

Appraisal Compliance Services, LLC

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December 2nd, 2025

Mr. Javier Herrera
First National Bank of Hutchinson
1 N. Main St.
Hutchinson, KS 67501

RE: Bluff Flats Investments, LLC
Apartment Building (5-8 Unit)
644-646 N. Bluff Ave.
Wichita KS 67208
ACS Project 251116954

Dear Mr. Herrera,

In accordance with your request, please find enclosed an Appraisal Report of the As Stabilized, As Complete, and As Is markets value of the above referenced property. The report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. The appraisal effective dates are set forth below. The opinions of value are qualified by certain limiting conditions. The appraisal report was prepared solely for use by First National Bank of Hutchinson.

The appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Interagency Appraisal and Evaluation Guidelines.

Any extraordinary assumptions or hypothetical conditions that have been made relative to the appraisal are listed on page 7 of the report. The appraisal is subject to standard assumptions and general limiting conditions found toward the end of the report.

The final value conclusions, as of the effective date(s) are:

\$1,141,600
As Is Leased Fee Market Value (11/14/2025)

\$1,183,000
As Complete & Stabilized Leased Fee Market Value (1/1/2026)

Respectfully,



Dave E. Matson
KS Certified Appraiser G- 2984
DEM/DB
Enclosures



Derek Bliss
Associate

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Executive Summary



Property:

The subject property is a 13,996sf site improved with a two-story, 6,552sf apartment building with eight living units. The complex is known as the Bluff Flats at Sleepy Hollow Apartments. Rent roll documentation indicates a total net rentable area of 5,600sf. As of the effective date of the appraisal, three of the eight living units are utilized as Airbnb units, with four of the five long-term residential units rented and one vacant. The unit mix is four 2-bed 1-bath and four 2-bed, 1-bath units. In recent years the building has been substantially renovated, the total cost of which are not readily available. The current owner acquired the property in December of 2023 following said renovations. The property is currently under contract to sell to Bluff Flats Investments, LLC, and upon closing, there will be some renovations to the roof and grounds. The apartment building is located centrally within Wichita in the historic Sleepy Hollow residential neighborhood. Anchors in the immediate vicinity include Wesley Medical Center to the west, and MacDonald Golf Course to the north.

Address:

644-646 N. Bluff Ave. Wichita, KS 67208.

Owner:

H&M PH Bluff Flats, LLC

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Purchase Contract: The subject property is currently under contract to sell to Bluff Flats Investments, LLC for a purchase sum of \$1,200,000.

Land Area: 13,996sf or 0.32 Acres per Sedgwick County records.

Gross Building Area: 6,552sf per Sedgwick County records.

Net Rentable Area: 5,600sf per rent roll documentation.

Unit Mix:

Beds	Baths	Size (SF)	No. Units	Total SF
1	1	600	4	2,400
2	1	800	4	3,200
Totals			8	5,600

Average Unit Size: 700sf – approximate.

Year of Construction: 1954 – Per Sedgwick County records.

Overall Property Condition: As noted above, the subject property has been reportedly substantially renovated in recent years, however renovation estimates are not readily available. As of the effective date of this appraisal, the building is in above average to like new condition with minimal deferred maintenance noted.

Deferred Maintenance: As stated previously, the property is fairly recently renovated. There is some wear to the pickle-ball court area commensurate with its age, and per discussion with the buyer, the roof is in need of resurfacing. This will occur shortly after closing of the pending transaction. No other items of material deferred maintenance were observed during our property visit.

Street Type: Collector / residential side street.

Market: Northeast Wichita / College Hill area.

Immediate Area: The property is located mid-block near the intersection of E. Murdock Ave. and N. Bluff St. in the Sleepy Hollow neighborhood of northeast Wichita. The property is known as the Bluff Flats at Sleepy Hollow and has a common address of 644-646 N. Bluff Ave. Wichita, KS 67208 per Sedgwick County Records.

Property Rights Appraised: Leased Fee

Client / Intended User: First National Bank of Hutchinson.

Intended Use: Document standard of value for a federally regulated transaction.

Appraisal Compliance Services, LLC

Effective Date: November 14th, 2025.
January 1st, 2026

Report Date: December 2nd, 2025

Appraisal Report Type: Appraisal Report

Previous Related Work: USPAP requires the appraiser to acknowledge any prior services rendered on the subject within the last three years. Appraisal Compliance Services, LLC has completed one other assignment related to the subject in the past three years.

Engagement: We were directly engaged by Mr. Javier Herrera of the client. A copy of the engagement email is retained in the work file.

	As Is	As Complete & Stabilized
	Leased Fee	Leased Fee
Income Approach	\$1,141,600	\$1,183,000
Cost Approach	--	--
Sales Comparison Approach	\$1,105,600	\$1,147,000
Final Market Value	\$1,141,600	\$1,183,000

Personal Property: The above values include the appliance packages for the apartments. Per discussion with ownership, each residential unit features an appliance package including an oven / range, refrigerator, and sink with garbage disposal. The contributory value of this package is estimated at \$1,250 per unit, or \$10,000 for the entire complex.

Definitions and Concepts

Appraisal

Appraisal is defined as the act or process of developing an opinion of value.¹

Fee Simple Estate

Fee Simple Estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.²

Leased Fee Interest

Leased Fee Interest is defined as ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.³

Leasehold Interest

Leasehold Estate is defined as the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.⁴

Standard of Value (Market Value)

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeable, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well-informed or well advised and acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁵

Extraordinary Assumption

An extraordinary assumption is defined as 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. An extraordinary assumption may be used in an assignment only if:

- a. The extraordinary assumption is required to properly develop credible opinions and conclusions;
- b. The appraiser has a reasonable basis for the extraordinary assumption;
- c. Use of the extraordinary assumption results in a credible analysis; and
- d. The appraiser identifies any extraordinary assumptions necessary in the assignment (USPAP 1-2 f).⁶

For clarification, 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 the data used in the analysis. Please note, the use of this extraordinary assumptions might have affected the assignment results.

Hypothetical Condition

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

- a. Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- b. Use of the hypothetical condition results in a credible analysis; and
- c. Determine the scope of work necessary to produce assignments results in accordance with the Scope of Work Rule.⁷

^{1,2,3,4}The Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

⁵ FIRREA 12 CFR 34 Subpart C – Appraisals 34.42

⁶ Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, Copyright, The Appraisal Foundation, page 4

⁷ Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, Copyright, The Appraisal Foundation, page 4

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Identification of Assignment

Client:

The client of this specific assignment is First National Bank of Hutchinson. We were contacted and engaged directly by Mr. Javier Herrera, of the Client. A copy of the engagement is included in the addenda of this report.

Intended Users of the Appraisal Report:

The appraisal report, including the conclusions found therein, are intended for use solely by the Client as named above.

Our engagement to provide appraisal services is based upon an exchange of information about the property and assignment that was unique between the client and Appraisal Compliance Services, LLC. This communication serves as the basis upon which this report has been prepared. Because of the importance of this communication, and because of the relationship between the client and the appraiser, any reliance upon or any use of this report by any parties other than those identified herein and for any use whatsoever, is prohibited.

Reliance or use by any such third party without explicit authorization in the report does not make said third party a third-party beneficiary of any contract between the Client and Appraisal Compliance Services, LLC. Any such unauthorized reliance or use of this report, including any of its information or conclusions, will be at the third party's risk. For the same reasons, no warranties, or representations, express or implied in this report, are made to any such third party.

Our engagement to provide appraisal services, does not include our participation in or preparation for, whether voluntary or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

Purpose of the Appraisal:

To develop an opinion of market value(s) of the subject property as of the effective date(s) of the appraisal.

Appraisal Report Type:

The appraisal report communicates the results of the appraisal. The Uniform Standards of Professional Appraisal Practice include two written report types, which are Appraisal Report and Restricted Appraisal Report. The format used for this assignment is Appraisal Report.

Intended Use of the Appraisal Report:

The appraisal report is used to document an opinion, or opinions, of market value of real property for lending purposes. The appraisal is prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Interagency Appraisal and Evaluation Guidelines.

Valuation Scenario(s)

As Is Market Value – The opinion of the market value of real property in its current physical condition, use, and zoning as of the effective date of the appraisal.

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As Complete Value – The opinion of the market value of real property in its as complete physical condition (renovations completed), use, and zoning as of the prospective date of the appraisal.

As Stabilized Value – The opinion of the market value of real property as if operating at a stabilized level.

The valuation scenario for this assignment is **As Complete & Stabilized**.

Effective Date:

The effective date reflects the date of the value estimate. Market forces and market participant perceptions are continuously changing; therefore, values are rarely in equilibrium. As such, the value estimate is set to a certain point in time. As Is values are usually set at the inspection date. Per discussion with the buyer, there are some planned renovations to the roof and the pickleball court area planned immediately following closing. We anticipate that these renovations could be reasonably completed within one month. We have projected an As Complete effective date of January 1st, 2026.

November 14th, 2025 – As Is – Date of property inspection.

January 1st, 2026 – As Complete & Stabilized. – Projected renovation completion.

Report Date:

December 1st, 2025.

Property Identification:

The property is located mid-block near the intersection of E. Murdock Ave. and N. Bluff St. in the Sleepy Hollow neighborhood of northeast Wichita. The property is known as the Bluff Flats at Sleepy Hollow and has a common address of 644-646 N. Bluff Ave. Wichita, KS 67208 per Sedgwick County Records.

Legal Description:

Lots 629-630-631-632 Overlook Addition, Sedgwick County, Kansas, more Commonly known as 644-646 North Bluff, Wichita, Kansas. – Per Purchase Contract. A survey and title work can confirm.

Property Rights to be Appraised:

Based on communications with the client, and review of property information, the Leased Fee interest are being appraised.

Property Characteristics Relative to The Assignment:

The subject property is a two-story, 8-unit apartment building with a unit mix of four 2-bed, 1-baths units and four 1-bed, 1-bath units. County records indicate a gross building area of 6,552sf with a net rentable living area of 5,600sf per rent roll documentation. As of the effective date of this report, three of the units are primarily utilized as Airbnb units, which the buyer plans to continue following closing of the pending transaction. The property is currently under contract to sell to Bluff Flats Investments, LLC for a purchase price of \$1,200,000. Prior to this, the current owner acquired the property in December of 2023 following substantial renovations both interior and exterior. After closing, the buyer intends to resurface the pickleball court and the roof at a cost of approximately \$6,000 and \$20,000 respectively. Overall, the subject building improvements are of average quality when compared to the immediate area and are projected to compete well within the central northeast market.

Personal Property:

Per discussion with ownership, each residential unit features an appliance package including an oven / range, refrigerator, and sink with garbage disposal. The contributory value of this package is estimated at \$1,250 per unit, or \$10,000 for the entire complex. This contributory value is included in both the As Is and As Complete / Stabilized value conclusions.

Intangible / Business Value:

In the case of the subject property, there is not intangible / business value applicable.

Special Assumptions and Limiting Conditions:

USPAP defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

USPAP defines a Hypothetical Condition as, “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 Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to carefully consider these issues given the intended use of this appraisal, as this use might have affected the assignment results.

Extraordinary Assumptions

- Per discussion with the buyer, he intends to resurface the roof and the pickle ball court, as well as update tile flooring in the residential units as they become available. The quotes he has received are \$20,000 for the roof, 6,000 for the pickle ball court, and approximately \$2,500 per unit for the residential unit tile work. We assume that the provided costs are accurate. Further, it is assumed that all renovations will be completed in a timely manner and with high quality materials and good craftsmanship.

Hypothetical Conditions –

- In the Income Approach Section of this report, we run a valuation scenario under two hypothetical conditions. The first analyses the property as if fully leased to long term residential users. The second is run under the condition that the property retains its current utilization with three units being Airbnb, and the remaining units marketed to long term residents.

Appraiser Competency:

No steps were necessary to meet the competency provisions established under the Uniform Standards of Professional Appraisal Practice (USPAP). The appraiser has appraised and reviewed apartment complex properties similar to the subject and has adequate experience and qualifications to appraise the subject.

Prior Subject Property Experience:

USPAP requires the appraiser to acknowledge any prior services rendered on the subject within the last three years. Appraisal Compliance Services, LLC has performed one other assignments regarding the property within the last three years preceding our agreement to perform this assignment.

Scope of Work

The Uniform Standards of Professional Appraisal Practice contains a Scope of Work Rule which states an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.¹

The appraisal development and reporting process requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

Subject Property - We confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, zoning, access and exposure of the site, and construction materials and condition of the improvements. This included identification of obvious deferred maintenance.

Market - We analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The neighborhood area was further studied to assess the general quality and condition, and emerging development trends. The immediate area was observed to consider external influences on the subject.

We reviewed market information relative to multi-family type properties. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.

Highest and Best Use - The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As If-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."

We interviewed the property manager Ms. Tanisha Hughes with Cedar Mills Property Management during our on-site inspection, followed by a number of email and phone correspondences with the buyer, Mr. Josh Brown. We analyzed comparable financial data, and tax and assessment records. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.

Income Approach - The income approach examines the potential income producing aspects of the property. The subject property is leased to multiple tenants. Accordingly, we process the Income Approach.

¹ Uniform Standards of Professional Appraisal Practice, 2021-2022 Edition, Copyright, The Appraisal Foundation, page 13

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Sales Comparison Approach - The sales comparison approach consists of an analysis of sales of other similar properties. Market participants would certainly consider pricing data points of other similar properties. Therefore, the approach is applied in the appraisal of the subject property.

Cost Approach - The cost approach is most useful when a lack of market activity limits the usefulness of the sales and income approaches. Since cost and market value are more closely related when a property is new, we typically use this approach for proposed or relatively new construction. In the case of the subject, the cost approach has been omitted due to the difficulty of accurately estimating depreciation.

Reconciliation - The resulting value indicators were reconciled to develop opinions of market value.

Information Requested: Current rent roll, recent income / expense statements, fire and extended coverage insurance, buyer's proforma, planned renovations, renovation costs to date, building plans, and history of ownership.

Information Provided: All information requested has been provided except for renovation cost from previous ownership, which is not readily available.

Other Information Sources:	<u>Item</u>	<u>Source</u>
	Land Size	Sedgwick County Website
	Building Size	Sedgwick County Website
	Taxes	Sedgwick County Treasurer
	Legal Description	Purchase Contract
	Flood Map	FEMA
	Demographics	ESRI
	SVQ for sales dates and data	Sedgwick County Website
	Comparable Information	ACS files
	Market Information	ACS research

Subject Property Viewing: Derek Bliss inspected the property on November 14th, 2025, accompanied by Ms. Tanisha Hughes, the property manager. We inspected the exterior of the building improvements, common area interiors, and the interior of three of the living units.

Comparable Property Viewing: We have physically viewed the exterior of comparable properties within the Wichita market.

Property Measurements: We have relied upon building areas indicated by Sedgwick County records, as well as the unit mix by rent roll documentation.

History of the Property

Ownership of the property is currently vested in H&M PH Bluff Flats, LLC who acquired the property in December of 2023. Prior to this, the property was purchased by Miago, LLC who purchased the property in September of 2020 and subsequently conducted extensive renovations on the building improvements. To the best of our knowledge, there have been no other sales or transfers of ownership in the past five years.

Current Sale or Listing:

The property is currently under contract to sell to Bluff Flats Investments, LLC for a purchase price of \$1,200,000. We have interviewed Mr. Josh Brown, the buyer. He indicated that he became aware of the property through a third party and approached with an offer to purchase. The realtor indicated that the seller was preparing to list the property before being introduced to the buyer through a separate transaction. The price was negotiated and agreed upon. Following closing, the buyer intends to update the roof covering at an estimated cost of \$20,000 with an additional \$6,000 in resurfacing the pickleball court. Additionally, the buyer intends to update units as they vacate at an estimated \$2,500 per unit and increase lease rates on the 2-bedroom units.

Property Taxes, Assessments & County Valuation Analysis

General property taxes are expressed as a mill rate. A mill is equal to \$1.00. In Kansas, the number of tax mills (mil levy) are multiplied by each thousand dollars of assessed value. For example, if the assessed value is \$10,000 and the mill levy is 100 the tax would be \$1,000 (10 x \$100). In Kansas the assessed value for residential is 11.50% of the County Value. The County values and taxes are summarized in the table below.

Quick Ref	Lot & Blk	GBA (SF)	County Value 2025	County Value 2024	Assessed Value 2025	General Taxes 2025	Effective Tax Rate	Specials	2024 Mill Levy	2025 Gen Taxes / SF
R93517	629-630-631-632	6,552	\$ 325,900	\$ 274,800	\$ 38,629	\$ 4,185.19	1.28%	\$ 25.60	112.809	\$ 0.64

The 2025 mill levy is 112.809. The general taxes of \$4,185.19 translates to \$0.64/sf of gross building area of 6,552sf. The 2025 taxes are reported as pending. Real estate taxes are paid in arrears, so the current taxes for the subject property are for the 2025 tax year. Tax payments are typically twice per year, with half of the payment made in December and the second half of the payment made in May of the following year. Were the subject property to sell, it is likely the property will be reassessed by Sedgwick County, possibly at the reported sale price. When applicable, our Income Approach to value does consider a possible change in the County Value.

Comparable Tax Data:

In Kansas, property taxes are to be uniform and equal. Below we examine tax levels of garden apartments in the immediate vicinity of the subject.

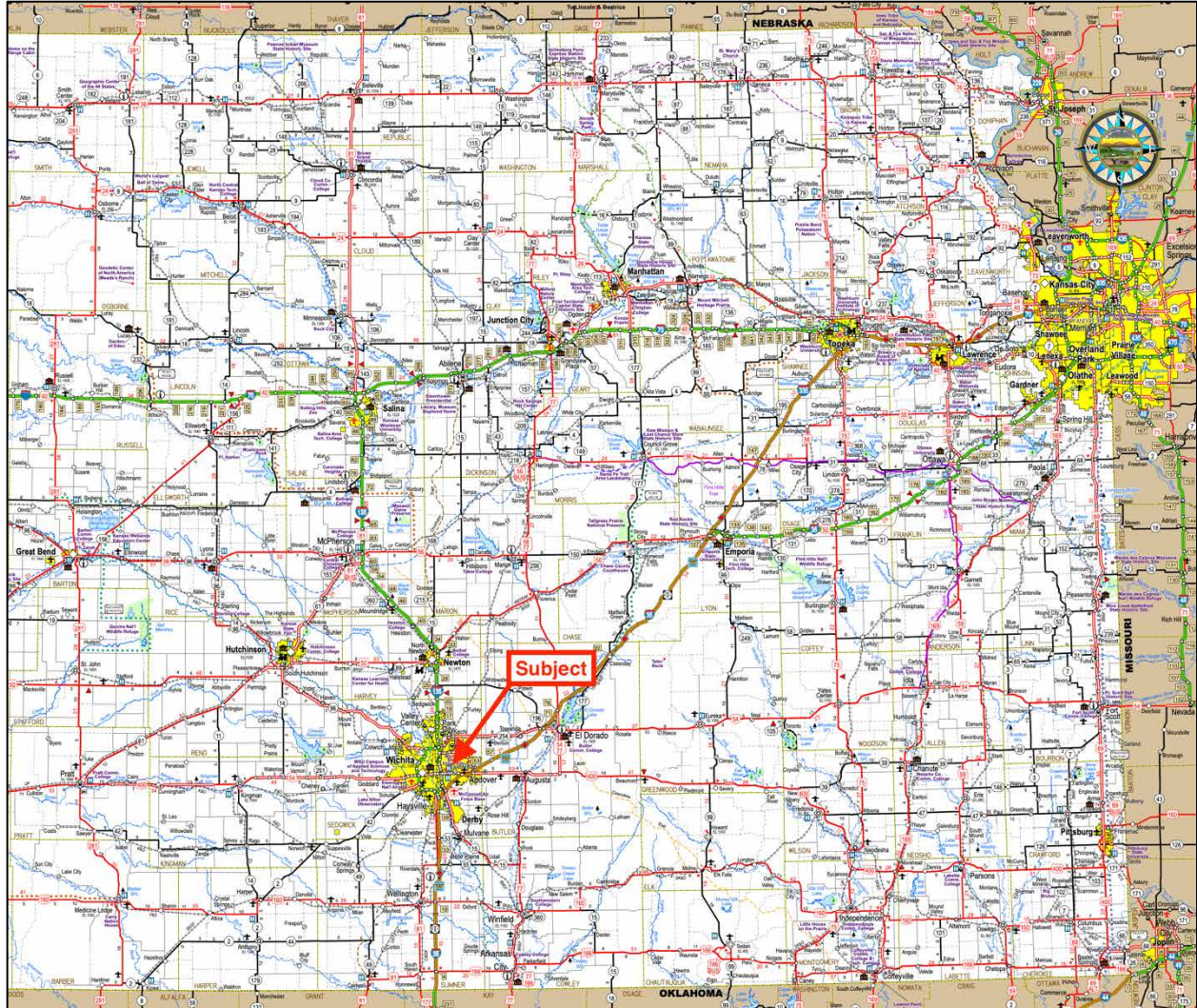
No.	Name	Address	Land Area SF	Building Area SF	YOC	2025 County Value	2024 County Value	2025 Assessed Value	Effective Tax Rate	2025 General Tax	2024 Special Tax	General Tax / SF
1	Pitman Apartments	610 N. Bluff Ave.	13,998	3,859	1929	\$ 213,010	\$ 211,200	\$ 24,497	1.22%	\$ 2,590.99	\$ 64.00	\$ 0.67
2	TAJ Apartments	607-609 N. Broadview Ave.	18,252	5,051	1945	\$ 284,000	\$ 284,000	\$ 32,661	1.24%	\$ 3,511.96	\$ 25.60	\$ 0.70
3	Sleepy Hollow Apartments	616 N. Bluff Ave.	14,513	8,568	1928	\$ 416,600	\$ 411,900	\$ 47,909	1.26%	\$ 5,232.05	\$ 32.00	\$ 0.61
4	Overlook Apartments	602 N. Bluff Ave.	7,033	4,612	1927	\$ 256,300	\$ 231,400	\$ 29,475	1.23%	\$ 3,152.55	\$ 25.60	\$ 0.68
5	Pendergraft Apartments	601 N. Fountain Ave.	7,012	4,704	1928	\$ 256,300	\$ 225,900	\$ 29,475	1.23%	\$ 3,152.55	\$ 22.40	\$ 0.67
											High	\$ 0.70
											Low	\$ 0.61
											Average	\$ 0.66
											Median	\$ 0.68

The subject's current general taxes per square foot are within the range of the comparable properties sourced and is slightly above the average. This is to be expected given the subject's physical age. Our projection of property taxes in the Income Approach considers the above comparable property taxes, secondarily. Instead, primary tax reliance is based on an assumed sale of the subject, and expected taxes, based on appraised value of 75% of market value.

Area Analysis – Regional

In this section we assess current regional conditions that may impact the local residential and commercial markets.

Regional Map:



Regional Economy

The Federal Reserve System publishes the Beige Book eight times per year. The following excerpts are from the October 2025 edition of the Beige Book pertaining to the 10th District, Federal Reserve Bank of Kansas City. The 10th District includes the western part of Missouri and all of Kansas, Oklahoma, Nebraska, Colorado, Wyoming, and northern New Mexico. We focus our excerpt selection on employment, manufacturing, energy, and agriculture as these economic sectors are highly important to Wichita and the state of Kansas at large.

Summary of Economic Activity

Economic activity in the Tenth District fell slightly, with softening activity reported across several sectors. Businesses' reports on conditions were more mixed over the past month as strategic pricing behavior, different exposure to technology and policy shocks, and changing consumer preferences all led to shifts

in market shares among competitors. Employment levels fell slightly overall, and bankers noted consumer loan portfolios deteriorated moderately. Prices rose at a moderate pace, and contacts reported they anticipate raising selling prices in 2026 at a slightly faster pace than this year. Despite the recent decline in economic activity, the majority of contacts across a broad range of sectors indicated they expect their sales and employment levels to be higher at the end of 2026 compared to 2025.

