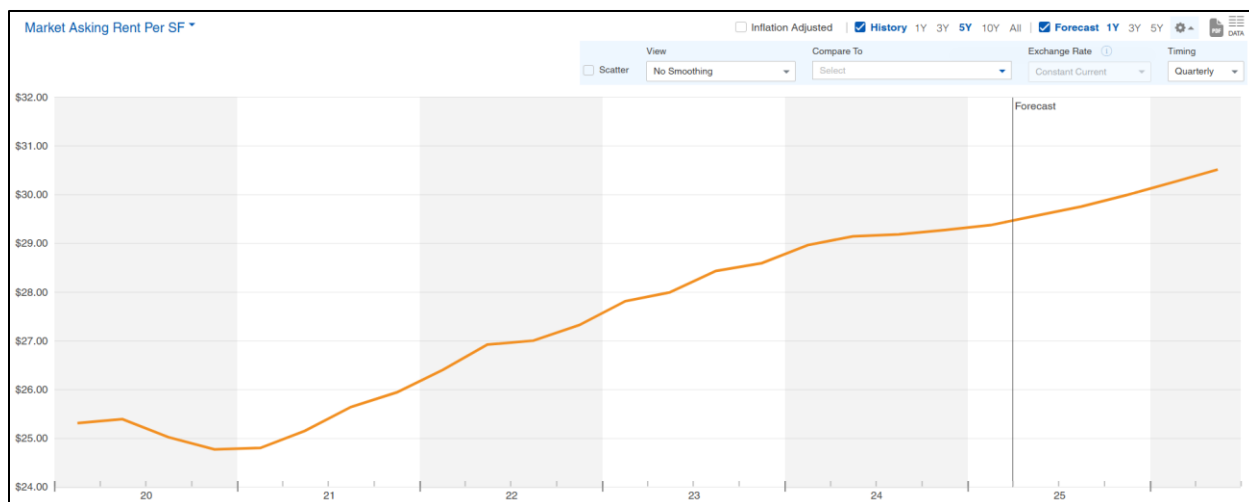
Availability		Inventory	
Vacant SF	1.1M ↓	Existing Buildings	272 ↑
Sublet SF	144K ↓	Under Construction Avg SF	-
Availability Rate	14.8% ↓	12 Mo Demolished SF	0 ↑
Available SF Total	1.3M ↓	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$30.99 ↑	12 Mo Construction Starts SF	0 ↑
Occupancy Rate	87.4% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	89.4% ↓	12 Mo Avg Delivered SF	-



The current quarter showed gross asking rental rates of \$29.41 per square foot. Over the past five years, gross asking rental rates ranged between \$24.80 per square foot to the current rate of \$29.41 per square foot. Gross asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$29.41 +1.4%	\$208 -6.6%	8.9% +0.5%
Prior Period \$29.01	Prior Period \$222	Prior Period 8.4%

Sales Past Year		Demand	
Asking Price Per SF	\$190 ↓	12 Mo Net Absorp % of Inventory	0.4% ↑
Sale to Asking Price Differential	-19.1% ↓	12 Mo Leased SF	480K ↓
Sales Volume	\$87.6M ↓	Months on Market	7.5 ↓
Properties Sold	35 ↑	Months to Lease	9.0 ↑
Months to Sale	4.0 ↓	Months Vacant	9.0 ↓
For Sale Listings	9 ↓	24 Mo Lease Renewal Rate	34.1%
Total For Sale SF	227K ↓	Population Growth 5 Yrs	10.0%



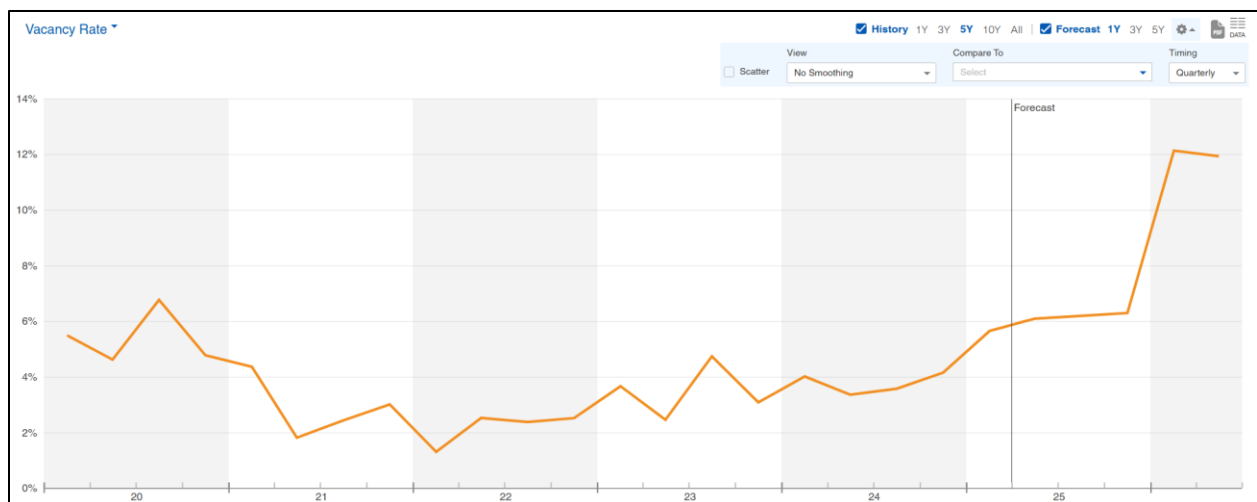
Industrial

The following historical data from CoStar represents the industrial market including rental rates and vacancy rates.

The 3.0-mile radius surrounding the subject property had an industrial inventory of approximately 4.4 million square feet. Of this area approximately 295,000 million square feet was vacant equating to a vacancy rate of 6.8%. Over the past five years, vacancy rates ranged from 1.3% to 6.8%. Over the past year, vacancy rates have been increasing slightly.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
4.4M +0.2%	305K +4,549.7%	(121K) -531.7%	6.8% +3.0%
Prior Period 4.4M	Prior Period 6.6K	Prior Period (19.2K)	Prior Period 3.8%

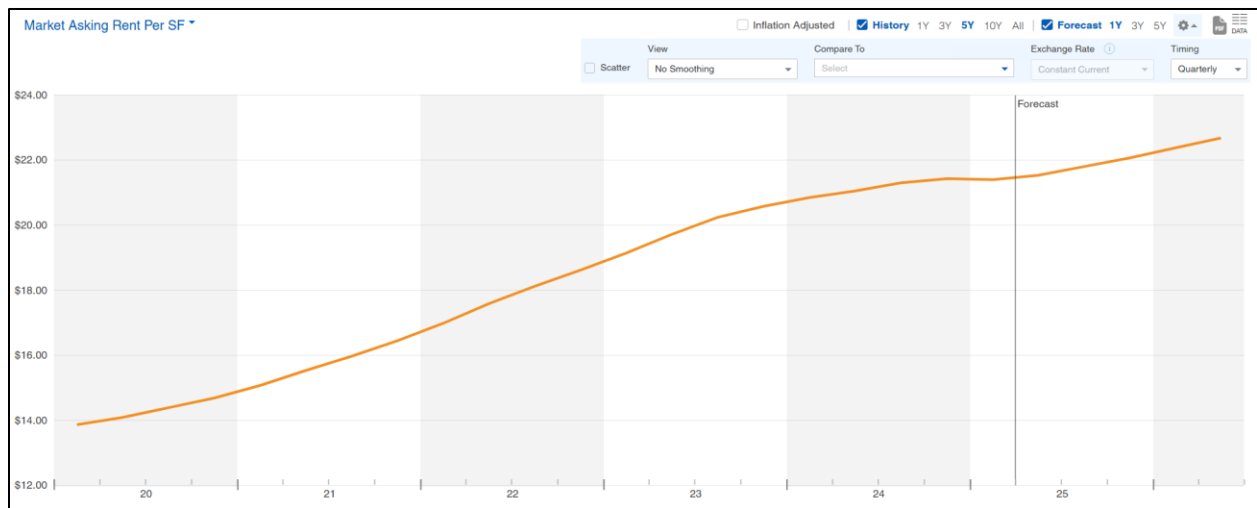
Availability		Inventory	
Vacant SF	295K ↑	Existing Buildings	241 ↓
Sublet SF	24.2K ↑	Under Construction Avg SF	153K
Availability Rate	12.5% ↑	12 Mo Demolished SF	0 ↓
Available SF Total	584K ↑	12 Mo Occupancy % at Delivery	100.0% ↓
Available Asking Rent/SF	\$20.88 ↑	12 Mo Construction Starts SF	305K ↑
Occupancy Rate	93.2% ↓	12 Mo Delivered SF	6.5K ↓
Percent Leased Rate	94.8% ↓	12 Mo Avg Delivered SF	8.8K ↓



The current quarter showed gross asking rental rates of \$21.39 per square foot. Over the past five years, gross asking rental rates ranged between \$13.86 per square foot to the current rate of \$21.39 per square foot. Gross asking rental rates have been trending upward over the past year.

MARKET ASKING RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$21.39 +2.4%	\$315 +5.6%	6.4% +0%
Prior Period \$20.89	Prior Period \$298	Prior Period 6.4%

Sales Past Year		Demand	
Asking Price Per SF	\$390 ↑	12 Mo Net Absorp % of Inventory	-2.8% ↓
Sale to Asking Price Differential	-9.2% ↓	12 Mo Leased SF	210K ↓
Sales Volume	\$75.6M ↑	Months on Market	2.2 ↓
Properties Sold	20 ↑	Months to Lease	6.1 ↑
Months to Sale	5.0 ↑	Months Vacant	6.7 ↑
For Sale Listings	7 ↑	24 Mo Lease Renewal Rate	58.8%
Total For Sale SF	128K ↑	Population Growth 5 Yrs	10.7%



Based on the appraiser's research and the previously mentioned statistics, office uses that may be allowed within the general plan are not considered financially feasible at this time. However, light industrial/employment uses are considered financially feasible as rental rates are on the higher end of the five year range and demand appears to be outpacing supply.

MAXIMALLY PRODUCTIVE:

From the preceding analysis, it is evident the light industrial/employment type use that is physically possible and/or legally permissible is currently financially feasible and maximally productive at this time.

CONCLUSION:

Based on an evaluation of the four criteria in determining a property's Highest and Best Use, it has been concluded that the Highest and Best Use of the subject as if vacant would be for light industrial/employment development.

VALUATION PROCESS

The principles and concepts of real estate appraisal are basic to the valuation process. The principles of real estate are based on anticipation, change, supply and demand, competition, substitution, opportunity cost, balance, contribution, conformity and externalities.

The valuation process is:

A systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value. (The Dictionary of Real Estate Appraisal, 7th edition 2022)

The first step in the procedure is to define the appraisal problem: i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and definition of value sought. The next step is an overview of the character and scope of the assignment. Once accomplished, factors that affect market value are collected and analyzed. These factors are addressed in the regional, city and neighborhood analysis, the site and improvement analysis, the highest and best use analysis, and in the application of the three approaches to value (the Sales Comparison, the Cost, and Income Capitalization Approaches) which follows.

SALES COMPARISON APPROACH - *The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate unites of comparison, and making adjustments to the sale prices (or unite prices, as appropriated) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as through vacant when an adequate supply of comparable sales is available.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

A Comparative analysis is the process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. The process by which a rental value indication is derived in a rental comparison analysis. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. (The Dictionary of Real Estate Appraisal, 7th edition 2022)

COST APPROACH - *A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciations from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

One of the approaches to value commonly applied in Market Value estimates and many other valuation situations. A comparative approach to the value of property or another asset that considers, as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The Valuer's estimate is based on the reproduction or replacement

cost of the subject property or asset, less total (accrued) depreciation. The Cost Approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence.

INCOME CAPITALIZATION APPROACH – *Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

A comparative approach to value that considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income), yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both. The income approach reflects the principles of substitution and anticipation.

As the subject is vacant land, only the Sales Comparison Approach is considered in this report in order to determine a value of the subject site.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

There are five basic steps in the Sales Comparison Approach:

1. Research the market to locate sales of properties similar to the subject.
2. Confirm and verify the sales price, terms of sale, physical characteristics, income characteristics and that the sale represents an arm's length transaction.
3. Identify relevant elements of comparison and analyze each sale for each unit.
4. Compare the subject property to the comparable sales and adjust each for relevant differences to establish comparability.
5. Reconcile the various indications of value into a market value estimate for the subject property.

Public records of Maricopa County, Arizona have been searched for recent sales of comparable properties in the market. Additionally, market participants have been consulted regarding market sales and how participants analyze property for purchase. Attempts were made to confirm sales with the seller, buyer, real estate broker or other persons knowledgeable about each transaction and each comparable was verified by Affidavit of Property Value which is a sworn statement as to the validity of the transaction.

- The subject property is located at 9875 East McDowell Mountain Ranch Road in Scottsdale, Arizona.
- The subject site totals 220,344 square feet or 5.06 acres in size.
- It is estimated that the was area totals approximately 27,500 square feet or 12% of the subject larger parcel with an additional 3,000 square feet that is severed or noncontiguous with the portion of the site allowing vertical development. Including this additional 3,000 square feet equates to approximately 30,500 square feet of land area, or 14% impacted by the wash/noncontiguous land area.
- Additionally, the subject is currently encumbered with three separate GLOPE areas that encumber approximately 45,608 square feet or 1.05 acres or 20.7% of the gross site. It is also noted that of the total 45,608 square feet of land area encumbered by the existing GLOPE approximately 9,570 square feet [33' x 290'] is located within the previously referenced wash/non-contiguous land area. As this area is within the wash or non-contiguous area, for valuation purposes this results in the subject having a net easement impact of approximately 16.3%.

- Although the subject property has limitations within portions of its site, associated with the existing wash and GLOPE easements, these limited areas still have use to a property owner in the form of open space requirements, access driveways, utility corridors, or gross site area used to calculate floor area ratios that limit vertical development density. It is important to note that even if a proposed development site had full development potential within 100% of its site area, the City of Scottsdale still requires projects to remain within floor area ratio requirements and useable land area would be required to remain undeveloped as Open Space.
- Although the subject site is currently zoned R1-35 PCD ESL, Single Family Residential with a Planned Community District and Environmentally Sensitive Lands Overlay by the City of Scottsdale, it has been determined that a zoning change to light industrial or employment uses is likely and the highest and best use of the subject was determined to be light industrial or employment uses.

The appraiser has searched the market place for similar sized sites with similar utility as the subject. The sales utilized are considered the best comparable data available.

COMPARABLE NO. 1

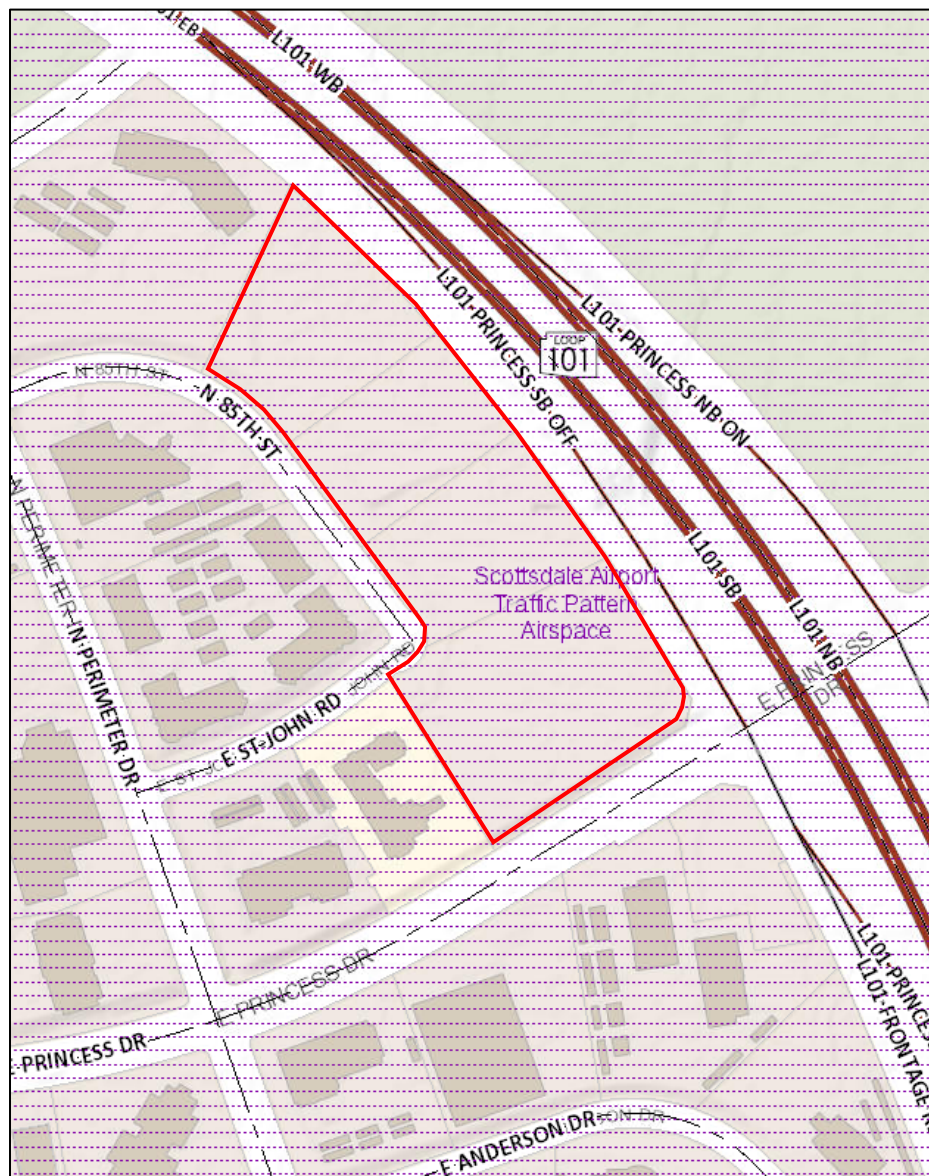
LOCATION	17761-17821 North 85th Street, Scottsdale, AZ
GRANTOR	Scottsdale Perimeter I, LLC
GRANTEE	PRIII/CRE Loop Business Center Owner, LLC
RECORDING DATE	April 11, 2025
SALE DATE	April 2023 was the reported sale date within the Affidavit of Property Value.
DAYS ON MARKET	N/A
PARCEL NO.	215-07-212K, 212L, 212M & 212N
DOCUMENT NO.	25-0203236
SALE PRICE	\$19,250,000
SALE PRICE/SF	\$26.87
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Repeated attempts to contact the buyer, seller, and/or broker were unsuccessful; the vital sales data was confirmed through a signed affidavit of property value and CoStar.
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and ARMLS/Monsoon.
SALES HISTORY	No prior sales in the previous three years.
SITE DATA	
Land Size/SF	716,475
Land Size/Acre	16.45
Building Improvements	None
Frontage	Major
Location/Access	Corner
Shape	Irregular
Surroundings	Good
Traffic Count (vpd)	Princess Drive – 21,366 Princess Drive Frontage – 11,278 85 th Street – 357 Loop 101 Freeway – Visibility Only
Topography	Level
Utilities	E, W, S, P, G

Off-sites	All required off-sites completed
Flood Zone	AO
Zoning	I-1; Industrial Park
Present Use	Vacant land
Highest and Best Use	Commercial development

COMMENTS

The entire property is located in the AO flood zone designation. The site is irregular in shape with frontage along the Loop 101 Freeway and Princess Drive. The site includes a sidewalk easement along Princess Drive that equates to approximately 2% of the entire site.