Labor Markets

Employment levels reportedly fell by a small amount recently, led by slight reductions in head counts at consumer and business service providers. However, construction employment also faced headwinds in certain parts of the District. Most contacts indicated any impending layoffs will be modest and meant to right-size staffing levels with slightly softer demand conditions to maintain profitability. However, some professional service companies indicated larger layoffs that occurred recently were associated with the adoption and implementation of AI capabilities that reduced overall labor needs. Waning growth in labor demand and the availability of former federal workers in many local markets kept wage growth subdued. Despite the recent softening in labor demand, the majority of businesses across all sectors indicated they expect their head count to be greater at the end of next year compared to their current level.

Prices

Prices continued to grow moderately over the past month. Input prices grew at a strong pace among manufacturing firms but more moderately for services. Accordingly, manufacturing firms expect selling price growth to accelerate to a strong pace over the next couple of quarters. Anticipated price growth among services was slightly softer, though still expected to be at a moderate pace in coming months. The anticipated acceleration of price growth was expected to be somewhat persistent; most firms reported they anticipate raising selling prices in 2026 at a slightly faster rate than this year.

Consumer Spending

Consumer spending declined slightly over the past month. Several contacts noted household consumption was more volatile recently due to heightened price sensitivity. Sales, deals, and markdowns reportedly drove small surges in purchasing activity for certain businesses, especially purchases by lower income households that need to be more selective. Sales of goods, particularly automotive and sporting goods, declined moderately, underscoring the uneven pullback in household spending between goods and services. Contacts at auto dealerships indicated demand continued to shift from SUVs and electric vehicles to family sedans and used vehicles. To manage softer sales, several firms reported they reduced staffing hours and have grown more cautious about passing along higher input costs in the near term, instead focusing on constraining cost growth. The majority of contacts reported they expect sales in 2026 to outperform this year, despite the recent softness in demand and lower expected spending for the remainder of 2025.

Community Conditions

District contacts in childcare said preschool seats seem to be more available than they were earlier in the year. However, prevailing prices remained difficult for low- and moderate-income families to afford, especially for infant and toddler slots. In characterizing the prices of childcare one provider noted, “cost of infant-toddler care in Nebraska is greater on an annual basis than in-state tuition at University of Nebraska–Lincoln.” Nonlabor costs remained a significant driver of pricing, as wage growth has been relatively muted for staff.

Manufacturing and Other Business Activity

Manufacturing activity increased slightly over the past few weeks, driven by clearer market expectations from tariffs. Although high levels of input costs remain one of the most significant burdens, one manufacturing firm described raw material costs as moving from a “boil to a simmer,” as firms are “no longer scrambling to contain every shock.” Several manufacturers shared that higher capitalized firms with less foreign import exposure were able to expand their market share, edging out other domestic competitors. Furthermore, the traditional cost advantages of lower-priced foreign goods have eroded slightly, also allowing certain domestic manufacturers to gain market share. Manufacturing contacts expected economic conditions to be more favorable next year than they were throughout 2025.

Real Estate and Construction

Commercial real estate (CRE) activity declined moderately. Several aspects of new property development fell, including the sales of construction materials, volume of construction underway, and prices for construction materials. Construction employment faced headwinds amid the slowdown in CRE and residential development activity. In contrast, construction of data centers in several parts of the District absorbed the availability of certain skilled workers. One labor leader noted construction of housing is constrained locally as any resident skilled workers were hired for data center construction. Financial aspects of CRE activity were largely unchanged with credit standards, access to credit, and load demand all reportedly stable. Though CRE activity fell over the past six months, the overall level of activity remains near its historical norm.

Community and Regional Banking

District banks noted little to no change in loan demand and credit standards across categories. Although overall loan quality continues to be sound, moderate deterioration in consumer lending portfolios was noted. Furthermore, the majority of respondents expect consumer lending portfolios to continue to face challenges over the next six months as disposable income levels decrease. Some respondents specified they expect customers with lower personal incomes or employed in industries driven by discretionary spending to be the most likely to face challenges. A modest increase in deposit levels was noted particularly in money market accounts and certificates of deposit, and respondents commented that customers are locking in interest rates ahead of any market rate decreases.

Energy

Tenth District oil and gas activity fell modestly. Nearly two-thirds of contacts reported steady drilling activity, while others saw declines. The number of active oil and gas rigs rose in Colorado and Wyoming but decreased slightly in Oklahoma as natural gas spot prices fell. Tenth District firms continued to report declining revenues and profits. However, oil prices have remained slightly above profitable levels, and some firms reported lower breakeven prices due to reduced regulatory compliance costs. Capital expenditures in the sector also declined further, with many firms citing heightened uncertainty as a headwind for investment. Contacts still anticipate natural gas prices will reach their breakeven price within the year, but do not expect that oil or gas prices will support a substantial increase in drilling activity in the foreseeable future.

Agriculture

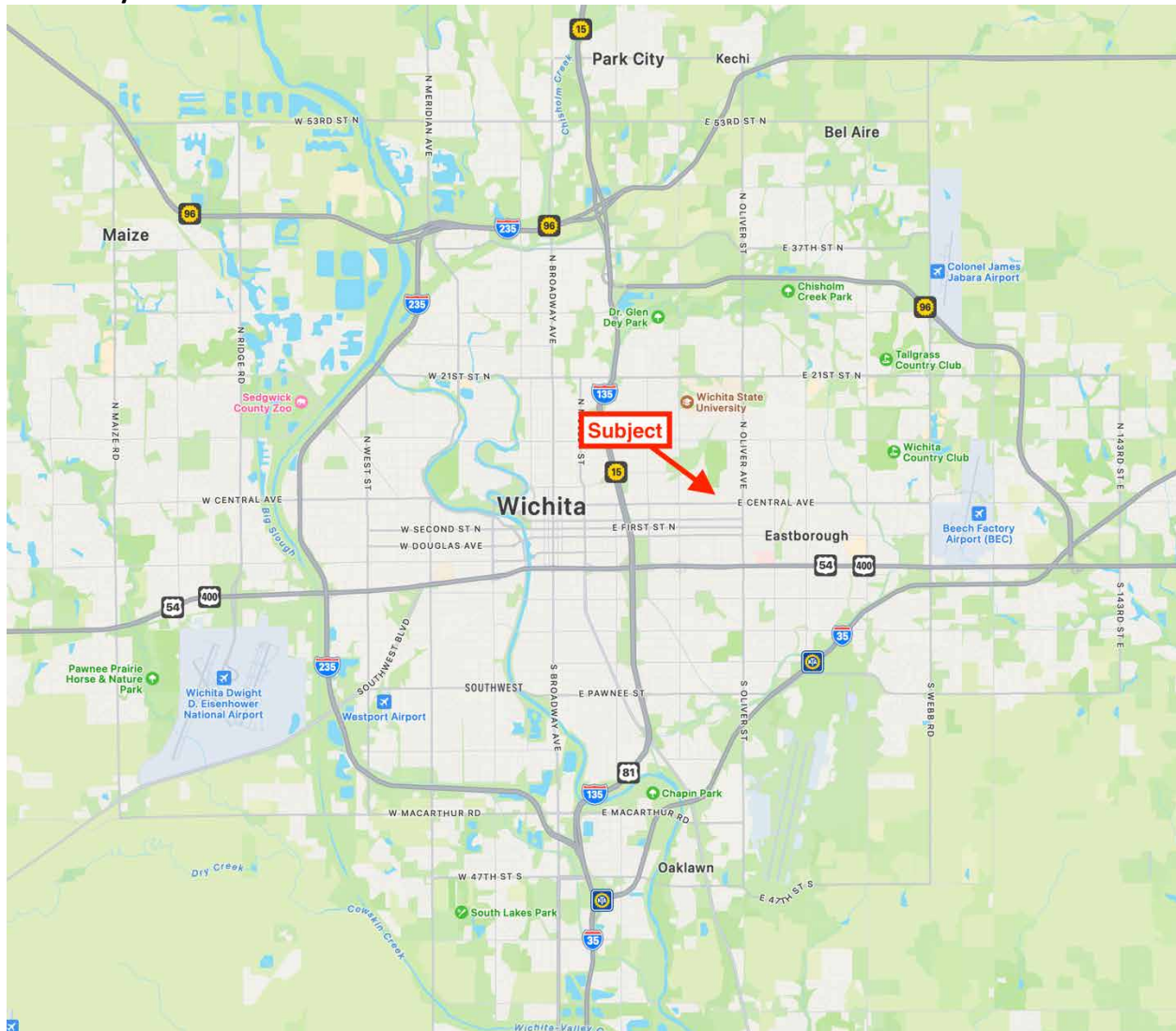
Disparities in the Tenth District agricultural economy persisted through the end of September. Profit opportunities for crop producers remained weak while conditions in livestock industries were considerably stronger, particularly for cattle producers. In a recent survey, over 80 percent of lenders in crop-heavy areas reported declines in farm income and working capital, compared to about 40 percent in areas with more cattle production. Agricultural credit conditions deteriorated gradually, and many lenders

reported that weak conditions in the farm economy were having a modest negative effect on local economic conditions. Contacts remarked that strong cattle prices were supporting diversified operations but the weakness in crop profits were weighing heavily on farmer sentiment.

Comment

Our conclusion from the Beige Report is employment and consumer spending softened, while manufacturing improved modestly and energy activity declined. Agriculture remained mixed, with strong livestock markets but weak crop profits. Overall, businesses remain cautious but expect gradual improvement in 2026.

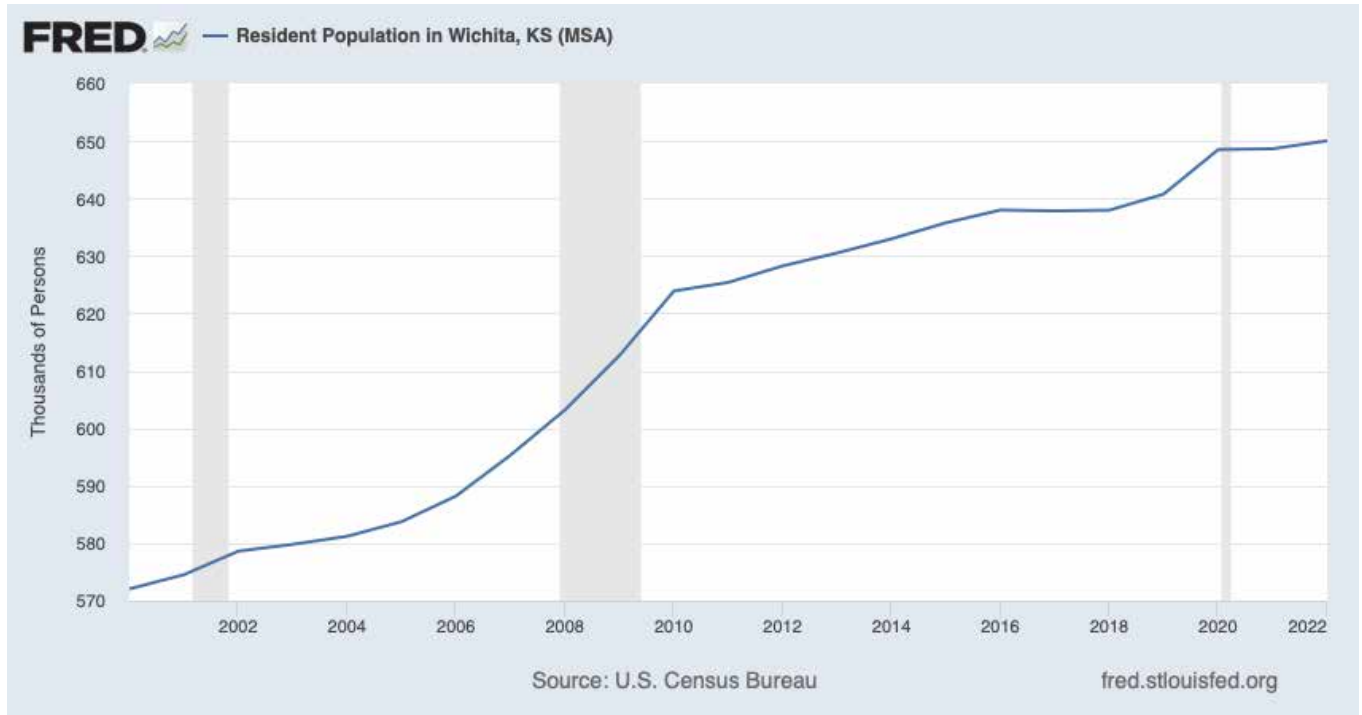
Area Analysis – Wichita



Most potential buyers of the subject property would examine Wichita on the basis of location, population, stability, transportation, workforce education, healthcare, and other base industries. Included on the following pages is an analysis of population and employment forecasts as well as discussion on base industries.

MSA Population

A growing population base is one of the real estate demand drivers. The graph below illustrates population growth of the Wichita MSA over the past 20 years. The Wichita MSA is comprised of Butler, Harvey, Sedgwick, and Sumner counties.



The MSA population growth from 2000 to 2020 was about 3,793 per year. The compound growth is only about .625% per year compared to the U.S. over the same time period of .872%. In general, the MSA population has slow steady growth. A recent article from the Wichita Business Journal, reporting on a population study completed by WSU notes that the projected population of Wichita is set to grow by 7.1% by 2071, however, from this growth, the working age population is expected to be the lowest growth cohort of the group at only 1%, with possible implications in the local workforce.

MSA Employment

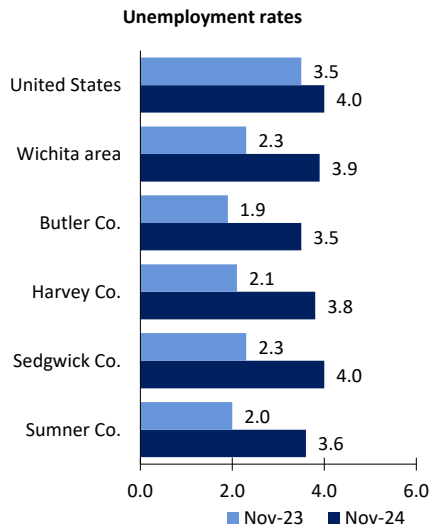
Employment within an MSA is key to creating demand for real estate. Shown below is the Wichita MSA Economic Summary updated January 8th, 2025, by the U.S. Bureau of Labor Statistics. We see a small increase in total nonfarm employment from November of 2023 November 2024 and slight decreases in manufacturing, which is a significant base industry for southcentral Kansas. The greatest year over year increase was observed in Education and Health Services.

Wichita Area Economic Summary

Updated January 08, 2025

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include **unemployment, employment, wages, prices, spending, and benefits**. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see <https://www.bls.gov/regions/economic-summaries.htm>.

Unemployment rates for the nation and selected areas



Source: U.S. BLS, Local Area Unemployment Statistics.

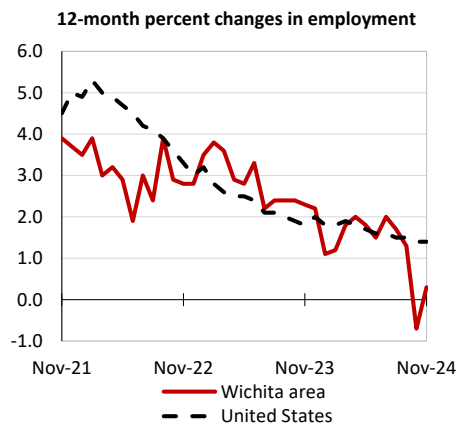
Average weekly wages for all industries by county

Wichita area, second quarter 2024
(U.S. = \$1,390; Area = \$1,090)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

Employment on nonfarm payrolls and employment by major industry sector, over-the-year changes



Source: U.S. BLS, Current Employment Statistics.

Wichita area employment (number in thousands)	Nov. 2024	Change from Nov. 2023 to Nov. 2024	
		Number	Percent
Total nonfarm	318.7	0.9	0.3
Mining, logging, and construction	18.6	0.6	3.3
Manufacturing	51.5	-1.4	-2.6
Trade, transportation, and utilities	56.6	1.1	2.0
Information	3.6	0.0	0.0
Financial activities	13.1	0.3	2.3
Professional and business services	34.7	-0.5	-1.4
Education and health services	50.2	2.1	4.4
Leisure and hospitality	31.6	-1.6	-4.8
Other services	13.1	0.3	2.3
Government	45.7	0.0	0.0

U.S. BUREAU OF LABOR STATISTICS • bls.gov | @BLS_gov

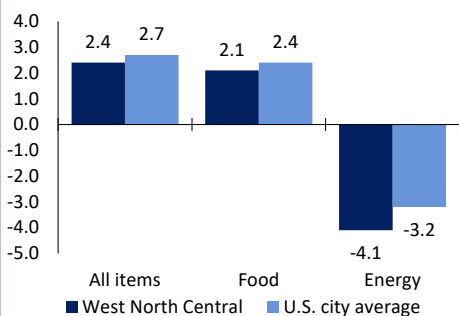


Note: The table above shows Wichita area unemployment increasing from 2.3% in November of

2023 to 3.9% in November of 2024. In addition, overall United States unemployment increased by just under half of a percent.

Prices paid by urban consumers for selected categories, over-the-year change

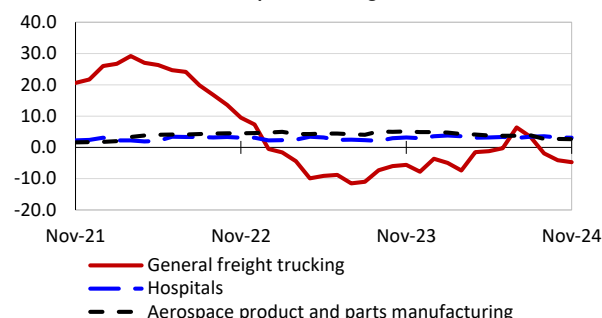
12-month percent change in CPI-U, November 2024



Source: U.S. BLS, Consumer Price Index.

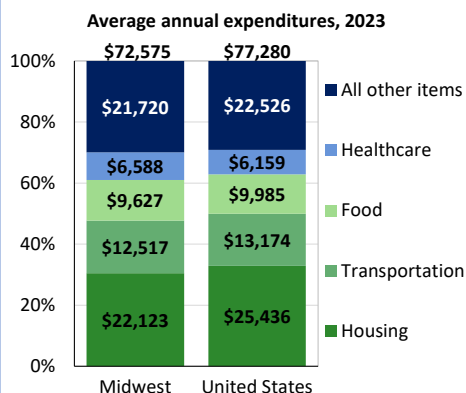
Selling prices received by producers for selected industries nationwide, over-the-year change

12-month percent changes in PPI



Source: U.S. BLS, Producer Price Index.

Average annual spending and percent distribution for selected categories



Source: U.S. BLS, Consumer Expenditure Survey.

Average hourly wages for selected occupations, May 2023

Occupation	Wichita, KS	United States
All occupations	\$26.46	\$31.48
Pharmacists	61.70	64.81
Software developers	50.78	66.40
Accountants and auditors	37.38	43.65
Computer user support specialists	25.78	30.60
Sheet metal workers	25.60	30.90
Machinists	24.53	26.25

Source: U.S. BLS, Occupational Employment and Wage Statistics

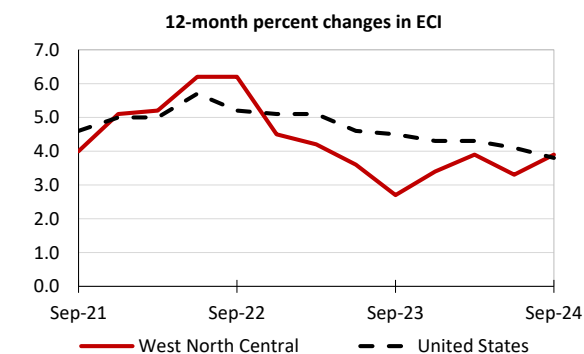
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, September 2024	West North Central	United States
Total compensation	\$39.58	\$44.40
Wages and salaries	27.59	31.25
Total benefits	11.99	13.15
Paid leave	2.80	3.34
Vacation	1.48	1.71
Supplemental pay	1.65	1.76
Insurance	3.41	3.25
Retirement and savings	1.23	1.54
Legally required benefits	2.89	3.25

Map of Census Regions and Divisions

Source: U.S. BLS, Employer Costs for Employee Compensation.

Changes in wages and salaries over-the-year



Source: U.S. BLS, Employment Cost Index.



A companion forecast to the Bureau of Labor Statistics, is the Wichita MSA Employment Forecast for 2024 by the Center for Economic Development and Business Research at Wichita State University, which is provided below. The forecast is continued employment growth in 2024 and 2025 with low unemployment.

2024 Wichita Employment Forecast January Update

Wichita, the largest city in Kansas, is set to embrace a promising economic horizon in 2024. The city's past and projected data reflect a resilient and adaptable economic landscape against the Kansas economy's broader backdrop and will regain its position as an economic driver of the state.

In 2023, Wichita's employment levels demonstrated fluctuating patterns, highlighting the city's dynamic economic landscape. The year began on a strong note with a 3.2% year-over-year increase in January. This positive trend continued, albeit at a slower pace, with figures dipping slightly by April to a 2.2% increase and then more noticeably to a 1.4% increase in May. The employment estimates suggest a further cooling of employment growth but turned around in November. It should be noted that the annualized growth for 2023 remains almost four times the region's natural rate and is difficult to sustain. The outlook for Wichita is strong despite the tight labor conditions. The 2024 forecast is 0.7%, or almost 2,300 net new jobs.

Wichita Employment by Industry*							
	2022 (a)	2023 (e)	2024 (f)	2025 (f)	2023	2024	2025
Production	67,825	69,665	70,340	70,721	2.7%	1.0%	0.5%
Nat. Resources, Mining & Cons.	17,208	17,783	17,657	17,760	3.3%	-0.7%	0.6%
Durables	42,183	43,784	44,498	44,768	3.8%	1.6%	0.6%
Non-Durables	8,433	8,098	8,185	8,193	-4.0%	1.1%	0.1%
Trade	52,050	52,359	52,777	52,923	0.6%	0.8%	0.3%
Services	140,992	142,072	142,990	144,024	0.8%	0.6%	0.7%
Information	3,742	3,690	3,718	3,737	-1.4%	0.8%	0.5%
Financial Activities	12,033	12,116	12,235	12,265	0.7%	1.0%	0.2%
Professional & Business Service	35,217	34,451	34,406	34,837	-2.2%	-0.1%	1.3%
Education & Health Services	45,725	46,131	46,553	46,981	0.9%	0.9%	0.9%
Leisure & Hospitality	32,692	33,982	34,219	34,260	3.9%	0.7%	0.1%
Other	11,583	11,702	11,860	11,944	1.0%	1.3%	0.7%
Government	42,975	43,831	44,092	44,433	2.0%	0.6%	0.8%
Total	303,842	307,927	310,198	312,101	1.3%	0.7%	0.6%

*Annual values are derived from average quarterly observations and projections.

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BLS - CES

As an economic backdrop, the state has rebounded strongly, surpassing the national and the Plains region averages in each quarter of 2023. Kansas's growth peaked at 9.4% in Q3 of 2023, significantly higher than the national average of 4.8% and the Plains region of 5.1% in the same quarter. The underlying contribution to the growth within the state over the previous year was agriculture, which was from a combination of prices and drought insurance. Manufacturing regained its strength in the second and third quarters of the year, as agriculture waned slightly. Both industry drivers have fueled additional growth within construction, retail, and government, which picked up in the second quarter. Kansas's real GDP trajectory indicates an economy that has overcome challenges over the previous decade and is now expanding rapidly. Although it will not likely maintain the top-growing economy in the United States over the next few quarters, it should maintain a more robust economy than its peer states.