PLAT MAP



AERIAL VIEW



COMPARABLE NO. 2

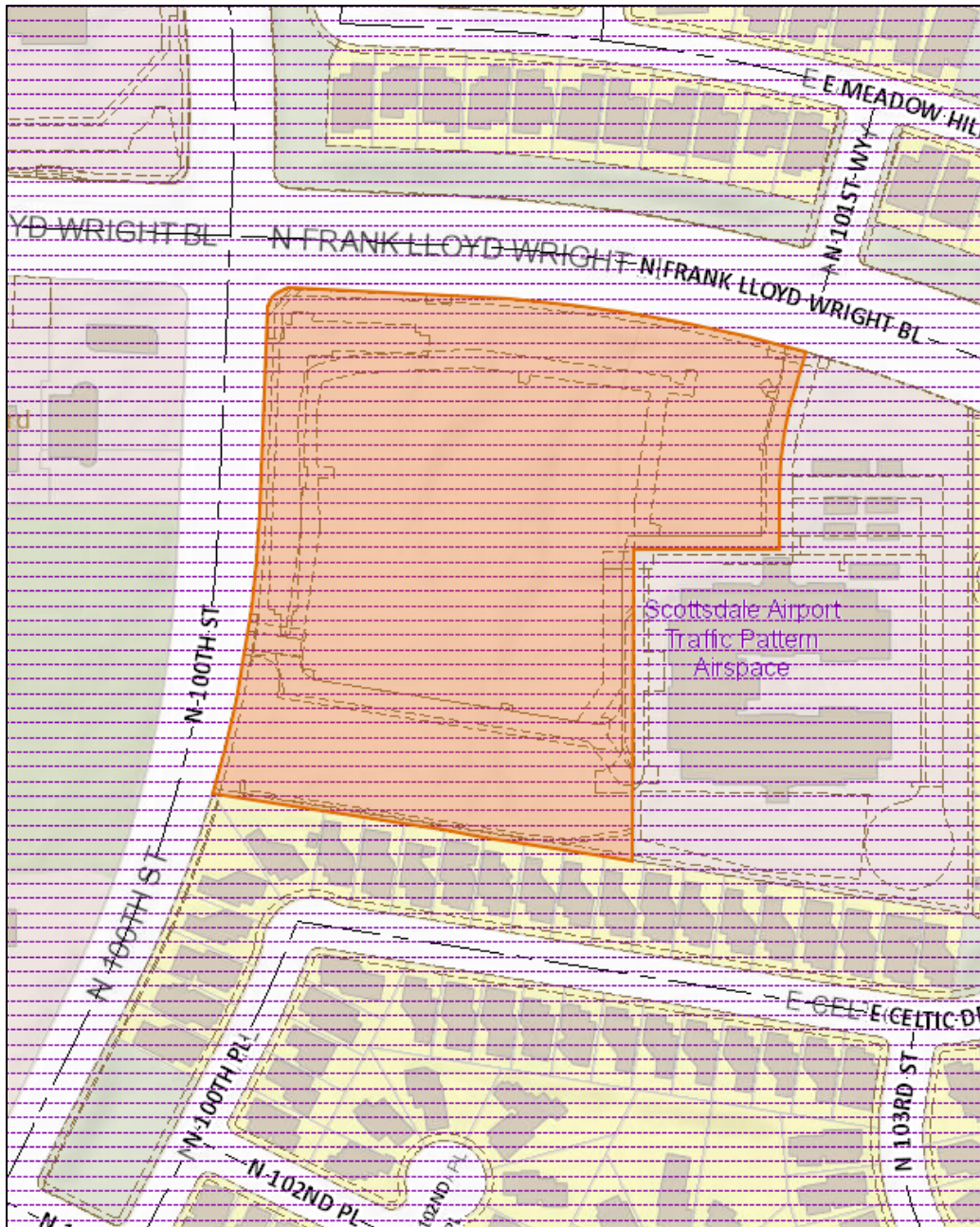
LOCATION	13850 North Frank Lloyd Wright Boulevard, Scottsdale, AZ
GRANTOR	Southwest Commercial Property, LLC
GRANTEE	CRP/HW FLW Boulevard Owner, LLC
RECORDING DATE	August 12, 2024
SALE DATE	August 2024 was the reported sale date within the Affidavit of Property Value.
DAYS ON MARKET	N/A
PARCEL NO.	217-26-995
DOCUMENT NO.	24-0426699
SALE PRICE	\$7,950,000
SALE PRICE/SF	\$27.22
TERMS	All Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Ben Burke, Buyer Broker 847.732.3434
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and ARMLS/Monsoon.
SALES HISTORY	No prior sales in the previous three years.
SITE DATA	
Land Size/SF	292,106
Land Size/Acre	6.71
Building Improvements	None
Frontage	Major
Location/Access	Corner
Shape	Irregular
Surroundings	Average/Good
Traffic Count (vpd)	Frank Lloyd Wright Boulevard – 29,044 100 th Street – 3,411
Topography	Level
Utilities	E, W, S, P, G
Off-sites	All required off-sites completed
Flood Zone	X

Zoning	C-O; Commercial Office
Present Use	Vacant land
Highest and Best Use	Commercial development

COMMENTS

The property was vacant land at the time of sale. The site is irregular in shape with frontage along Frank Lloyd Wright Boulevard and 100th Street. It should be noted that approximately 20% of the site includes various public utility and right of way easements.

PLAT MAP



COMPARABLE NO. 3

LOCATION	2601 East Rose Garden Lane, Phoenix, AZ
GRANTOR	Horses Help Foundation
GRANTEE	JJX3 LLC
RECORDING DATE	February 22, 2024
SALE DATE	June 2023 was the reported sale date within the Affidavit of Property Value.
DAYS ON MARKET	N/Av
PARCEL NO.	213-11-014
DOCUMENT NO.	24-0089962
LIST PRICE	\$4,750,000
LIST PRICE/SF	\$23.15
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Representative of MHG Commercial, Seller Broker 602.648.7373
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and ARMLS/Monsoon.
SALES HISTORY	No prior sales in the previous three years.
SITE DATA	
Land Size/SF	205,168
Land Size/Acre	4.71
Building Improvements	Yes; 11,533 SF
Frontage	Minor
Location/Access	Interior
Shape	Rectangular
Surroundings	Average
Traffic Count (vpd)	Rose Garden Lane – 5,933
Topography	Level
Utilities	E, W, S, P, G
Off-sites	All required off-sites completed
Flood Zone	X
Zoning	A-1; Light Industrial
Present Use	Vacant land

Commercial development

COMMENTS

The property included existing building improvements, totaling 11,533 square feet that, according to the broker, did not add any contributory value to the land. The site is rectangular in shape with frontage along Rose Garden Lane.

PLAT MAP



COMPARABLE NO. 4

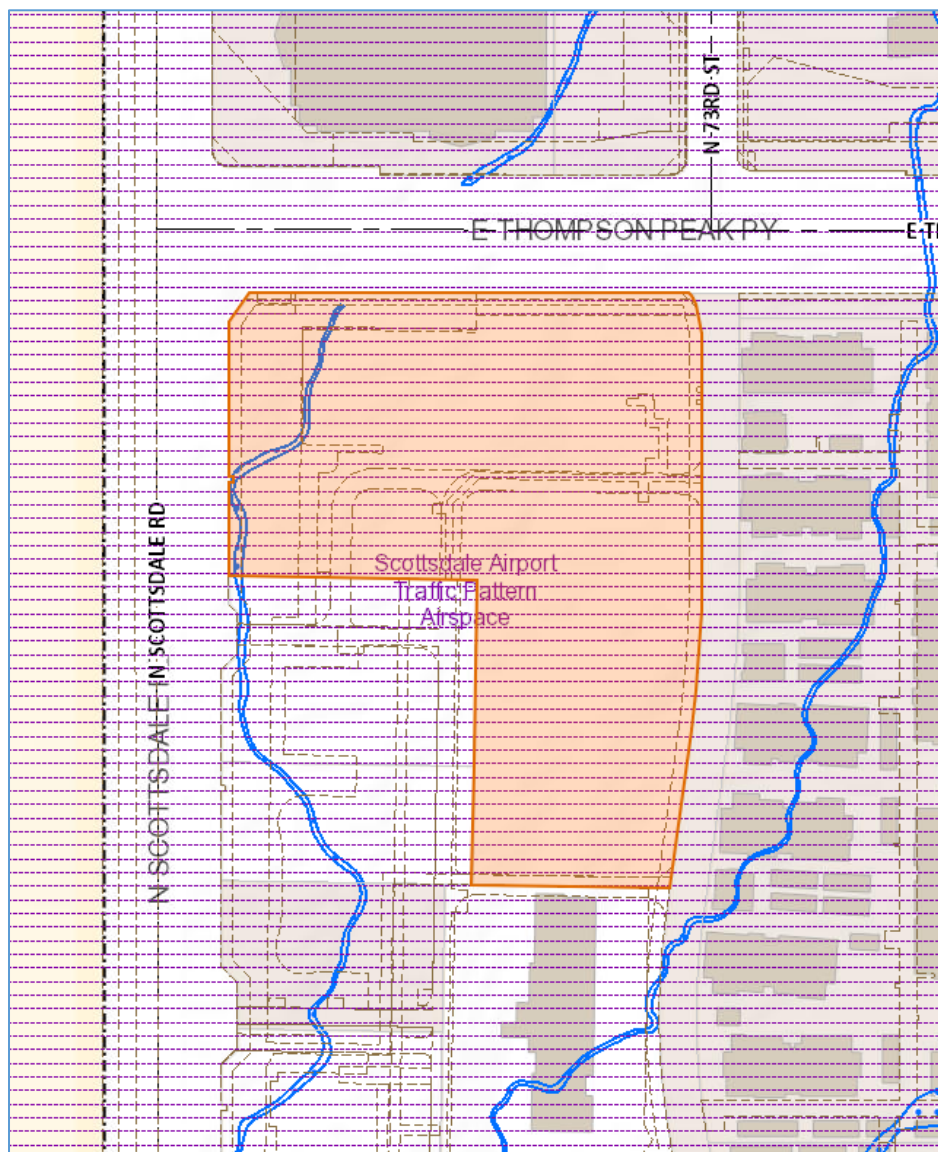
LOCATION	7245 East Thompson Peak Parkway, Scottsdale, AZ
GRANTOR	One Scottsdale Core, LLC
GRANTEE	HR RC One Scottsdale JV, LLC
RECORDING DATE	June 13, 2023
SALE DATE	July 2022 was the reported sale date within the Affidavit of Property Value.
DAYS ON MARKET	N/A
PARCEL NO.	215-05-302
DOCUMENT NO.	23-0306676
SALE PRICE	\$8,800,838
SALE PRICE/SF	\$31.00
TERMS	All Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Repeated attempts to contact the buyer, seller, and/or broker were unsuccessful; the vital sales data was confirmed through a signed affidavit of property value and CoStar.
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and ARMLS/Monsoon.
SALES HISTORY	No prior sales in the previous three years.
SITE DATA	
Land Size/SF	283,890
Land Size/Acre	6.52
Building Improvements	None
Frontage	Major
Location/Access	Corner
Shape	Irregular
Surroundings	Good
Traffic Count (vpd)	Scottsdale Road – 44,202 Thompson Peak Parkway – 21,366
Topography	Level

Utilities	E, W, S, P, G
Off-sites	Partial off-sites completed; Curbs only
Flood Zone	X
Zoning	PRC; Planned Regional Center
Present Use	Vacant land
Highest and Best Use	Commercial development

COMMENTS

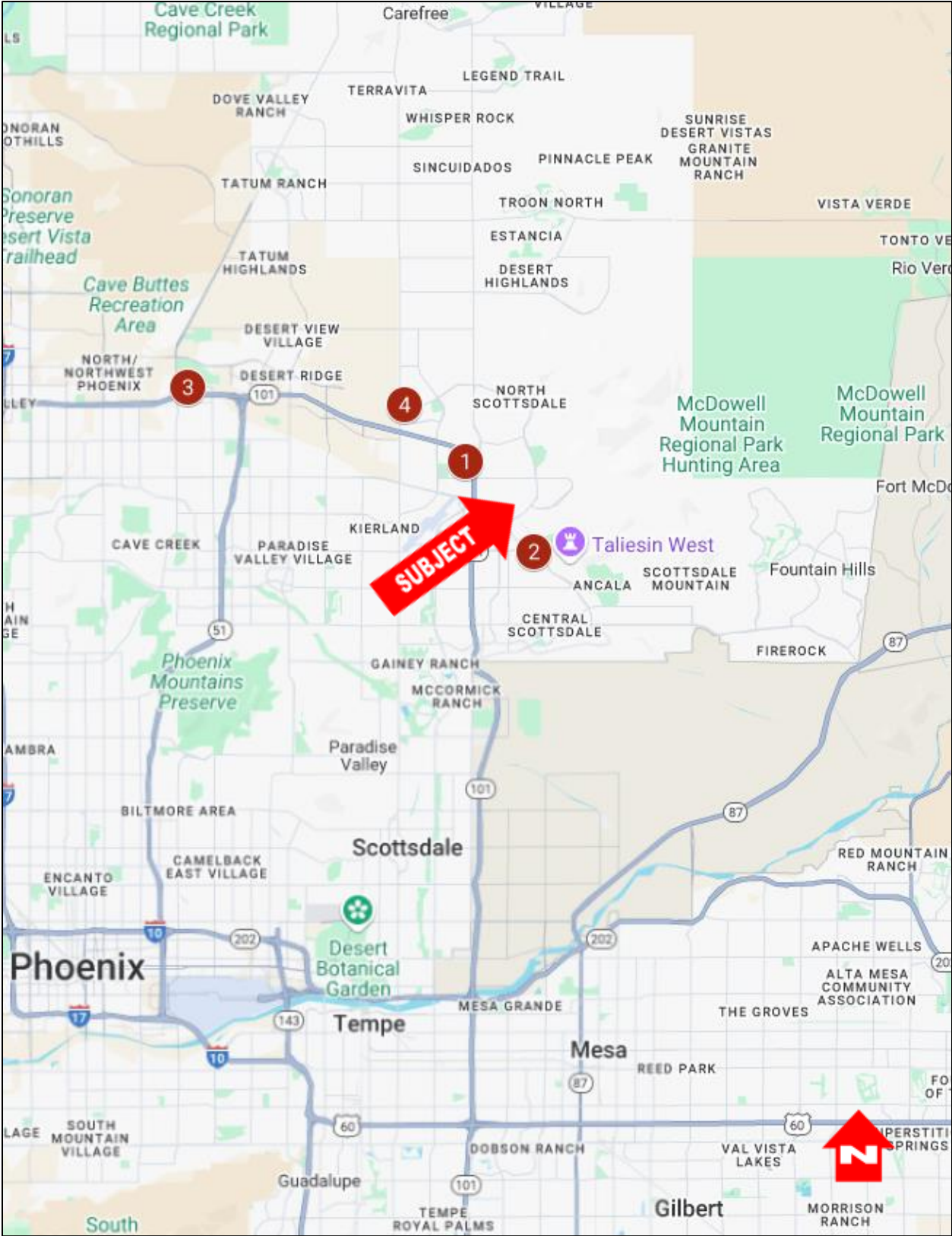
The property was purchased for commercial development. The site is irregular in shape with frontage along Thompson Peak Parkway, Scottsdale Road and 73rd Street. The site includes various sidewalk, right of way and public utility easements that cover approximately 24% of the site.

PLAT MAP



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LAND SALES MAP



LAND SALES SUMMARY CHART

Sale Data	Subject Property	1	2	3	4
SALE PRICE		\$19,250,000	\$7,950,000	\$4,750,000	\$8,800,838
SALE PRICE/SF		\$26.87	\$27.22	\$23.15	\$31.00
TERMS	Cash Equivalent	Cash Equivalent	All Cash	Cash Equivalent	All Cash
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
CONDITION OF SALE	Typical	Typical	Typical	Typical	Typical
CLOSING DATE		April 11, 2025	August 12, 2024	February 22, 2024	June 13, 2023
SALE DATE		4/23	8/24	6/23	7/22
SITE DATA					
Land Size (SF)	220,344	716,475	292,106	205,168	283,890
Land Size (Acre)	5.06	16.45	6.71	4.71	6.52
Building Improvements	None	None	None	Yes; No Contributory Value - 11,533 SF	None
Frontage	Minor	Major	Major	Minor	Major
Location/Access	Interior	Corner	Corner	Interior	Corner
Shape	Irregular	Irregular	Irregular	Rectangular	Irregular
Surroundings	Good	Good	Average/Good	Average	Good
Traffic Count (vpd)	McDowell Mountain Ranch Road (8,813)	Princess Dr. (21,366) Princess Frontage (11,278) 85 th Street (357) Loop 101 Freeway (Visibility Only)	Frank Lloyd Wright (29,044) 100 th Street (3,411)	Rose Garden (5,933)	Scottsdale Rd. (44,202) Thompson Peak (21,366)
Topography	Level	Level	Level	Level	Level
Utilities	E, W, S, P, G	E, W, S, P, G	E, W, S, P, G	E, W, S, P, G	E, W, S, P, G
Off-sites	Partial	All required off-sites completed	All required off-sites completed	All required off- sites completed	Partial
Flood Zone	(X-97%)(A-3%)	AO	X	X	X
Easement Impact	Yes (21%*)	Yes; (2%)	Yes; (20%)	No	Yes (24%)
Wash/Noncontiguous Area	14%	0%	0%	0%	0%
Zoning	R1-35; PCD; ESL (Expected zoning change to light industrial/employment use)	I-1; Industrial Park	C-O; Commercial Office	A-1; Light Industrial	PRC; Planned Regional Center

*Approximately 20% of the easement area (9,570 SF) is located within the wash and/or non-contiguous area, resulting in the subject having a net easement impact percentage of approximately .

SALES DATA:

A search was made to obtain comparable market data. Because no two properties are ever exactly the same, adjustments are considered to reflect the differences so that a valid estimate of value can be made. The unit of measure considered in this report is price per square foot. This unit of measure is commonly used in the market for vacant land property and is accepted as a method of assisting in the determination value.

The appraiser is of the opinion that the accumulated sales data accurately reflects the present market and its interrelated economic forces. Unfortunately, there is disparity within the data in relation to the most likely common denominator, (price per square foot). This disparity can be attributed to:

- (1) Varying locations of the respective sale properties.
- (2) Inconsistencies relative to the overall plot size of the sale properties in relation to the subject.
- (3) Physical characteristics and fill requirements.
- (4) Real Estate reflects an imperfect market.

The comparative sales analysis focuses on the legal, physical, location and economic characteristics of similar properties as compared to the subject property. Other considerations are real property rights conveyed, financing terms, conditions of sale, date of sale, physical and income characteristics, all of which can account for variations in price.

Adjustments to a property may be made either in terms of a percentage or dollars per square foot. There is no “proper” method of adjustment to strictly adhere to since adjustments depend on how the relationship between the two properties is perceived by the market. A market value estimate is not determined by a set of precise calculations. Appraisal has an art aspect in that an appraiser uses his or her judgment to analyze and interpret quantitative data.

Based on conversations with the various brokers and agents familiar with the area, the comparable sales utilized were the best indicators of value.

Adjustments to the sales are made as follows:

PROPERTY RIGHTS CONVEYED:

All of the comparable sales are believed to be unencumbered and the ownership rights transferred were Fee Simple estate.

FINANCING:

Each of the comparable sales were all cash to the seller or cash equivalent and no adjustment is made.

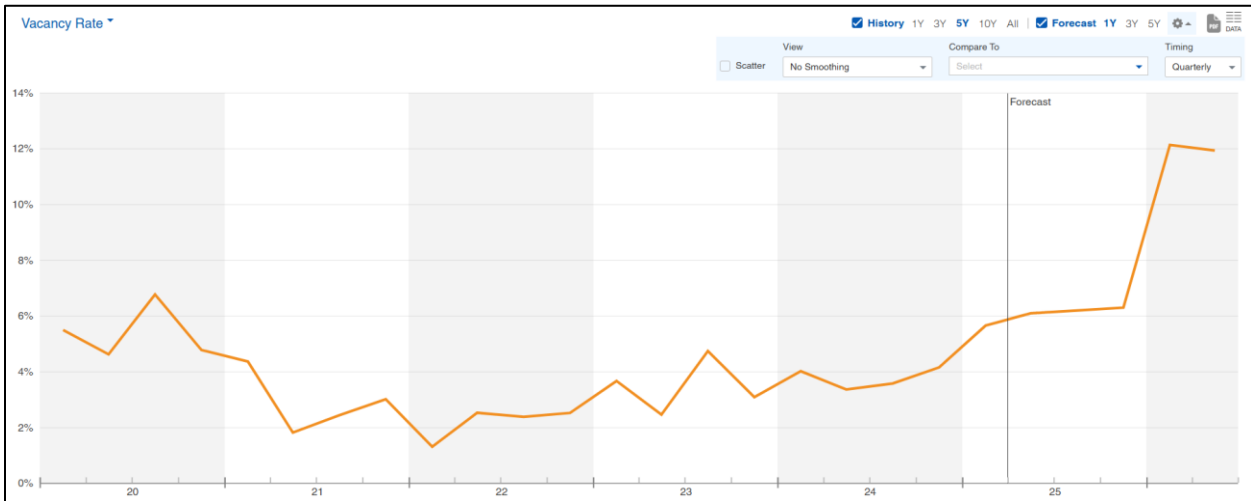
CONDITIONS OF SALE:

All of the comparable sales were reported to be arm’s length transactions and no adjustments were made. Although an arm’s length transaction, comparable sale seven was purchased for assemblage

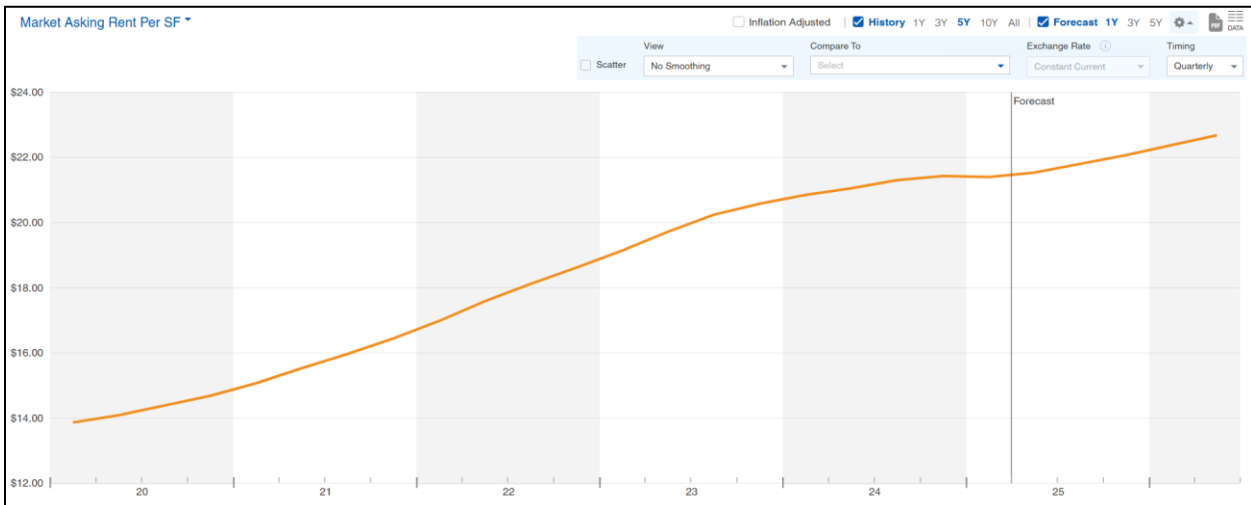
where the buyer added this site to its adjacent land holdings. This comparable sold at the list price and no adjustment is necessary.

MARKET CONDITIONS:

The comparable sales closed between June 2023 and April 2025 with actual sales occurring early between July 2022 and August 2024. In order to determine how the market may have changed over the past several years, the appraiser has referenced vacancy rates and rental rates within the immediate area to determine supply and demand factors. Vacancy rates remained fairly level between 2022 and 2024 with slight increases seen.



Over the past five years, gross asking rental rates ranged between \$13.86 per square foot to the current rate of \$21.39 per square foot and have increased significantly between 2022 and 2024 with increases leveling off between mid 2024 and the current quarter.



Low vacancy rates coupled with increasing rental rates substantiates an upward market adjustment estimated at 1% per month or 12% annually through December 2024, with increases slowing to an

estimated 0.50% per month from January 2024 through the effective date of value of April 2025. Each of the comparable transactions will be adjusted upward accordingly.

LOCATION:

An adjustment for location is necessary when the location characteristics of a comparable property are different from those of the subject property. Factors analyzed include overall frontage/visibility, surrounding development and access.

The subject has frontage, visibility and access along McDowell Mountain Ranch Road. Additionally, the subject is located within a desirable location in North Scottsdale proximate to the Westworld event grounds with good access to the Metropolitan Phoenix transportation network and goods and services of Phoenix.

Although locations along major roadways are not necessary for employment like they are for retail uses, they are nonetheless more desirable and higher land values are typically paid for major frontage with higher traffic volume. Comparables one, two, and four were superior to the subject with respect to traffic volume and each is adjusted downward with Comparable four requiring additional downward adjustments.

The subject has an interior location with access from one roadway. Comparables one had a corner location, but direct access was only available from one roadway and no adjustment is made. Comparable four also had a corner location with direct access from one roadway and through access easements from adjacent property to another roadway and is superior to the subject warranting a downward adjustment. Comparable two had multiple points of access and is adjusted downward slightly for superior access.

Comparable one and four are each located within areas of good surrounding development compared to the subject and no adjustment is warranted. Comparables two and three are located within inferior surroundings and each requires an upward adjustment.

For the readers' convenience, a chart displaying location characteristic adjustments is displayed next:

Location Factors	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Arterial Frontage	Minor	Superior	Superior	Similar	Superior
Adjustment		-5%	-5%	0%	-15%
Access	Interior/Average	Similar	Superior	Similar	Superior
Adjustment		0%	-5%	0%	-5%
Surroundings	Good	Similar	Inferior	Inferior	Similar
Adjustment		0%	+5%	+20%	0%
Quantitative Adjustment		-5%	-5%	+20%	-20%

PHYSICAL CHARACTERISTICS:

Physical characteristics include the following; size of larger parcel, shape of parcel, topography, utilities, off-sites, site improvements, existing easement impact, and flood zone.

As previously reported in the Site Data section of this report, the subject is 5.06 acres in size with a slightly sloping topography. The subject has adequate utilities available to the site and partial off-sites completed. It is also noted that there is a wash that impacts approximately 14% of the site area and a GLOPE that impacts approximately 16% of the site area (outside of the wash)

Typically, smaller sites command a higher unit price than a larger site due to the fact that more buyers have the purchasing power to acquire smaller properties and thus the demand for smaller properties is greater. The comparable sales ranged in size from 4.71 acres to 16.45 acres in size. Comparable sales two, three, and four are similar in size to the subject. Comparable sale one is over three times larger than the subject and warrants an upward adjustment for size.

Although the subject and several of the comparables are irregular in shape, each are considered to have adequate development potential and no adjustment is made.

The subject site was generally at grade with the adjacent street and its surroundings. However, the subject property included a considerably wash/drainage corridor located at the northeast corner of the site that impacted approximately 12% of the site with an additional 2% impacted due to the wash bisecting the property. This 14% area impacted by the site has no vertical building development potential but can be used for ancillary development requirements and a downward adjustment of approximately half of the impact, or 7%, is made to each transaction as they had no significant physical attributes limiting their respective development flexibility.

Each of the comparable sales had all appropriate utilities available and no adjustment is made.

Comparable sales one, two and three had all required off-sites in place and each was considered superior to the subject's partial off-sites and a downward adjustment is warranted.

Comparable sale three had building improvements that would require demolition costs estimated at approximately \$8.00 per square foot for 11,533 square feet equates to \$92,264 or 2% of the purchase price. This transaction is adjusted upward 2% for this inferior attribute.

The subject has additional limitations within portions of its site, associated with the existing GLOPE areas, similar to the wash area, these easement encumbrances still have use to a property owner in the form of access driveways, utility corridors, or gross site area used to calculate floor area ratios that are used to calculate vertical development density. The appraiser spoke with Mr. Ryan Foley, an industrial real estate developer with Metro Commercial Properties in Tempe. Mr. Foley indicated that when underwriting a proposed project to determine an appropriate land value purchase, his main concern is the floor area ratio and how large of a project can be constructed on the site. If his floor area ratio is not interrupted by existing easements, his contention is that they have minimal impact on the overall value of the property. However, if they impact the floor area ratio or the flexibility of what can be constructed than that could have an impact on price. As discussed in the before valuation of the subject property, the existing GLOPE areas do bisect the property limiting the design flexibility of a future project. The existing site plan proposed on the property is currently

not physically possible as it exists, but a reconfiguration of the proposed garage improvements where they ran parallel to the existing GLOPE and the existing GLOPE were used for roadway access to the garage facility from McDowell Mountain Ranch Road is reasonable. This is an example of how the existing GLOPE area could continue to be utilized as part of a proposed project. In addition, by retaining the underlying fee land area of the GLOPE the property owner would gain additional building square footage within the land area outside of the GLOPE due to FAR allowances and/or density transfer.

Similar to the wash area, the appraiser will make an adjustment of approximately half of the easement impact percentage, recognizing the easement area retains some use to the ownership. So to not make a double adjustment for the easement area that is located within the wash corridor, the appraiser has only included easement area that is located outside of the wash and the non-contiguous portion of the site at the northeast portion of the larger parcel. After deducting the 9,570 square foot area within the wash corridor, the subject GLOPE area encumbers 16% of the site area. Comparables one and three are superior to the subject and a downward adjustment is warranted. Comparables two and four are slightly inferior to the subject and upward adjustments are warranted.

The subject has minimal to no flood impact and the impact of the wash bisecting the site was considered previously. Comparable one is located within a flood hazard area and an upward adjustment is required for additional costs that may be associated with flood insurance for improvements.

A summary of the Physical adjustments is as follows:

Physical Attributes	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Size (SF)	220,344	Larger	Similar	Similar	Similar
Adjustment		+10%	0%	0%	0%
Shape	Irregular	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Topography	Wash & Noncontiguous (14%)	Superior	Superior	Superior	Superior
Adjustment		-7%	-7%	-7%	-7%
Utilities	E, W, S, P, G	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Off-Sites	Partial	Superior	Superior	Superior	Similar
Adjustment		-5%	-5%	-5%	0%
Site Improvements	None	Similar	Similar	Inferior	Similar
Adjustment		0%	0%	+2%	0%
Existing Easement Impact	Yes (16.3%)*	Superior	Inferior	Superior	Inferior
Adjustment		-7%	+2%	-8%	+4%
Flood Zone	X	Inferior	Similar	Similar	Similar
Adjustment		+5%	0%	0%	0%
Quantitative Adjustment		-4%	-10%	-18%	-3%

*This does not include the land area located within the wash corridor or the non-contiguous land area impacted by the wash.

ZONING:

Highest and best use is considered to be similar for all comparable properties for light industrial and of employment uses. As of the effective date of value the subject property is going through a re-zoning process and although it has not yet been completed, much of the costs and time associated with the process has been completed and no adjustment is made for zoning. However, Comparable one exists as four separate platted and engineered lots, which gives the property owner the flexibility to sell off these lots individually or develop individual buildings that can be sold off. This flexibility is desirable and this transaction will be adjusted downward slightly for this superior attribute that will be recognized within the zoning adjustment.

In conclusion, the values indicated in the Summary of Sales show a range of \$23.15 per square foot to \$31.00 per square foot before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

SALES ADJUSTMENT CHART

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4
Price/SF	\$26.87	\$27.22	\$23.15	\$31.00
Property Rights	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Financing	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Condition of Sale	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Market Conditions	+16%	+4%	+14%	+25%
Adjusted Price	\$31.17	\$28.31	\$26.39	\$38.75
Locational Factors	-5%	-5%	+20%	-20%
Physical Attributes	-4%	-10%	-18%	-3%
Zoning	-5%	0%	0%	0%
Overall Adjustment	-14%	-15%	+2%	-23%
Final Indicated Value	\$26.81	\$24.06	\$26.92	\$29.84

CONCLUSION OF SITE VALUE (BEFORE ABANDONMENT):

After adjustments have been made to the cumulative adjustment factors a value range results ranging between \$24.06 per square foot to \$29.44 per square foot with an indicated mean of \$26.91 per square foot.

After due consideration is given to the subject's location and size, it is concluded that each of the comparable transactions are considered to be indicators of value for the subject property and the market value of the subject property would be expected to fall within this range.

As indicated previously, the subject property is currently in escrow to be purchased for a price of \$6,500,000 or \$29.50 per square foot. The appraiser was not supplied with a copy of the purchase contract, but they were unaware of the existence of a Government Land Office Patent Easement encumbering the site and this purchase price did not consider this easement. It is expected that the value of the subject property, with the GLOPE encumbrance in place, would be less than current purchase price due to the flexibility that would be allowed to a proposed development.

It is therefore the appraiser's opinion that the market value of the subject larger parcel would fall just above the middle of the range or \$27.00 per square foot.

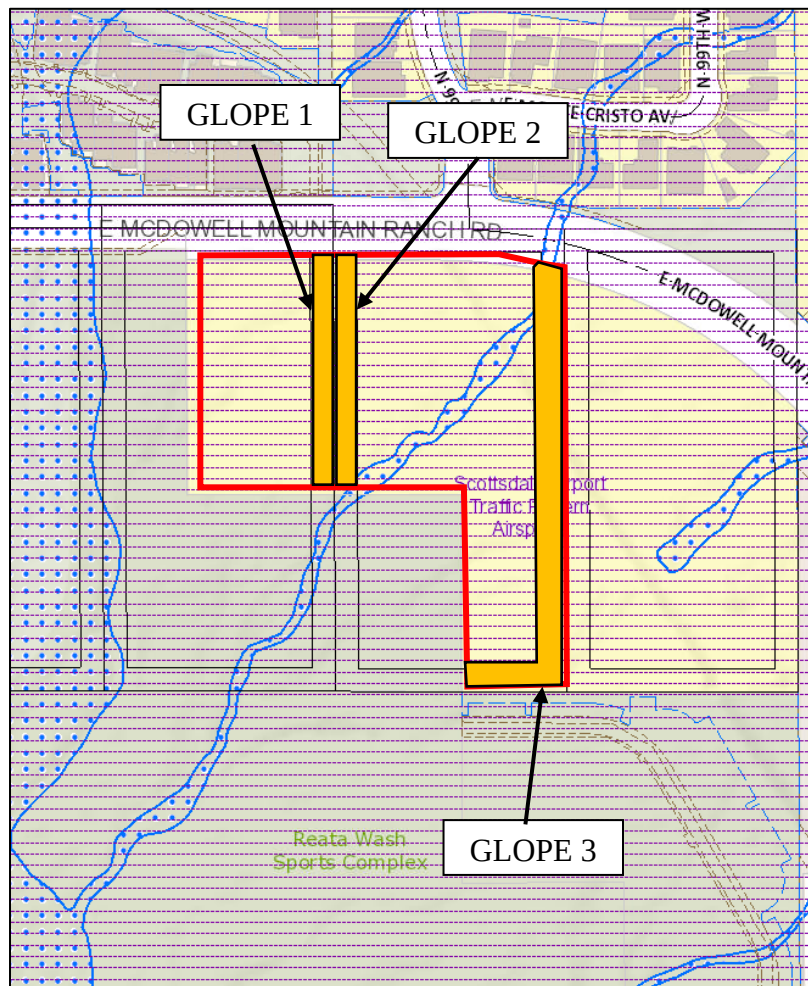
Contributory Value of GLOPE to Larger Parcel (Before Condition)

According to the Appraisal Instructions and General Scope of Work supplied by the City of Scottsdale, "the easement areas to be abandoned shall be appraised using the before and after methodology that values the land as encumbered and available to be developed to its Highest and best use (before) as well as if unencumbered and available to be developed to its highest and best use (after)."

The proposed easement abandonment area consists of three separate GLOPE areas totaling 45,608 square feet. As indicated in the appraisal instructions, the contributory value of the easement in the before condition is concluded as having a value of \$27.00 per square foot, or:

$$45,608 \text{ SF} \times \$27.00/\text{SF} = \mathbf{\$1,231,416}$$

GLOPE ABANDONMENT AREA



The proposed abandonment area consists of three separate GLOPE areas to be abandoned. The area encompasses 45,608 square feet or 1.05 acres. A summary of the total Government Land Office Patent Easements to be abandoned are as follows:

GLOPE 1 – 11,021 square feet

GLOPE 2 – 11,021 square feet

GLOPE 3 – 23,566 square feet

Total – 45,608 square feet or 1.05 acres

LEGAL DESCRIPTION

Order Number: A-151388
Amend (Version 3)

Exhibit "A" Legal Description

Parcel 1

Lot 38, Section 5, Township 3 North, Range 5 East of the Gila and Salt River Meridian, Maricopa County, Arizona;

Except the South 280.00 feet; and

ALSO Except the West 120.00 feet of said Lot 38, lying North of said South 280.00 feet of Lot 38;

ALSO Except that portion deeded to the City of Scottsdale by instrument recorded November 24, 1999 at Recorders No. 99-1069622, described as follows:

That part of the Southwest quarter of Section 5, Township 3 North, Range 5 East of the Gila and Salt River Meridian commencing at the Center of said Southwest quarter, said point also being the Northeast corner of Lot 33 of said Section 5;

Thence North 89 degrees 50 minutes 16 seconds West along the North line of said Lot 33, a distance of 329.93 feet to the Northwest corner of said Lot 33, said point also being the Northeast corner of Lot 34;

Thence continuing North 89 degrees 50 minutes 16 seconds West along the North line of said Lot 34, a distance of 329.93 feet to the Northwest corner of said Lot 34, said point also being the Northeast corner of Lot 35;

Thence South 00 degrees 15 minutes 00 seconds East along the East line of said Lot 35, a distance of 660.26 feet to the Southeast corner of said Lot 35, said point also being the Northeast corner of Lot 38 and the TRUE POINT OF BEGINNING;

Thence South 00 degrees 12 minutes 30 seconds East along the East line of said Lot 38, a distance of 45.00 feet to a point;

Thence North 89 degrees 44 minutes 14 seconds West parallel to the North line of said Lot 38, a distance of 210.50 feet to a point;

Thence North 00 degrees 12 minutes 30 seconds West, a distance of 45.00 feet to a point on the North line of said Lot 38;

Thence South 89 degrees 44 minutes 14 seconds East along the North line of said Lot 38, a distance of 210.50 feet to the TRUE POINT OF BEGINNING; and

ALSO Except all coal, oil, gas and other mineral deposits and Except all uranium, thorium or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials whether of not of commercial value, as reserved in Patent from the United States of America.

This page is only a part of a 2021 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I - Requirements; and Schedule B, Part II - Exceptions; and a signature by the Company or its Issuing agent that may be in electronic form.

Premier Title Agency
Policy Issuing Agent for First American Title Insurance Company

Parcel 2

Lot 39, Section 5, Township 3 North, Range 5 East of the Gila and Salt River Meridian, Maricopa County, Arizona;

Except the West 180 feet of the South 280 feet thereof; and

ALSO Except that portion of said land conveyed to the City of Scottsdale, a municipal corporation in General Warranty Deed recorded August 31, 1999 at Records No. 99-0821451; and

ALSO Except all coal, oil, gas and other minerals and Except all uranium, thorium or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value as reserved in Patent from the United States of America.

This page is only a part of a 2021 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I- Requirements; and Schedule B, Part II – Exceptions; and a signature by the Company or its issuing agent that may be in electronic form.

Premier Title Agency
Policy Issuing Agent for First American Title Insurance Company

LEGAL DESCRIPTION EXHIBIT A

A PARTIAL RELEASE OF PATENT EASEMENT LYING WITHIN GLO LOT 38, AS IDENTIFIED IN DOCKET 2904, PAGE 175, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, LOCATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 3 NORTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

EASEMENT RELEASE 1:

COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 5, BEING A CALCULATED POSITION PER PLSS GDAC, BOOK 752, PAGE 339, MARICOPA COUNTY RECORDER, FROM WHICH A GLO BRASS CAP MARKING THE SOUTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89°52'19" WEST, A DISTANCE OF 2642.74 FEET;

THENCE NORTH 00°18'20" WEST, A DISTANCE OF 1320.02 FEET TO THE SOUTHEAST CORNER OF GLO LOT 40;

THENCE NORTH 00°18'54" WEST, A DISTANCE OF 659.70 FEET TO THE NORTHEAST CORNER OF GLO LOT 40;

THENCE NORTH 89°48'44" WEST, A DISTANCE OF 466.50 FEET TO THE NORTHEAST CORNER OF GLO LOT 39;

THENCE CONTINUING NORTH 89°48'44" WEST, A DISTANCE OF 329.89 FEET TO THE NORTHEAST CORNER OF GLO LOT 38;

THENCE SOUTH 00°22'51" EAST, A DISTANCE OF 45.00 FEET TO THE POINT OF BEGINNING OF EASEMENT RELEASE 1;

THENCE SOUTH 89°48'44" EAST, A DISTANCE OF 33.00 FEET;

THENCE SOUTH 00°22'50" EAST, A DISTANCE OF 334.97 FEET;

THENCE NORTH 89°50'20" WEST, A DISTANCE OF 33.00 FEET;

THENCE NORTH 00°22'51" WEST, A DISTANCE OF 334.98 FEET, TO THE POINT OF BEGINNING OF EASEMENT RELEASE 1.

SAID DESCRIPTION CONTAINING 0.253 ACRES $\pm$, 11,021 SQUARE FEET $\pm$.



TITLE: XB01
DATE: 12/4/24
DESC: LEGAL DESC.
EASEMENT
RELEASE

HUNTER
ENGINEERING

10446 N. 74TH STREET,
SUITE 140
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986

CIVIL AND SURVEY

PAGE 1 OF 5

PROJ.NO. LGEC324

LEGAL DESCRIPTION EXHIBIT A

PARTIAL RELEASE OF PATENT EASEMENT LYING WITHIN GLO LOT 39, AS IDENTIFIED IN DOCKET 2397, PAGE 159, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, LOCATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 3 NORTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

EASEMENT RELEASE 2:

COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 5, BEING A CALCULATED POSITION PER PLSS GDAC, BOOK 752, PAGE 339, MARICOPA COUNTY RECORDER, FROM WHICH A GLO BRASS CAP MARKING THE SOUTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89°52'19" WEST, A DISTANCE OF 2642.74 FEET;

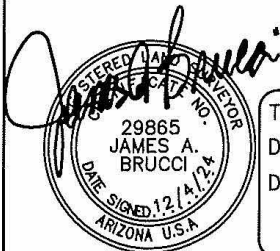
THENCE NORTH 00°18'20" WEST, A DISTANCE OF 1320.02 FEET TO THE SOUTHEAST CORNER OF GLO LOT 40;
 THENCE NORTH 00°18'54" WEST, A DISTANCE OF 659.70 FEET TO THE NORTHEAST CORNER OF GLO LOT 40;
 THENCE NORTH 89°48'44" WEST, A DISTANCE OF 466.50 FEET TO THE NORTHEAST CORNER OF GLO LOT 39;
 THENCE SOUTH 00°18'14" EAST, A DISTANCE OF 66.52 FEET TO THE POINT OF BEGINNING FOR EASEMENT RELEASE 2;

THENCE SOUTH 00°18'14" EAST, A DISTANCE OF 593.07 FEET TO THE SE CORNER OF GLO LOT 39;
 THENCE NORTH 89°51'12" WEST, A DISTANCE OF 150.20 FEET;
 THENCE NORTH 00°07'29" EAST, A DISTANCE OF 33.00 FEET;
 THENCE SOUTH 89°51'12" EAST, A DISTANCE OF 116.95 FEET;

THENCE NORTH 00°18'14" WEST, A DISTANCE OF 567.63 FEET, TO A POINT OF NON-TANGENT CURVATURE, CONCAVE SOUTHERLY WHOSE RADIUS IS 706.81 FEET AND WHOSE CHORD BEARS SOUTH 76°58'00" EAST, A CHORD DISTANCE OF 33.91 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 02°44'58", AN ARC LENGTH OF 33.92 FEET, TO THE POINT OF BEGINNING OF EASEMENT RELEASE 2.