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Production Sector

Manufacturing Sector: The durables sector is poised for stronger growth. Over the last year, Wichita was estimated to have grown by 3.8%, which was driven by the excessive demand in aerospace. The positive growth momentum is expected to continue through to 2025. The non-durables sector declined by 4.0% in 2023, but is expected to recover modestly in the subsequent years.

Natural Resources, Mining, and Construction: The sector was estimated to have a notable growth of 3.3% in 2023, primarily from the sector's construction portion; however, agricultural production was also robust. The forecast for 2024 indicates a slight retreat, with a -0.7% change, before stabilizing in 2025 with a modest uptick of 0.3%. The temporary dip and slower growth are a reflection of the limited capacity to keep up with development along with slowing demand in agriculture.

Trade and Retail Sector

Trade: In 2023, the sector saw a slight increase in employment by 0.6%, suggesting a stable demand for trade services, which encompasses both wholesale and retail trade. This growth, while modest, indicates consistent consumer and business spending patterns within the city. Moving into 2024, the forecast shows an improved momentum with an employment growth rate of 0.8%, signaling an uptick in economic activity and consumer confidence. This reflects a more robust economic environment. The model is optimistic about taxable retail sales, with a forecast growth of 3.9% despite nominal income growth remaining muted.

Service Sector

Financial Services: The financial activities sector in Wichita is poised for growth, with an anticipated increase of 0.7% in 2023, as the number of jobs is expected to rise from 12,033 to 12,116. This positive trend is projected to continue into 2024, with a forecasted growth rate of 1.0%, boosting employment figures to 12,235.

Education and Health Services: The education and health services sector in Wichita is on a trajectory of steady growth, with employment expected to rise by 0.9% in 2023, climbing from 45,725 to 46,131. This upward trend is set to persist through 2024, with another 0.9% increase, bringing the number of jobs to 46,553, indicative of sustained demand for these vital community services.

Other Services: Other service industries are showing positive momentum, with an estimated of a 1.0% increase in employment for 2023, suggesting a rise in opportunities within this diverse sector. Following this uptick, the year 2024 is forecasted to see continued expansion at a rate of 1.3%, signifying growing engagement in a variety of service activities within the local economy.

Government Sector

Government Sector: Government sector employment was estimated to rise by 2.0% in 2023, tied to the recent growth in the broader economy. The growth is anticipated to sustain momentum into the following years, with a 0.6% increase in 2024 and a further 0.8% rise in 2025, reflecting a consistent investment in government operations and infrastructure.

Wichita Nominal Income*					
	Total			Per capita	
	Level	Change		Level	Change
2021 (a)	\$ 36,395,542		\$	56,110	
2022 (a)	\$ 37,809,727	3.9%	\$	58,165	3.7%
2023 (e)	\$ 36,258,950	-4.1%	\$	54,576	-6.2%
2024 (f)	\$ 37,639,410	3.8%	\$	56,255	3.1%
2025 (f)	\$ 38,855,060	3.2%	\$	57,666	2.5%

*(a) actual (e) estimated (f) forecasted

Source: CEDBR, BEA

Wichita Taxable Retail Sales*			
	Total		
	Level	Change	
2021 (a)	\$ 737,845,585	10.9%	
2022 (a)	\$ 810,210,112	9.8%	
2023 (e)	\$ 806,159,061	-0.5%	
2024 (f)	\$ 837,764,547	3.9%	
2025 (f)	\$ 868,224,882	3.6%	

*(a) actual (e) estimated (f) forecasted

Inflation Adjusted

Source: CEDBR, KSDOR

Labor Market Dynamics

Wichita's labor market has shown a trend of recovery and expansion over the recent years. From a high unemployment rate of 4.6% in 2021, there was a significant drop to 3.2% in 2022, reflecting a positive shift in job availability and economic conditions. The slight estimated increase in the unemployment rate in 2023 to 3.4% is tempered by the consistent growth in employment numbers, suggesting an ongoing demand for labor.

The forecast for the following years up to 2025 indicates a steady unemployment rate of 3.5%, alongside a progressive increase in employment, reaching an anticipated 315,260 employed individuals. The expected growth in the labor force to 326,306 by 2025 suggests a widening pool of talent and skills, possibly driving further economic activity and opportunities in the city. This upward trend in employment figures could be indicative of Wichita's economic strategies bearing fruit, as the city continues to navigate post-pandemic recovery and adapts to the evolving job market.

Wichita Labor Market					
	2021 (a)	2022 (a)	2023 (e)	2024 (f)	2025 (f)
Rate	4.6%	3.2%	3.4%	3.5%	3.5%
Unemployment	14,040	9,939	10,588	11,007	11,046
Employment	305,434	310,497	311,461	313,372	315,260
Labor Force	319,474	320,435	322,049	324,379	326,306

(a) actual (e) estimated (f) forecasted

Source: CEDBR, BLS - LAUS

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The Wichita economy has demonstrated considerable resilience and growth, reflected in its recovering labor market and promising employment forecasts. However, concerns linger regarding the volatility of oil prices, which can significantly impact the cost of goods and services and, by extension, the purchasing power of consumers. Any unexpected shifts in Federal Reserve policies could also introduce uncertainties, potentially affecting investment and hiring decisions within the city's industries. Moreover, the competitiveness of wages remains a crucial factor; as the labor market tightens, Wichita must ensure that wage growth keeps pace with the cost of living to attract and retain talent. Addressing these concerns will be vital for Wichita to maintain its economic momentum and to safeguard against potential headwinds that could disrupt its progress.

*The Wichita metropolitan area consists of Sedgwick, Butler, Harvey, and Sumner counties.

Wichita Area Industries

Although the Wichita area originated from the cattle business of the late 1800's, it now has a large and diversified economy with emphasis in manufacturing, oil and gas, food service, healthcare, military, and educational services. Below we identify the 15 largest full-time employers for the City of Wichita.

No.	Name	Full Time Employment	Primary Goods
1	Spirit AeroSystems	11,500	Aircraft
2	Textron Aviation	9,600	Aircraft
3	McConnell AFB	5,917	Military
4	Wichita Public Schools	5,556	Education
5	Steven Enterprises	3,529	Auto dealership / services, health, food service, & entertainment
6	Ascension Via Christi	3,239	Healthcare
7	Koch Industries	2,987	Manufacturing, energy & technology
8	City of Wichita	2,791	Government
9	Sedgwick County	2,556	Citizen services
10	Wichita State University	2,465	Higher education
11	State of Kansas	2,251	Government
12	Wesley Healthcare	1,970	Healthcare
13	USD 266 Maize	1,333	Education
14	Dillon Real Estate	1,300	Grocery, pharmacy, and fuel center
15	USD 260 Derby	1,135	Education

July 7, 2023 – Wichita Business Journal.

Manufacturing Employers – Given the significance of manufacturing, a base industry, the table below provides the top twelve manufacturing firms by employment:

		Wichita Area Full Time	
No.	Name	Employment	Primary Goods
1	Spirit AeroSystems	11,500	Aircraft
2	Textron Aviation	9,600	Aircraft
3	Koch Industries	2,987	Energy/diversified
4*	Johnson Controls	1,629	HVAC
5*	AGCO Corp – Hesston	1,250	Farm Eqmt.
6	Bombardier	1,129	Aviation
7*	Cargill Meat Solutions	1,120	Food Processing
8	BG Products	572	Chemistry
9	Metal-Finishing Inc	331	Aerospace
10	Metal-Fab Inc	312	Venting
11	Pratt Industries	300	Boxes
12	HM Dun AeroSystems	274	Aircraft

July 7, 2023 – Wichita Business Journal. * Updates to these employment numbers were unavailable.

Aviation – Wichita is known as the Air Capital of the World. During the 1920's and 1930's, Wichita grew into an aircraft design and production center with companies such as Beechcraft, Cessna, and Stearman Aircraft. During WW II, Boeing Wichita produced the B-29 bomber, and then the company continued to have operations in Wichita through 2013. In 2013, Boeing sold the Wichita operations to Spirit AeroSystems. Today, Wichita remains a major center of the aircraft industry with Textron Aviation, Learjet, Spirit, and Airbus operating significant design and production facilities. Wichita aircraft

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companies also perform significant aircraft maintenance work. Aircraft parts manufacturers, throughout Wichita, supply parts on a world-wide basis.

Boeing 737 MAX

From March 2019 through November 2020 the 737 MAX was grounded worldwide, causing a loss for Boeing of \$20 billion in direct losses and indirect losses estimated at \$60 billion – from 1,200 cancelled orders. The backlog of orders is expected to be cleared by late 2023. More recently, a manufacturing flaw found within production of certain fuselages is expected to slow deliveries at the same time as Boeing is trying to ramp up production to 38 per month, from 31 per month. Spirit AeroSystems is a major supplier to Boeing.

Textron Aviation has received a number of orders for multiple Cessna planes from flight schools and others. The largest order of late, announced September 2023 includes up to 1,500 business jets for NetJets with a valuation of \$30 billion over the next 15 years. Deliveries expected in 2025. Textron plans to onboard 2,000 employees related to this account and confirmed that all Cessna Citation jets are produced in Wichita. Other such announcements include the \$1.4 billion dollar contract with Bell Textron for a new fleet of helicopters for the U.S. Army.

Spirit AeroSystems has recently been selected by Boeing to work on a multi-billion effort to replace about 608 engines on B-52H bombers. Spirit is to provide the nacelles and pylons for the new engines. Another recent announcement includes work (hardware/software upgrades) on the P-8 aircraft trainers for the U.S. Military, a contract worth \$146 million, said to have major ties to Wichita and the local workforce. Additional announcement by Boeing includes an order from China Southern Airlines for the 787-9 Dreamliner, along with 50 737 MAX planes to Vietnam Airlines, an order to the magnitude of \$7.8 billion. This latest order pushes the 737 Max orders beyond 5,600, to a total of 100 customers since the inception of the program.

Aviation Subcontracting

Wichita is home to many Aviation supply subcontractors. As of July 2023, the Wichita Business Journal notes that there are a total of 14,508 employees at the top 22 subcontractors. Full time employment increased 11.8% y-o-y, after an increase of 4.1% the prior year. Still, the workforce contracted by 8.5%. Net gain since 2022 is 7.4%.

Recent Development Announcements

Biomedical Campus – KU/WSU

A partnership between University of Kansas School of Medicine-Wichita and the health professionals' program at Wichita State University and WSU Tech – proposed \$302 Million dollar planned medical facility which is expected to house 3,000 students and 200 faculty. One of two sites are slated for the future home, one such option noted in a news article is the current home of the Wichita Transit Center. The building is expected to be 470,000 sf in size and incorporate a parking garage.

Integra Technologies – Semiconductor Plant

In February of 2023 it was announced that Integra Technologies, a local Wichita based company would significantly expand its manufacturing processes in Wichita. The announcement, the second largest investment in Kansas history at \$1.8 billion. Plans for a one million square foot production facility which is expected to create nearly 2,000 jobs directly, and an estimated 3,161 additional indirect jobs. The average salary is expected to be \$51,000.

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Energy – Oil and natural gas were discovered in the El Dorado area in 1914 and 1915. Kansas now ranks 13 in National Energy Production. There are several independent oil and gas operators based in Wichita. Many of these operators represent significant income and wealth. In addition, Koch Industries is based in Wichita, and it has world-wide operations with about 120,000 employees. In the middle of March 2020, the Kansas crude price hit \$98/barrel. Current oil prices have now jumped to levels not seen since 2008. According to May 4, 2023, report from Independent Oil & Gas Service, Inc, Kansas' current rig count of 39, down from 51 in May-22, but up from 22 in May of 2021. Given the price of crude oil, drilling is expected to remain consistent into the foreseeable future.

The El Dorado refinery owned by HF Sinclair is one of the largest refineries in the plain states and Rocky Mountain region with a crude capacity of 135,000 barrels per day.

Military – Wichita is home to McConnell Air Force Base which houses the 22nd Air Refueling Wing, the 931st Air Refueling Wing, and the Kansas Air National Guard's 184th Wing. More than 600 Airmen are assigned to the wing. The base operates 37 KC-135 Stratotankers and 20 KC-46A Pegasus tankers, which are new. McConnell is the nation's first KC-46A operating base, which supports global operations of the Air Force, Navy, and Marine Corps.

Education – Wichita serves as the educational hub of southcentral Kansas. Institutions located in or near Wichita include Wichita State University with 23,203 students (inclusive of WSU TECH), Butler County Community College with 6,574 students, Newman University with 3,736 students and Friends University with 1,944 students.

Wichita State National Institute for Aviation Research (NIAR)

In March of 2022, the National Institute for Aviation Research (NIAR) at Wichita State University won the largest contract ever awarded to the school. The NIAR was awarded \$100 million by the Air Force for continued work on the B-1 Bomber. The Institute works on digital engineering to provide a next generation approach to repair and maintenance. In March of 2023, the National Institute for Aviation Research (NIAR) at Wichita State University won a companion to the largest contract ever awarded to the school, announced the prior year. A second \$100 million dollar contract was awarded by the U.S. Army for transformation of ground transportation fleet.

In August of 2023, the National Institute for Aviation Research (NIAR) at Wichita State University won a contract for \$100 million dollars, for digital transformation and technologies to support the U.S Air Force operational readiness.

Transportation – Transportation is a key ingredient to a stable economy. A brief discussion of area transportation is provided below.

Highway Connections to other major markets – Wichita is centrally located relative to major markets such as Kansas City, Denver, Colorado Springs, Dallas, Tulsa, and Oklahoma City. It's market reach extends well into far western and eastern Kansas. Colorado Springs is the next nearest major market to the West. The table below shows miles from other major markets.

Surrounding Major Markets		
Distance from Wichita	Miles	Approximate Travel Time
Kansas City	197	2 hr. 55 min.
Tulsa	176	2 hr. 39 min.
Oklahoma City	161	2 hr. 24 min.
Dallas	364	5 hr. 20 min.
Denver	519	7 hr. 27 min.
Colorado Springs	503	7 hr. 25 min.

Wichita benefits from major and secondary transportation routes as shown in the table below. It has good access to all of the major markets noted above and those further out.

Highway Transportation				
Name	Type	Lanes	Route	Benefit Areas
I-35	Interstate	4	Laredo TX – Duluth MN	Major Commerce route from southern border to Northern Mid-West
I-135	Interstate Spur	4	Salina KS – Wichita KS	Connects Wichita to Northern Salina
I-235	Interstate Spur	4	Provides access to West Wichita	Local Interstate access for west side of Wichita
400	Interstate	4-6	Granada CO – Joplin MO	Connects Southeast KS to Southwest KS
K-254	State Highway	4	Wichita KS – El Dorado KS	Northeastern outskirts of Wichita to Downtown El Dorado KS.
K-96	State Highway	4	Towner CO – East Wichita KS	Connects Southeast Wichita to Hutchinson KS.
K-42	State Highway	4	Sawyer KS – Wichita KS	Connects Southwest Wichita to outlying Southwestern KS
K-15	State Highway	2	OK Border – NE Border	Connects Northeast Oklahoma to Southeast Nebraska

Aircraft Transportation – Wichita Dwight D. Eisenhower National Airport is toward the southwest edge of the city. It is a new terminal opened in 2015 and it is the largest and busiest airport in the state of Kansas. It provides commercial airline service, general aviation, and small plane service. The table below shows airlines serving Wichita and destinations served.

Airlines serving Wichita	Alaska Airlines, Allegiant Air, American Airlines / American Eagle, Delta Air Lines / Delta Connection, Frontier, Southwest Airlines & United Airlines / United Express.
Destinations	Denver, Seattle, Los Angeles, Orlando, Atlanta, Minneapolis, Houston, Dallas, Chicago, Las Vegas, Destin, Phoenix, St. Louis

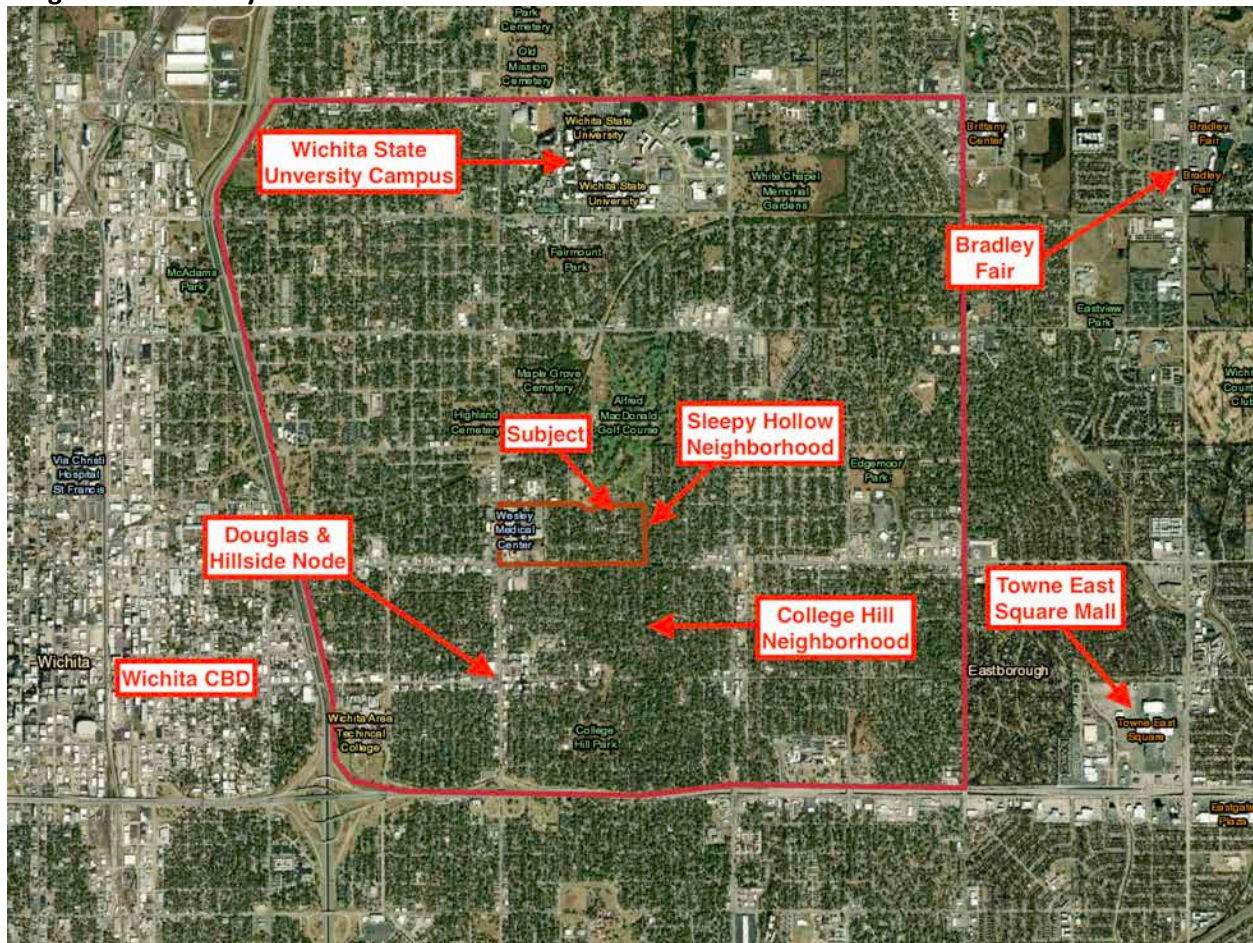
Colonel James Jabara Airport is located in northeast Wichita. It has a 6,101-foot runway and averages about 104 operations per day. About 97% of the operations are general aviation. There is no commercial airline service.

Railroad Service – Wichita is primarily served by BNSF, UP and the K&O. The State railroad map shows two primary main lines passing through Wichita, operated by BNSF and UP. The Wichita Terminal Association operates a switching and terminal railroad in northern Wichita. It is jointly owned by BNSF Railway and Union Pacific Railroad. The Kansas and Oklahoma Railroad (K&O) began operations in July 2001. It has 904 miles of track reaching out in three directions from Wichita to the Colorado border.

Conclusion

The Wichita metropolitan area serves a large part of Kansas. It offers educational and employment opportunities with global business and military reach. Other surrounding communities greatly benefit from inclusion in the MSA. Based on the data and information above, we expect slow and continued increases in population and employment throughout the MSA, which provides general stability for housing demand.

Neighborhood Analysis



The subject property is located in the Sleepy Hollow subdivision of northeast Wichita. The area is primarily comprised of mature and well-maintained residential properties circa 1940s. The western end of the neighborhood is comprised of the Wesley Medical Center complex which serves as an area anchor. The neighborhood is bordered by the MacDonald Golf Course to the north and the residential neighborhoods of Country Overlook, College Hill, and The Elm to the northeast, south, and west respectively.

The greater subject market area extends to much of central northeast Wichita with general boundaries set at Highway I-135 to the west, Kellogg to the south, Woodlawn Blvd. to the east, and E. 21st St. to the north. This area is near 100% developed out, with a few remaining land parcels. This is to be expected given the subject proximity to the Wichita CBD. The surrounding area boasts a number of historical residential neighborhoods including College Hill, and Country Overlook. The greater market area features a number of prominent commercial / retail nodes, with arterial roadways and highways providing excellent access to employment centers, grocery anchors, retail and service providers, as well as the core downtown area. A prominent fixture of the larger market area is the Wichita State University Campus towards its northern boundary which provides both educational and employment opportunities. Other nearby prominent fixtures include Bradley Fair to the northeast, Towne Square Mall and retail center to the southeast, and the Westley Medical Center located in immediate proximity. In conclusion, the neighborhood would likely compete at the average range for central Wichita neighborhoods.

Demographics – A demographic summary for the immediate one-mile radius is provided below. Wichita and Kansas demographics are provided for comparison purposes.

Demographics - Provided by ESRI			
644 N. Bluff Ave. Wichita Kansas	One Mile	Wichita	Kansas
Median HH Income 2025	\$60,770	\$62,819	\$68,466
Median HH Income 2030	\$66,061	\$74,291	\$78,759
Annual Median HH Inc Growth 2025 to 2030	1.68%	3.41%	2.84%
Total Population	13,782	430,643	2,948,293
Annual Population Growth 2025 to 2030	0.28%	0.14%	0.06%
Population Density	4,396.3	1,673.0	36.1
Daytime Population	16,775	465,968	2,952,129
Average Household Size	2.36	2.44	2.47
Median Home Value	\$212,427	\$217,257	\$198,275
Unemployment Rate Pct	6.6%	4.4%	3.0%
Renter Occupied Pct	41.74%	35.89%	28.99%
Vacant Housing Pct	11.53%	9.22%	10.18%
Bachelors Degree Pct	24.38%	20.50%	22.88%

As can be seen in the table above, the one-mile median household income is slightly below average but roughly on par with that of the greater Wichita area. The same is true for median home value. Population trends are positive in the immediate area. We note that population growth in the core of Wichita is fairly unusual, with the predominant growth being displayed on the outskirts and suburbs of the City. This points to a degree of stability for the subject neighborhood. The percentage of renter occupied housing is well above average for both the city and the state, which is a benefit to the subject property type as it indicates demand. The vacant housing percentage is above average; however, a drive of the immediate surroundings indicated few prominent vacancies. Further most of these vacant units appear to be older single family which have not been maintained to the standard of the subject property. By and large the market area is mostly single family residential with a smattering of multi-family throughout. The one-mile demographics are representative of mature stable area.

Immediate Area Observations:

Neighborhood Setting	Residential area with mature single family residential properties circa 1940s flanking commercial users on the arterial roadways.
Neighborhood Competitiveness	The area is competitive with other central Wichita neighborhoods in proximity to downtown.
Neighborhood Stage	Stability – Generally speaking, the area is experiencing stability with population growth indicated into the foreseeable future.
Neighborhood Change	Minimal neighborhood change noted
Growth Level	Minimal but positive.
Prominent Uses	Residential, Recreational, Medical, and Professional Office.
% Developed Out	95% - approximate; there is little to no vacant land.
Age Range of Surrounding Bldgs	1928 – 1955
Ave Age of 7 Surrounding Bldgs	1940
Property Maintenance Levels	Average to Good
Occupancy Levels	Average
RE Supply / Demand	Balanced

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Surroundings Impact on Subject Image	Neutral. We have not observed negative externalities that would impact the subject property performance.
Summary	Stable and highly developed area with good proximity to the downtown area.

Photographs of surrounding buildings and streets are provided below.

Duplex building adjacent north.



Single family residence adjacent west.



Single family residence adjacent east.

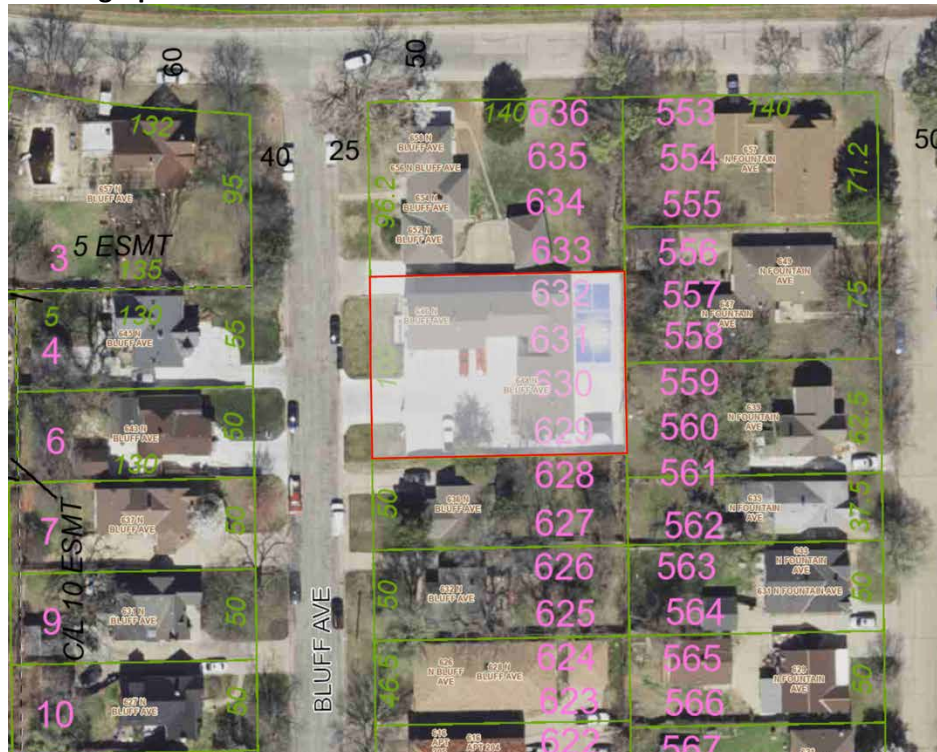


Sleepy Hollow Apartments adjacent south.



Site Description

County Aerial Photograph:



Physical and Legal Features:

Land Area: 13,996sf or 0.32 Acres per Sedgwick County.

Parcel: 087-126-14-0-43-04-003.00-

Quick References: R93517

Legal Description: LOTS 629-630-631-632 Overlook Addition, Sedgwick County, Kansas, more Commonly known as 644-646 North Bluff, Wichita, Kansas. – Per Purchase Contract. A survey and title work can confirm.

Location: The property is located mid-block near the intersection of E. Murdock Ave. and N. Bluff St. in the Sleepy Hollow neighborhood of northeast Wichita. The property is known as the Bluff Flats at Sleepy Hollow and has a common address of 644-646 N. Bluff Ave. Wichita, KS 67208 per Sedgwick County Records.

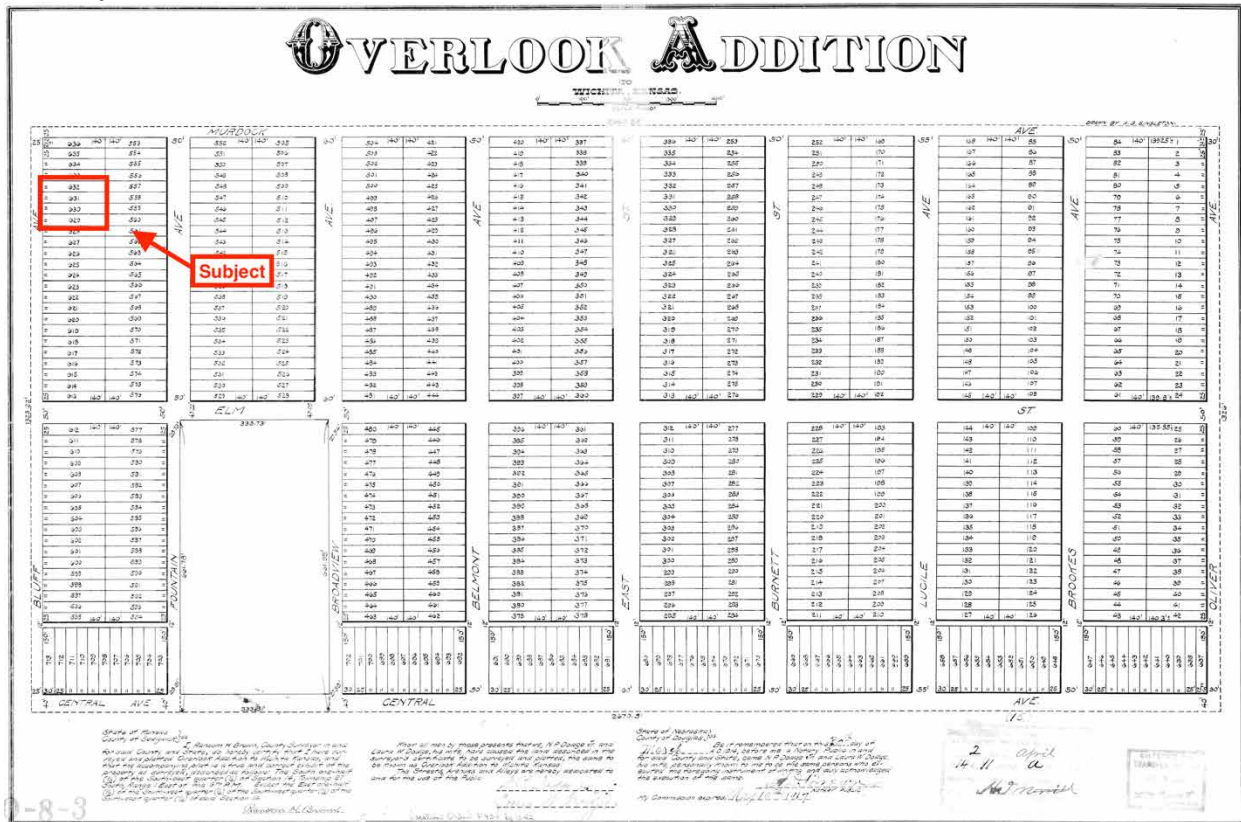
Site Configuration: The site shape is roughly rectangular.

Utilities: All municipal utilities appear to serve the site. We walked the site perimeter and observed various utility markers. We have not checked utility capacities. We assume capacities are sufficient for most of the uses that may be permitted at the site.

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Topography:	The site is somewhat elevated with a general downward slope from west to east.
Drainage:	Site drainage appears to be adequate.
Zoning:	B – Multi-Family Residential District – The purpose of this zoning district is to accommodate high-density multi-family housing including apartments and group homes. The subject property appears to represent a legal and conforming use.
FEMA Firm Panel:	Panel 20173C0358G, effective on 12/22/16.
Flood Zone:	Zone X – Area with reduced risk due to levee – per FEMA internet mapping application. Please confirm with a civil engineer.
Easements:	Sedgwick County records do not indicate any unusual easements or setbacks on the subject site. We were not provided with a survey or title work. We assume no detrimental easements that would materially restrict development.
Environmental:	We are unaware of any negative environmental conditions and/or liabilities. We have made no research related to environmental conditions/liabilities at the property. The property is appraised as free from negative environmental conditions and/or liabilities. I am not an expert in the environmental field. If additional information is needed, please engage an environmental expert.
External:	We noted no immediate area external factors impacting the subject site.
Market Access:	Average. N. Bluff Ave. is a residential collector street near the intersection with E. Murdock Ave. to the north. Both Murdock Ave and Bluff St. connect to, and are accessible via arterial roadways.
Strategic Position:	Average – The subject is located within a mature and well occupied residential neighborhood centrally within Wichita. There are a number of nearby arterial roadways which provide convenient access to nearby retail shopping centers, grocery providers, employment centers, schools, recreation parks, and the area is anchored by the Wesley Medical Center.
Frontage Street Type:	Collector / residential side street.
Traffic Count:	Traffic count publications along N. Bluff Ave. are not available.
Number of Lanes:	Two lanes.
Left Turns Permitted:	Yes.
Stop Lights:	The nearest lighted intersection is Central and Hillside to the southwest.
Traffic Speed:	30 mph – Given the residential nature, traffic speeds are typically lower.

Plat Map:



Improvements Description

Property Type/Name:	The Bluff Flats at Sleepy Hollow
Layout:	Typical
Stories / Levels:	Two.
Type of Construction:	Solid brick with partial basement.
Exterior Walls:	Brick exterior.
Roof:	Pitched roof. See renovation comment below.
Gross Building Area:	6,552sf per Sedgwick County
Net Rentable Area:	5,600sf per Rent Roll documentation
Average Unit Size:	700sf
Year of Construction:	1954
Parking:	11 marked parking spaces on concrete surface in excellent condition.

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Effective Age: 30 years rough estimate.

Description of Improvements: The subject property is a two-story, 8-unit apartment building located in the Sleepy Hollow Neighborhood of central northeast Wichita. The unit mix is comprised of four 1-Bed, 1-Bath units each identical in floor plan and approximately 600sf in living area and four 2-Bed, 1-Bath units each identical and approximately 800sf. The complex features common area in the form of stairways to the second floors, and a 1,498sf unfinished basement. This space is utilized for storage, mechanical, and housing for the coin-operated on-site laundry. The second floor features a small, shared balcony area and there is a "back yard" common which is concrete paved, fenced, and keypad gated. This area features a covered seating area, overhead lighting, and a recreation pickle-ball court. Unit finishes include LVT, and tile flooring, painted sheetrock walls and ceilings, standard residential lighting both fixture and recessed.

Renovation/
Construction Budget:

Per discussion with the buyer, upon closing of the pending sale, the roof will be resurfaced, as will be the pickleball court. The most recent bid for work on the roof is reportedly \$20,000, and \$6,000 for the pickleball area. The buyer intends to update units with new flooring and general repairs as units become available. Renovation costs are estimated at approximately \$2,500 per unit.

Renovation Summary:

Per discussion with both the property manager and the buyer, the owner prior to current ownership invested a considerable amount of capital expenditures into the property to renovate unit interiors, the building exterior, and the parking area. The scope of the renovations has been described as "extensive" and it is noted that the subject property is in above average condition. Additionally, the current owner has reportedly updated the plumbing and HVAC units. Renovation cost have been requested, but not provided, prior ownership renovation building permit data is not readily available from Sedgwick County Records.

Apartment Unit Mix:

According to the rent roll, the apartment unit mix is as follows:

Beds	Baths	Size (SF)	No. Units	Total SF
1	1	600	4	2,400
2	1	800	4	3,200
Totals			8	5,600

Overall Condition/Quality:

As of the As Is effective date of this appraisal, all units are in average to Like new condition.

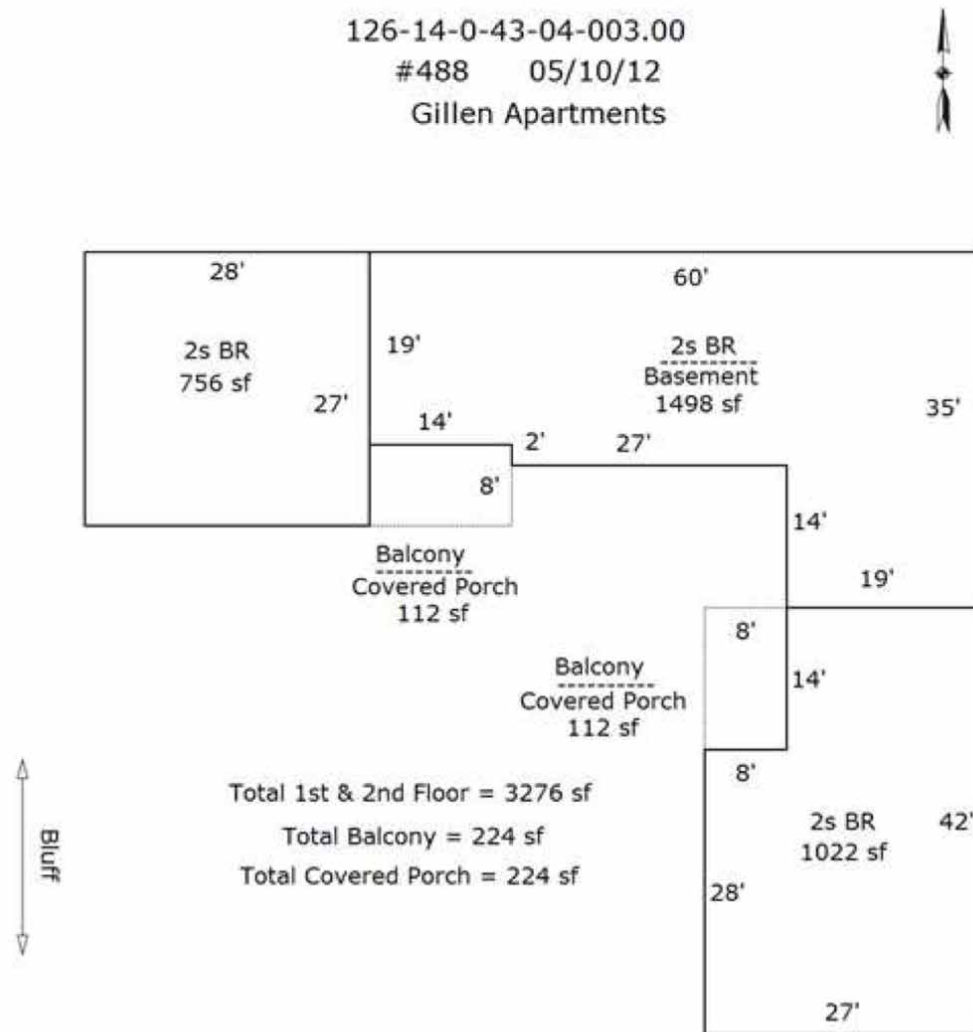
Utility Service:

Each residential tenant is responsible for all utilities including water, electrical, and gas. The Airbnb units' utilities are paid by the owner.

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- Laundry:** The property features coin operated on-site laundry facilities in the mechanical basement area. There are two washing machines, and two dryers.
- Signage:** The property features building mounted signage visible from N. Bluff St.
- Landscaping/Site Features:** Average. The west half of the site features to small open grass lots. As noted above, the majority of the site is concrete paved, and the back yard area features a pickleball court as well as a common seating area.
- Deferred Maintenance:** Per discussion with the buyer, the roof is in need of resurfacing. We have not inspected the roof. No other material deferred maintenance was noted or highlighted during our property visit.

Building Sketch per County:



Property Photographs

N. Bluff St. facing north.



N. Bluff St. facing south.



Streetview of the property.



West elevation with building mounted signage.



Shared drive with adjacent north building.



North side of building with one back door.



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Pickle Ball court.



Electrical meters.



“Back yard” common area.



Covered seating area.



East building elevation.



Covered AC Compressor units.



Gate to back yard area.



Vacant 2-Bed unit living area.



Vacant unit living area continued.



Vacant unit kitchen area.



Vacant unit kitchen area continued.



Vacant unit bedroom.



Vacant unit bathroom.



Vacant unit bedroom #2.



Common area stairway.



Airbnb unit living area.



Airbnb unit bedroom 1.



Airbnb unit bedroom 2.



Airbnb unit bathroom.



Airbnb unit kitchen.



Airbnb unit kitchen continued.



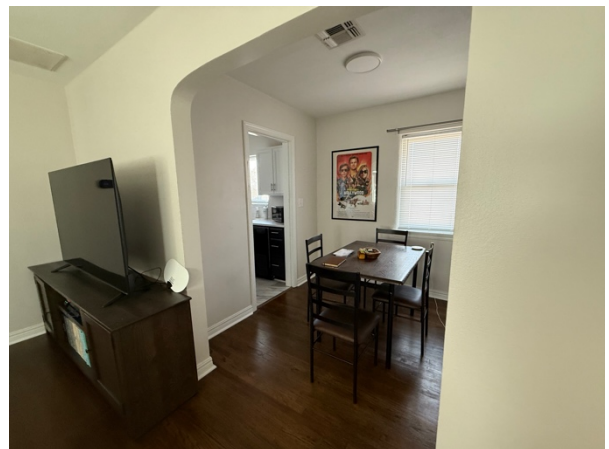
Airbnb unit built-in fireplace.



2nd floor 1-Bed unit.



2nd floor 1-Bed kitchen area.



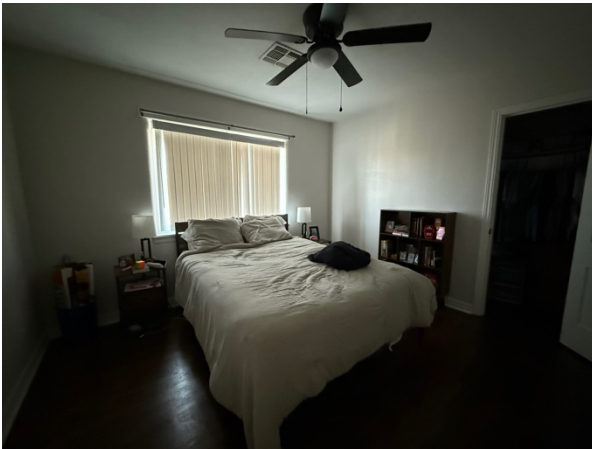
2nd floor 1-Bed unit kitchen.



2nd floor 1-Bed unit bathroom.



2nd floor 1-Bed unit bedroom.



2nd floor common balcony area.



2nd floor common balcony area continued.



Common area stairway.



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Main floor 1-bed living area.



Main floor 1-bed dining room.



Main floor 1-bed kitchen.



Main floor 1-bed kitchen continued.



Main floor 1-bed bedroom.



Main floor 1-bed bathroom.



Basement washing machines and dryers.



Basement hot water heaters.



Basement storage and HVAC Unit.



Basement storage continued.



Basement HVAC unit.



Basement storage continued.



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Complex parking area.



Complex parking area continued.



Exterior gas meters.



Front lawn area.



City utility markers.



Front drive / access point.



Marketability Analysis

Marketability analysis is the study of how a specific property is expected to perform in a specific market.¹ Market standard is the standard against which characteristics of the subject and competitive properties are compared to determine their competitive strength. The market standard is the quantity or quality of a property characteristic that market participants consider to be typical in a given market.² In this section we analyze the potential performance of the subject property within its market area using a six-step process.

Step 1 – Analyze Property Productivity

Subject Property Site Physical Analysis

Legal Attributes – According to the Wichita zoning map, the subject site is zoned B – Multi-Family Residential District. Uses permitted under this district include high-density multi-family housing including apartments and group homes. The subject property appears to represent a legal and conforming use.

Site Size – The subject site size is 13,996sf or 0.32 acres, which is large enough for a variety of small to medium sized single or multi-family uses.

Shape – The subject site is generally rectangular, which is suitable for a variety of users.

Accessibility – The subject area is dominated by single family residential uses and is in close proximity to several major arterial roadways flanked with retail, professional office, and medical users, as well as recreation parks. The site is accessed via a collector / residential side street with no published traffic counts. The proximity to Wesley Medical Center anchors the area and benefits the property, as the hospital provides not only employment opportunities, but also potential Airbnb customers. The property is located centrally within Wichita with good proximity to the downtown area and the commercial, retail, service, retail, and entertainment-oriented properties therein, all of which complement the subject's residential use.

Visibility – The property has adequate visibility from and frontage to N. Bluff St.

Location – After viewing other apartment options in the market, the subject's location average to slightly above average, particularly when analyzing the demographic indicators highlighted in the neighborhood discussion above.

Employee / Tenant Travel Time – The subject area is within an established residential area but is easily accessed via City roadways. Travel time is adequate.

Age of Surrounding properties – The surrounding properties are mostly single or multi-family residential in nature. The immediate area being located centrally in Wichita is mature and highly developed. Ages of surrounding properties range from 1928 to 1955 with an average of 1940.

Utilities – All necessary utilities appear to be available and connected to the site including electricity, water, and sanitary sewer.

^{1,2} The Appraisal Institute *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

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Flood Plain – FEMA mapping application records indicate that the subject is in Zone X and does not require flood insurance.

Subject Property Improvement Physical Analysis

Building Size – The gross building area is 6,552sf per Sedgwick County records with a net rentable area of 5,600sf per rent roll documentation. The 1-bed units are approximately 600sf and the 2-bed units are approximately 800sf. The units all have one bathroom with living and kitchen areas competitive within the market.

Age – Per Sedgwick County, the building was constructed in 1954 providing an actual age of 71 years. Per discussion with a representative of current ownership, as well as the buyer, extensive renovations were carried out in 2023 and 2023 prior to the current owner's acquisition of the property. We note that while substantial in nature, renovation costs have not been provided and are not readily available. Based on the physical condition of the property at the time of inspection, we have estimated an effective age of roughly 30 years.

Design and Appearance – After reviewing other apartment and locally advertised Airbnb options in the market, the property features a fairly average design with average to good exterior appearance, and market standard unit finishes.

Quality of Construction – The building is primarily brick construction with a painted brick exterior. The overall quality is rated as average.

Design Flexibility – The interior layout of the units is competitive in the market.

Project Amenities – Property amenities include on site coin operated laundry, a small recreation area in the back yard with a pickle ball court and outdoor seating areas.

Parking Area – The subject features a large concrete parking area with 11 marked parking spaces. The parking area is in excellent physical condition and consistent with market norms.

Landscaping – Landscaping is fairly minimal as most of the site is concrete paved. There are small grass lots along the west property line. Landscaping is considered to be consistent with market.

Step 1 Conclusion – Overall, the subject property is located in a market with above average demographic indicators and adequate site and market accessibility. The property benefits from the previous owner's extensive renovations, which reportedly has increased both physical and economic occupancy.

Step 2 – Delineate Market and Competitive Market Areas

Market Area / Competitive Market Area – The primary market area is most of central northeast Wichita in the historic Sleepy Hollow Neighborhood in close proximity to the downtown area. The neighborhood bounds are Highway I-135 to the west, Kellogg to the south, Woodlawn Blvd. to the east, and E. 21st St. to the north.

Step 3 – Measure and Project/Forecast Demand

As of the effective date of this report, three of the five units are being utilized as Airbnb units leading to a long-term residential leasable area of 3,400sf. Of this area, 2,600sf is currently occupied indicating a physical occupancy of 76.47%. We have driven the market and noted that the apartments competing with

the subject have full parking lots and steady occupancy which indicates demand. Additionally, we have searched for actively marketed apartment units within the subject's immediate area and surroundings and have found relatively few available units. From the information discussed above, we can infer that there is stable current demand for apartment units in the subject's market.

Step 4 – Measure and Project/Forecast Competitive Supply

Nearby the subject there are various apartment complexes and other multi-family properties that compete with the subject, as well as a number of rented single family and duplex residences. Additionally, when we drove the market, we noticed there are other smaller apartment buildings within the area that may also compete with the subject property. We observed no prominent new additions to supply in the immediate vicinity, as most of the new apartment supply is around the outskirts of the city where demand for new units is occurring.