SAID DESCRIPTION CONTAINING 0.541 ACRES ±, **23,566 SQUARE FEET ±.**



TITLE: XB01
 DATE: 12/4/24
 DESC: LEGAL DESC.
 EASEMENT
 RELEASE

HUNTER
 ENGINEERING

10446 N. 74TH STREET,
 SUITE 140
 SCOTTSDALE, AZ 85258
 T 480 991 3985
 F 480 991 3986

CIVIL AND SURVEY

PAGE 2 OF 5

PROJ.NO. LGEC324

LEGAL DESCRIPTION EXHIBIT A

PARTIAL RELEASE OF PATENT EASEMENT LYING WITHIN GLO LOT 39, AS IDENTIFIED IN DOCKET 2397, PAGE 159, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, LOCATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 3 NORTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

EASEMENT RELEASE 3:

COMMENCING AT THE SOUTH 1/4 CORNER OF SAID SECTION 5, BEING A CALCULATED POSITION PER PLSS GDAC, BOOK 752, PAGE 339, MARICOPA COUNTY RECORDER, FROM WHICH A GLO BRASS CAP MARKING THE SOUTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89°52'19" WEST, A DISTANCE OF 2642.74 FEET;

THENCE NORTH 00°18'20" WEST, A DISTANCE OF 1320.02 FEET TO THE SOUTHEAST CORNER OF GLO LOT 40;

THENCE NORTH 00°18'54" WEST, A DISTANCE OF 659.70 FEET TO THE NORTHEAST CORNER OF GLO LOT 40;

THENCE NORTH 89°48'44" WEST, A DISTANCE OF 466.50 FEET TO THE NORTHEAST CORNER OF GLO LOT 39;

THENCE CONTINUING NORTH 89°48'44" WEST, A DISTANCE OF 329.89 FEET TO THE NORTHEAST CORNER OF GLO LOT 38;

THENCE SOUTH 00°22'51" EAST, A DISTANCE OF 45.00 FEET TO THE POINT OF BEGINNING OF EASEMENT RELEASE 3;

THENCE SOUTH 00°22'51" EAST, A DISTANCE OF 334.98 FEET;

THENCE NORTH 89°50'17" WEST, A DISTANCE OF 33.00 FEET;

THENCE SOUTH 00°22'51" EAST, A DISTANCE OF 335.00 FEET;

THENCE SOUTH 89°48'44" EAST, A DISTANCE OF 33.00 FEET, TO THE POINT OF BEGINNING OF EASEMENT RELEASE 3.

SAID DESCRIPTION CONTAINING 0.253 ACRES ±, 11,021 SQUARE FEET ±.



TITLE: XB01
DATE: 12/4/24
DESC: LEGAL DESC.
EASEMENT
RELEASE

HUNTER
ENGINEERING

10446 N. 74TH STREET,
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T 480 991 3985
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CIVIL AND SURVEY

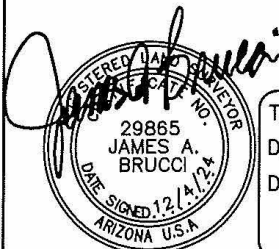
PAGE 3 OF 5

PROJ.NO. LGEC324

EXHIBIT B

LINE TABLE		
LINE	BEARING	DISTANCE
L1	S00°18'14"E	66.52'
L2	S00°18'14"E	593.07'
L3	N89°51'12"W	150.20'
L4	N00°07'29"E	33.00'
L5	S89°51'12"E	116.95'
L6	N00°18'14"W	567.63'
L7	S00°22'51"E	45.00'
L8	S89°48'44"E	33.00'
L9	S00°22'50"E	334.97'
L10	N89°50'20"W	33.00'
L11	N00°22'51"W	334.98'
L12	N89°50'17"W	33.00'
L13	N00°22'51"W	335.00'
L14	S89°48'44"E	33.00'

CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	$\Delta = 2^{\circ}44'58''$	706.81'	33.92'	S76°58'00"E	33.91'



TITLE: XB01
 DATE: 7/26/24
 DESC: EASEMENT
 RELEASE

HUNTER
 ENGINEERING

10446 N. 74TH STREET,
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CIVIL AND SURVEY

PAGE 5 OF 5

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PHOTOS OF PART TO BE ABANDONED



Looking north along GLOPE 1 from the southern end



Looking north along GLOPE 1 from the southern end



Looking north along GLOPE 2 from the southern end



Looking north along GLOPE 3 from the southern end



Looking east along GLOPE 3 from the southwestern end



Looking south along GLOPE 1 from the northern end



Looking south along GLOPE 2 from the northern end



Looking south along GLOPE 3 from the northern end

EASEMENT AREA TO BE ABANDONED

The following information is based on a physical inspection of the property, information provided by the client, and/or abandonment plans and legal descriptions for the project.

It is proposed that the City of Scottsdale will abandon the following areas:

Government Land Office Patent Easement (GLOPE) Abandonment

The GLOPE areas are located within two separate locations within the subject property. While the subject ownership retains the fee value of the subject land area, they would not be acquiring any additional land area. The Part to be Abandoned totals approximately 45,608 square feet or 1.05 acres, summarized as follows:

GLOPE 1 – 11,021 square feet

GLOPE 2 – 11,021 square feet

GLOPE 3 – 23,566 square feet

Total – 45,608 square feet or 1.05 acres

The proposed easement abandonment area does not include any major improvements as the subject is vacant land. The appraiser recognizes that the property owner will gain property rights by receiving the abandoned easement, however portions of the abandoned easement area are located within undevelopable land area and/or are already included within area planned for access and/or roadway/driveway use. In estimating the value of the abandoned easement, the appraiser researched sales of other easements, however, none were found.

Often times Government Land Office Patent Easements exist as public roadway easements with an existing highest and best use for those existing public roadways. The rights associated with those easements have significant value to the easement holder, which would be the state or municipality, for the purposes of public safety and or public good. However, in the case of the subject property, the existing GLOPE area does not appear to be a part of any future planned public road right of way or utility corridor and any development of the subject GLOPE area for public roadway purposes would run through the subject into the existing parking lot to the south of the subject property, which would impact several parking spaces associated with the Reatta Sports Complex. The existing parking lot to the south of the subject is already developed with a public access road immediately adjacent to the west of the subject property and two roadways accessing the parking lot within several hundred feet of each other would be irrational.

According to the appraisal instructions provided “the easement area to be abandoned shall be appraised using before and after methodology that values the land as encumbered and available to be developed to its highest and best use (before) as well as if unencumbered and available to be developed to its highest and best use (after).”

VALUE CONCLUSION BEFORE ABANDONMENT:

As indicated, the subject easement area totals 45,608 square feet or 1.05 acres or 20.7% of the gross site. It is noted that of these 45,608 square feet, approximately 9,570 square feet or 21.0% of the

GLOPE area is located within the existing wash and/or within the non-contiguous area bisected by the wash at the northeast corner of the site. While the wash and GLOPE areas may limit vertical development within portions of the site and their existence limit development flexibility, these types of limitations, whether they exist as easements or natural development barriers, are not considered atypical. Even if a development site was fully developable with no physical or legal limitations, the City of Scottsdale still requires projects to remain within floor area ratio requirements and useable land area would be required to remain undeveloped as Open Space.

As shown within the Before Value Conclusion, the appraiser has concluded to a market value of the subject site, encumbered with the existing GLOPE, of \$27.00 per square foot

SITE DESCRIPTION - AFTER:

After the proposed abandonment, the subject GLOPE area totaling 45,608 square feet will no longer exist and the property owner would gain more development flexibility. The gross site area of the subject property will not change and will remain 220,344 square feet. All other physical and location aspects will also remain the same with the only difference being the fee owner retaining the property rights within the GLOPE abandonment.

It is the appraiser's opinion that the utility of the site has changed slightly in the after condition for the better.

HIGHEST AND BEST USE - AFTER:

The abandonment is not considered to have impacted the subject property in the after condition to the point where a different highest and best use would be warranted. The highest and best use after the abandonment would remain the same, for light industrial or employment development.

SALES COMPARISON APPROACH - AFTER:

Since the highest and best use has not changed in the after condition and no major physical or locational conditions have changed, the same sale comparables are referenced for the value of the subject in the after condition. Additionally, all of the location and physical adjustments are the same in the after condition, with the exception of the Existing Easement Impact adjustment.

Following is a summary chart referencing the Location Adjustments

Location Factors	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Arterial Frontage	Minor	Superior	Superior	Similar	Superior
Adjustment		-5%	-5%	0%	-15%
Access	Interior/Average	Similar	Superior	Similar	Superior
Adjustment		0%	-5%	0%	-5%
Surroundings	Good	Similar	Inferior	Inferior	Similar
Adjustment		0%	+5%	+20%	0%
Quantitative Adjustment		-5%	-5%	+20%	-20%

In the following Physical Characteristics chart, all of the adjustments remain the same with the exception of the Easement Impact adjustment.

With the GLOPE area no longer encumbering the site, the subject property is considered similar to Comparable three, where no adjustment is made. Comparables one, two, and four are each inferior when compared to the subject and each is adjusted upward accordingly.

A summary of the Physical adjustments is as follows:

Physical Attributes	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Size (SF)	220,344	Larger	Similar	Similar	Similar
Adjustment		+10%	0%	0%	0%
Shape	Irregular	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Topography	Wash & Noncontiguous (14%)	Superior	Superior	Superior	Superior
Adjustment		-7%	-7%	-7%	-7%
Utilities	E, W, S, P, G	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Off-Sites	Partial	Superior	Superior	Superior	Similar
Adjustment		-5%	-5%	-5%	0%
Site Improvements	None	Similar	Similar	Inferior	Similar
Adjustment		0%	0%	+2%	0%
Existing Easement Impact	None	Inferior	Inferior	Similar	Inferior
Adjustment		+1%	+10%	0%	+12%
Flood Zone	X	Inferior	Similar	Similar	Similar
Adjustment		+5%	0%	0%	0%
Quantitative Adjustment		+4%	-2%	-10%	+5%

Similar to the before value, the values indicated in the Summary of Sales show a range of \$23.15 per square foot to \$31.00 per square foot before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

SALES ADJUSTMENT CHART

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4
Price/SF	\$26.87	\$27.22	\$23.15	\$31.00
Property Rights	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Financing	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Condition of Sale	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$26.87	\$27.22	\$23.15	\$31.00
Market Conditions	+16%	+4%	+14%	+25%
Adjusted Price	\$31.17	\$28.31	\$26.39	\$38.75
Locational Factors	-5%	-5%	+20%	-20%
Physical Attributes	+4%	-2%	-10%	+5%
Zoning	-5%	0%	0%	0%
Overall Adjustment	-6%	-7%	+10%	-15%
Final Indicated Value	\$29.30	\$26.33	\$29.03	\$32.94

CONCLUSION OF SITE VALUE (AFTER ABANDONMENT):

After adjustments have been made to the cumulative adjustment factors a value range results between \$26.33 per square foot to \$32.94 per square foot with an indicated mean of \$29.40 per square foot.

After due consideration is given to the subject's location and size, it is concluded that each of the comparable transactions are considered to be indicators of value for the subject property and the market value of the subject property would be expected to fall within this range.

As indicated previously, the subject property is currently in escrow to be purchased for a price of \$29.50 per square foot. The appraiser was not supplied with a copy of the purchase contract, but the buyer indicated that the purchase price did not consider the GLOPE encumbrance as they were unaware of its existence. The current purchase price of \$29.50 per square foot falls well within the range of comparables, just above the middle of the range.

It is concluded that the market value of the subject property, after the easement abandonment, is \$29.50 per square foot.

Contributory Value of GLOPE to Larger Parcel (After Condition)

According to the Appraisal Instructions and General Scope of Work supplied by the City of Scottsdale, “the easement areas to be abandoned shall be appraised using the before and after methodology that values the land as encumbered and available to be developed to its Highest and best use (before) as well as if unencumbered and available to be developed to its highest and best use (after).”

The proposed easement abandonment area consists of three separate GLOPE areas totaling 45,608 square feet. As indicated in the appraisal instructions, the contributory value of the easement in the after condition is concluded as having a value of \$29.50 per square foot, or:

$$45,608 \text{ SF} \times \$29.50/\text{SF} = \$1,345,436$$

SEVERANCE DAMAGES AND/OR SPECIAL BENEFITS:

Severance damages are defined as the reduction in value to the remainder property caused by the abandonment.

Severance damages (and/or special benefits) are the difference in value of the remainder as it contributes to the before value and the value of the remainder after the abandonment.

If the value of the remainder, after the abandonment, decreases, the difference is considered to be severance damages.

In determining if severance damages exist the following calculation is made:

Remainder value as a part of the whole	\$1,231,416
Remainder value after the abandonment	<u>(\$1,345,436)</u>
Preliminary Severance damages	\$ -0-
Special Benefits	\$ 114,020

Based on the previous calculation, the subject property has not sustained any preliminary severance damages due to the easement abandonment.

SPECIAL BENEFITS:

Special benefits are defined as those benefits which accrue to the remainder property and are not shared with other properties in the general area. If the value of the remainder, after the abandonment, increases, the increase is considered to be special benefits.

Based on the previous calculation, the subject property has received special benefits in the amount of \$114,020 due to the abandonment of the existing GLOPE.

COST TO CURE:

The cost to cure is the amount required to offset the damage to the remainder by virtue of severance and/or the proposed abandonment. Normally, it is prudent to cure these damages whenever the cost

to cure is less than the value of the damages. In the subject's case there are no severance damages. Therefore, no cost to cure is indicated.

NET SEVERANCE DAMAGES:

There are no net severance damages.

MINOR IMPROVEMENTS AND MINOR COST-TO-RESTORE:

Minor Improvements – There are no minor improvements impacted by the abandonment

FINAL RECONCILIATION AND JUSTIFICATION:

The subject property was valued utilizing the Sales Comparison Approach to value. The appraiser has concluded to a before value of the subject easement of \$1,231,416.

The easement to be abandoned totals 45,608 square feet. The appraiser concluded that the Highest and Best Use of the subject property after the abandonment has not changed. The value of the subject easement after the abandonment is estimated to be \$114,020. This after value indicates that there are special benefits to the subject as a result of the proposed abandonment.

Based on the previous discussion, the final estimate of the Market Value of the proposed abandonment is:

VALUATION SUMMARY OF PART TO BE ACQUIRED:

Contributory Value of the Subject Easement Before	\$ 1,231,416		
Contributory Value of the Subject Easement After	<u>\$ (1,345,436)</u>		
Preliminary Severance Damages	\$ -	\$	-
Special Benefits	\$ (114,020)	\$	114,020
Cost to Cure		\$	-
Net Severance Damages		\$	-
Value Conclusion		\$	114,020

It is the appraiser's opinion, based upon the data and discussions presented, that the Market Value of the easement abandonment and its effects on the remainder, as of April 25, 2025, is:

**ONE HUNDRED FOURTEEN THOUSAND TWENTY DOLLARS
(\$114,020)**

***It is noted that this value does not take into consideration fees or deductions.**

CERTIFICATION

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

The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.

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

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

I have performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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 Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Zach Sinay, MAI, R/W-AC has completed the continuing education program for Designated Members of the Appraisal Institute.

Zach Sinay has made a personal inspection of the property that is the subject of this report. It should be noted that Jeff Sinay provided significant real property appraisal assistance to the person signing this certification. This included participation in the following:

- Inspection of the subject property
- Data collection and verification
- Report writing
- Value conclusions
- Packaging

Zach Sinay possess the knowledge and experience to thoroughly complete this appraisal assignment. Please refer to the Qualifications of the Appraiser(s) included in the following pages for additional information regarding professional education and pertinent experience of the aforementioned appraiser.

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 15, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Zach Sinay', with a large, stylized loop at the end.

Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199

QUALIFICATIONS OF ERIC ZACHARY SINAY
Certified General Real Estate Appraiser No. 31199

FORMAL EDUCATION:

Graduated from Arizona State University, May 1998, Bachelor of Science.

PROFESSIONAL EDUCATION:

Arizona School of Real Estate, Real Estate Valuation 101, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 102, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 103, Scottsdale, AZ, 2001
Arizona School of Real Estate, Real Estate Valuation 104, Part B, Scottsdale, AZ, 2001
Arizona School of Real Estate, Real Estate Valuation 104, Part A, Scottsdale, AZ, 2002
International Right of Way Association, Environmental Issues C-600, Tempe AZ, 2004
International Right of Way Association, The Appraisal of Partial Acquisitions C-401, San Diego, CA, 2004
International Right of Way Association, The Principles of Real Estate Law C-800, Las Vegas, NV, 2004
International Right of Way Association, The Principles of Real Estate Engineering C-900, Las Vegas, NV, 2004
McKissock, Construction Details & Trends, Continuing Online Education Course, 2008
McKissock, Cost Approach, Continuing Online Education Course, 2008
McKissock, Income Approach, Continuing Online Education Course, 2008
International Right of Way Association, Introduction to the Income Capitalization Approach, C-402, 2009
International Right of Way Association, Ethics and the Right of Way Profession C-103, 2009
McKissock, How to Analyze and Value Income Properties, 2009
McKissock, Land and Site Valuation, 2009
McKissock, Introduction to Expert Witness Testimony, 2009
International Right of Way Association, Easement Valuation C-403, 2009
McKissock, Evolution of Finance & The Mortgage Market, 2011
McKissock, Nuts and Bolts of Green Building, 2011
McKissock, Foundations in Sustainability: Greening the Real Estate and Appraisal Industry, 2011
Appraisal Institute, Business Practices and Ethics, 2013
Appraisal Institute, Advanced Income Capitalization, 2013
Appraisal Institute, General Appraiser Report Writing and Case Studies, 2013
Appraisal Institute, Quantitative Analysis, 2013
Appraisal Institute, Advanced Market Analysis and Highest and Best Use, 2013
Appraisal Institute, Advanced Concepts & Case Studies, 2014
McKissock, Appraisal of Self Storage Facilities 2018
McKissock, Appraisal of Land Subject to Ground Lease, 2018
McKissock, Essential Elements of Disclosures and Disclaimers, 2020
International Right of Way Association, Ethics and the Right of Way Profession, 103, 2020
International Right of Way Association, Easement Valuation, 403, 2020
McKissock, Land and Site Valuation, 2021
Condemnation Summit XXVII, 2022
Appraisal Institute Fall Forum, 2023
McKissock, Introduction to Commercial Appraisal Review, 2024
McKissock, Market Disturbances-Appraisals in Atypical Markets and Cycles, 2024
Condemnation Summit XXXI, 2024
7-Hour Uniform Standards of Professional Appraisal Practice (USPAP) – Current

PROFESSIONAL AFFILIATIONS:

Appraisal Institute - MAI designated member. "The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program."

International Right of Way Association, "The Right of Way (R/W) Certification is granted to IRWA members who have achieved professional status through experience, education and examination in a single right of way discipline." I have been awarded the Right of Way Appraisal Certification (R/W-AC).

EXPERIENCE:

Partner, Appraisal Technology, Inc., April 1999-Present

Assignments include the valuation of:

Residential:	Single and multi-family properties
Commercial:	Retail shopping centers, offices, restaurants and hotels
Industrial:	Warehouse, manufacturing, distribution, automotive and self-storage
Vacant Land:	All types
Right-of-Way:	Total & partial acquisitions

GEOGRAPHIC COMPETENCY:

Arizona (Maricopa, Pinal, Pima, Yavapai, Coconino, Mohave, Navajo, Apache, Yuma, Nogales, and Cochise Counties)

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31199

ERIC ZACHARY SINAY

has complied with the provisions of

This document is evidence that:

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

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

ERIC ZACHARY SINAY

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

Expiration Date : **January 31, 2026**

ADDENDA

EXHIBIT 1

Engagement Letter



APPRAISAL TECHNOLOGY, LLC.

April 9, 2025

Kyle McGinley
Ross Brown Partners, Inc.
8925 East Pima Center Pkwy, Suite 200
Scottsdale, Arizona 85258

Re: Appraisal Proposal

Dear Mr. McGinley:

As you have requested, I have made the following proposal for the appraisal of the property shown on the proceeding page. The value estimate will be in the Fee Simple Estate, utilizing the Sales Comparison Approach to value. We will deliver an electronic PDF copy of the completed report.