Step 5 – Calculate Marginal Demand (Residual Demand)

We observed no new additions to supply. We suspect that supply matches demand for the area, based on the subject's historical occupancy levels and Airbnb demand. At the moment, we are not observing any multifamily residual (excess) demand in the subject's market area.

Step 6 – Project/Forecast Subject Capture

The subject has a mature and well-developed location with sufficient unit finish and maintenance to effectively compete in its market. Management reports that occupancy is on the rise with stabilization projected for the near future. Given the highly developed nature of the surroundings, little new supply is being added. Rather existing units are typically renovated and brought up to both physical and economic market standards. Therefore, we can infer that the subject will continue to capture its fair share.

Highest and Best Use Analysis

Definition

Highest and best use may be defined as, "the reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, and financially feasible, and that results in the highest land value."¹

Because the use of the land can be limited by the presence of improvements, highest and best use is determined separately for the site as though vacant and available to be put to its highest and best use, and for the property as improved.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria which the highest and best use must meet are:

- Legally permissible;
- Physically possible;
- Financially Feasible; and
- Maximally Productive.

1 (Appraisal Institute, Chicago, 2008, The Appraisal of Real Estate 13th Edition, page 277)

Analysis of Highest and Best Use As If Vacant

Legally Permissible: The site is zoned B – Multi-Family Residential District – The purpose of this zoning district is to accommodate high-density multi-family housing including apartments and group homes. The subject property appears to represent a legal and conforming use, and were the site vacant, it is likely that a similar multi-family use would be developed. Single family residential users would receive little opposition.

Physically Possible: County records indicate the lot size is 13,996sf or 0.32 acres. The site is generally rectangular in shape with the long edge Bluff St. The site has necessary utilities for various property types. The physically possible uses include residential or small sized commercial uses.

Financially Feasible: The legally permissible and physically possible uses are narrowed to exclude those that are not financially feasible. The subject's location is near the downtown Wichita area within a well-established and mature residential neighborhood. Given the location, uses would likely be residential, or possibly small commercial users. These are most likely the financially viable uses for the subject.

Maximally Productive/Highest and Best Use As Vacant: The subject property is within a mature and well-developed residential neighborhood with most of its surrounding properties being single family residential. It has frontage to a residential side street in close proximity to a prominent arterial roadway with a number of commercial properties are nearby. Fixtures of the neighborhood is the Wesley Medical Center to the west, and the MacDonald Golf Course to the north. Given the above discussion the highest and best use as vacant would be a residential user, more specifically a multifamily property would be approved.

Analysis of Highest and Best Use As Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property (1) continuation of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land.

Retaining the existing improvements meets the test for physical possibility, legal permissibility, and financial feasibility.

As of the effective date of the report, the improvements are functional, they are well occupied and provide a return to the land. As will be explored further in the Income Approach below; in order to determine the highest and best use of the property we have analyzed the income producing properties of the subject under two scenarios. In one scenario, we consider the hypothetical condition in which all of the units are leased at stabilized market rates to long term residential tenants, as this was the initial intended use. Under the second scenario, we analyze the property as it is currently being utilized, with three of the units leased on short term basis to Airbnb users, and five of the units leased to long term residential tenants. We note that the buyer intends to continue the latter use into the foreseeable future. As will be demonstrated below, the mixed Airbnb and long-term residential use provides the highest return on income and therefore represents the highest and best use for the subject property. Given the design of the property, alternative uses that are significantly different from the current use are unlikely. The current market value as improved exceeds the value of the land less the cost of improvement demolition. Therefore, demolition and redevelopment of the site is not maximally productive.

Conclusion to the Highest and Best Use as Improved

As of the effective date of the report and based on the above discussion, the highest and best use is continuation of the existing apartment complex utilizing some units for Airbnb. Timing is now.

Most Probable Buyer

As of the date of the As Is value, the most probable buyer of the subject property is an investor.

Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Income Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach has the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over time. Investors would likely use income analysis in their purchase decisions; therefore, we apply the income approach to the appraisal of the subject property.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, or economic units of comparison such as linear regression analysis and gross rent multipliers. Adjustments are applied to the physical units of comparison derived from the comparable sales. The unit of comparison chosen for the subject is then used to yield a total value. The local market provides sufficient comparable sale data for an As Complete and Stabilized market value analysis. As such, we process the sales comparison approach.

Cost Approach

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements or specialized properties where there are few sales or leases of comparable properties. Given the age of the improvements, it has been concluded that the Cost Approach is not applicable due to the difficulty in accurately estimating depreciation. Excluding the cost approach does not impact the credibility of the final value conclusions.

Reconciliation

Reconciliation is the process of developing a final opinion of value by weighing the strengths and weaknesses of each applicable approach to value. During the reconciliation, we again consider the entire appraisal process, the data available, and the analytical techniques and logic that have been applied. We consider the differences of the value conclusion indications and typically rely heavily on the approach or approaches that are most appropriate for the appraisal problem.

INCOME APPROACH

The income capitalization approach is based on the premise that value is created by the expectation of future benefits. The approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

Inherent in income capitalization rates are a variety of factors, including but not limited to, the physical characteristics of the property, the current economic characteristics of the property, general market perceptions, and anticipation of change and risk associated with the permanence of the income. Income capitalization is particularly useful in the case of leased properties but may also be helpful in cases of owner occupancy, which gives owners a method to examine the potential income and value if leased versus owner occupancy.

Contained within the Income Approach are a series of assumptions to estimate net operating income. The assumptions include estimates of potential gross income, vacancy rate, operating expenses, and finally net operating income. We process the approach as Complete & Stabilized. It is noteworthy that the subject property is designed as a standard apartment building, however due in part to its locational attributes is partially utilized as an Airbnb. As a check on the highest and best use of the property, we have elected to run the subject property under two valuation "scenarios", one in which the property is leased at market rates exclusively to long-term residential users, and one in which three of the units are retained for Airbnb use, as is the buyer's intention. The analysis as set forth on the below begins with an analysis of the property as if fully occupied by long-term residential users at market rates.

Contract Rent:

The subject property is comprised of eight living units, four of which are 1-Bed, 1-Bath, and four of which are 2-Bed, 1-Bath. As of the effective date of this report, three of the units are being utilized as Airbnb, and five as traditional apartment units, one of which is vacant. Per discussion with the buyer, he intends to continue to operate three of the units for Airbnb and increase rental rates on the long-term residential units as leases expire. A copy of the most recent rent roll is provided below.

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Unit	Unit Mix	Status	Unit SF	Rent	Rent / SF	Deposit	Comm.	End
644 - 1	2-Bed, 1-Bath	Airbnb	800	\$ -	\$ -	\$ -	--	--
644 - 2	1-Bed, 1-Bath	Airbnb	600	\$ -	\$ -	\$ -	--	--
644 - 3	2-Bed, 1-Bath	Occupied	800	\$ 1,150	\$ 1.44	\$ 1,150.00	5/31/25	6/30/26
644 - 4	1-Bed, 1-Bath	Occupied	600	\$ 1,050	\$ 1.75	\$ 1,050.00	12/13/23	12/31/26
646 - 1	2-Bed, 1-Bath	Airbnb	800	\$ -	\$ -	\$ -	--	--
646 - 2	1-Bed, 1-Bath	Occupied	600	\$ 995	\$ 1.66	\$ 995.00	5/23/25	5/31/26
646 - 3	2-Bed, 1-Bath	Vacant	800	\$ -	\$ -	\$ -	--	--
646 - 4	1-Bed, 1-Bath	Occupied	600	\$ 995	\$ 1.66	\$ 995.00	7/1/25	7/31/26
Total / Ave			5,600	\$ 4,190	\$ 1.63			

Asking Rent:

The buyer intends to increase the 2-Bed unit rents to \$1,350 - \$1,400 per month, and all 1-Bed units to the current highest contract rate of \$1,050 per month. This translates to rates of \$1.69/sf - \$1.75/sf for the 2-Bed units, and \$1.75/sf for the 1-Bed units.

Market Rent:

Contract rents typically establish income for leased space, while market rent is the basis for estimating income from future speculative leasing of space or re-leasing when a lease expires. Below comparable rent data is provided for similarly sized apartment complexes within the north-central Wichita market. We have broken the dataset into two summary tables, one representative of each unit mix.

Apartment Market Rent – The subject property is comprised of four 2-Bed units and four 1-Bed units. The 2-Bed units feature approximate net rentable areas of 800sf and 600sf for the 1-Bed units. These sizes are fairly typical for apartment units, and commensurate with the central Wichita Market. We have surveyed asking rents for one- and two-bedroom units throughout the central Wichita area. In most of the properties either the tenant pays for all utilities, or the owner will pay for water, trash, sewer, and sometimes natural gas. The results are provided in the tables below.

Table - Apartment Survey

1-Bed Apartment Rents											
No.	Address	Complex Name	City	YOC	Beds	Baths	Unit SF	Rent / Mo	Rent / Year	Rent / SF	
1	143 N. Rutan St.	Uptown Landing	Wichita	2022	1	1	806	\$ 1,235	\$ 14,820	\$ 1.53	
2	143 N. Rutan St.	Uptown Landing	Wichita	2022	1	1	722	\$ 1,100	\$ 13,200	\$ 1.52	
3	505 N. Rock Rd.	Horizons East Apts.	Wichita	1972	1	1	694	\$ 859	\$ 10,308	\$ 1.24	
4	2303 N. Sommerset St.	Twin Rivers Apts.	Wichita	1970	1	1	675	\$ 840	\$ 10,080	\$ 1.24	
5	7030 E. Kellogg Dr. North	Village Park at Eastborough	Wichita	1966	1	1	626	\$ 730	\$ 8,760	\$ 1.17	
6	202 N. Rock Rd.	Village Park at Rockborough	Wichita	1978	1	1	625	\$ 730	\$ 8,760	\$ 1.17	
7	3625 W. 13th St. North	Magnolia Woods	Wichita	1967	1	1	625	\$ 900	\$ 10,800	\$ 1.44	
8	5400 E. 21st St.	21W at Wichita State	Wichita	1976	1	1	620	\$ 800	\$ 9,600	\$ 1.29	
9	211 Greenwood Unit 101	Hyde Park Apts.	Wichita	2025	1	1	616	\$ 1,025	\$ 12,300	\$ 1.66	
10	2740 W. 13th St.	Indian Hills Apts.	Wichita	1963	1	1	615	\$ 1,070	\$ 12,840	\$ 1.74	
11	3321 W. Zoo Blvd.	Keeper	Wichita	1979	1	1	600	\$ 675	\$ 8,100	\$ 1.13	
12	1322 N. Woodlawn St.	Highland Square	Wichita	1976	1	1	595	\$ 705	\$ 8,460	\$ 1.18	
13	333 W. 21st Ave.	Renata View Apts.	Wichita	1980	1	1	550	\$ 765	\$ 9,180	\$ 1.39	
14	2004 W. McCormick	Wren's Landing	Wichita	1977	1	1	508	\$ 950	\$ 11,400	\$ 1.87	
15	425 W. Taft St.	Lux Off Riverwalk	Wichita	1972	1	1	500	\$ 825	\$ 9,900	\$ 1.65	
16	333 W. 21st Ave.	Renata View Apts.	Wichita	1980	1	1	500	\$ 950	\$ 11,400	\$ 1.90	
17	1516 E. 3rd St.	Central Park Apts.	Wichita	1940	1	1	500	\$ 850	\$ 10,200	\$ 1.70	
18	2619 W. 15th St.	Un-named Apts.	Wichita	1981	1	1	475	\$ 815	\$ 9,780	\$ 1.72	
19	2727 N. Amidon St.	Amidon Place Apts.	Wichita	1972	1	1	450	\$ 710	\$ 8,520	\$ 1.58	
20	2619 W. 15th St.	Un-named Apts.	Wichita	1981	1	1	450	\$ 775	\$ 9,300	\$ 1.72	
										Ave.	\$ 1.49
										Max	\$ 1.90
										Min	\$ 1.13

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The above comparable rents are all sourced from within central Wichita either within, or in close proximity to our subject's direct competitive market. The size range brackets the subject, and rents range from \$1.13/sf to \$1.90/sf with an average of \$1.49/sf. As noted above, the asking rate for the 1-Bed units will be \$1.75/sf. While this is above the average provided, it is bracketed by the range of Comparable Rents. With consideration given to the subject's locational attributes, relatively small unit size, and recent renovations, we have concluded that the current asking rate of \$1,050 per month is at market and have applied this in our analysis below.

2-Bed Apartment Rents

No.	Address	Complex Name	City	YOC	Beds	Baths	Unit SF	Rent / Mo	Rent / Year	Rent / SF
1	213 S. Belmont St.	Belmont Duplex Unit 213	Wichita	1927	2	1	1,348	\$ 1,350	\$ 16,200	\$ 1.00
2	505 N. Rock Rd.	Horizons East Apts.	Wichita	1972	2	1.5	1,194	\$ 1,125	\$ 13,500	\$ 0.94
3	143 N. Rutan St.	Uptown Landing	Wichita	2022	2	2	1,146	\$ 1,675	\$ 20,100	\$ 1.46
4	505 N. Rock Rd.	Horizons East Apts.	Wichita	1972	2	1.5	1,130	\$ 1,149	\$ 13,788	\$ 1.02
5	505 N. Rock Rd.	Horizons East Apts.	Wichita	1972	2	2	1,075	\$ 1,009	\$ 12,108	\$ 0.94
6	1985 N. Amidon Ave.	Marina Point Apts.	Wichita	1985	2	1.5	1,020	\$ 1,350	\$ 16,200	\$ 1.32
7	3425 E. English St.	College Hill Flats	Wichita	1973	2	2	1,000	\$ 1,100	\$ 13,200	\$ 1.10
8	505 N. Rock Rd.	Horizons East Apts.	Wichita	1972	2	2	963	\$ 999	\$ 11,988	\$ 1.04
9	143 N. Rutan St.	Uptown Landing	Wichita	2022	2	1	924	\$ 1,255	\$ 15,060	\$ 1.36
10	2303 N. Somerset St.	Twin Rivers Apts.	Wichita	1970	2	1	925	\$ 1,350	\$ 16,200	\$ 1.46
11	202 N. Rock Rd.	Village Park at Rockborough	Wichita	1978	2	1	865	\$ 925	\$ 11,100	\$ 1.07
12	2701 E. Harry St.	Meadowlark Apts.	Wichita	1949	2	1	850	\$ 775	\$ 9,300	\$ 0.91
13	3414 E. Central	34Fourteen	Wichita	2007	2	1.5	790	\$ 875	\$ 10,500	\$ 1.11
14	2740 W. 13th St.	Indian Hills Apts.	Wichita	1963	2	1	770	\$ 905	\$ 10,860	\$ 1.18
15	2740 W. 13th St.	Indian Hills Apts.	Wichita	1963	2	1	770	\$ 955	\$ 11,460	\$ 1.24
16	4825 Eastwood St.	Sandstone Apts.	Wichita	1950	2	1	750	\$ 690	\$ 8,280	\$ 0.92
17	3625 W. 13th St.	Magnolia Woods	Wichita	1967	2	1	750	\$ 630	\$ 7,560	\$ 0.84
18	8132 E. Harry St.	Paige Place Apts.	Wichita	1981	2	1	650	\$ 765	\$ 9,180	\$ 1.18
									Ave.	\$ 1.12
									Max	\$ 1.46
									Min	\$ 0.84

As with the 1-bedroom surveys above, all of the Comparable rents have been sourced from within central Wichita. The size range brackets the subject, and the rents range from \$0.84/sf to \$1.46/sf with an average of 1.12/sf. We note that many of the units are considerably larger than the subject. According to the principle of the economies of scale, these units typically will lease at a lower rate on a per square foot basis. As with the above survey, we have given consideration to the subject's locational attributes, relatively small size, and recent renovations. It is noted that the subject's proposed asking rates are above the range of comparable rates provided on a per square foot basis, however, are bracketed on a per unit per month basis. With consideration given to the subject's location and condition, we have concluded that the buyer's proposed asking rate of \$1,350 per month is reasonable and at market. Accordingly, we have utilized this monthly rate in our analysis below.

Market Rent Conclusion

Based on the data above, we have concluded that the owners projected rental rates for the property, As Complete and Stabilized, represent a market rental rate for the area upon stabilization of occupancy. Accordingly, we utilize the owner's projected rates within our analysis and for our potential gross income projections.

Potential Gross Income

Based on the projected market rates, a total projected market rate for the entire complex, As Complete and Stabilized fully utilized for long-term residential use, is forecast at \$9,600 per month or \$115,200 annually. With a Net Rentable Area of 5,600sf, this translates to a PGI of \$20.57/sf NRA.

Vacancy & Collection Loss

According to the Wichita Business Journal the apartment market for Wichita has cooled off since last year. It is said that Wichita is the 27th most competitive small market in the country. There has been a good amount of apartment construction around Wichita, some are just starting, and others are on their way to completion in early 2026. The Business Journal reports that the city's overall apartment occupancy was 94% which translates to a vacancy rate of 6%. We note that the majority of new construction is concentrated on the city's peripheries, and for more highly developed markets such as in Central Wichita, renovation is more common than new construction.

As of the effective date of this report, three of the five units are being utilized as Airbnb units leading to a long-term residential leasable area of 3,400sf. Of this area, 2,600sf is currently occupied indicating a physical occupancy of 76.47%. We note that prior to renovations and reutilization of some of the units, the building reportedly boast high annual occupancy. This is substantiated by there being several multi-family properties in the Sleepy Hollow Neighborhood with few to no online listings for vacant spaces. Given the lack of vacant housing noted in the immediate area combined with the subject's recent renovations and competitive position near the high end of the market, we have concluded a vacancy in line with the Wichita standard at 6.00% accounting for both physical and economic vacancy.

Expense Reimbursements

We assume most investors would operate the subject property with units leased on a gross basis. Therefore, we do not forecast expense reimbursements in our analysis.

Other Income

Other income often includes application fees, late payment fees, pet fees, lost key fees, tenant personal property insurance fees, laundry income, and tenant damage. Other income is reported by ownership for 2023, and 2024, however is well above our comparable data set, and appears to include items atypical of the above listed fees and income generators. Other income typically ranges between \$0.20/sf to \$0.65/sf. We estimate other income of **\$0.30/sf**.

Historical Income and Expenses

Historical income and expense statements for 2024 and year to date 2025 have been provided. Please note, these income and expense statements include the Airbnb unit expenses, as well as some capital expenditures. Accordingly, total expenses are not an accurate representation of the property operating at fully stabilized occupancy on an annual basis. Further we note the buyer's intention to increase current rental rates indicates that there is some economic vacancy built into these statements in the form of below market rents. On the next page we restate the expense data as provided.

Income/Expense Statement Restated**Apartment 644 N. Bluff Ave.****Wichita, KS**

GBA (SF)

6552

Ordinary Income / Expense	2024 (Jan - Dec)	/SF	2025 (Jan - Aug)	/SF
Income				
Rental Income (8%)	\$ 68,938.00	\$ 10.52	\$ 27,402.74	\$ 4.18
Total Income	\$ 68,938.00	\$ 10.52	\$ 27,402.74	\$ 4.18

Expense

Postage & Delivery	\$ 19.50	\$ 0.00	\$ 19.50	\$ 0.00
Property Management Fees				
Lease Commission (1/2)	\$ 1,147.50	\$ 0.18	\$ 1,000.00	\$ 0.15
Management Fees (8%)	\$ 5,331.84	\$ 0.81	\$ 2,028.62	\$ 0.31
Total Property Management Fees	\$ 6,498.84	\$ 0.99	\$ 2,253.65	\$ 0.34

Repairs & Maintenance

Cleaning	\$ 425.00	\$ 0.06	\$ 75.00	\$ 0.01
Grounds	\$ 1,085.00	\$ 0.17	\$ 372.75	\$ 0.06
HVAC	\$ 802.53	\$ 0.12	\$ 12,133.90	\$ 1.85
Maintenance	\$ 8,119.16	\$ 1.24	\$ 5,222.43	\$ 0.80
Materials	\$ 225.30	\$ 0.03	\$ 583.36	\$ 0.09
Painting	\$ (18.75)	\$ (0.00)	\$ 38.00	\$ 0.01
Plumbing	\$ 11,562.50	\$ 1.76	\$ 120.00	\$ 0.02
Total Repairs & Maintenance	\$ 22,280.74	\$ 3.40	\$ 18,545.44	\$ 2.83

Utilities	\$ 13,997.00	\$ 2.14	\$ 10,358.84	\$ 1.58
Total Expense	\$ 42,776.58	\$ 6.53	\$ 31,952.40	\$ 4.88

NOI	\$ 26,161.41	\$ 3.99	\$ (4,549.66)	\$ (0.69)
Net Income	\$ 26,161.42	\$ 3.99	\$ (4,549.66)	\$ (0.69)

Expense Structure

The owners directly pay real estate taxes, insurance, maintenance and repairs, trash service, and water. Tenants are responsible for all utilities. Based on the provided income and expense statements total utility cost are approximately \$1,150 per month.

Real Estate Tax Expense

In tax year 2025, the County value is \$325,900 with general taxes of \$4,185.19 and a mill levy of 112.809. County appraisers generally adjust the County value based upon a recent sale. The Income Approach to value assumes a recent sale. The Income Approach to value assumes a hypothetical sale to an investor. Most astute investors will examine the taxes and forecast potential future increases in their purchase / investment decisions. Therefore, our income forecast incorporates an adjustment to property taxes based

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on a potential County value to Income Approach value ratio of approximately 75%, a residential assessment rate of 11.50%, and the mill levy of 112.809. Based on our analysis, our county value estimate is \$1,062,000 and general property tax forecast is: **\$11,875 ~ \$1.81/sf.**

Insurance Expense

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. We examine insurance expenses on the basis of above ground building area. Insurance expense projections were provided by the owner at \$6,000 annually, or approximately \$0.92/sf.

Apartment Building Insurance Expense Comparables

No	Location	Building Type	City	Med HH Inc.	YOC	No. Units	Stories	GBA	NRA	Ave. Rent / SF	Insurance	Ins. / SF
1	Kansas	Apartment	Wichita	\$ 372,551	1981	20	1	12,672	9,460	\$ 1.72	\$ 10,745	\$ 0.85
2	Kansas	Apartment	Wichita	\$ 42,914	1972	58	2.5	30,096	31,500	\$ 1.32	\$ 24,141	\$ 0.80
3	Kansas	Apartment	Wichita	\$ 46,981	1979	84	2	36,060	41,700	\$ 1.07	\$ 25,137	\$ 0.70
4	Kansas	Apartment	Wichita	\$ 63,106	1973	37	2	37,368	33,200	N/A	\$ 20,500	\$ 0.55
5	Kansas	Apartment	South Hutchinson	\$ 45,123	1976	20	1	13,500	13,500	\$ 0.68	\$ 12,396	\$ 0.92
6	Kansas	Apartment	Wichita	\$ 40,819	1972	58	2.5	30,096	31,500	N/A	\$ 16,750	\$ 0.56
7	Kansas	Apartment	Wichita	\$ 53,673	1981	20	1	12,672	9,460	N/A	\$ 11,000	\$ 0.87
8	Kansas	Apartment	Hutchinson	\$ 65,559	1986	10	2	7,240	7,240	N/A	\$ 7,052	\$ 0.97
9	Kansas	Apartment	Wichita	\$ 49,356	1964	20	2	14,430	13,650	\$ 1.00	\$ 7,835	\$ 0.54
10	Kansas	Apartment	Wichita	\$ 43,600	2026	36	3	26,500	22,010	N/A	\$ 25,000	\$ 0.94
Ave.											\$	0.77

Our comparable insurance data set for apartments ranges from \$0.55 to \$0.97/sf, with an average of \$0.77/sf. While towards the higher end of the range, the subject's insurance expense is bracketed and considered to be reasonable for a property of this type and quality. Accordingly, we use **\$0.92/sf** in our analysis.