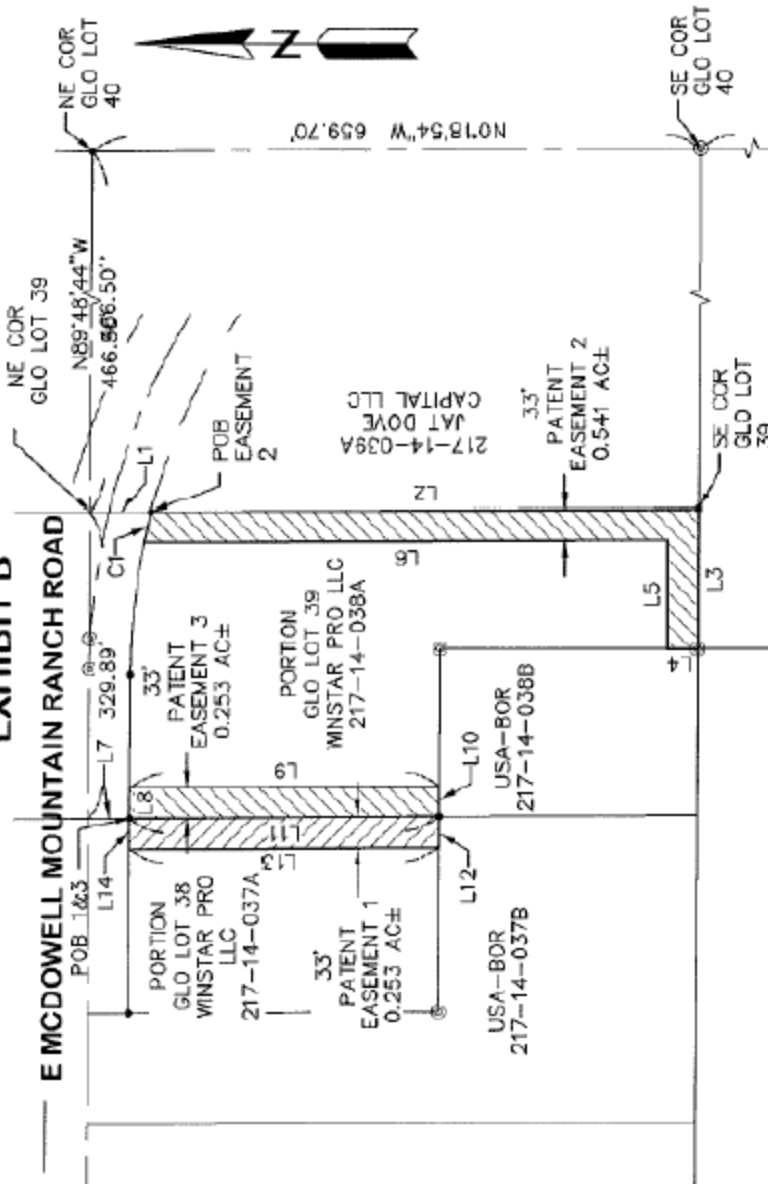
Our anticipated delivery is based upon authorization with the receipt of all other documents and data that will be supplied by you which may be required to complete the assignment. The delivery date is based upon authorization within 10 days of the date of this letter. If approval requires additional time, the delivery date may have to be adjusted for changes in the appraiser's schedule. The fee quote is valid for 30 days. Delivery date and fees are based upon the following assumptions:

The subject of the reports is as follows

Appraisal Report Format:	Narrative Appraisal Report for a real property appraisal (Standards Rule 2-2(a))
Intended User of the Report:	The client and the City of Scottsdale and the public.
Intended Use of the Report:	Asset management and potential disposal decisions
Delivery Date:	(3) Three weeks from signed engagement letter
Property Description:	The property being appraised consists of parcels 217-14-037A and 217-14-038A. The before value of the site will consider the GLO easement encumbrance on each of the subject parcels. The after valuation will consider the abandonment of the City's rights associated with the GLO easement. The difference between this before and after valuation represents the value of the property GLO easement rights being abandoned/acquired.

220 South River Drive ♦ Tempe, Arizona 85288 ♦ (480) 446-9600 ♦ Fax: (480) 446-9615

EXHIBIT B



SOUTHWEST COR.
SECTION 5, T.3N., R.5E.
FOUND GLO IN CONC.

S89°52'19"E BASIS OF BEARING 2642.74'
SOUTH 1/4 COR. SEC. 5, T.3N., R.5E.,
CALCULATED PER PLSS GDAC BK.
752, PG. 339, M.C.R.

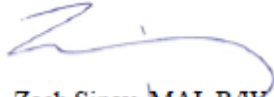


TITLE: XB01
DATE: 12/4/24
SCALE: 1"=150'
DESC: EASEMENT RELEASE

HUNTER
ENGINEERING
CIVIL AND SURVEY
PAGE 4 OF 5
PROJ. NO. L06C324

If these terms are acceptable, please sign and return a copy of this letter as authorization to proceed. I look forward to being of service to you in connection with this assignment. If you have any questions or desire any additional information, please contact Zach Sinay at zsinay@atiaz.com or (480) 285-3868.

Respectfully submitted,



Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199

Accepted and Approved this 24th day of June, 2024.



Jason Plotke

NAME - OWNER / AGENT / CORPORATE OFFICER

EXHIBIT 2

Zoning Designation

Sec. 5.200. - Single-family Residential (R1-35).

(Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 29), 4-3-12)

Sec. 5.201. - Purpose.

This district is intended to promote and preserve residential development. The minimum lot size, although less than one (1) acre, still results in a low density of population. The principal land use is single-family dwellings and uses incidental or accessory thereto, together with required recreational, religious and educational facilities.

Sec. 5.202. - Use regulations.

A. *Permitted uses.* Buildings, structures or premises shall be used and buildings and structures shall hereafter be erected, altered or enlarged only for the following uses:

1. Any use shown as permitted in Table 5.102., subject to the use limitations as listed.

B. *Uses permitted by conditional use permit.*

1. Any use shown as permitted by conditional use permit in Table 5.102., subject to the use limitations as listed, and any additional conditional use permit criteria.

(Ord. No. 3048, § 2, 10-7-97; Ord. No. 3034, § 1, 11-4-97; Ord. No. 3103, § 1, 1-6-98; Ord. No. 3493, § 1, 3-4-03; Ord. No. 4365, § 1(Res. No. 11261, § 1(Exh. A, § 5)), 11-13-18)

Sec. 5.203. - Reserved.

Editor's note— Ord. No. 4164, § 1(Res. No. 9857, § 1, Exh. A, § 9), adopted Aug. 25, 2014, repealed § 5.203 which pertained to approvals required and derived from Ord. No. 3225, § 1, adopted May 4, 1999.

Sec. 5.204. - Property development standards.

The following property development standards shall apply to all land and buildings in the R1-35 District:

A. *Lot area.*

1. Each lot shall have a minimum lot area of not less than thirty-five thousand (35,000) square feet.
2. If a parcel of land or a lot of record in separate ownership has less width or area than herein required and has been lawfully established and recorded prior to the date of the passage of this ordinance, such lot may be used for any purpose permitted in this section.

B. *Lot dimension.*

1. Width. All lots shall have a minimum width of one hundred thirty-five (135) feet.

- C. *Density*. There shall not be more than one (1) single-family dwelling unit on any one (1) lot.
- D. *Building height*. No building shall exceed thirty (30) feet in height, except as provided in article VII.
- E. *Yards*.
1. Front Yard.
 - a. There shall be a front yard having a depth of not less than forty (40) feet.
 - b. Where lots have a double frontage on two (2) streets, the required front yard of forty (40) feet shall be provided on both streets.
 - c. On a corner lot, the required front yard of forty (40) feet shall be provided on each street. No accessory buildings shall be constructed in a front yard. *Exception*: On a corner lot which does not abut a key lot or an alley adjacent to a key lot, accessory buildings may be constructed in the yard facing the side street.
 2. Side Yard. There shall be side yards of not less than fifteen (15) feet on each side of a building.
 3. Rear Yard. There shall be a rear yard having a depth of not less than thirty-five (35) feet.
 4. Other requirements and exceptions as specified in article VII.
- F. *Distance between buildings*.
1. There shall not be less than ten (10) feet between an accessory building and the main building.
 2. The minimum distance between main buildings on adjacent lots shall be not less than thirty (30) feet.
- G. *Walls, fences and landscaping*. Walls, fences and hedges up to eight (8) feet in height are allowed on the property line or within the required side or rear yard. Walls, fences and hedges up to three (3) feet in height are allowed on the front property line or within the required front yard, except as provided in Article VII. The height of the wall or fence is measured from within the enclosure. *Exception*: Where a corner lot does not abut a key lot or an alley adjacent to a key lot, the height of walls, fences and hedges in the yard facing the longer street frontage need only conform to the side yard requirements.
- H. *Access*. All lots shall have vehicular access on a dedicated street, unless a secondary means of permanent vehicular access has been approved on a subdivision plat.
- I. *Corral*. Corral not to exceed six (6) feet in height shall be permitted on the property line or within the required front, side or rear yard.

(Ord. No. 2509, § 1, 6-1-93; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, §§ 30, 31), 4-3-12)

Sec. 5.205. - Off-street parking.

The provisions of article IX shall apply.

Sec. 5.207. - Signs.

The provisions of article VIII shall apply.

Sec. 5.2100. - Planned Community (P-C).

(Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 105), 4-3-12)

Footnotes:

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Editor's note— Ord. No. 3258, § 1, adopted Oct. 5, 1999, amended § 5.2100 in its entirety. Formerly said section pertained to similar subject matter. See the Code Comparative Table.

Sec. 5.2101. - Purpose.

This is a zoning district that may be developed only in accordance with a specific development plan. The approved development plan is an integral part of this zoning district and all development shall comply with said plan. The planned community district is designed and intended to enable and encourage the development of large tracts of land which are under unified ownership or control, or lands which by reason of existing or planned land uses are appropriate for development under this section, so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area.

To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas, arranged and designed in accordance with modern land planning principles and development techniques; and in such a manner as to be properly related to each other, the surrounding community, the planned thoroughfare system, and other public facilities such as water and sewer systems, parks, schools and utilities.

The planned community district and procedure are further established to provide a land developer with reasonable assurance that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the city; and to provide the City Planning Commission and the City Council with a long-term proposal for the development of a given area.

(Ord. No. 3258, § 1, 10-5-99)

Sec. 5.2102. - General provisions.

- A. *Qualifications.* P-C districts may be established on parcels of land which, because of their unified ownership or control, size, topography, proximity to large public facilities, or exceptional or unusual locational advantages, are suitable for planned development in a manner consistent with the purposes of this section.
- B. *Minimum district size.*
 - 1. Minimum parcel size for any P-C District established within the boundaries of the single Central Business District designated by the City Council in Resolution No. 8356: ten (10) acres of gross lot area of all lots shown on the Development Plan.

2. Minimum parcel size for any P-C District established outside the boundaries of the single Central Business District designated by the City Council in Resolution No. 8356: one hundred sixty (160) acres of gross lot area of all lots shown on the Development Plan.

- C. *Property development standards.* All land uses in a P-C district shall conform to the property development standards of the comparable zoning district. Modification of the comparable district's standards may be allowed as provided in the modification procedure below. The Zoning Administrator shall determine, primarily on the basis of proposed use and density, which of the districts of this Zoning Ordinance is most closely comparable to the proposed development.

Property development standards modification procedure. Application shall be made and the procedure followed as provided in Section 1.300. Development Applications; with the addition that an application for proposed amendments to development standards in a designated redevelopment area shall first be heard by the Development Review Board, Section 1.900. The application shall be accompanied by written terminology, graphic material, and will illustrate the conditions that the modified standards will produce, so as to enable the Planning Commission and the City Council to make the determination that the modification will produce a living environment, landscape quality and life-style superior to that produced by existing standards.

- D. All provisions of this Zoning Ordinance shall apply to development in the P-C district except as allowed in the immediately preceding paragraph C.

(Ord. No. 3258, § 1, 10-5-99; Ord. No. 3920, § 1(Exh. § 33), 11-9-10; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 106), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 95), 5-6-14; Ord. No. 4164, § 1(Res. No. 9856, § 1, Exh. A, § 30), 8-25-14; Ord. No. 4239, § 1, 9-13-16)

Sec. 5.2103. - Development Plan (DP).

The zoning district map amendment application shall be accompanied by a Development Plan as required in Article VII.

(Ord. No. 3258, § 1, 10-5-99; Ord. No. 3920, § 1(Exh. § 34), 11-9-10; Ord. No. 4048, § 1(Res. No. 9223, § 1(Exh. A, § 2), 11-14-12)

Sec. 5.2104. - Findings required.

Before approval or modified approval of an application for a proposed P-C District, the Planning Commission and the City Council must find:

- A. That the development proposed is in substantial harmony with the General Plan, and can be coordinated with existing and planned development of surrounding areas.
- B. That the streets and thoroughfares proposed are suitable and adequate to serve the proposed uses and the anticipated traffic which will be generated thereby.

C. The Planning Commission and City Council shall further find that the facts submitted with the application and presented at the hearing establish beyond reasonable doubt that:

1. In the case of proposed residential development, that such development will constitute a residential environment of sustained desirability and stability; that it will be in harmony with the character of the surrounding area; and that the sites proposed for public facilities, such as schools, playgrounds and parks, are adequate to serve the anticipated population. The Planning Commission and City Council shall be presented written acknowledgment of this from the appropriate school district, the Scottsdale Parks and Recreation Commission and any other responsible agency.
2. In the case of proposed industrial or research uses, that such development will be appropriate in area, location and overall planning to the purpose intended; and that the design and development standards are such as to create an industrial environment of sustained desirability and stability.
3. In the case of proposed commercial, educational, cultural, recreational and other nonresidential uses, that such development will be appropriate in area, location and overall planning to the purpose intended; and that such development will be in harmony with the character of the surrounding areas.

(Ord. No. 3258, § 1, 10-5-99; Ord. No. 3920, § 1(Exh. § 35), 11-9-10; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, §§ 107, 108), 4-3-12; Ord. No. 4048, § 1(Res. No. 9223, § 1(Exh. A, §§ 3, 4), 11-14-12; Ord. No. 4140, § 1(Res. No. 9643, Exh. A, § 5), 2-25-14; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 96), 5-6-14)

Editor's note— Formerly § 5.2105.

Sec. 5.2105. - Conformance to approved plans.

A P-C District shall be developed in conformance with the approved Development Plan and Development Master Plans as provided in Article VII.

(Ord. No. 4048, § 1(Res. No. 9223, § 1(Exh. A, § 5), 11-14-12)

Sec. 6.1010. - Environmentally Sensitive Lands (ESL).

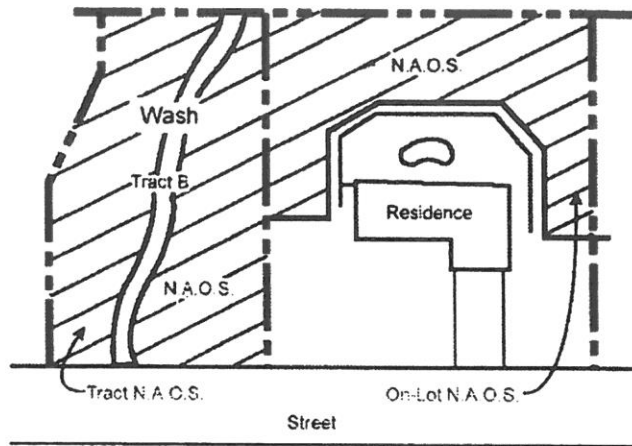
(Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 180), 4-3-12)

Sec. 6.1011. - Purpose.

The purpose of the ESL District is to identify and protect environmentally sensitive lands in the city and to promote the public health, safety and welfare by providing appropriate and reasonable controls for the development of such lands. Specifically, the ESL District is intended to:

- A. Protect people and property from hazardous conditions characteristic of environmentally sensitive lands and their development. Such hazards include rockfalls, rolling boulders, other unstable slopes, flooding, flood-related mud slides, subsidence, erosion, and sedimentation.
 - B. Protect and preserve significant natural and visual resources. Such resources include, but are not limited to, major boulder outcrops and large boulders, major ridges and peaks, prime wildlife habitat and corridors, unique vegetation specimens, significant washes, and significant riparian habitats.
 - C. Protect renewable and nonrenewable resources such as water quality, air quality, soils, and natural vegetation from incompatible land uses.
 - D. Minimize the costs of providing public services and facilities in ESL District areas such as streets, water, sewer, emergency services, sanitation services, parks, and recreation. Costs associated with the design and development of infrastructure in environmentally sensitive areas can be higher than costs in other areas of the city due to the unique and fragile nature of such lands.
-
- E. Conserve the character of the natural desert. Guide the location and distribution of meaningful on-lot and common tract open space and protect sensitive environmental features to sustain the unique desert character found in ESL District areas.

Figure 6.1011.A.

On-Lot vs. Tract N.A.O.S.

- F. Recognize and conserve the economic, educational, recreational, historic, archaeological, and other cultural assets of the environment that provide amenities and services for residents and visitors.
- G. Assure that decisions regarding development in environmentally sensitive areas are based on complete and accurate information about the environmental conditions including drainage features and probable development impacts.
- H. Minimize the impacts of development by controlling the location, intensity, pattern, design, construction techniques, and materials of development and construction.
- I. Retain the visual character of the natural landscape to the greatest extent feasible by regulating building mass, location, colors, and materials; grading location, design and treatment; and landscaping design and materials.
- J. Maintain significant open spaces which provide view corridors, buffers, protect landmarks and large boulders, and prime wash habitats, by preserving these features in their natural state to maintain the city's unique desert setting.
- K. Protect environmentally sensitive lands, while also recognizing the legitimate expectations of property owners and the city's overall economic goals.
- L. Encourage innovative planning, design, and construction techniques for development in environmentally sensitive areas.

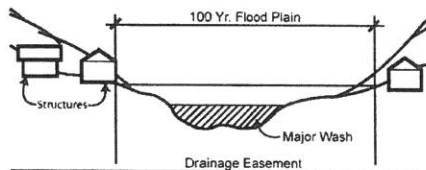
(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 181), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 147), 5-6-14)

Sec. 6.1020. - Applicability of Regulations.

Sec. 6.1021. - Applicable districts and conditions.

All underlying zoning districts, to which the ESL overlay zoning district applies, shall be identified with the suffix "ESL". To accomplish the purposes in [Section 6.1010](#), the City may apply the ESL district to lands that contain one (1) or more of the following environmental conditions:

- A. Land slopes of fifteen (15) percent or greater.
- B. Unstable slopes, which exhibit one (1) or more of the following conditions:
 - 1. Boulder collapse
 - 2. Boulder rolling
 - 3. Rockfalls
 - 4. Slope collapse
 - 5. Talus slopes
- C. Special features, as described in the definitions ([Section 3.100](#)) and the Protected Peaks and Ridges Map:
 - 1. Boulder features
 - 2. Natural landmarks, including archaeological sites
 - 3. Protected peaks
 - 4. Protected ridges
- D. Watercourses:
 - 1. Major watercourses

Major Washes / Flood Plains

- 2. Minor watercourses
- E. Exposed/shallow bedrock
- F. Undisturbed native vegetation
- G. Wildlife habitat
- H. Landform classes as indicated on the ESLO Landforms and Protected Peaks and Ridges Maps:
 - 1. Lower desert landform
 - 2. Upper desert landform

3. Hillside landform

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03)

Sec. 6.1022. - Exemptions and exceptions.

- A. The ESL regulations shall apply to all public or private development projects within the ESL district, except as provided in Sections 6.1022B. and 6.1023, exemptions. In the event of a conflict between the ESL regulations and any other provision of the Zoning Ordinance, the ESL regulations shall prevail.
- B. New construction shall comply with the requirements of this Ordinance except for development approved prior to May 21, 2004 as shown on the ESLO exemptions schedule below:

ESLO EXEMPTIONS SCHEDULE - SPECIFIC DEVELOPMENT STANDARD ⁽²⁾

Stage of development as of May 21, 2004		Selection of NAOS & 50 cfs wash protection	Building Height (24 feet) for Single-family Residential (R-1) Districts	Subdivision Perimeter Walls	Individual Lot Walls (lots zoned R1-35 or larger)	Construction Envelopes	Paint LRV
	1) No approved plans	Not Exempt	Not Exempt	Not Exempt	Not Exempt	Not Exempt	Not Exempt
	2) Approved rezoning with amended development standards	Exempt if addressed in amended standards	Exempt if addressed in amended standards	Exempt if addressed in amended standards	Exempt if addressed in amended standards	Not Exempt	Not Exempt
	3) Approved Masterplan Development (1)	Exempt	Exempt	Exempt if addressed in the Master Plan	Exempt	Exempt	Exempt
	4) Approved residential Preliminary Plat	Exempt	Exempt if addressed in plat approval	Exempt if addressed in Plat Approval	Exempt if addressed in plat approval	Not Exempt	Not Exempt

5) DRB Approval (other than single-family residential)	Exempt	N/A	N/A	N/A	Not Exempt	Not Exempt
6) Approved Final Plat	Exempt	Exempt	Exempt if addressed in Plat Approval	Exempt if addressed in plat approval	Not Exempt	Not Exempt
7) Rezoning and Development under Hillside District	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
8) Building Permit	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt

Notes:

- 1) Masterplan Development is: At least eighty (80) acres in area, and a) contains at least two (2) zoning districts, and/or b) contains at least two (2) phases.
- 2) Development Agreements control when they are in conflict with Zoning Ordinance standards.
 - C. Development exempted by Section 6.1022.B shall comply with the standards and processes applicable to the development at the date of such approval. New applications for exempted properties are strongly encouraged to follow as closely as feasible the most recent ESL standards.
 - D. Hardship/exemption provisions—Upon an application by a property owner claiming that the application of an ESL amendment causes hardship, City Council may allow a property to develop under a previously adopted requirement of ESL, upon findings that:
 1. A substantial hardship is demonstrated that would significantly reduce the ability to use a parcel(s),

2. The exception will be consistent with the intent and purpose of the Environmentally Sensitive Lands Ordinance, and
3. The application of the new ESL standards would not achieve significant benefit for the protection of the environment and the community.

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 148, 149), 5-6-14)

Sec. 6.1023. - Hillside district exemptions.

The ESL regulations shall not apply to a development project, which was the subject of a pending application as of February 19, 1991, or development approvals under the provisions of the former hillside district, Section 6.800 through 6.810. For the purposes of this Section, "development approval" means rezoning, use permit, subdivision plat, master plan, Development Review Board, variance or building permit approval.