Repair and Maintenance Expense

This expense includes regular maintenance and repair of mechanical systems, preventive maintenance, structural repairs, refurbishment from normal wear and tear, occasional painting, roof repairs, parking lot repairs, snow removal and mowing. Major replacements are usually not included in this line item; however, they are identified as below the line capital expenditures. It appears that the subject owner has been combining both typical repairs and maintenance and capital expenditures in the income and expense statements for 2024, and year to date 2025. Accordingly, we rely upon comparable data retained within our files. We usually see typical maintenance and repairs in the range of \$0.40/sf to \$0.85/sf. We allocate **\$0.75/sf** for the subject.

Utilities

The subject has separately metered electricity and tenants are responsible for repayment. The owner pays trash, water, plus utilities for any vacant units, and exterior lighting. The provided income and expense statements for the property indicate utility expenses of approximately \$2.14/sf for 2024. We note that this includes the owner's utility expenses for the Airbnb units, which do not pass through to the tenant. Based on data from similar quality and sized apartment buildings within the Wichita MSA, we allocate **\$0.50/sf**.

Management Expense

Residential property management fees are usually in the range of 6% to 9% of effective gross income. Multi-tenant properties require more intensive management. We use a management fee of **8.50%**.

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Other

This is a general category for miscellaneous expenses. Even with a management fee the owner will often incur minor miscellaneous expenses. These typically range between \$0.01/sf to \$0.05/sf. We have projected a cost of **\$0.03/sf**.

Operating Expense Conclusion

Overall operating expenses for multi-tenant mixed use properties of the subject type usually fall in the range of 30% to 50% of effective gross income. The rule of thumb for newer or newly renovated, good quality, multi-family properties is 30% - 35%. Our operating expense projection is 32.1% of effective gross income. While towards the lower end, this falls well within a reasonable range.

Net Operating Income

Based on the preceding income and expense projections, net operating income is estimated at \$74,712, or \$11.40/sf

Capitalization Rate

The income capitalization approach to value is based on the premise that a direct relationship exists between the value of a property and the stabilized level of net income it is capable of generating. Direct capitalization is a method used to convert a single year's expected income into a value indication. To make the conversion, the income estimate is divided by an appropriate income rate, a capitalization rate.

A market derived overall capitalization rate is applied to one year's income which produces an indication of value. Inherent in the capitalization rate are a variety of factors, including but not limited to, the physical characteristics of the property, the current economic characteristics of the property, general market perceptions, and anticipation of change and risk associated with the permanence of the income.

To determine an appropriate capitalization rate, we examine extracted rates from market sales, the Band of Investment Method and investor surveys.

Market Extracted Rates – The table below provides capitalization rate data for 11 apartment type sales throughout the region. They are sorted by sale date from newest to oldest.

No.	Location	No. Units	YOC	Avg Unit Size	Occupancy	Sale Price	Sale Date	NOI/Unit	Expense Ratio	EGIM	Cap Rate
1	MC MSA	36	1912	724	95.00%	\$4,535,000	1/15/25	\$8,149	37.55%	9.65	6.47%
2	KC MSA - Parkville	42	1965	723	95.00%	\$3,650,000	12/9/24	\$5,595	51.55%	7.53	6.44%
3	Central Wichita	8	1973	451	--	\$440,000	10/11/24	\$4,431	42.59%	7.13	8.06%
4	KC MSA	14	1960	984	92.00%	\$1,589,000	7/16/24	\$7,353	42.81%	8.83	6.48%
5	Central Wichita	12	1977	1032	100.00%	\$1,000,000	12/15/23	\$6,053	37.37%	8.22	7.26%
6	Central Wichita	8	1954	819	87.50%	\$1,100,000	12/14/23	--	--	10.20	7.86%
7	Central Wichita	24	1983	512	--	\$1,300,000	12/14/23	\$4,562	37.30%	7.44	8.42%
8	KC MSA - Gladstone	16	1904	1500	100.00%	\$1,860,000	10/11/23	\$7,104	48.28%	8.46	6.11%
9	Central Wichita	24	1977	462	96.00%	\$1,050,000	9/12/23	\$3,496	43.26%	7.10	7.99%
10	East Wichita	66	1969	915	92.00%	\$2,800,000	4/10/23	\$3,211	53.69%	6.12	7.57%
11	South Wichita	24	1978	388	--	\$1,150,000	2/6/23	\$3,699	44.65%	7.17	7.72%

In addition to the above data, we are aware of a pending sale in Manhattan Kansas of similar vintage with a cap rate of 5.50%. The extracted rates are indicating a range for the subject of 6.11% to 8.42%

Band of Investment Method - This technique examines the weighted average of capitalization rates of debt and equity components which are combined to derive an overall capitalization rate. We use a

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probable interest rate of 7.00% floating, an amortization of 25 years, and an LTV of 75%. The PwC dividend indicator for January of 2025 is 7.73%. The PwC Equity REITs dividend is 3.91%. Realty Rates Q1 2025 is showing garden apartment equity dividend requirements in the range of 4.66% to 12.22% with an average of 8.06%. We use 7.50%. Shown below are assumptions and calculations involved in deriving an indication from the band of investment technique:

Capitalization Rates - Band of Investment				
% Debt		Mortgage Constant		Capitalization Rate
75%	x	8.48%	=	6.36%
		Equity Return		+
% Equity				
25%	x	7.50%	=	1.88%
Total				8.24%

Investor Surveys - The following table illustrates anticipated overall capitalization rates as published various investor surveys.

Investor Capitalization Rate Surveys - Apartments			
	PWC Q2 2025 National Apartment	PWC Q2 2025 National Student Housing	Realty Rates Q2 2025 Apartments Garden
Range	4.00% - 6.25%	4.50% - 7.00%	5.22% - 11.04%
Average	5.30%	5.81%	7.70%

We usually give more weight to PWC.

Capitalization Rate Conclusion

The following factors were taken into consideration when estimating the capitalization rate for the subject property:

Economic Characteristics: Multi-Family housing investment is in demand.

Physical Characteristics: The property is well maintained and recently renovated.

Location: The property is located centrally in Wichita with good proximity to the downtown area. Vacancy in the immediate area is relatively low with above average demographic performance noted.

Based on the foregoing data we conclude a capitalization rate of **6.75%**.

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the As Is value. Valuation of the subject by direct capitalization is shown in the table below.

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Hypothetical Full Residential Scenario

Operating Income / Expense Projections

Valuation Scenario	As Complete & Stabilized		
Building Size GBA (Per County)	6,552		
Building Size NRA (Per Lease)	5,600	3,200	Two-bdrm NRA
Ave. Market Rent/sf - 2-Bed	\$1.69	2,400	One-bdrm NRA
Ave. Market Rent/Unit	\$1,352		
Ave. Market Rent/sf - 1-Bed	\$1.75		
Ave. Market Rent/Unit	\$1,050		
ACS			
Projection			
Income		%	Per NRASF
Base Rent	\$115,296	100%	\$20.59
Reimbursements	--		
Potential Gross Income	\$115,296		
Vacancy and Collection Loss	-6,918	6.00%	
Other Income	1,680		\$0.30
Effective Gross Income	\$110,058	100%	\$19.65
Expenses			Per GBASF
Real Estate Taxes	\$11,018	10.0%	\$1.68
Insurance	6,000	5.5%	\$0.92
Repairs/Maintenance	4,914	4.5%	\$0.75
Utilities	3,276	3.0%	\$0.50
Management	9,355	8.5%	\$1.43
Other	197	0.2%	\$0.03
Total Expenses	\$34,760	31.6%	\$5.31
Net Operating Income	\$75,299	68.4%	\$11.49
Capitalization Rate	6.75%		
Indicated Stabilized Value	\$1,115,536		
Rounded	\$1,115,550		\$170.26

As Stabilized Value Indication – Income Approach

\$1,115,550 ~ 170.26/sf

As Complete Value

In order to arrive at an As Complete value, we deduct the prospective lost rent over a lease up period. If a prospective buyer purchased the property with the intention to lease all units to long-term residential users, the complex would have an occupancy of 50%. Given the high residential occupancy in the immediate area, we project a relatively short timeframe for lease up to stabilization at three months. With three of the “vacant” units being 2-Bedroom and one being 1-Bedroom, the average of the monthly rent lost would be \$1,275. The lease up calculation is as follows:

Lease Up Cost		
Component	Rate	Cost Estimate
Units to Lease Up	4	
Ave. Rent / Unit Per Mo	\$1,275	
Rent / Unit Per Yr	\$15,300	
Absorption Time - months	3	
Lease Up Lost Rent		\$7,650

This lease up cost is deducted to arrive at an As Complete value indication of **\$1,107,900 ~ \$169.09/sf**

As Is Value

Given the buyer intends to complete a resurfacing of the pickle ball court, roof replacement, and minor renovations to the interior of select units, we subtract an estimated cost to complete from the As Complete value in order to indicate an As Is value for the subject. Per discussion with the buyer, bids for said renovations include \$20,000 for the roof upon closing of the pending transaction, \$6,000 for resurfacing the pickle ball court, and approximately \$2,500 per unit in interior finish work as units become vacant. If we apply this figure to the three Airbnb units and the currently vacant unit this gives a total renovation cost following closing of approximately \$36,000. In addition, we deduct an additional 15% profit factor. We deduct this total amount from our As Complete value to indicate an As Is value. The Calculation is as follows:

As Complete & Stabilized Value	\$1,107,900
Minus Projected Cost to Complete	(\$36,000)
Minus Profit Factor (15% of Cost)	(\$5,400)
Total	(\$41,400)

As Is Value Indication – Income Approach

\$1,066,500 ~ 162.77/sf

As Complete & Stabilized Value Indication – Mixed Use Airbnb & Long Term Residential

Under our second valuation scenario, we have elected to run an analysis of the income producing capabilities of the property as it is currently being utilized, which the buyer intends. Below we include the Airbnb year-to-date income as provided by the current owner.

Airbnb Year-to-Date Income:

In addition to the long-term residential rental data, we have been provided with the gross income records on the Airbnb units to date. A summary of this report is provided below. Please note, unit 1 of building 646 was only converted to Airbnb use in July. Further note that the occupancy calculations are based upon the total nights available from the first check in date to the last check-out date, rather than a full 365-day year.

2-Bed 1-Bath Unit 644 N. Bluff Unit 1															
Check In	Check Out	Nights	Weeks	code	platform	status	Cleaning	payout	Rent	Rent / Night	Rent / Week	ADR	RevPar	Comment	
1/1/25	1/24/25	23	3.29	SKE2SA	manual	accepted	\$ -	\$ 1,226.00	\$ 1,226.00	\$ 53.30	\$ 373.13				
1/30/25	2/23/25	24	3.43	HM3545KPSW	airbnb	accepted	\$ 75	\$ 1,754.48	\$ 1,679.48	\$ 69.98	\$ 489.85				
2/23/25	2/28/25	5	0.71	HMQXKZ9N2R	airbnb	accepted	\$ 75	\$ 340.84	\$ 265.84	\$ 53.17	\$ 372.18				
2/28/25	3/7/25	7	1.00	HMRMHPPYX5P	airbnb	accepted	\$ 75	\$ 465.83	\$ 390.83	\$ 55.83	\$ 390.83				
3/7/25	3/10/25	3	0.43	HMRAA3BD4P	airbnb	accepted	\$ 75	\$ 155.86	\$ 80.86	\$ 26.95	\$ 188.67				
3/14/25	3/16/25	2	0.29	HMQKRAJ8ZA	airbnb	accepted	\$ 75	\$ 178.46	\$ 103.46	\$ 51.73	\$ 362.11				
3/20/25	3/23/25	3	0.43	HMS2HZ2AQJ	airbnb	accepted	\$ 75	\$ 606.13	\$ 531.13	\$ 177.04	\$ 1,239.30				
3/24/25	3/31/25	7	1.00	HMK3FRETHQY	airbnb	accepted	\$ 75	\$ 508.99	\$ 433.99	\$ 62.00	\$ 433.99				
3/31/25	4/7/25	7	1.00	HMJYA4CHRY	airbnb	accepted	\$ 75	\$ 428.88	\$ 353.88	\$ 50.55	\$ 353.88				
4/9/25	5/9/25	30	4.29	HMTB9ZJEXT	airbnb	accepted	\$ 75	\$ 1,849.25	\$ 1,774.25	\$ 59.14	\$ 413.99				
5/10/25	5/14/25	4	0.57	HMJNKE9N8R	airbnb	accepted	\$ 75	\$ 400.30	\$ 325.30	\$ 81.33	\$ 569.28				
5/14/25	11/23/25	193	27.57	HMFHTY3ZJWJ	airbnb	accepted	\$ -	\$ 11,215.56	\$ 11,215.56	\$ 58.11	\$ 406.78				
Total		308	44.00	Vacant Nights	57	Total	\$ 750	\$ 19,130.58	\$ 18,380.58		\$ 417.74				
Ave.		25.67	3.67	Vacancy	17.48%		\$ 63	\$ 1,594.22	\$ 1,531.72	\$ 66.60	\$ 462.44	\$ 59.68	\$ 49.24		
				Occupancy	82.52%										
1-Bed 1-Bath Unit 644 N. Bluff Unit 2															
Check In	Check Out	Nights	Weeks	code	platform	status	Cleaning	payout	Rent	Rent / Night	Rent / Week	ADR	RevPar	Comment	
1/7/25	1/10/25	3	0.43	HMYYE348WW	airbnb	accepted	\$ 60	\$ 210.05	\$ 150.05	\$ 50.02	\$ 350.12			converted to airbnb Feb	
1/12/25	1/15/25	3	0.43	HMTZ8HETCR	airbnb	accepted	\$ 60	\$ 210.05	\$ 150.05	\$ 50.02	\$ 350.12				
1/28/25	1/31/25	3	0.43	HMBFZPHSE9	airbnb	accepted	\$ 60	\$ 210.05	\$ 150.05	\$ 50.02	\$ 350.12				
2/1/25	2/27/25	26	3.71	HMRH8P5N3H	airbnb	accepted	\$ -	\$ 1,362.85	\$ 1,362.85	\$ 52.42	\$ 366.92				
2/27/25	3/2/25	3	0.43	HMY2TX9XWR	airbnb	accepted	\$ 60	\$ 297.64	\$ 237.64	\$ 79.21	\$ 554.49				
3/2/25	3/5/25	3	0.43	HMMQ9CMSAW	airbnb	accepted	\$ 60	\$ 215.58	\$ 155.58	\$ 51.86	\$ 363.02				
3/7/25	3/11/25	4	0.57	HMYPJ9D82B	airbnb	accepted	\$ 60	\$ 285.42	\$ 225.42	\$ 56.36	\$ 394.49				
3/14/25	3/22/25	8	1.14	HMA2DMA2S5	airbnb	accepted	\$ 60	\$ 767.22	\$ 707.22	\$ 88.40	\$ 618.82				
3/23/25	3/28/25	5	0.71	HMX4RZ2NFJ	airbnb	accepted	\$ 60	\$ 423.54	\$ 363.54	\$ 72.71	\$ 508.96				
3/28/25	3/30/25	2	0.29	HMKZXXZZW2	airbnb	accepted	\$ 60	\$ 168.44	\$ 108.44	\$ 54.22	\$ 379.54				
3/30/25	4/2/25	3	0.43	HMWDD2T8JF	airbnb	accepted	\$ 60	\$ 225.18	\$ 165.18	\$ 55.06	\$ 385.42				
4/4/25	4/13/25	9	1.29	HMWV9J3R5Z	airbnb	accepted	\$ 60	\$ 614.34	\$ 554.34	\$ 61.59	\$ 431.15				
4/13/25	5/16/25	33	4.71	HMKQRD9YRW	airbnb	accepted	\$ 60	\$ 1,955.23	\$ 1,895.23	\$ 57.43	\$ 402.02				
5/16/25	5/18/25	2	0.29	HMS3BSNQMS	airbnb	accepted	\$ 60	\$ 259.23	\$ 199.23	\$ 99.62	\$ 697.31				
5/18/25	5/27/25	9	1.29	HMAZM88T5R	airbnb	accepted	\$ 60	\$ 740.25	\$ 680.25	\$ 75.58	\$ 529.08				
5/27/25	5/31/25	4	0.57	HMZSDCYPXB	airbnb	accepted	\$ -	\$ 419.04	\$ 419.04	\$ 104.76	\$ 733.32				
5/31/25	8/10/25	71	10.14	HMZ8DBZE39	airbnb	accepted	\$ -	\$ 4,413.50	\$ 4,413.50	\$ 62.16	\$ 435.13				
8/10/25	8/19/25	9	1.29	HMHZ2AFDPX	airbnb	accepted	\$ 60	\$ 655.86	\$ 595.86	\$ 66.21	\$ 463.45				
9/1/25	9/16/25	15	2.14	HMKKH2HBB	airbnb	accepted	\$ 60	\$ 933.28	\$ 873.28	\$ 58.22	\$ 407.53				
9/19/25	9/26/25	7	1.00	HMTNSZW433	airbnb	accepted	\$ 60	\$ 524.33	\$ 464.33	\$ 66.33	\$ 464.33				
9/26/25	9/28/25	2	0.29	HMDXJHJEP9	airbnb	accepted	\$ 60	\$ 173.67	\$ 113.67	\$ 56.84	\$ 397.85				
10/17/25	10/19/25	2	0.29	HMTTW2PDKK	airbnb	accepted	\$ 60	\$ 232.16	\$ 172.16	\$ 86.08	\$ 602.56				
10/19/25	10/31/25	12	1.71	HMCBEJ2X9N	airbnb	accepted	\$ 60	\$ 866.54	\$ 806.54	\$ 67.21	\$ 470.48				
11/3/25	11/6/25	3	0.43	HMCJCN9MZ	airbnb	accepted	\$ 69	\$ 234.35	\$ 165.35	\$ 55.12	\$ 385.82				
11/13/25	12/14/25	31	4.43	HM5MXN2DH9	airbnb	accepted	\$ 69	\$ 1,899.56	\$ 1,830.56	\$ 59.05	\$ 413.35				
Total		272	38.9	Vacant Nights	93	Total	\$ 1,338	\$ 18,297.36	\$ 16,959.36						
Ave.		10.88	1.55	Vacancy	27.27%		\$ 54	\$ 731.89	\$ 678.37	\$ 65.46	\$ 458.22	\$ 62.35	\$ 45.35		
				Occupancy	72.73%										
2-Bed 1-Bath Unit 646 N. Bluff Unit 1															
Check In	Check Out	Nights	Weeks	code	platform	status	Cleaning	payout	Rent	Rent / Night	Rent / Week	ADR	RevPar	Comment	
7/8/25	8/8/25	31	4.43	HOST-D91VOH	direct	accepted	\$ 75	\$ 1,868.56	\$ 1,793.56	\$ 57.86	\$ 405.00			started in July of this year	
8/8/25	10/31/25	84	12.00	HOST-EKNQDJ	direct	accepted	\$ -	\$ 4,438.99	\$ 4,438.99	\$ 52.85	\$ 369.92				
11/7/25	11/12/25	5	0.71	HM5E392HEH	airbnb	accepted	\$ 86	\$ 412.55	\$ 326.55	\$ 65.31	\$ 457.17				
11/14/25	11/17/25	3	0.43	HM22NP5SCR	airbnb	accepted	\$ 75	\$ 385.28	\$ 310.28	\$ 103.43	\$ 723.99				
Total		123	5.71	Vacant Nights	9	Total	\$ 236	\$ 7,105.38	\$ 6,869.38						
Ave.		30.75	4.39	Vacancy	2.47%		\$ 59	\$ 1,776.35	\$ 1,717.35	\$ 69.86	\$ 489.02	\$ 55.85	\$ 54.47		
				Occupancy	97.53%										
Full Complex Average										\$ 67.30	\$ 469.89	\$ 60.04	\$ 46.46		

Current Rent:

The current rent indicates a RevPAR of \$46.46 per night averaged over the available room nights. This translates to a total potential income of approximately \$54,750 annually. The buyer has provided proforma data estimating income of \$60,000 annually generated from the Airbnb units. It is noted that 646 N. Bluff Unit 1 was only converted to Airbnb use in July of this year.

Market Rent:

As with the analysis of comparable long-term residential rents conducted above, we have conducted an analysis of comparable asking rates for Airbnb units within the immediate area. Below we provide the advertised nightly rents for both 1-Bed and 2-Bed units in the central Wichita area.

No.	Type	Area	City	Neighborhood	Beds	5 day rate	Rate / Night	Comment
1	Guest Home	Northeast	Wichita	College Hill	1	\$ 734.00	\$ 146.80	Queen Bed
2	Home	Northeast	Wichita	Sunnyside	1	\$ 486.00	\$ 97.20	Queen Bed
3	Guest Home	Northeast	Wichita	College Hill	1	\$ 552.00	\$ 110.40	Speakeasy themed house
4	Guest Suite	Northeast	Wichita	Ken-Mar	1	\$ 478.00	\$ 95.60	
5	Hotel	Northeast	Wichita	S. of Forest Hills	1	\$ 354.00	\$ 70.80	Hotel property
6	Tiny Home	Southeast	Wichita	K-15	1	\$ 403.00	\$ 80.60	Western Themed mini home
Ave.							\$ 100.23	

No.	Type	Area	City	Neighborhood	Beds	5 day rate	Rate / Night	Comment
1	Bungalow	Northeast	Wichita	Eastfront	2	\$ 721.00	\$ 144.20	
2	Apt.	Northeast	Wichita	College Hill	2	\$ 480.00	\$ 96.00	SFR converted to apartment.
3	Townhouse	Northeast	Wichita	Chisholm Creek	2	\$ 470.00	\$ 94.00	lower ratings than other properties.
4	Cottage	Northeast	Wichita	Country Overlook	2	\$ 600.00	\$ 120.00	Small Cottage east of the subject.
5	Home	Southeast	Wichita	Mead	2	\$ 556.00	\$ 111.20	Small house near Accession Hospital
6	Guest Suite	Southeast	Wichita	NE of McConnell AFB	2	\$ 563.00	\$ 112.60	
7	Bungalow	Northeast	Wichita	Uptown	2	\$ 546.00	\$ 109.20	
8	Apt.	Northeast	Wichita	Sleepy Hollow	2	\$ 555.00	\$ 111.00	Located to the east of the subject
9	Home	Southeast	Wichita	Sunnyside	2	\$ 569.00	\$ 113.80	
10	Townhouse	Southeast	Wichita	East Mt. Vernon	2	\$ 484.00	\$ 96.80	
Ave.							\$ 110.88	

We have broken the dataset into two summary tables, one representative of each unit mix as we have with the income on the long-term rents above. Based on the asking rate of comparable rents in the area, we believe that an annual income of \$62,000 is at market for the subject's three units. This is applied in our direct capitalization analysis. It is noted that this income is added after vacancy and collection loss is deducted from the long-term residential income, as the total Airbnb income accounts for vacancy. Additionally, we have increased the annual utilities expense item, as for these three units the owner will be responsible for water, gas, and electrical. The management expense item has been increased, as there will be additional cost associated with the operations of the Airbnb. Finally, the capitalization rate has been increased to account for the risk incurred by the owner. This is due to the less stable nature of the Airbnb units when compared to long term residential users. Below we provide an adjusted direct capitalization analysis with updated income and expenses reflecting the partial utilization as an Airbnb.