- A. *Applicability of hillside district regulations.* Exempt development projects shall be developed under the hillside district regulations and development standards in effect when the development project was approved, including rezoning stipulations.
- B. *Application of ESL regulations to exempt development projects.* The property owner of a development project exempt under this Section may elect to develop under the ESL regulations. The election must be communicated in writing to the Zoning Administrator before application is made for further development approval following the effective date of ESLO (February 19, 1991).
- C. If the effect of an election to develop under the ESL regulations is to alter the densities or land uses approved under the hillside district, or changes the size or configuration of any hillside conservation (HC) zoned area, the election is conditioned upon City Council approval of a rezoning pursuant to the provisions of sections 1.300 and 6.1090.
- D. If the property owner of an exempt development project elects to apply the ESL regulations to only a portion of the development project, the property owner must demonstrate that those portions of the project developed or to be developed under hillside district regulations meet all requirements of those regulations, including the preservation of hillside conservation areas through easement or dedication.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3395, § 1, 12-11-01; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 150, 151), 5-6-14)

Sec. 6.1024. - Special exceptions from the ESL regulations.

- A. Special exceptions from the ESL regulations may be approved by the Zoning Administrator in the following circumstances:

1. *Nonbuildable parcel.* If the application of the ESL regulations to a parcel, which was a legally constituted lot on which development would have been permitted prior to the adoption date of ESLO (February 19, 1991), would prevent the development of at least one (1) single-family dwelling, the parcel may be developed with one (1) single-family dwelling pursuant to the grant of a special exception, provided that such development otherwise conforms to the ESL regulations as closely as reasonably possible.
 2. *Nonhillside district development project approvals.* Modifications to development project approvals, or subsequent development approvals for development projects approved under nonhillside district zoning classifications prior to the effective date of ESLO (February 19, 1991) are subject to the ESL regulations. However, it is the intent of these regulations that such development project be brought into compliance with the ESL regulations as closely as reasonably possible without creating undue hardship on the property owner.
- B. *Special Exception Submittal Requirements.* In addition to the submittal requirements described in section 6.1090, applications for special exceptions from the ESL regulations authorized in this section shall include the following:
1. Documentation of existing development approvals for the development site and the special exception eligibility of the parcel.
 2. Environmental mapping necessary to identify the ESL regulation(s) from which the special exception is requested.
 3. A development plan showing the approved land uses and the areas that will be affected by the proposed special exception.
 4. A report describing the proposed exceptions from the ESL regulations and describing the rationale for the exceptions.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01; Ord. No. 4143, § 1 (Res. No. 9678, Exh. A, § 152), 5-6-14)

Sec. 6.1030. - Approvals Required.

Sec. 6.1031. - Rezoning and use permits in Hillside Landform.

When reviewing the compatibility of rezoning and use permit applications in the Hillside Landform on land with slopes between fifteen (15) and twenty-five (25) percent that is not a severely constrained area, the following shall be considered:

- A. Grading and other site preparations are within the limits established by the Development Design Guidelines for Environmentally Sensitive Lands, and whether essential grading complements the natural land forms.
- B.

Vehicular and pedestrian circulation conforms to the Development Design Guidelines for Environmentally Sensitive Lands, and is within the emergency standards acceptable for fire truck use.

- C. Views to development from viewpoints have been analyzed, and whether satisfactory methods will be used for revegetation, plant protection/salvage, minimization of cuts and fills, and blending of structures with the site in terms of building mass and color hue, value, and chroma (from the Munsell Book of Color).
- D. Human lives and property are protected from unstable slopes, flooding, and other safety hazards.
- E. The placement, grouping, scale, and shaping of structures complements the natural landscape.
- F. Large, graded bare areas are fully revegetated.

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 3920, § 1(Exh. § 71), 11-9-10; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, § 182), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 153), 5-6-14)

Sec. 6.1032. - Plats.

All applications for preliminary plats in the ESL Overlay District shall be reviewed for compliance with the ESL provisions and subject to Development Review Board approval.

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 4164, § 1(Res. No. 9857, § 1, Exh. A, § 47), 8-25-14)

Sec. 6.1033. - Individual Single-Family Applications in the Hillside Landform.

Single-family homes that are not part of a subdivision plat and proposed within the Hillside Landform shall be reviewed for compliance with specified site design criteria intended to promote public safety and shall be subject to Development Review Board approval. (See [Section 6.1070\(C\)](#)).

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 4164, § 1(Res. No. 9857, § 1, Exh. A, § 48), 8-25-14)

Sec. 6.1034. - Master Development Plan Applications.

- A. When a master development plan is required, a rezoning shall not be approved without the concurrent approval by the City Council of the site development, conceptual circulation, and conceptual phasing master plans, and conceptual open space master plan for the entire area to be rezoned.
- B. No on-site or off-site development for any phase of a master development plan shall begin until the circulation, phasing, parking, drainage, water, and wastewater master plans have been approved by the City, and the environmental design concept master plan has been approved by the Development Review Board.

1.

The master plans shall be provided for the entire development project unless it can be demonstrated to the City that the master plan can be prepared for one (1) or more discreet phases that can stand alone independent of the entire project.

- C. Approvals for individual buildings shall not be granted until the master development plan, including all the required parts of the plan, has been approved.
- D. Modifications to approved master development plans.

- 1. Major changes to the permitted uses, density or gross floor area described in a site development master plan or to other master plans approved as part of a rezoning, use permit or City Council approved amended development standards must be reviewed and approved by the City Council subject to the notice and hearing provisions of Article I. In general, major changes are those that affect more than ten (10) percent of either the land or gross building square footage. A change may be major due to the impacts of the proposed changes, even where less than ten (10) percent of land or intensity is affected.

The transfer of units between parcels as provided in an approved master-planned development zoning case is not a major change.

- 2. Minor changes to the site development plan and all other master plans, consistent in scope and intent with the originally approved plans, may be approved by the Zoning Administrator. In general, minor changes affect less than ten (10) percent of either the land area or gross building square footage.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3920, § 1(Exh. § 72), 11-9-10)

Sec. 6.1035. - Site Preparation Limitations.

No person shall grade, clear, grub, remove plants or conduct any other form of construction or site preparation upon a property until any applicable Natural Area Open Space (NAOS) plan has been approved:

- A. By the Development Review Board as part of a case or preliminary plat, or by City staff as part of building or other applicable plans, and
- B. Appropriate permits have been issued.

(Ord. No. 3702, § 1, 2-20-07; Ord. No. 3920, § 1(Exh. § 73), 11-9-10)

Sec. 6.1040. - ESL Use Restrictions.

Land uses shall be those permitted in the underlying zoning district except as follows:

Land uses in the hillside landform areas with land slopes over twenty-five (25) percent, special features or unstable slopes are restricted to the following, provided that uses must also be permitted by the underlying zoning: residential uses including resort units and related streets and utilities; the activities identified in the

Conservation Open Space (COS) district; ([section 6.703](#) of the Zoning Ordinance) and golf tees. Ancillary resort uses, such as restaurants, meeting rooms or parking areas for more than five (5) cars are not permitted.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01)

Sec. 6.1050. - Intensity of Development.

The ESL Landforms and Protected Peaks and Ridges Maps shall be used, unless otherwise exempted by Section 6.1022B or [6.1023](#).

The intensity of development in the lower desert and upper desert landforms shall be determined by the underlying zoning district, and shall not exceed the maximum as provided in Table B, [Section 6.1081](#). Where the NAOS density incentive or cluster option is used, Table B shall serve as the "base" intensity on the parcel.

The intensity of development in the hillside landform shall be determined as follows:

- A. The base and maximum intensities of development in the hillside landform on slopes less than twenty-five (25) percent, on exposed/shallow bedrock, or in major or minor watercourses, shall be as follows:

	Single-Family Detached D.U./Acre	Attached Multifamily D.U./Acre	Resort Hotel/Casita Units/Acre	Nonresidential Floor Area Ratio
Base	0.2	1.0	2.0	0.05
Maximum	1.0	3.0	8.0	0.20

1. The underlying zoning must permit the base intensities and uses.
2. Intensities above the base level up to the maximum intensity may be approved by the City Council after notice and hearing as provided in [Section 1.600](#) and [1.700](#), and upon a finding that the proposed intensity meets the guidelines set forth in [Section 6.1031](#).
3. Resort hotel/casita units are limited to resort hotel guest rooms or casitas that do not have individual driveway access to each unit. Parking areas for more than five (5) cars, restaurants, meeting rooms, and other ancillary uses must be located on land that is not a severely constrained area.

- B. Except when modified as provided in subparagraph (E) of this section, the maximum permitted intensity on land in the hillside landform with slopes from twenty-five (25) to thirty-five (35) percent or boulder features, shall be one (1) dwelling or resort unit per twenty (20) acres ($1/20$ or .05 d.u./ac.). Ancillary resort uses, such as restaurants, are not permitted.
1. After recommendation by the Planning Commission, intensities up to a maximum intensity of one (1) dwelling or resort unit per five (5) acres ($1/5$ or .2 d.u./ac.) may be approved by the City Council, upon finding that the land proposed for the increased intensity is not visible from viewpoints, and that the proposed intensity is compatible with the considerations listed in Section 6.1031. In making its determination, the City Council shall consider the following factors:
- a. Visibility and viewpoints of the proposed developments from scenic corridors, collector and arterial streets.
 - b. The impact of the development on the environmental conditions listed in Section 6.1021.
- C. Except when modified as provided in subparagraph E. of this section, the maximum permitted intensity on land in the hillside landform with slopes over thirty-five (35) percent or on unstable slopes shall be one (1) dwelling or resort unit per forty (40) acres ($1/40$ or .025 d.u./ac.). Ancillary resort uses, such as restaurants, are not permitted.
- D. General guidelines.
1. If a lot encompasses two (2) slope categories the intensity limit is determined by reference to the slope category of the land on which the majority of the construction envelope is located. The purpose of this provision is to provide flexibility in lot configuration.
- E. The City Council may grant a special exception from the maximum intensities allowed by subparagraphs B. and C. of this section for parcels which meet the following requirements:
1. *Qualifications*. Only parcels, which meet the following qualifications, are eligible for development as a special exception under the provisions of this subparagraph E.:
- a. The parcel consists of at least nine (9) acres, at least eighty (80) percent of which are severely constrained areas.
 - b. On February 19, 1991, the parcel was a legally constituted lot on which development would have been permitted under the terms of the ordinance in effect at the time the lot was created or was annexed to the city.
 - c. No density transfer is proposed.
 - d. The area which will be disturbed by the proposed development is less than twenty (20) percent of the development site area.
 - e. More than eighty (80) percent of the development site area will be preserved as natural area open space (NAOS).

2. *Findings.* Higher intensities may be granted pursuant to the special exception permitted by this subparagraph only where the Council finds that:
- The maximum intensities otherwise permitted by this ordinance would create a substantial disincentive to develop the site with a desirable and appropriate use and/or intensity, and the requested change is the minimum required in order to remove excessive constraints on the development of the site.
 - The requested intensity will not create increased health or safety hazards to people or property resulting from unstable slopes or other environmental hazards.
 - Units will be placed at lower elevations or at other locations on the property selected to reduce the grading which will be required to access the structures.
 - Visibility of development from viewpoints as defined in [Section 3.100](#) is limited.
3. *Procedure.*
- Before the City Council hears an application for special exception, the Development Review Board shall review the plans to ensure that any development proposed for unstable slopes, special features or other environmental conditions, is appropriate to these conditions, and preserves them to the maximum extent possible.
 - Applications for exceptions under this section shall include the submittals set forth in [Section 6.1090](#) of this Ordinance, and shall be subject to notice and hearing as provided in [Sections 1.600](#) and [1.700](#).

F. The permitted development intensity in the hillside landform shall be calculated as follows:

- Determine the location of each environmental condition referenced in section 6.1050A., B., and C. If more than one (1) condition is present on the same land area that which imposes the greatest restriction shall determine the intensity for development on that land area.

Slope Category	Landform Condition	Base Lot Area Per Dwelling Unit	Potential Density
Under 25%	Major/Minor washes protected peaks/ridges	5 acres	*Subject to Council Approval
25—35%	Exposed bedrock shallow bedrock	20 acres	*Subject to Council Approval

Over 35%	Boulders, unstable slopes	40 acres	*Subject to Council Approval
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2. Determine the amount of land in acres impacted by each environmental condition.
3. Multiply the total acreage impacted by each environmental condition by the intensity permitted by section 6.1050A. through C. for that condition.
4. On parcels of twenty (20) or more gross acres, the permitted intensity for small areas of twenty thousand (20,000) square feet or less which have environmental conditions different than those of the surrounding area, shall be determined by the intensity permitted on the surrounding area. If a small area abuts both a lower and a higher intensity area, the small area shall be divided equally between the two (2) intensities.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 154, 155), 5-6-14)

Sec. 6.1060. - Open Space Requirements.

A. *Natural Area Open Space (NAOS) requirements.* A percentage of the acreage containing natural desert shall be set aside as NAOS.

1. Characteristics of NAOS. NAOS should:
 - a. Preserve sensitive environmental conditions;
 - b. Retain and protect meaningful desert open space that due to its size, function, visibility, accessibility, or strategic location is a community amenity or resource;
 - c. Maintain visual amenities;
 - d. Mitigate hazards; and
 - e. Promote the public health, safety and welfare.
2. Amount of NAOS. The minimum percentage of NAOS based on slope and landform category is provided in Table 6.1060.A.

 NAOS requirements are determined by Table 6.1060.A., indicating slope and landform which corresponds to the location of other environmental conditions such as unstable slopes, undisturbed desert vegetation, boulder features, and watercourses. Where these provisions conflict with the minimum NAOS dimensions described in Section 6.1060.F., the more restrictive provisions of Section 6.1060.F. shall take precedence.

Table 6.1060.A.

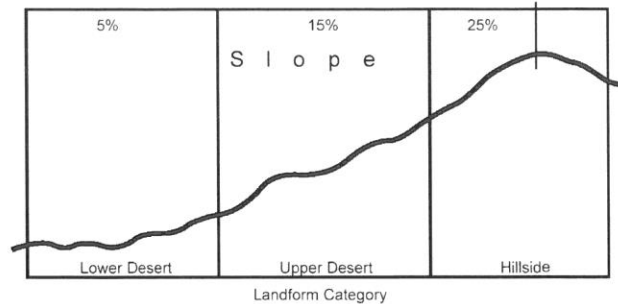
Minimum Percentage NAOS Based on Slope and Landform Category

Slope	Lower Desert Landform	Upper Desert Landform	Hillside Landform
0—2%	20%	25%	50%
Over 2% up to 5%	25%	25%	50%
Over 5% up to 10%	30%	35%	50%
Over 10% up to 15%	30%	45%	50%
Over 15% up to 25%	30%	45%	65%
Over 25%	30%	45%	80%
Minimum NAOS after reductions if applicable. (See Sec. 6.1060.B.)	15% (See Sec. 6.1060.F. for minimum dimensions)	20% (See Sec. 6.1060.F. for minimum dimensions)	40% (See Sec. 6.1060.F. for minimum dimensions)

3. Permanent maintenance of NAOS. The entire NAOS area shall be permanently maintained as NAOS through easements, donation or dedication to the City and/or conservancy, land trust or similar organization that has goals and purposes consistent with permanently maintaining NAOS and can demonstrate its ability to maintain the NAOS to the satisfaction of the City.
4. If NAOS is located on individual lots (on-lot NAOS), the property owner shall be responsible for maintenance. (See [Section 6.1100](#) for detailed information regarding maintenance of NAOS.)
5. Common-tract NAOS locations and boundaries, including precise acreage, shall be shown on the subdivision plat and/or map of dedication.
6. On-lot NAOS locations: In applications where NAOS is provided on individual lots, approximate boundaries and precise acreage of the proposed NAOS shall be shown on and conform to an exhibit approved by the City prior to or concurrent with filing a final subdivision plat and/or map of dedication.

Figure 6.1060.A.

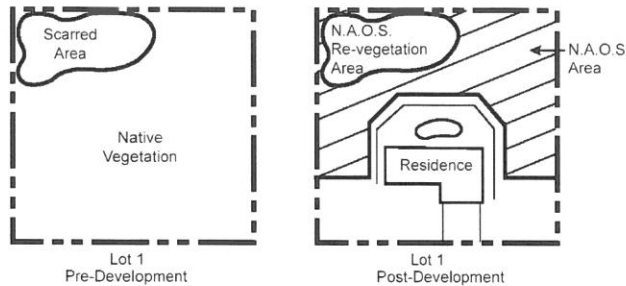
Slope Analysis



Slope Analysis

7. Until recordation of a document showing the City approved NAOS location, all land within a project is considered potential NAOS and shall be left in its natural topographic and vegetative condition.
- B. *NAOS reduction.* NAOS requirements may be reduced as provided herein. The minimum NAOS after reductions, for the gross lot area of the development project and for each development site or parcel shall be fifteen (15) percent in lower desert, twenty (20) percent in upper desert, and forty (40) percent in hillside landforms.
 1. *Proportional reduction in NAOS for Conservation Open Space COS and Hillside Conservation HC areas.* A property owner is entitled to reduce the required NAOS by calculating the percentage of the total parcel that is zoned Conservation Open Space (COS) and Hillside Conservation (HC) areas, and reducing the NAOS requirement for the remainder of the property by this same percentage.
 2. *Reduction for regional drainage facility.* Where a development site contains areas dedicated for regional stormwater management pursuant to approved city regional drainage and flood control plans developed by the city, having a design flow of two thousand (2,000) cfs or more and providing drainage for one (1) square mile (one (1) section) or more, the NAOS requirement shall be reduced as follows:
 - a. The NAOS requirement shall be reduced one (1) square foot for each revegetated one (1) square foot of the regional drainage facility (1:1).
 - b. The NAOS requirement shall be reduced one (1) square foot for each two (2) square feet of turf or similar improvements for recreational areas within the regional drainage facility (1:2). The reduction for improved areas shall not exceed fifty (50) percent of the original NAOS requirement.

Figure 6.1060.B.

N.A.O.S. Re-vegetation Credit

3. *Reduction for revegetation.* On land stripped of natural vegetation or scarred prior to January 1, 1990, the NAOS requirement for the parcel shall be reduced by two (2) square feet for every one (1) square foot of revegetated NAOS (2:1). This provision cannot be used to increase the maximum revegetated NAOS above the thirty (30) percent maximum referenced in Section 6.1060D.2.
4. *Reduction for designated historical or archaeological site.* Land designated as a permanently protected historical or archaeological site, approved by the city, shall be used to reduce the required NAOS by two (2) square feet for each one (1) square foot of approved site (2:1).
5. *Lower desert landform with minimal slopes and limited environmental conditions.* Sites within the lower desert landform having slopes of zero (0) percent—five (5) percent, may reduce the required amount of NAOS to fifteen (15) percent if the applicant can demonstrate to the satisfaction of the Zoning Administrator that the property contains no boulder features, no minor or major watercourses and contains undisturbed native plant densities* with less than ten (10) trees/cacti per acre. Where these provisions conflict with the minimum NAOS dimensions described in Section 6.1060.F., the more restrictive provisions of Section 6.1060.F. shall take precedence.

*Native plants include the specific species defined in Article V, Protection Of Native Plants, Section 46-105 through 46-120 of the Scottsdale Revised Code.

C. *Density Incentive for increases in NAOS.*

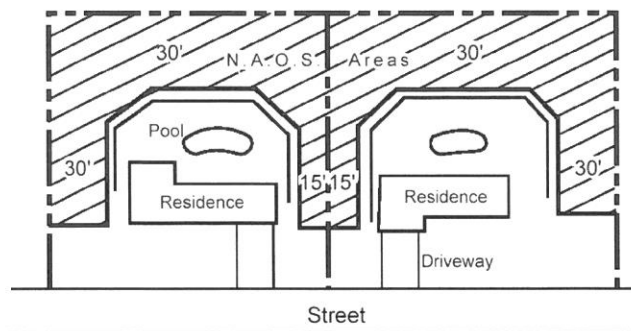
1. A density incentive bonus up to twenty (20) percent of the density otherwise allowed under Table 6.1081.A., Base Intensity by Zoning District, may be granted if more NAOS is provided than is required in Section 6.1060.A. of this Zoning Ordinance. The bonus shall be subject to approval by the City Council after notice and hearing as provided in Sections 1.600. and 1.700., and providing further that the following criteria are met:
 - a. The bonus applies only in the Single-family Residential R1-43, Single-family Residential R1-70, Single-family Residential R1-130, and Single-family Residential R1-190 Districts.

- b. The incentive must be calculated using the base NAOS standards for the development project, and cannot be used in combination with any reductions in NAOS.
 - c. The additional NAOS must be undeveloped natural area and cannot include revegetated areas.
 - d. The additional NAOS must respond to site conditions and the surrounding context to maximize connections with existing or planned open space on adjoining properties including the McDowell Sonoran Preserve. The locations of this additional NAOS shall be along major watercourses, along the frontage of collector or larger streets, along the boundary of the McDowell Sonoran Preserve or on slopes of twenty-five (25) percent or steeper.
 - e. The additional NAOS shall be provided in common area tracts and shall not be provided on an individual single-family lot.
2. The increase in density is calculated by multiplying the percent of gross land area of the parcel to be provided as additional NAOS, times the base density as established in Table 6.1081.A.
- D. *Types of NAOS.* The NAOS requirement may be satisfied by two (2) types of open space: undeveloped natural areas and revegetated areas.
- 1. *Undeveloped natural areas.* Undeveloped natural areas shall constitute a minimum of seventy (70) percent of the required NAOS. This minimum applies to both "on-lot" and "common tract" NAOS.
 - a. *Infill planting.* When native plants in a designated undeveloped natural area are significantly less dense than under natural conditions because of disturbance to the land, the density and number of species of native plants may be increased to approximate the natural conditions of the surrounding area.
 - b. Infill planting areas shall count as undeveloped natural area for NAOS if approved by the City.
 - 2. *Revegetated areas.* Revegetated areas shall qualify as NAOS, but shall not constitute more than thirty (30) percent of the required NAOS. These provisions cannot be used in conjunction with those contained in Section 6.1060.B.3. to increase the maximum percentage of revegetated NAOS above thirty (30) percent. Revegetated areas shall meet following requirements:
 - a. Planting programs for revegetated areas may include transplanted and seeded methods of application and shall include a list of proposed plant species and quantities. (See Section 6.1091.A.1.k.)
 - b. Planting programs shall be consistent with the slope aspect of the surrounding natural vegetation, and shall be consistent with the species and density of surrounding vegetation and adjacent natural desert.
 - c.