Appraisal Compliance Services, LLC

Hypothetical Continuation of mixed Airbnb and Long-term Residential Use Scenario

Operating Income / Expense Projections

Valuation Scenario	As Complete & Stabilized		
Building Size GBA (Per County)	6,552		
Building Size NRA (Per Lease)	5,600	1,600	Two-bdrm NRA
Ave. Market Rent/sf - 2-Bed	\$1.65	1,800	One-bdrm NRA
Ave. Market Rent/Unit	\$1,320		
Ave. Market Rent/sf - 1-Bed	\$1.75		
Ave. Market Rent/Unit	\$1,050		
ACS Projection			
Income		%	Per NRASF
Base Rent	\$70,200	100%	\$12.54
Reimbursements	--		
Potential Gross Income	\$70,200		
Vacancy and Collection Loss	-4,212	6.00%	
Airbnb Income	62,000		
Other Income	1,680		\$0.30
Effective Gross Income	\$129,668	100%	\$23.16
Expenses			Per GBASF
Real Estate Taxes	\$11,674	9.0%	\$1.78
Insurance	6,000	4.6%	\$0.92
Repairs/Maintenance	4,914	3.8%	\$0.75
Utilities	4,914	3.8%	\$0.75
Management	16,209	12.5%	\$2.47
Other	197	0.2%	\$0.03
Total Expenses	\$43,907	33.9%	\$6.70
Net Operating Income	\$85,761	66.1%	\$13.09
Capitalization Rate	7.25%		
Indicated Stabilized Value	\$1,182,905		
Rounded	\$1,183,000		\$180.56

Based on the preceding analysis, we have concluded a market value of the property based upon the continuation of operations as a five-unit residential property with an additional three units reserved for short term Airbnb use. We note that this is how the buyer intends to operate the property moving forward and point to the property's strong historical performance. As the continuation of the Airbnb use negates a lengthy lease up period, this value is considered to be at As Stabilized. Further, as this utilization represents not only the planned use for the building, but also its highest and best use based on potential for income generation, we considered this value to be the market value of the subject property as of the effective date of the appraisal. As stated previously the development of a hypothetical Income Approach value to the property as if fully leased to long term residential users was developed as a test of the highest and best use.

We have concluded an As Stabilized & Complete value of:

\$1,183,000 ~ \$180.55/sf

Appraisal Compliance Services, LLC

As Is Value

As with the analysis provided above, in order to derive an As Is value we deduct the estimated renovations the buyer the buyer anticipates shortly after the closing of the pending transaction. As stated above, we have estimated this cost to be approximately \$36,000 and applied a 15% profit factor. We deduct this amount from our As Complete & Stabilized value to indicate an As Is value. The Calculation is as follows:

As Complete & Stabilized Value	\$1,183,000
Minus Projected Cost to Complete	(\$36,000)
Minus Profit Factor (15% of Cost)	(\$5,400)
Total	(\$41,400)

As Is Value Indication – Income Approach

\$1,141,600 ~ \$174.24/sf

SALES COMPARISON APPROACH – As Complete & Stabilized

The sales comparison approach is based primarily upon the principle of substitution, whereby a prudent purchaser will not pay more for any particular property than it would cost to acquire an equally desirable alternate property. This approach presumes that a market exists for the type of property being appraised. It also presumes that data on recent arm's-length sales of similar competitive properties are an appropriate guide to the market value of the property in question.

The process of developing the sales comparison approach consists of the following:

1. Researching and verifying transactional data.
2. Selecting relevant units of comparison,
3. Analyzing and adjusting the comparable sales for differences in various elements of comparison.
4. Reconciling the adjusted sales into a value indication for the subject property.

Unit of Comparison - The primary unit of comparison selected depends on the appraisal problem and nature of the property. The primary unit of comparison in the market for properties similar to the subject is price per square foot of building area.

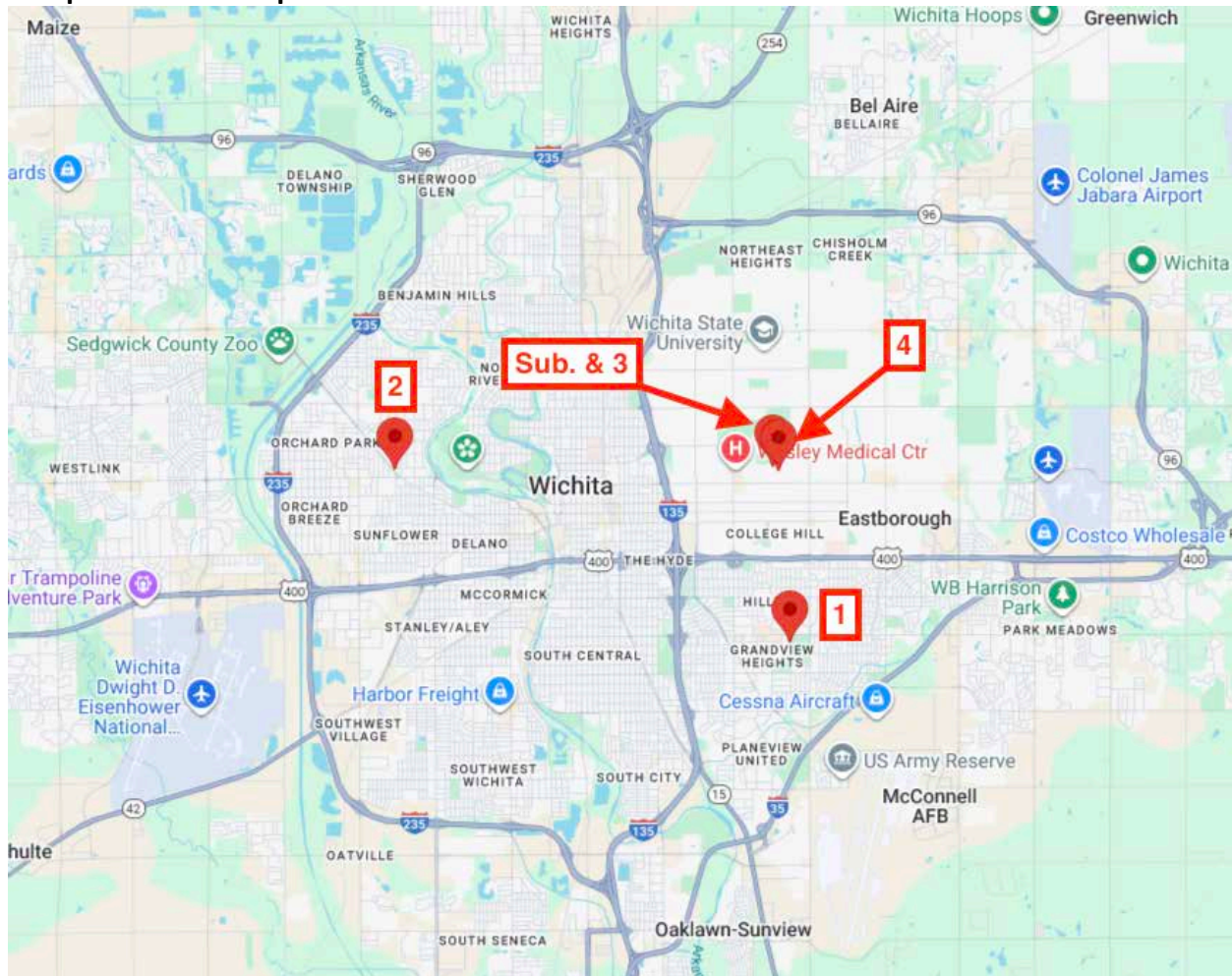
Elements of Comparison - Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in the sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, and (7) physical characteristics.

Subject Property Summary – The subject property has a total land size of 13,996sf and is improved with a two-story, 8-unit apartment building featuring a gross building area of 6,552sf. The units are finished for residential use and are in good to slightly above average condition with light renovations planned in the foreseeable future. The property is located centrally in the northeast Wichita market.

Valuation Scenario –The valuation scenario presented below is for the As Is value indication, as well as the As Complete and As Stabilized. Federal regulations require an appraisal of the property in its current condition. In addition, most any investor would rely almost solely on an income analysis.

Selection of Comparable Sales – We have selected Four Comparable Sales for the analysis. The sales comparison analysis set forth herein, includes the standard sales comparison adjustment analysis. A map showing their locations is provided on the following page.

Comparable Sale Map:

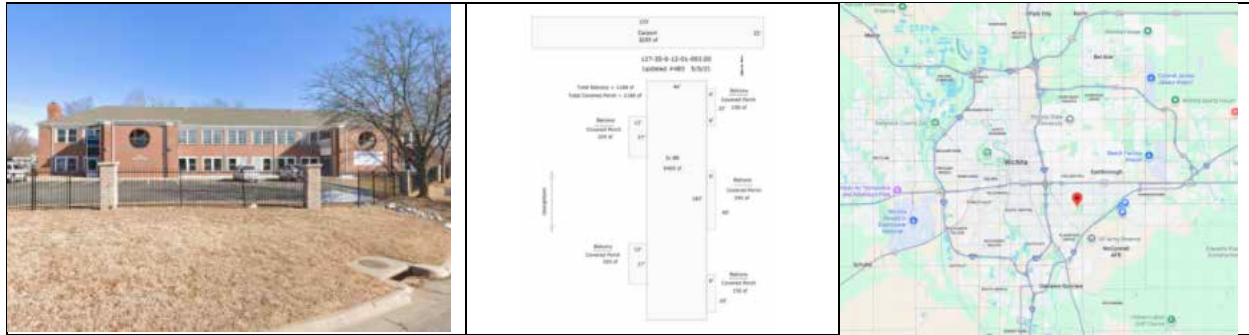


Shown below is a summary table of the sales, which is followed by comparable sale data sheets.

Table – Comparable Sales Summary

No	Name	Address	City	Location	GBA	YOC	Sale Date	Sale Price	Price / SF
Sub.	The Bluff Flats at Sleepy Hollow	644 N. Bluff Ave.	Wichita	NE	6,552	1954	--	--	--
1	Georgetown Apartments	1650 S. Georgetown St.	Wichita	SE	12,800	1984	9/17/25	\$ 1,700,000	\$ 132.81
2	Stone Edge Apartments	739 N. Sheridan St.	Wichita	NW	12,288	1983	7/9/25	\$ 1,410,000	\$ 114.75
3	The Bluff Flats at Sleepy Hollow	644 N. Bluff Ave.	Wichita	NE	6,552	1954	12/14/23	\$ 1,100,000	\$ 167.89
4	TAJ Apartments	607-609 N. Broadview Ave.	Wichita	NE	5,051	1965	2/28/22	\$ 460,000	\$ 91.07

Comparable Sale # 1: 1650 S. Georgetown St. Wichita, KS 67218



Identification / Sale Info.

Street Address 1650 S. Georgetown St.
City, State, Zip Wichita, KS 67218
Sale Date 09/17/2025
Sale Price; Price/sf /Unit \$1,700,000; \$132.81; \$106,250
Expenditures After Sale \$0
Adjusted Price/sf/Unit \$1,700,000; \$132.81; \$106,250
Buyer ARGO Properties, LLC
Seller Georgetown Development, LLC
Rights Conveyed Leased Fee
Rented at Sale Yes
Personal Property No
Financing Seller Financing
Advised Sale No
Buyer Adj Owner No
SVQ/COV#; Quick Ref# 187725; R101460
Deed 2025-045951

Location Immediate Area

Region / County South Central; Sedgwick
City Quadrant Southeast
Neighbrhd Code / Stage 883.9; Stable
Location Setting Comm Corridor
Prominent Uses Ascension Living, Via Christi Village, Octapharma Plasma, L.W. Clapp Park, Griffith Elementary School, WSU Tech/Marriott / Big Lots Big Box.
Area Bldg. Ages 1964-2015; 1989
Area Bldg. Maintenance Average to Good
Area Occupancy Average to Good

Demographics – 1 mile

Population/Daytime Pop 15,156; 12,805
Pop Growth / Density -0.07%; 4,830
Median HH Inc \$39,986
Median Home Value \$110,444
Bachelors Ed 10.57%
School District Wichita

Building / Land

Property Type Apartments
Subtype; Function (LBCS) Garden Apartment; 1170
Building Name Georgetown Apartments
Gross Bldg. sf; NRA sf 12,800; 11,860
Age (wt. ave) 1984
Year of Last Remodel 2020-2021
Quality/Condition Average to good
Construction; Exterior Wood; Brick
Stories; Basement 2; Slab
Carport Units; Bldgs; sf None;
Surface Parking Space On-site parking
Land Area sf 39,676 sf / 0.91 ac
Topography Level

Street / Visibility

Street Type; Lanes Side Street; 2
Traffic Count 1,099
Corner / Mid-Block Mid-block
Visibility (front/Intr) Frontage – Side Street
Left Turns; Stoplight Yes; < 1 Block

Tenancy / Financial

Units - Total 16
Units – Std, 1b, 2b, 3b, 4b 0; 4; 12; 0; 0

U Sizes – Std, 1b, 2b, 3b, 4b sf 0; 440-489sf, 720-872sf; 0; 0
Average Unit Size sf 741sf
Mkt Rent – Std, 1b, 2b/sf 0; \$1.70 - \$1.84/sf; \$1.25 - \$1.43/sf

Mrk Rent – 3b, 4b/sf 0; 0
In Place Rent – Std, 1b, 2b/sf 0; \$1.70 - \$1.84/sf; \$1.25 - \$1.43/sf

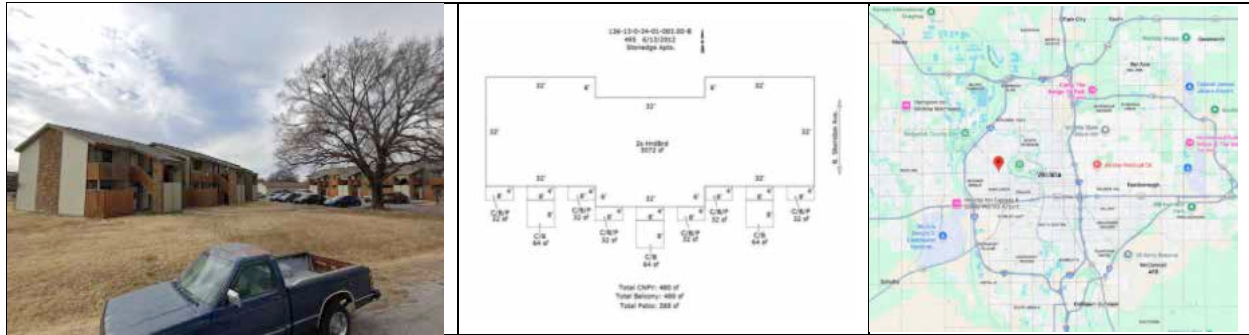
In Place Rent – 3b, 4b/sf 0; 0
Amenities On-site parking.

Occupancy @ Sale 93.8%
NOI before Reserves N/A
NOI After Reserves; Reserves \$112,842
Cap Rate before reserves 6.64%
Confirmation SVQ, 09/26/2025
Geo Code 37.66318, -97.28526

Legal Description Lot 2, except the north 155 feet thereof, and all of Lot 3, Block 2, Georgetown II Addition to the City of Wichita, Sedgwick County, Kansas. - Per Sedgwick County records.

Comments At the time of inspection, the property featured one vacant unit. Per the broker, while the property was never formerly listed and therefore an "off-market transaction" the purchase price was negotiated and appears to be at or near market. SVQ documentation indicates that the property was advertised and closed with seller financing.

Comparable Sale # 2: 739 N. Sheridan St. Wichita, KS 67203



Identification / Sale Info.

Street Address 739 N. Sheridan St.
City, State, Zip Wichita, KS 67203
Sale Date 07/09/2025
Sale Price; Price/sf /Unit \$1,410,000; \$114.75; \$58,750
Expenditures After Sale \$0
Adjusted Price/sf/Unit \$1,410,000; \$114.75; \$58,750
Buyer CIR, LLC
Seller H&M PH 739SHERIDAN LLC,
Rights Conveyed Leased Fee
Rented at Sale Yes
Personal Property No
Financing All Cash
Advised Sale Yes
Buyer Adj Owner No
SVQ/COV#; Quick Ref# N/A; R141439
Deed 2025-031521

Location Immediate Area

Region / County South Central; Sedgwick
City Quadrant Northwest
Neighbrhd Code / Stage 868.5; Stable
Location Setting Comm / Res Area
Prominent Uses Zoo Blvd. Apts., Single Family Residential, Sheridan West Town Houses, West River Plaza Building.

Area Bldg. Ages 1932 – 2010; 1971
Area Bldg. Maintenance Average
Area Occupancy Average

Demographics – 1 mile

Population/Daytime Pop 11,985; 9,416
Pop Growth / Density 0.09%; 3,909
Median HH Inc \$47,058
Median Home Value \$131,483
Bachelors Ed 14.87%
School District Wichita

Building / Land

Property Type Apartments
Subtype; Function (LBCS) Garden Apartment Complex; 1170
Building Name Stone Edge Apartments
Gross Bldg. sf; NRA sf 12,288; 12,288
Age (wt. ave) 1983
Year of Last Remodel 2022
Quality/Condition Average to Good
Construction; Exterior Wood; Hardboard Siding
Stories; Basement 2; No Slab
Carport Units; Bldgs; sf None; 2; 6,144sf/bldg.
Surface Parking Space On-site parking
Land Area sf 33,953sf / 0.78 ac
Topography Level

Street / Visibility

Street Type; Lanes Side Street; 2
Traffic Count Low
Corner / Mid-Block Corner
Visibility (front/Intr) Frontage – Side Street
Left Turns; Stoplight Yes; > 2 Blocks

Tenancy / Financial

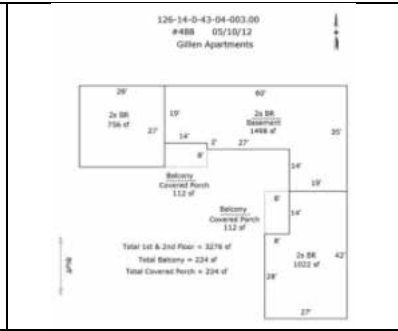
Units - Total 24
Units – Std, 1b, 2b, 3b, 4b 0; 24; 0; 0; 0

U Sizes – Std, 1b, 2b, 3b, 4b sf 0; 512, 0; 0; 0
Average Unit Size sf 512
Mkt Rent – Std, 1b, 2b/sf 0; \$575; 0
Mrk Rent – 3b, 4b/sf 0; 0
In Place Rent – Std, 1b, 2b/sf 0; 0
In Place Rent – 3b, 4b/sf 0; 0
Amenities On-site parking & Laundry
Occupancy @ Sale 96% - 100%
NOI before Reserves \$105,351
NOI After Reserves; Reserves N/A
Cap Rate before reserves 7.27%
Confirmation SVQ, 12/02/2025
Geo Code 37.69639, -97.38068

Legal Description

Comments Lots 39 & 40 Davis Gardens, Sedgwick County, Kansas. - Per SVQ documentation. InSite also has this listed. Class B. 24 1 bdrm/1ba units. Average unit size is 512. Two buildings. Last two years - new roofs, approximately \$35,000 of exterior repairs including concrete in parking lot, new water main lines to each building, some siding and exterior painting. Interior upgrades include 5 HVAC units, 4 water heaters, 3 refrigerators. Cosmetic updates include paint/flooring/bathrooms during each turnover. Central laundry facilities. Patio/balcony each unit. Rent \$575 ave. 96% - 100% occupancy, Cap Rate 7.27%. Vac 4%, EGI \$157,394. NOI \$105,351. Exp 33%. Listing ID 38872285. Info from both ReeceNichols and InSite

Comparable Sale # 3: 644 N. Bluff Ave. Wichita, KS 67208



Identification / Sale Info.

Street Address 644 N. Bluff Ave.
City, State, Zip Wichita, KS 67208
Sale Date 12/14/2023
Sale Price; Price/sf /Unit \$1,100,000; \$167.89; \$137,500
Expenditures After Sale \$0
Adjusted Price/sf/Unit \$1,100,000; \$167.89; \$137,500
Buyer H&M PH Bluff Flats LLC
Seller Miago LLC
Rights Conveyed Leased Fee
Rented at Sale Yes
Personal Property No
Financing New Loan – Bank/CU/Ins
Advertised Sale Yes
Buyer Adj Owner No
SVQ/COV#; Quick Ref# 167091; R93517
Deed 30280984

Location Immediate Area

Region / County South Central; Sedgwick
City Quadrant northeast
Neighbrhd Code / Stage 882.5; Stable
Location Setting Residential Area
Prominent Uses Residential, MacDonald Golf Course, Wesley Medical Center,
Area Bldg. Ages 1928-1955; 1940
Area Bldg. Maintenance Average to Good
Area Occupancy Average

Demographics – 1 mile

Population/Daytime Pop 13,782; 16,775
Pop Growth / Density 0.28%; 4,396
Median HH Inc \$60,770
Median Home Value \$212,427
Bachelors Ed 24.38%
School District Wichita

Building / Land

Property Type Apartments
Subtype; Function (LBCS) Garden Apartment; 1170
Building Name The Bluff Flats at Sleepy Hollow
Gross Bldg. sf; NRA sf 6,552; 5,600
Age (wt. ave) 1954
Year of Last Remodel 2023
Quality/Condition Good
Construction; Exterior Brick; Brick
Stories; Basement 2; Partial
Carport Units; Bldgs; sf None;
Surface Parking Space On-site parking
Land Area sf 13,996 sf / 0.32 ac
Topography Level

Street / Visibility

Street Type; Lanes Collector; 2
Traffic Count N/A
Corner / Mid-Block Mid-block
Visibility (front/Intr) Frontage – Collector
Left Turns; Stoplight Yes; >2 Block

Tenancy / Financial

Units - Total 8
Units – Std, 1b, 2b, 3b, 4b 0; 4; 4; 0; 0
U Sizes – Std, 1b, 2b, 3b, 4b sf 0; 600sf, 800sf; 0; 0
Average Unit Size sf 700sf
Mkt Rent – Std, 1b, 2b/sf 0; \$1.75/sf; \$1.69/sf
Mrk Rent – 3b, 4b/sf 0; 0
In Place Rent – Std, 1b, 2b/sf 0; \$1.66 - \$1.75/sf; \$1.44/sf
In Place Rent – 3b, 4b/sf 0; 0
Amenities On-site parking.
Occupancy @ Sale N/A
NOI before Reserves N/A
NOI After Reserves; Reserves N/A
Cap Rate before reserves N/A
Confirmation SVQ, 09/26/2025
Geo Code 37.69692, -97.38944

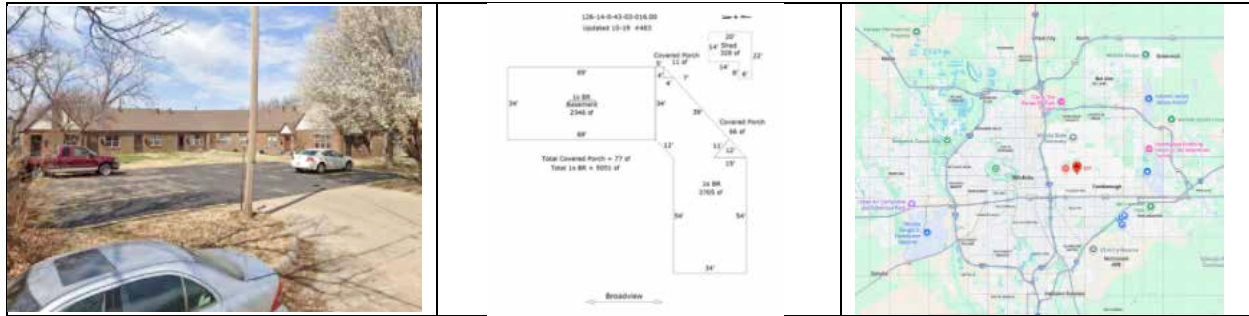
Legal Description

LOTS 629-630-631-632 Overlook Addition, Sedgwick County, Kansas, more Commonly known as 644-646 North Bluff, Wichita, Kansas. - Per Purchase Contract.