All materials, design and construction techniques for revegetation shall be subject to City approval.

- d. Incorporate boulders and salvaged surface material to match and blend with surrounding desert character.
 - e. Provide a temporary watering program.
 - f. In those cases where previously scarred or cleared areas are to be restored, the plant species and density shall be determined by matching the existing natural vegetation on similar terrain in the vicinity.
 - g. The design and installation of revegetation shall help to minimize the downstream transport of sedimentation.
- E. *Improved open space.* When the required open space of the underlying zoning district exceeds the NAOS requirements imposed by the ESL District standards, the balance of the required open space may be either improved open space or NAOS. Improved open space includes landscape areas, turf areas, parks, golf courses and other recreation areas excluding any associated buildings.
- F. *Distribution of NAOS.*
- 1. *NAOS dimensions.*
 - a. The minimum contiguous area for NAOS is four thousand (4,000) square feet.
 - b. The minimum horizontal dimension for NAOS areas is thirty (30) feet, except that the minimum horizontal dimension for NAOS located along roadsides will be twenty (20) feet.
 - c. Where the minimum finished lot size is twenty-two thousand (22,000) square feet or less, NAOS shall be placed in common tracts, or on other lots within the same subdivision unless the minor application is approved with NAOS placement in contiguous areas on adjacent lots. See Section 6.1070.A. for on-lot NAOS design standards and Section 6.1090. for on-lot NAOS submittal requirements.
 - 2. *Modification of NAOS dimensions.* The minimum NAOS dimensions set forth above may be modified as a minor application, subject to the following criteria:
 - a. The NAOS location standards set forth in paragraph 3. are met.
 - b. Reductions in dimensions will maintain NAOS areas that are easily recognizable and that will not result in maintenance problems due to their proposed locations.
 - c. Adjacent land uses, such as streets, will not negatively impact the viability of vegetation or other features of the land to be preserved.

Figure 6.1060.C.

Minimum N.A.O.S. Dimensions

3. *NAOS selection and location.* The location of NAOS on a site plan or preliminary plat shall emphasize the following, however, in no event shall the provisions of this section require greater area of NAOS dedication than currently required by Section 6.1060.A., B. and C. of this Zoning Ordinance:
 - a. *Preservation of natural watercourses.* The need for unimpeded wildlife access and movement within and between NAOS areas is an important criteria. Therefore, minor and major watercourses, vista corridors and scenic corridors, particularly where located adjacent to the McDowell Sonoran Preserve, shall be given key consideration as riparian habitats associated with major and minor watercourses.
 - b. Continuity of open space within the development project and with adjacent developments or with the McDowell Sonoran Preserve.
 - c. Continuity of "on-lot" open spaces on adjoining lots.
 - d. Preservation of the most significant features and vegetation, including rock outcroppings, and significant concentrations of native vegetation in relation to the surrounding development project.
 - e. Distribution throughout the developed area and avoidance of concentration in one (1) location.
 - f. Location in areas where a buffer is desirable along the property boundary, or where it is contiguous with NAOS on adjacent property, including property within the McDowell Sonoran Preserve.
 - g. Location in areas visible from streets or common areas.
 - h. The City has prepared high priority NAOS location maps to provide guidance on the location of NAOS. Each site plan submitted shall demonstrate the best means to achieve the delineations of NAOS areas as depicted on these maps in order to meet City policies.

4.

NAOS distribution within master planned developments. Where a master planned development provides NAOS in excess of the minimum NAOS requirement for specific development sites, such excess NAOS may be credited against NAOS requirements for other development sites on the master plan, provided that the NAOS credits are documented on an open space master plan which identifies excess NAOS by development site and allocates such excess to specific development sites elsewhere on the property.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 3702, § 1, 2-20-07; Ord. No. 3827, § 1, 2-10-09; Ord. No. 3920, § 1(Exh. §§ 74—78), 11-9-10; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, §§ 183—187), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 156—163), 5-6-14)

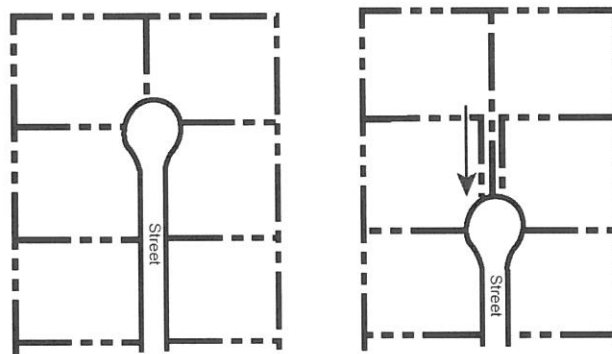
Sec. 6.1070. - Design Standards.

A. General Standards.

1. Development projects shall employ design techniques which reduce the disruption of the severely constrained areas (SCA) of a parcel defined in Section 6.1081.A.1., reduce the amount of streets and pavement, maximize open space, reduce the length of water and sewer systems, and minimize the restructuring of natural drainage systems.

Figure 6.1070.A.

Reduce the Amount of Streets



2. The intensity calculated in Sections 6.1050 and 6.1080 shall be the maximum permitted intensity. A construction envelope that is located in more than one (1) density category in Section 6.1050.B. and C. shall be considered as located in the higher density area if the majority of the floor area or construction envelope area (over fifty (50) percent) is in the less restricted condition and the incursion into a lower intensity area extends less than twenty (20) feet for structures or thirty-five (35) feet for construction envelopes.

Figure 6.1070.B.

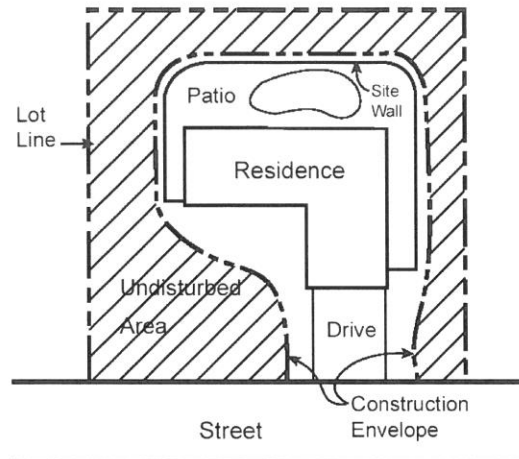
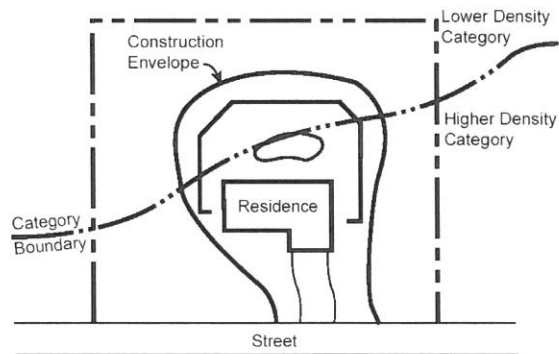
Construction Envelope

Figure 6.1070.C.

Construction Envelopes in 2 Categories

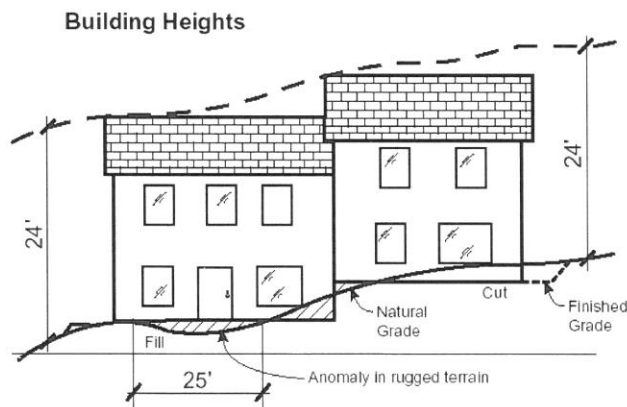
3. Construction envelopes are required when NAOS is proposed on individual lots.
4. Underground utility corridors and drainage improvements not located in construction envelopes shall be included in the revegetated areas.
5. The NAOS shall be clearly identified and protected during building by methods and techniques approved by the City.
6. On-lot NAOS shall be designed with consideration of the surrounding context to connect with existing or planned open space on adjacent properties so that continuous areas of meaningful open space are formed.
- 7.

On-lot NAOS shall not be located within the required front yard where the front yard depth is less than forty (40) feet.

B. Building heights.

1. The maximum building height is that prescribed by the underlying district except as modified by the following:
 - a. The maximum building height in the ESL shall be established by a plane measured vertically above the existing natural terrain elevation prior to grading; as the natural grade rises, the maximum height will rise accordingly. Small areas of rugged terrain inconsistent with this plane will not increase or reduce building height. Small areas are those features with a maximum width of twenty-five (25) feet.
 - b. The maximum building height for all buildings in single-family residential (R1) districts including the Foothills Overlay, shall be twenty-four (24) feet unless exempted pursuant to Section 6.1022.

Figure 6.1070.D.



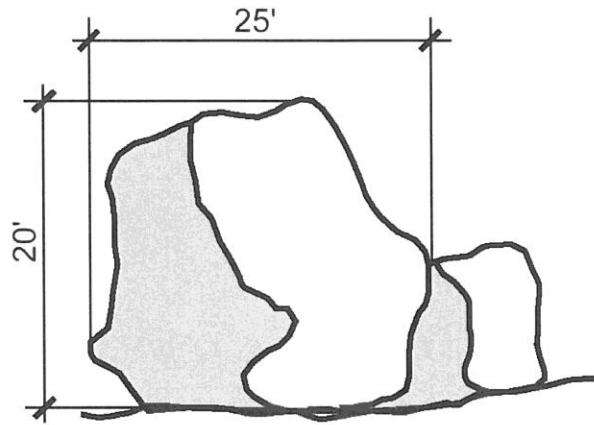
- c. The maximum building height in the hillside landform shall be the height prescribed by the underlying district or thirty (30) feet whichever is lower, except as modified by Section 6.1070.B.1.d. below.
 - d. The Development Review Board may permit additional building heights in the hillside landform up to forty (40) feet where the additional height will reduce the visual impact of the structure or site work from established viewpoints, and will reduce the area required for grading, or other land disturbance activities, on sensitive conditions.
- C.**

Hillside Landform Site Design Criteria: Hillside lands are prone to natural hazards. In order to protect lives and property from disasters resulting from poorly designed hillside development and to mitigate the potential for increased erosion, boulder rolling, rockfalls, and landsliding, the Development Review Board shall review the site plans located within the hillside landform that are not part of a subdivision plat against the following criteria:

1. All construction shall be set back a minimum of twenty (20) feet from boulder features. The Development Review Board may approve exceptions to these criteria where specific design solutions protect public safety.

Figure 6.1070.E.

Boulder Feature



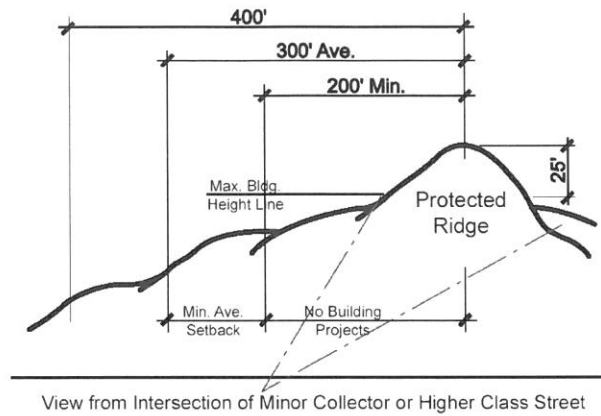
2. Unprotected slopes shall be protected from focused stormwater flows.
3. All storm runoff shall be directed towards natural channels using best practices for erosion control.
4. Minimize removal of native vegetation from areas not located in construction envelopes.
5. Minimize incidental impact from other natural hazards including erosion, subsidence, boulder rolling, rockfalls, flooding, flood related mud slides, unstable slopes and landsliding relating to the site and surrounding property.

D. Protected Peaks and Ridges.

1. All building projects shall be set back an average of three hundred (300) feet horizontally and a minimum of two hundred (200) feet from a protected peak or a protected ridge.

Figure 6.1070.F.

Viewpoints - Protected Ridges



2. The maximum elevation of any structure within four hundred (400) feet horizontally of a protected peak or ridge shall be at least twenty-five (25) feet below the elevation of the nearest point of a protected peak or ridge.
 3. Protected peaks and ridges shall be identified on ESL Protected Peaks and Ridges Maps prepared by the City, and may be revised as follows:
Request for map refinement shall include a visual analysis from viewpoints as defined in [Section 3.100](#), and be subject to subsection E., below.
 4. Protected peaks and ridges on a property shall be shown on final plats at the time of City Council approval.
- E. *Revisions of ESL Landform and Protected Peaks and Ridges Maps.* Landforms are identified on the ESL Landforms and Protected Peaks and Ridges Maps by the City. The maps may be revised as follows:
1. Applicants for a specific development project may request a change in all or part of the landform boundaries on the ESL Landforms and Protected Peaks and Ridges Maps prior to or concurrently with a development project application. The applicant shall submit technical data to support the request. If the request represents more than a minor refinement, the requested landform boundary change shall be prepared by an Arizona State registered geologist and shall include a technical analysis to support the requested map revision. The definitions of the three (3) landform areas shall be used by consulting geologists for their analysis of changes in the landform boundaries.
 2. Minor refinements to the ESL Landforms and Protected Peaks and Ridges Maps shall be subject to the approval of the City.
 - 3.

Major revisions of the ESL Landforms and Protected Peaks and Ridges Maps shall be subject to Development Review Board approval. Development Review Board approval shall occur prior to the Planning Commission and City Council public hearings if the request is made concurrently with a submittal for a rezoning or use permit approval.

4. A property owner may request a revision of the ESL Landforms and Protected Peaks and Ridges Maps on their property independently from a submittal for a specific project. Such submittals shall follow all processes and requirements in Section 6.1070.E.1. and shall be subject to approval of the Development Review Board.

F. *Boulder Features.* Development shall not be permitted on or immediately adjacent to boulder features within the ESL District and a setback of twenty (20) feet is required around the boulder feature unless otherwise approved by the Development Review Board. The Development Review Board may permit development on boulder features which meet this definition where the applicant demonstrates that the proposed construction will meet the following criteria:

1. When a proposed structure will be occupied, the applicant shall submit a technical analysis prepared by an Arizona State registered geologist demonstrating that the boulder feature is stable and does not present a threat to the proposed structure.
2. The applicant has demonstrated that the proposed construction will blend into the boulder feature so that the boulder feature is still substantially visible from public or private streets, and the structure does not detract significantly from the character of this special feature.

G. *Site and Structure Development Design Standards.*

1. *Within the ESL:*

- a. Mirrored surfaces or any treatments which change ordinary glass into a mirrored surface are prohibited.
- b. Reflective building materials (other than windows, solar panels, and roofing materials for low slope roofs) including materials with high gloss finishes and bright, untarnished copper, aluminum, galvanized steel or other metallic surfaces, shall be textured or have a matte or non-reflective surface treatment to reduce the reflection of sunlight onto other property.
- c. Materials used for exterior surfaces of all structures (other than solar panels and roofing materials for low slope roofs) shall blend in color, hue, and tone with the surrounding natural desert setting to avoid high contrast.
- d. Surface materials of walls, retaining walls or fences shall be similar to and compatible with those of the adjacent main buildings.
- e. Development design and construction techniques should blend scale, form and visual character into the natural landform and minimize exposed scars.
- f.

Exterior lighting should be low scale and directed downward, recessed or shielded so that the light source is not visible from residential development in the area or from a public viewpoint.

- g. No paint colors (other than roofing materials for low slope roofs) shall be used within any landform that have a LRV greater than thirty-five (35) percent.
- h. Exterior paint and material colors (other than roofing materials for low slope roofs) shall not exceed a value of six (6) and a chroma of six (6) as indicated in the Munsell Book of Color.
- i. Plant materials that are not indigenous to the ESL area shall be limited to enclosed yard areas and non-indigenous plants that have the potential of exceeding twenty (20) feet in height are prohibited. A list of indigenous plants is available from the City. Outdoor community recreation facilities, including parks and golf courses shall be allowed turf as specified in Section 6.1070.G.1.j.
- j. Turf shall be limited to enclosed areas not visible offsite from lower elevation. Outdoor recreation facilities, including parks and golf courses, shall be exempt from this standard.
- k. All equipment appurtenant to underground facilities, such as surface mounted utility transformers, pull boxes, pedestal cabinets, service terminals or other similar on-the-ground facilities, shall have an exterior treatment that has a LRV of less than thirty-five (35) percent or otherwise screened from view from the adjoining properties.
- l. It is the intent of this Ordinance to leave washes in place and in natural conditions where practical. When necessary, modifications to natural watercourses and all walls and fences crossing natural watercourses shall be designed in accordance with the standards and policies specified in Chapter 37 (Floodplain and Stormwater Regulation) of the Scottsdale Revised Code, and the Design Standards & Policies Manual. Requests to modify, redirect, or divert watercourses of fifty (50) cfs or greater flow in a one hundred-year event shall include the following:
 - i. Justification for the request.
 - ii. Plans showing:
 - (1) That the application will result in an equal or enhanced quality of open space.
 - (2) That any proposed wash modification will include restoration of the watercourse with vegetation of the same type and density removed for the modifications.
 - (3) If a wash is being redirected or modified that it enters and exits the site at the historic locations, and that the result will not impact drainage considerations for adjacent properties.
 - (4) If a wash is being diverted into a structural solution (e.g. underground pipe), that the change will not impact the drainage conditions on adjacent properties and will not reduce the integrity of any upstream or downstream corridor as meaningful open space.

An application for the modification of a wash mentioned above, may be granted by the Zoning Administrator subject to approval of the design solution for the drainage facilities and subject to the finding that the purpose of this overlay district (Section 6.1011.) has been achieved. However, in no event shall the provisions of this section require greater area of NAOS dedication than currently required by Section 6.1060.A, B. and C. of this Ordinance.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 3920, § 1(Exh. §§ 79—81), 11-9-10; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, §§ 188—191), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 164, 165), 5-6-14; Ord. No. 4591, § 1(Res. No. 12797, § 1(Exh. A, § 4)), 6-13-23)

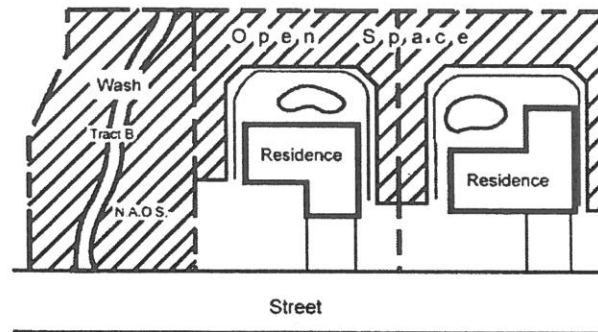
Sec. 6.1071. - Design guidelines.