Comments

The subject is a multi-family residential building located in the Sleepy Hollow neighborhood to the north of College Hill, to the east of Wesley Medical Center and south of the MacDonald Golf Course. Buyer noted extensive renovations completed by the previous owner, however, is unaware of the total costs.

Comparable Sale # 4: 607-609 N. Broadview Ave. Wichita, KS 67208



Identification / Sale Info.

Street Address 607-609 N. Broadview Ave.
City, State, Zip Wichita, KS 67208
Sale Date 02/28/2022
Sale Price; Price/sf /Unit \$460,000; \$91.07; \$57,500
Expenditures After Sale \$0
Adjusted Price/sf/Unit \$460,000; \$91.07; \$57,500
Buyer ARJE Properties, LLC
Seller Sharon A. Dondelinger
Rights Conveyed Leased Fee
Rented at Sale Yes
Personal Property No
Financing New Loan – Bank/CU/Ins
Advertised Sale Yes
Buyer Adj Owner No
SVQ/COV#; Quick Ref# 144630; R93507
Deed 30142669

Location Immediate Area

Region / County South Central; Sedgwick
City Quadrant northeast
Neighbrhd Code / Stage 882.5; Stable
Location Setting Residential Area
Prominent Uses Residential, MacDonald Golf Course, Wesley Medical Center,
Area Bldg. Ages 1920-1937; 1927
Area Bldg. Maintenance Average to Good
Area Occupancy Average

Demographics – 1 mile

Population/Daytime Pop 13,660; 17,086
Pop Growth / Density 0.27%; 4,362
Median HH Inc \$64,392
Median Home Value \$223,864
Bachelors Ed 26.29%
School District Wichita

Building / Land

Property Type Apartments
Subtype; Function (LBCS) Garden Apartment; 1170
Building Name TAJ Apartments
Gross Bldg. sf; NRA sf 5,051; 5,051
Age (wt. ave) 1965
Year of Last Remodel 2012
Quality/Condition Average to Fair
Construction; Exterior Brick; Brick
Stories; Basement 2; Partial
Carport Units; Bldgs; sf None;
Surface Parking Space On-site parking
Land Area sf 18,252 sf / 0.42 ac
Topography Level

Street / Visibility

Street Type; Lanes Collector; 2
Traffic Count N/A
Corner / Mid-Block Mid-block
Visibility (front/Intr) Frontage – Collector
Left Turns; Stoplight Yes; >2 Block

Tenancy / Financial

Units - Total 8
Units – Std, 1b, 2b, 3b, 4b 0; 8; 0; 0; 0
U Sizes – Std, 1b, 2b, 3b, 4b sf 0; 630sf, 0; 0; 0
Average Unit Size sf 630sf
Mkt Rent – Std, 1b, 2b/sf 0; N/A; 0
Mrk Rent – 3b, 4b/sf 0; 0
In Place Rent – Std, 1b, 2b/sf 0; N/A; 0
In Place Rent – 3b, 4b/sf 0; 0
Amenities On-site parking.
Occupancy @ Sale N/A
NOI before Reserves N/A
NOI After Reserves; Reserves N/A
Cap Rate before reserves N/A
Confirmation SVQ, 09/26/2025
Geo Code 37.69608, -97.28802

Legal Description

Comments LOTS 520-521-522-523-524 & E 15 FT LOTS 535-536 OVERLOOK ADD. - Per Sedgwick County Records. 2012 renovations appear to be a roof recovering per county records. County PRC indicates a partial basement of 3,346sf. Property was leased at time of sale with occupancy not provided, and "various" listed on the number of years remaining on the lease.

Comparable Sales Adjustment Grid

	Subject	Comparable Sale 1	Comparable Sale 2	Comparable Sale 3	Comparable Sale 4
Property Name / Addition	The Bluff Flats at Sleepy Hollow	Georgetown Apartments	Stone Edge Apartments	The Bluff Flats at Sleepy Hollow	TAJ Apartments
Address	644 N. Bluff Ave.	1650 S. Georgetown St.	739 N. Sheridan St.	644 N. Bluff Ave.	607-609 N. Broadview Ave.
City	Wichita	Wichita	Wichita	Wichita	Wichita
County	Sedgwick	Sedgwick	Sedgwick	Sedgwick	Sedgwick
State	KS	KS	KS	KS	KS
Traffic Count	N/A	1,099	N/A	N/A	N/A
Population (1 mi)	13,782	15,156	11,985	13,782	13,660
Day Population (1 mi)	16,775	12,805	9,416	16,775	17,086
Population Growth (Annual)	0.28%	-0.07%	0.09%	0.28%	0.27%
Med HH Inc 1 mi	\$60,770	\$39,986	\$47,058	\$60,770	\$64,392
Med Home Value	\$212,427	\$110,444	\$131,483	\$212,427	\$223,864
Bachelor's Degree %	24.38%	10.57%	14.87%	24.38%	26.29%
Land Size (Acre)	0.32	0.91	0.78	0.32	0.42
Ave. Age Surrounding Bldgs.	1940	1989	1971	1940	1927
Year Built	1954	1984	1983	1954	1965
Renovation	2023	2020-2021	2022	2023	2012
Bldg. Design	Garden Apartment	Garden Apartment	Garden Apartment	Garden Apartment	Garden Apartment
No. Buildings	1	1	2	1	1
Total Living Units	8	16	24	8	8
Building SF (GBA)	6,552	12,800	12,288	6,552	5,051
Building SF (AGLA)	5,600	11,860	12,288	5,600	5,051
Ave Unit NRA (Above Ground SF)	700	741	512	700	630
Ave Rent/SF	\$1.63	N/A	\$1.12	\$1.63	N/A
Basement	Partial	None	None	Partial	Partial
Above Ground Bedrooms / Unit	1 & 2	1 & 2	1	1 & 2	1
Basement Bedrooms	0	0	0	0	0
Baths / Unit	1	1	1	1	1
Garage	None	None	None	None	None
Parking	On-site	On-site	On-site	On-site	On-site
Parking Material	Concrete	Asphalt	Concrete	Concrete	Asphalt
Construction Type	Brick	Wood Stud Frame	Wooden Frame	Brick	Brick
Exterior	Brick	Brick	Hardboard Siding	Brick	Brick
Unit Amenities	N/A	N/A	Patio/balcony	N/A	N/A
Complex Amenities	Pickleball Court	None	N/A	Pickleball Court	N/A
Laundry	On-site Coin Operated	N/A	On-site	On-site Coin Operated	N/A
Land/Building Ratio	2.49	3.34	2.77	2.49	3.62
Sale Date		9/17/25	7/9/25	12/14/23	2/28/22
Sale Price		\$1,700,000	\$1,410,000	\$1,100,000	\$460,000
Expenditures After Purchase		\$0	\$0	\$0	\$0
Adjusted Sale Price		\$1,700,000	\$1,410,000	\$1,100,000	\$460,000
Price/SF GBA		\$132.81	\$114.75	\$167.89	\$91.07
Transactional Adjustments					
Conditions of Sale		—	—	—	—
Property Rights		—	—	—	—
Financing Terms		—	—	—	—
Market Conditions	14-Nov-25	2025	2025	2024	2022
Annual % Adjustment	1.00%	0.00%	0.00%	1.00%	3.00%
Cumulative Adjusted Price/SF		\$132.81	\$114.75	\$169.57	\$93.80
Property Adjustments					
Location		7.50%	7.50%	—	—
Access / Exposure / Traffic		—	—	—	—
Effective Age / Condition		—	—	—	5.00%
Quality / Appeal		—	5.00%	—	10.00%
Land / Building Ratio		—	—	—	—
Above Ground Living area		10.00%	10.00%	—	—
Garage		—	—	—	—
Basement		5.00%	5.00%	—	—
Project Amenities		—	—	—	—
Economics		6.00%	6.00%	6.000%	6.00%
Net Property Adjustments (\$)		\$37.85	\$38.44	\$10.17	\$19.70
Net Property Adjustments (%)		28.50%	33.50%	6.00%	21.00%
Final Adjusted Price		\$170.66	\$153.19	\$179.74	\$113.50
Range of Adjusted Price/SF		\$113.50 - \$179.74			
Average		\$154.27			

Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, locations, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment to the comparable was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments:

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include costs to cure deferred maintenance, costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, costs to remediate environmental contamination and/or costs to occupy or stabilize the property. The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. No material expenditures were found to be made immediately after the sale. Therefore, no adjustments are necessary.

Conditions of Sale

Atypical conditions of sale may result in a price that is higher or lower than a normal transaction. Such atypical conditions of sale often occur in conjunction with sales between related parties or those in which one of the parties is atypically motivated to complete the transaction. Additionally, a downward adjustment may be applied to a listing price, which usually reflects the upper limit of value. No adjustments were deemed necessary.

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a comparable sale. In the case of the subject property, the leased fee interest is appraised since the individual apartments are leased. The Comparable Sales all sold leased fee therefore no adjustments are necessary.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalency terms. Comparable Sale 1 sold with seller financing, however, appears to have been a market transaction and does not appear to have affected the price. All of the other Comparable Sales involved typical market terms by which sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Market Conditions

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale

transactions completed during periods of dissimilar market conditions. As the apartment / multi-family market has been increasing, we apply a 1% per year straight line adjustment.

Property Adjustments:

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are applied after the application of transaction and market condition adjustments.

Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics such as demographics, submarket setting, real estate growth activity, and neighboring properties with their age and maintenance levels. Other location characteristics include items such as street type, traffic levels, corner or mid-block positioning.

Comparable Sale 1 is located in a more commercial area, however, shares a similar proximity to a prominent recreation area in the form of LW Clapp Park. This being said, the area features inferior demographic indicators and has been adjusted downward accordingly. Similarly, Comparable Sale 2 is located near a commercial corridor within an older residential neighborhood, like the subject, with inferior demographic indicators. Comparable Sale 4 is located in close proximity to the subject and accordingly no adjustments are applied.

Access/Visibility/Traffic

All of the Comparable Sales are located with access from either low traffic collector, or residential side streets. Accordingly, no adjustments have been deemed necessary.

Age / Condition

All else being equal, older properties typically command a lower price per square foot than newer properties. However, although a property may be physically older than another property, the effective age may be similar to a newer property, and no adjustments may be indicated. This may be due to the old property being well maintained or a recent renovation. We base the adjustments to the comparable sales on effective age rather than physical age. During the selection process, emphasis was placed on sourcing properties of similar age and condition to the subject, property. All of the Comparable Sales sourced feature similar ages with recent renovations. Comparable Sale 4 was most recently renovated in 2012 and has been adjusted upward as interior.

Quality/Appeal

As with age and condition, selection emphasis was placed on sourcing properties reflective of the quality of the subject improvements. We note that Comparable Sales 2 and 4 are inferior to the subject in terms of overall appeal. Accordingly, both are adjusted upward.

Land to Building Ratio

As the land to building ratio increases, a property tends to have more flexibility in terms of potential building expansion/addition and associated parking and common areas. Therefore, comparable properties with land to building ratios greater than the subject are generally adjusted down, if the larger sizes present an economic advantage. The inverse is true for comparable sales with smaller ratios. All of

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the Comparable Sales land to building ratios fall within typical ranges for apartment complexes. As such, no adjustments have been applied.

Above Ground Living Area

Similar to living units, as the above ground living area increases price per square foot decreases. Comparable Sales 1 and 2 feature considerably larger above ground living areas than the subject and have been adjusted upwards.

Garages

The subject features no covered parking, nor do any of the Comparable properties sourced. Accordingly No adjustments are required.

Basement

The presence of a basement usually impacts the price per square foot of above ground living area. County records indicate that of the properties which include basement space, none are utilized for finished living area, instead serving as utility / maintenance areas similar to the subject. We have applied no adjustments for this element.

Project Amenities

Typically, properties which feature greater levels of amenities will sell for a higher price and are seen as more desirable. The subject has laundry facilities on site, and open outdoor common areas. This is fairly standard for the market. Accordingly, no adjustments have been deemed necessary.

Economic Characteristics

This adjustment includes attributes that may directly affect the property income such as operating expenses, quality of management, tenant mix, rent concessions, and other lease provisions. There are some differences in all the comparable sales rental rates compared to the subject. Most prominent is the utilization of three units for Airbnb. As is indicated in the Highest and Best Use analysis, as well as the income approach above, the income producing potential of the property is increased by the presence of the Airbnb units when compared to full utilization as a long-term residential complex. There is an approximate 5.87% increase in indicated value with the Airbnb units which is rounded to 6.00%. This is applied to each of the Comparable Sales.

Conclusion

The subject benefits from its proximity to the Wichita downtown area, which provides a number of retail, restaurant, and grocery providers, as well as large employment centers. The neighborhood is mature and well occupied with few noteworthy vacancies. The subject property has been well managed and maintained with the previous owner investing in substantial renovations both interior and exterior. As of the effective date of the appraisal, the property is in above average condition. The adjusted Comparable Sales prices range from \$113.50/sf to \$179.74/sf with an average of \$154.27/sf. We note that Comparable Sale 3 is the most recent sale of the subject property, which occurred in late 2023 following the renovation work, but prior to the Airbnb use. Primary consideration is given to this sale. Comparable Sale 1 is given secondary consideration, and despite being in an inferior location shares the greatest physical quality and appeal to the subject. Comparable Sale 2 is given some consideration as it is of a similar effective age to the subject. Comparable Sale 4 is given the least consideration due to the age of the transaction. Overall, we have concluded a unit value of \$175.00/sf towards the higher end of the range for the subject property As Complete & Stabilized. With a GBA of 6,552sf, this indicates an As Complete and Stabilized value of \$1,146,600 rounded to:

As Complete & Stabilized Value Indication – Sales Comparison Approach **\$1,147,000 ~ \$175.06/sf**

As Is Value

As with the Income Approach above, in order to derive an As Is value we deduct the estimated renovations the buyer anticipates shortly after the closing of the pending transaction. As stated above, we have estimated this cost to be approximately \$36,000 and applied a 15% profit factor. We deduct this amount from our As Complete & Stabilized value to indicate an As Is value. The Calculation is as follows:

As Complete & Stabilized Value	\$1,147,000
Minus Projected Cost to Complete	(\$36,000)
Minus Profit Factor (15% of Cost)	(\$5,400)
Total	(\$41,400)

As Is Value Indication – Income Approach **\$1,105,600 ~ \$168.74/sf**

RECONCILIATION

Reconciliation is the process where the appraiser weighs the applicability and reliability of each approach to value and concludes at a final opinion of value. As the subject is an income producing property, we have given sole weight to the Income Approach, as most investors would rely heavily on this approach for purchase decisions. The Sales Comparison Approach has been developed as a test of reasonability and a check against the Income Approach. We do note that given the highly developed nature of the core Wichita area, and the outward expansion / growth being seen on the city peripheries, truly comparable sales data within the subject's market is somewhat limited. The approaches employed in this appraisal provide the following value indications:

	As Is	As Complete & Stabilized
	Leased Fee	Leased Fee
Income Approach	\$ 1,141,600	\$ 1,183,000
Cost Approach	--	--
Sales Comparison Approach	\$ 1,105,600	\$ 1,147,000
Final Market Value	\$ 1,141,600	\$ 1,183,000

Market Exposure Time

The market exposure time is presumed to precede the effective date of appraisal. The exposure time is a function of price, time, and use. It is not an isolated estimate of time alone. It must also be noted that a reasonable exposure time is also a function of adequate and sufficient effort to market the property. Factors considered when estimating a reasonable exposure time include:

- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews with market participants; and
- Anticipated changes in market conditions.

Based on our research, a reasonable exposure time for the subject property is 6 – 12 months. This appraisal also assumes a similar marketing time.

Definitions

Extraordinary Assumption:	An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.
Exposure Time:	The estimated length of time the property interest being appraised would have been offered on the open market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to precede the effective date of the appraisal.
Fee Simple Interest:	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.
Hypothetical Condition:	That which is contrary to what exists but is supposed for the purpose of analysis.
Leased Fee Interest:	The ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (lease holder) are specified by contract terms contained within the lease.
Leasehold Interest:	The right to use and occupy real estate for a stated term under conditions conveyed in the lease. Also referred to as the lessee's or tenant's estate.
Scope of Work:	The type and extent of research and analysis in an assignment.

Underlying Assumptions and Limiting Conditions

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Unless otherwise stated, the opinion of value pertains to the property's surface rights only.
4. Responsible ownership and competent property management is assumed but is not represented to be historically based.
5. The appraiser applied limited structural and design analysis to the problem and any cost estimates reported herein must be considered nonprofessional. A property manager was not retained to estimate the revenue and expense projections.
6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the appraiser can be assumed by the appraiser. All information furnished regarding property for sale, rental, financing, or projections of income and expense is from sources deemed reliable. No warranty or representation is made as to the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale lease, financing, or withdrawal without notice.
7. All engineering studies are assumed to be correct. Any plot plans and illustrative material in this report are included only to help the reader visualize the property. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser had made no survey of the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
9. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
10. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal report.
11. It is assumed that all required licenses, certificates of occupancy, consents, and 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.

12. It is assumed that the use of the land and improvements (if any) is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
13. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
14. Any allocation of the total value estimated in this report between the land and improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
15. Values for various components of the subject parcel and improvements or the value derived by one or two approaches to value as contained within this report are valid only when making a summation or final value opinion and are not to be used independently for any purpose and must be considered invalid if so used.
16. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent and approval of the appraiser or the client for whom it is written and, in any event, only its entirety. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the valuation conclusions and the indemnity of the appraiser or the firm with which he is associated or any of his associates.
17. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless other arrangements have been previously made.
18. Any value estimate provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interest has been set forth in the report.
19. Any conclusions based on the assumed completion of public or private improvements will have clearly defined conditions, extent, and effects of such assumptions stated.
20. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

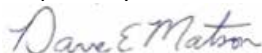
21. Forecasts of effective demand for the highest and best use or the best fitting and most appropriate use were based on the best available data concerning the market and are subject to conditions of economic uncertainty about the future. Primary market research was not used due to time and budget limitations unless noted in the report.
22. If any flood zone is reported herein, the appraiser has referred to flood zone maps established under the Flood Disaster Protection Act of 1973.
23. On all analyses, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
24. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of the building improvements to determine whether or not they are in conformity with the various detailed requirements of the ADA, nor am I an expert in determining what is in compliance with the ADA. If the subject were built prior to this act, there is a likelihood that there are areas of non-compliance and if the client desires a detailed survey, retaining the services of a qualified architect is recommended.

Certification - Dave Matson

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 performed other 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Practice*.
- I have made a personal inspection of the exterior of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this certification, unless otherwise noted.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The 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, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- As of the date of this report, I have completed the requirements of the State of Kansas.

Respectfully Submitted,



Dave Matson

KS Certification G-2984

Certification - Derek Bliss

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 the work under review and no personal interest with respect to the parties involved.
- I have performed other 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.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Practice*.
- I have made a personal inspection of the subject property.
- No one provided significant appraisal or appraisal review assistance to the person signing this certification, unless otherwise noted.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Derek Bliss", is written over a light blue rectangular background.

Derek Bliss
Associate

Qualification of the Appraiser

Dave Matson

General Certified Appraiser – KS G-2984. Owner of Appraisal Compliance Services, LLC since 2006; 37 years of commercial real estate experience; several \$50+ million reviews; 10+ years of corporate hotel, retail, and land development; nationwide demographic analysis, site selection, acquisition, entitlement, and other corporate real estate strategies with Koch Industries, Purina Mills, and Value Place Hotels; developer/former part owner in a retail development; twenty two years of fee appraisal; seventeen years of fee review; five years of bank review as chief appraiser for BANK IV (purchased by Bank of America); serves on the Atlanta Federal Reserve's - Business Uncertainty Panel; 5.5 years of service on the Kansas Real Estate Appraisal Board (chair for 2 years); served as Condemnation Panelist in Sedgwick County District Court; served as Contract Reviewer for the Kansas Real Estate Appraisal Board; served as Fee Reviewer for the City of Wichita; BBA from Wichita State University, finance with real estate emphasis and minor in accounting.

Derek Bliss

BS from Newman University with major in Biology. Courses completed include general biology, advanced cellular and molecular biology, both general and organic chemistry, biochemistry, physics, psychology and sociology, advanced human anatomy and physiology, and genetics. 4+ years of appraisal experience. Property types include industrial, hotel, office, medical office, land (commercial, agricultural, and subdivision residential), multifamily residential, and retail.

Addendum

Engagement Letter



Orders - ACS <orders@acsreview.com>

Re: 644-646 N Bluff Ave

1 message

Orders - ACS <orders@acsreview.com>

Mon, Nov 10, 2025 at 4:10 PM

To: Javier Herrera <Javier.Herrera@fnbhutch.bank>

Awesome, we will mark it down! I will let you know if we need anything, thank you!

Michaela Gamez
Appraisal Compliance Services, LLC
www.acsreview.com
140 North Cedar
Valley Center, KS 67147
316-755-1550

On Mon, Nov 10, 2025 at 3:18 PM Javier Herrera <Javier.Herrera@fnbhutch.bank> wrote:

That will work for us. Please proceed. Let me know if you need anything else from us.

Thanks!



JAVIER HERRERA

Officer, Credit Administration

📍 1 N Main St, Hutchinson, KS 67501

📞 620.694.2238

🌐 fnbhutch.bank



From: Orders - ACS <orders@acsreview.com>

Sent: Monday, November 10, 2025 2:42 PM

To: Javier Herrera <Javier.Herrera@fnbhutch.bank>

Subject: Re: 644-646 N Bluff Ave

>>>External Email<<<

ID: 6003886, Score (-10 to 10): 2.4, Real Sender: orders@acsreview.com, Recipients:
Javier.Herrera@fnbhutch.bank

Appraisal Compliance Services, LLC

Hey,

Apologies for jumping the gun with an evaluation quote. The turn time for a full appraisal would be three weeks from order date, and the fee would be [REDACTED]. Thank you!

Michaela Gamez

Appraisal Compliance Services, LLC

www.acsreview.com

140 North Cedar

Valley Center, KS 67147

316-755-1550

On Mon, Nov 10, 2025 at 2:02 PM Javier Herrera <Javier.Herrera@fnbhutch.bank> wrote:

Due to our loan amount we believe we actually need an appraisal instead of just an evaluation for this one.



Javier Herrera

Officer, Credit Administration

📍 1 N Main St, Hutchinson, KS 67501

📞 620.694.2238

🌐 fnbhutch.bank



From: Orders - ACS <orders@acsreview.com>

Sent: Monday, November 10, 2025 1:46 PM

To: Javier Herrera <Javier.Herrera@fnbhutch.bank>

Subject: Re: 644-646 N Bluff Ave

>>>External Email<<<

ID: 6003475, Score (-10 to 10): 2.4, Real Sender: orders@acsreview.com, Recipients: Javier.Herrera@fnbhutch.bank

Hello Javier,

I hope you are doing well.

We can do this evaluation for [REDACTED] and a two week turn time.

Appraisal Compliance Services, LLC

Have a wonderful day.

Wendy

Appraisal Compliance Services, LLC

www.acsreview.com

140 North Cedar

Valley Center, KS 67147

316-755-1550

On Mon, Nov 10, 2025 at 12:28 PM Javier Herrera <Javier.Herrera@fnbhutch.bank> wrote:

Good Afternoon,

I have an appraisal request for a property located at 644-646 N Bluff Avenue, Wichita, KS. Our borrower is Bluff Flats Investments, LLC (Joshua Brown). This is 2 buildings with 4 units in each building.

Contact person is Nela Bayouth (316)393-5259.

Nela@reecenichols.com

Or

Nela@cedarmillswichita.com

Please let me know if this is a request you would be interested in completing for us as well as fee and timeframe.

Thanks,



Javier Herrera

Officer, Credit Administration

 1 N Main St, Hutchinson, KS 67501

 620.694.2238

 fnbhutch.bank

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