A. General Guidelines.

1. Clustering, density transfer, NAOS or CA should be used to protect the most sensitive areas on a plat.
2. Unless specifically approved by City Council:
 - a. NAOS shall not be enclosed by walls that disrupt its continuity with NAOS on adjacent properties;
 - b. Walls are prohibited from disrupting the continuity of NAOS corridors and wildlife corridors or habitats located along major and minor watercourses;
 - c. Walls shall not enclose or disconnect contiguous NAOS or be permitted to cross washes of fifty (50) cfs greater flow in a one hundred-year event;
 - d. Fences shall not block wildlife movement in and through NAOS and/or natural watercourses.
3. Subdivision walls are prohibited unless as allowed pursuant to the hardship exemption in Section 6.1022.D. When approved, perimeter walls shall be subject to the Development Review Board and shall incorporate the following criteria:
 - a. These walls shall incorporate alignments and vertical designs that undulate in a manner that blends with the character of the site's terrain and protects major native plant specimens and boulders;
 - b. These walls shall contain ground level openings of at least nine (9) square feet in area with a dimension of three (3) by three (3) feet, and be spaced no more than two hundred (200) feet apart, including openings for drainage ways, in order to allow wildlife movements and passage of localized stormwater flows;
 - c. These walls shall be built of materials that blend into the heavy textures and rustic character of the vegetation, boulders and other features of the natural desert setting; and

- d. These walls shall be set back from the perimeter property line a minimum of:
 - 1. Fifteen (15) feet where the subdivision or master planned development is adjacent to a vacant property;
 - 2. Fifteen (15) feet or a distance equal to the required side yard for the underlying zoning district, whichever is greater, where the subdivision or master planned development is adjacent to a parcel that has an existing residence, an existing subdivision or the McDowell Sonoran Preserve; or
 - 3. Zero (0) feet where the subdivision is adjacent to natural area open space (NAOS) or conservation area (CA) tract within the same subdivision or master planned development that the walls are located within.
- 4. On single-family residential parcels containing thirty-five thousand (35,000) square feet or larger, individual lot or site walls, where permitted by this Zoning Ordinance, shall be setback a minimum of fifteen (15) feet from a side or rear property line unless the parcel is adjacent to natural area open space (NAOS) or conservation area (CA) within a separate tract as a part of a master planned development or subdivision.
- 5. Sensitive site planning that responds to the environmental conditions will frequently lead to smaller average lot sizes, a reduction in disturbed land area, or fewer lots. A development application shall demonstrate that the proposed intensity can be developed on the site in a sensitive manner that is consistent with this Zoning Ordinance, the Development Design Guidelines for Environmentally Sensitive Lands, and other approved City policies and guidelines.
- 6. The specific location of a construction envelope shall be shown on the site plan submitted for the permit and shall be clearly fenced or contained during construction of the improvements permitted. Disturbance to sites during construction should be minimized and limited to the portions of the site on which improvement is shown on the approved site plan. All clearing, grading, grubbing etc, may occur only within the approved construction envelopes.
 No grading permits shall be issued on lots with Single-family Residential R1-190, Single-family Residential R1-130, Single-family Residential R1-70, Single-family Residential R1-43 or Single-family Residential R1-35 zoning unless they are submitted in conjunction with building plans for on-site structures, except for drainage facilities, driveways or utilities required with the approved subdivision plans to serve the subdivision or adjacent properties.
- B. *Guidelines for the McDowell Sonoran Preserve Boundary.*
 - 1. NAOS not in the McDowell Sonoran Preserve boundary should be oriented to maintain habitat and unimpeded wildlife movement to and from the preserve.
 - 2. Promote continuity of open spaces at the preserve boundary.

Meaningful Open Space



3. Maximize the provision of NAOS at the preserve boundary to create a natural buffer to the preserve.
4. Any trail development through NAOS areas adjacent to the preserve must be coordinated with the Preserve Trail Plan.

(Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 4005, § 1(Res. No. 8947, Exh. A, §§ 192, 193), 4-3-12; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 166), 5-6-14)

Sec. 6.1080. - Sensitive Design Options

Sec. 6.1081. - Density transfer.

The density transfer option is intended to provide an incentive to move construction from portions of a parcel with severe environmental constraints to less constrained areas. A density transfer may be approved through the use of amended development standards and the approval processes in Sections 6.1083.A. and B. The benefits of transfer decline as development in the most sensitive areas increases. The use of this option can lead to the preservation of significant areas of environmentally sensitive lands including land slopes over fifteen (15) percent, watercourses, and special features.

A. *Density transfer for Conservation Area (CA).*

1. In order to qualify for the maximum rate of density transfer (1:1) the severely constrained areas (SCA) must be designated CA. The severely constrained areas are those portions of the hillside landform containing or surrounded by any one (1) of the following environmental conditions; provided that for purposes of density transfer only, SCA shall not include areas of ten (10) acres or more which do not contain any of the environmental conditions specified below, even if the area is surrounded by one (1) or more conditions, so long as any development proposed for the surrounded area is not visible from viewpoints established on the City's special features map:
 - a. Land slopes over twenty-five (25) percent.

- b. Unstable slopes as listed in Section 6.1021.B.
- c. Special features as listed in Section 6.1021.C.

The rate of transfer for the parcel is reduced in proportion to reductions in the amount of SCA that is designated as CA.

2. Undisturbed natural areas and land stripped of natural vegetation or scarred prior to January 1, 1990, which has been revegetated may be established as CA as follows:
 - a. The entire NAOS area will be permanently maintained as Natural Area Open Space through easements, donation or dedication to the City or other organization. If NAOS is located in a common tract owned by a homeowners association, the property shall be maintained through a common maintenance agreement.
 - b. Land designated CA may also be rezoned to the conservation open space (COS) district except that only the unimproved land in the COS district is eligible for density transfer calculations.
 - c. The receiving area is the portion of the property that will receive the density transfer. The maximum permitted density in the receiving area is equal to the number of units being transferred from the CA or unimproved COS areas, plus the base intensity for the receiving area from Table 6.1081.A.
3. Density transfer calculations. The base intensity for the existing zoning shall be determined using Table 6.1081.A. and shall be permitted to be transferred to another area of the parcel as follows:
 - a. Determine the acreage of SCA on the gross parcel.
 - b. Determine the percent of SCA that is designated CA by dividing the CA acreage by the SCA acreage. This percentage is the rate of density transfer for the parcel. Only the area of NAOS to be designated CA may be included in the calculation of land eligible for density transfer.
 - c. Determine the base intensity for the land designated CA by multiplying the CA acreage times the intensity in Table 6.1081.A. for the applicable zoning district. Sensitive lands that are not SCA may also be selected for CA in order to transfer density to less constrained areas.
 - d. Determine the number of units eligible for density transfer by multiplying the percent of land designated CA (b. above) times the base intensity for the land designated CA (c. above).
 - e. The calculation established in a. through d. above may be summarized by the following formula:

Percentage of SCA designated CA	x	Acres designated CA	x	Base intensity of designated CA	=	Total permitted density transfer for the CA area
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- B. *Density transfer bonus for regional drainage.* In order to promote regional drainage and flood control, the land area required for regional drainage facilities, as part of an approved City regional drainage and flood control plan developed by the City, may be used for a density transfer as follows:
1. A one-hundred (100) percent transfer of the intensity permitted under the existing zoning by Table B may be used for a density transfer.
 2. The land area from which the density is transferred must be legally secured through conservation or open space easements or dedication. The land may be designated CA or rezoned to the open space district (OS) where appropriate.
- C. *Eligible receiving areas.* The portion of the development project that can receive density transfer shall have less sensitive environmental conditions than the CA or COS land from which the density is transferred. Eligible receiving areas are any portions of the development project that do not contain slopes over twenty-five (25) percent, unstable slopes, special features, minor watercourses or major watercourses.
- D. *Off-site transfers.* Density transfers to noncontiguous parcels may be approved, in order to encourage the transfer of development rights from more sensitive areas to those that are less sensitive. Noncontiguous transfers permit the property owners of less sensitive lands to join in a single application with the property owner of more sensitive areas, and to transfer development potential from the more sensitive to the less sensitive areas without the need for rezoning.

An application to make a noncontiguous transfer must be signed by the property owners of both parcels, and must meet the procedural requirements of this section, and [Section 6.1083](#), and the following criteria:

1. On February 19, 1991, the parcel was a legally constituted lot on which development would have been permitted under the terms of the Zoning Ordinance in effect at the time the lot was created or was annexed to the City.
2. At least eighty (80) percent of the parcel from which density will be transferred (the "transfer parcel") must consist of severely constrained areas.
3. No development will be permitted on the transfer parcel.
- 4.

The transfer parcel must be permanently secured as CA through easements, donation or dedication to the City or other organization, by a means approved by the City or zoned COS.

5. The parcel to which density will be transferred (the "receiving parcel") must be located within the ESL in the upper desert or lower desert landform.
6. No permits will be issued for the receiving parcel, until the transfer parcel has been permanently secured as CA or rezoned COS.

Table 6.1081.A.
Base Intensity by Zoning District*

*These numbers shall be used in calculating the following:

- a. The number of units or intensity to be used in a density transfer.
- b. The maximum number of units for any parcel where a density transfer is not being used.
- c. The "base" intensity on a parcel before the NAOS density incentive is applied.
 1. *Residential uses, excluding guest rooms.*

District	Factor (DU/AC)	District	Factor (DU/AC)
R1-190	0.21	R-3	12.93
R1-130	0.31	R-4	8.31
R1-70	0.55	R-4R	7.54
R1-43	0.83	R-5	23.00
R1-35	1.04	S-R	12.44
R1-18	1.87	PNC	4.00
R1-10	3.12	PCC	4.00
R1-7, MH	4.16	PCoC	4.00
R1-5	5.00	PCP	25.00
R-2	7.28		

2. Hotels, motels, and resorts.

District	Factor (Guest Rooms/Acre)
R-4R	10.62
R-5	33.00
C-2	43.56
C-3	43.56
PRC	21.78
WP	43.56

3. Nonresidential uses.

District	Factor (Floor Area Ratio)
S-R	0.4
C-O, I-G, I-1,	0.6
C-1, C-2, C-3, C-4, C-5, SS, PRC, WP, PCP	0.8
PNC, PCC	0.3
PcoC	0.2
P-3	1.0

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3920, §§ 1(Exh. § 82, 83), 11-9-10; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 167—174), 5-6-14)

Sec. 6.1082. - Cluster development option.

The cluster development option is intended to provide an opportunity for more flexibility in platting lots and for site planning under ESL regulations than in the underlying zoning districts. The Development Review Board may approve clustering if the application is in compliance with the standards in Section 6.1083.A. This option allows for increased sensitivity to site conditions and permits the clustering of the development onto less land area so portions of the land remain undisturbed. These standards cannot increase the intensity allowed on a development site. Clustering may enable more efficient land development. The following limitations apply:

- A. The density shall not exceed the applicable density for the parcel. Before this site planning option is applied to a parcel, a determination of density must be approved according to the options and applicable procedures available including:
 - 1. Using Table B to determine the base intensity under existing zoning.
 - 2. Using Sections 6.1050B. and C. to determine permitted density.
 - 3. Using the density transfer procedures to increase the density.
 - 4. Rezoning the parcel.
- B. The density that has been approved for any parcel may be allocated to any areas of a parcel with a plat or site plan subject to the following limitations:
 - 1. Development standards may only be modified in compliance with the requirements of Section 6.1083.
 - 2. The site plan, or plat, must comply with the requirements of Section 7.858, site planning standards and guidelines.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3395, § 1, 12-11-01; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, § 175), 5-6-14)

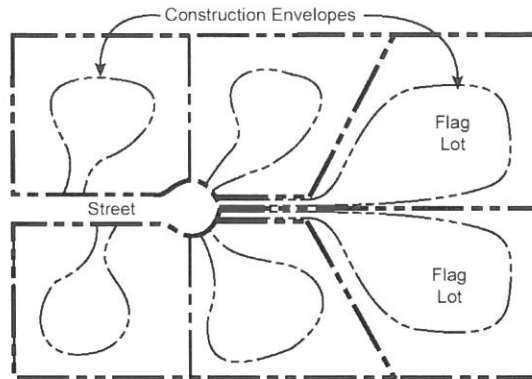
Sec. 6.1083. - Amended development standards.

- A. To encourage sensitivity to site conditions and provide flexibility in site planning, development standards may be amended upon finding that the amended development standards achieve the purposes of the Environmentally Sensitive Lands ordinance in Section 6.1011 better than the existing development standards.
- B. The Development Review Board may approve amended development standards for:
 - 1. A subdivision, concurrent with a preliminary plat approval;
 - 2. A land division, concurrent with a building site plan;

3. Any lot not established through a recorded plat, concurrent with a building site plan; and
 4. Any lot established through a recorded plat before application of the ESL overlay district, concurrent with a building site plan.
- C. The Development Review Board delegates its authority to approve amended development standards for all applications other than subdivisions to the Zoning Administrator. The Zoning Administrator shall sign the building site plan, if approved. The Development Review Board shall hear any appeal of the decision by the Zoning Administrator.
- D. All applications for amended development standards:
1. Are subject to the application and public hearing requirements of Section 1.900;
 2. Are for existing zoning districts and single-family dwellings only; and
 3. Shall comply with Table A, Base Intensity By Zoning District, in Section 6.1081.
- E. The Development Review Board, or the Zoning Administrator, may approve amended development standards in conformance with the following limitations:
1. In a subdivision or land division, the minimum lot area may be reduced up to twenty-five (25) percent.
 2. For lots not in a subdivision or land division, the minimum lot area of the underlying zoning district shall not be reduced.
 3. Minimum setbacks and minimum building separations may be reduced up to twenty-five (25) percent.
 4. The minimum setback of a garage or carport that opens towards the street shall be twenty (20) feet from the back of curb, or back of sidewalk, when present.
 5. The minimum side yard or rear yard, where the side yard or rear yard is adjacent to a designated open space tract, may be reduced to five (5) feet.
 6. Setbacks on the perimeter of a subdivision or land division shall be equal to or greater than the setbacks of the underlying zoning on adjacent parcels.
 7. The minimum perimeter wall setback required in Section 6.1071.A.3.d. may be reduced to ten (10) feet.

Figure 6.1083.A.

Flag Lots



8. Minimum lot width may be reduced up to twenty-five (25) percent. Flag lots with a minimum lot width of twenty (20) feet may be used if a flag lot design better achieves the purposes of the Environmentally Sensitive Lands Ordinance.
9. If the underlying zoning is R1-18, R1-10, R1-7 or R1-5, one (1) of the side yard setbacks may be zero (0), if the dwellings are single-family detached homes. The minimum building separation shall be five (5) feet.
10. The subdivision or land division shall be served by public or private water and sanitary sewer facilities if the minimum lot sizes are less than sixty thousand (60,000) square feet.
11. Before any permit is issued, the required common open space shall be permanently maintained as natural open space in documents satisfactory to the City.
12. Planned Residential Development (PRD) shall conform to the design criteria in Section 6.205.

(Ord. No. 2305, § 1, 2-19-91; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3395, § 1, 12-11-01; Ord. No. 3501, § 1, 4-1-03; Ord. No. 3540, § 1(Exh. 1), 4-20-04; Ord. No. 3696, § 1(Exh. 1), 9-26-06; Ord. No. 3920, § 1(Exh. §§ 84, 85), 11-9-10; Ord. No. 4143, § 1(Res. No. 9678, Exh. A, §§ 176—178), 5-6-14)

EXHIBIT 3

Contingent and Limiting Conditions

CONTINGENT AND LIMITING CONDITIONS

1. LIMITS OF LIABILITY: The liability of Appraisal Technology, LLC, and/or Independent Contractor(s) is limited to the client only and to the fee actually received by them. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offering or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner or part-owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, the client will hold the appraiser completely harmless in any such action.

2. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication. It is a privileged communication. It may not be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

All valuations in the report are applicable only under the stated program of Highest and Best Use and are not necessarily applicable under other programs of use. The valuation of a component part of the property is applicable only as a part of the whole property. The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The Bylaws and Regulations of the Appraisal Institute requires each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as here-in-after provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of the report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s), particularly as to valuation conclusions, the identity of the appraiser(s), the firm, or any reference to the Appraisal Institute, the M.A.I., or SRA designations. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY AND TRADE SECRETS: This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the appraiser. The appraiser and firm shall have no responsibility if any such unauthorized change is made. The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

This appraisal was prepared by the appraiser signing this report and/or related independent contractor(s) and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing this report, Appraisal Technology, LLC of any request to reproduce this appraisal in whole or in part.

4. INDEPENDENT CONTRACTORS: Be advised that the people associated with Appraisal Technology, LLC are independent contractors.

5. INFORMATION AND DATA: The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reliable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds or property.

6. TESTIMONY, CONSULTATION, COMPLETION OF INVOICE FOR APPRAISAL SERVICES: **When the invoice for appraisal, consultation or analytical service is fulfilled, the total fee is payable upon completion.** The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal (unless arrangements have previously been made). Any post appraisal consultation with the client or third parties will be at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

7. STATEMENT OF POLICY: The following statement represents official policy of Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:

- a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
- b. Racial, religious and ethnic factors are deemed unreliable predictors of value trends or price variance.
- c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex or national origin or upon unsupported presumptions relating to the effective age or remaining life of the property or the life expectancy of the neighborhood in which it is located.

8. MANAGEMENT OF THE PROPERTY: The appraisers have no control over management; however, the appraisers consider the management of this investment of prime importance. Reasonable and prudent (not exceptional) management practices and expertise is assumed (anticipated) in the appraisal.

Should the present/prospective owner be unable and/or unwilling to take those actions required by reasonable and prudent management practices (see appraiser's observations at time of inspection

following the purpose of appraisal) to meet financial goals and/or reasonable expectations, we recommend a careful reconsideration of the investment risk.

9. APPRAISAL IS NOT A LEGAL OPINION: No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimated is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. It is assumed that all applicable zoning and use of regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

If the Appraisers have not been supplied with a termite inspection, survey or occupancy permit(s), no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

It is assumed that adequate municipal services including disposal are available and will continue to be.

Virtually all land in Arizona is affected by pending or potential litigation by Indian Tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined; but the claims could result in some curtailment of water usage or ground water pumping on private land. The State's New Ground Water 99Management Act may also restrict future ground water pumping in various parts of Arizona. Given this uncertainty, neither the appraiser(s) nor any of his representatives can make warranties concerning rights to or adequacy of the water supply with respect to the property being appraised, although, the sale of premises include such water rights as are appurtenant thereto.

10. FEDERAL AND STATE REGULATIONS: Further, the value reported is based upon cash, or its equivalent, and was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation and in accordance with appraisal standard required by Title XI of Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Office of the Comptroller of the Currency (OCC).

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 1, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

11. CHANGES, MODIFICATIONS, FEE: The appraiser(s) reserves the right to alter statements, analysis, conclusion or value estimate contained in the appraisal if a fact(s) pertinent to the appraisal process unknown prior to the completion of the appraisal is/are discovered.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

Compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The writing of this report to meet the requirements of the Competitive Equality Banking Act of 1987 ("CEBA") and in adherence with the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation involves an interpretation of the phrase "totally self-contained".

Because no report regardless of length or the extent of documentation is "totally self-contained", the appraisers have tried to furnish sufficient documentation, analysis and detail to meet a "reasonableness criteria". Should the client reviewing this report require additional information, analysis, documentation, etc., it will be supplied in an expeditious manner at no charge to the client, following receipt of a written critique (within 2 months of the date of this letter), in the form of a new report.

12. APPRAISAL IS NOT A SURVEY: It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or when not supplied, as derived by the appraiser. The appraiser(s) assume no responsibility for such a survey, or for encroachments or overlapping that might be revealed thereby.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Photos, if any, are included for the same purpose. Site plans are not surveys unless shown from a separate surveyor.

13. APPRAISAL IS NOT AN ENGINEERING REPORT: This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, or legal experts, and any opinion given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and/or cooling system, plumbing, insulation, electrical service, and all mechanical and construction is based

on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating and/or cooling systems and no attempt was made to inspect the interior of the heating and/or cooling equipment. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

Items such as conditions behind walls, above ceiling, behind locked doors, or under the ground are not exposed to casual view and, therefore, were not inspected. The existence of insulation (if any is mentioned) was found by conversation with others and/or circumstantial evidence.

Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and/or energy related) were not considered in making this appraisal.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air-conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we strongly suggest that a construction expert be hired for a detailed investigation. Although a walk-through inspection has been performed, an appraiser is not an expert in the field of building inspection and/or engineering. An expert in the field of engineering/seismic hazards detection should be consulted if an analysis of seismic safety and seismic structural integrity is desired.

The appraisers are not seismologists. The appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The appraisers assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

14. PROPOSED IMPROVEMENT, CONDITIONED VALUE: Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. This estimate of value is as of the date shown, as proposed, as if completed and operating at levels shown and projected unless otherwise set forth.

15. INSULATION AND TOXIC MATERIALS: The existence of potentially hazardous materials used in the construction or maintenance of the structure, such as urea formaldehyde foam insulation, and/or the existence of toxic waste on or in the ground, which may or may not be present has not been considered (unless otherwise set forth). The appraiser(s) is not qualified to detect such substances. The client should retain an expert in this field. If such is present, the value of the property may be adversely affected; therefore, if a toxic waste and/or contaminant

is detected, the value indicated in this report is Null and Void. A re-appraisal at an additional cost may be necessary to estimate the effects of hazardous materials.

16. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an invoice for services or in the report.

17. APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY: Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparable sales were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided or used nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projected mathematical models are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. The appraisers do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light and/or becomes known, the value given in this report is subject to change without notice.

18. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser(s) have not made an analysis of this property to determine whether or not it is in conformity with the ADA requirements. It is possible that a compliance survey of the property, together with a detailed analysis of the ADA requirements could reveal that the property is not in compliance for one or all requirements. If so, this fact could have a negative effect upon the value of the property. The appraiser(s) have no direct evidence relating to this issue and did not consider possible non-compliance with the requirement of the ADA in estimating the value of the property.

19. INSURABLE VALUE: At the Client's request (if applicable), the appraiser(s) have provided an insurable value estimate. The estimate is based on figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. The appraiser(s) make no warranties regarding the accuracy of

this estimate. Insurable Value is directly related to the portion of the real estate that is covered under the asset's insurance policy. The appraiser(s) have based this opinion on the building's replacement cost new (RCN) which has no direct correlation with its actual market value. The appraiser(s) developed an opinion of RCN using the Calculator Cost Method developed by Marshall & Swift. The RCN is the total construction cost of a new building with the same specifications and utility as the building being appraised, but built using modern technology, materials, standards and design. For insurance purposes, RCN includes all direct costs necessary to construct the building improvements. Items that are not considered include land value, individual site improvements or accrued depreciation. To develop an opinion of insurable value, exclusions for below-grade improvements, some site work/improvements, foundations and architectural fees must be deducted from RCN.

20. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE FOREGOING CONDITIONS. APPRAISER(S) LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS AND IS LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER(S).