

A RESTRICTED APPRAISAL REPORT OF  
AN INDUSTRIAL ZONED LOT



LOCATED AT: 1734 NORTH PARKCREST  
MESA, ARIZONA 85205

PREPARED FOR: FRANK QUINN  
FMQ DEVELOPMENT, LLC

PREPARED BY: **KS APPRAISAL**  
4710 EAST FALCON DRIVE, SUITE 119  
MESA, ARIZONA 85215  
(480) 464-7800

This report is a Restricted Appraisal Report in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice and is intended to meet the requirements for an “evaluation” according to the Interagency Appraisal and Evaluation Guidelines. Additional supporting documentation is retained in the appraiser’s work file. The development of the appraiser’s opinions and conclusions set forth in this report might not be understood properly without additional information in the appraiser’s work file. However, to meet the requirements for an “evaluation” according to the Interagency Appraisal and Evaluation Guidelines, this report has been supplemented with additional information about the subject property and its market, as well as the data, reasoning, and analyses that were used in the valuation process.



4710 EAST FALCON DRIVE, SUITE 119  
MESA, ARIZONA, 85215  
480-464-7800



4710 East Falcon Drive, Suite 119 Mesa, Arizona 85215 (480-464-7800)

October 7, 2024

Frank Quinn  
FMQ Development, LLC

RE: An evaluation presented in a restricted appraisal report of an industrial zoned lot. Parcel 141-34-290A totals 43,771 square feet and is located along the north side of Ivy Street and the west side of Parkcrest within the City of Mesa, Arizona (at the common address of 1734 North Parkcrest, Mesa).  
**KS Appraisal File No: 2024-0215**

To Whom It May Concern:

At your request, I have appraised the property identified above. The effective date of valuation and date of inspection is **September 30, 2024**. The date of this report is **October 7, 2024**. The object of this investigation has been to estimate the following value for the subject property:

Market Value "As Is" on the appraisal date (fee simple)

The value estimate is predicated upon the definition of value that is presented in the body of the report.

The "**As Is**" **Market Value** of parcel 141-34-290A, fee simple interest as of September 30, 2024, is as follows:

**FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS  
(\$525,000)**

This is a restricted appraisal report. This type of report is limited to the use of the client and may not be used by any other party. The methodology and data upon which the appraisers' opinions and conclusions are based may not be fully understood without supportive documentation contained within my work file.

The opinion of the "As Is" Market Value is based upon an estimated **exposure period of 12 months or less** and does not include any tangible or intangible personal property.

This report assumes that any undisclosed restrictions as may exist are typical for such properties, and do not conflict either with the current use or highest and best use of the subject property.

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

October 7, 2024

Page 2

The Client is FMQ Development, LLC. The **intended use** of this appraisal report is to assist the intended users with portfolio management. The **intended user** of this appraisal report is FMQ Development, LLC. No other users of this appraisal are intended by the appraiser.

This appraisal has been prepared in conformity with the current requirements of the Appraisal Foundation as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP – 2024 Edition) and with the requirements of the federal bank regulating agencies.

This valuation is based upon the attached report and all the assumptions and limiting conditions contained therein, including the understanding that I have no control of the utilization of this report by subsequent readers. Disclosure of the contents of this appraisal report is governed by the by-laws and Regulations of the Appraisal Institute. 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 they are connected) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of the undersigned.

The narrative report that follows sets forth the data and analyses upon which my conclusions are based.

Sincerely,



Kurt D. Kleinman, MAI  
Arizona Cert. General  
Real Estate Appraiser No. 30272  
kurt@ksappraisal.com  
480-464-7800 ext. 26  
May 30, 2022

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## DEFINITIONS

### Definition of Fee Simple Estate

“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.”<sup>1</sup>

### Definition of “As Is-Market Value”

“The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.”<sup>2</sup>

### Market Value Definition

**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 knowledgeably, 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; and **(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. Source: [https://www.ecfr.gov/current/title-12/chapter-I/part-34#p-34.42\(h\)](https://www.ecfr.gov/current/title-12/chapter-I/part-34#p-34.42(h))

### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)<sup>3</sup> Marketing time is estimated at 12 months.

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<sup>1</sup> Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition (Chicago, Illinois, 2022)

<sup>2</sup> Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Edition (Chicago, Illinois, 2022), pages 10 & 11.

<sup>3</sup> Source: *The Dictionary of Real Estate Appraisal*, 7<sup>th</sup> Ed., s.v. “marketing time, pg. 140.” (Chicago: Appraisal Institute, 2022)

## Definition of Exposure

Exposure time is defined as “an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”<sup>4</sup> Based on other sales in the area, it is my opinion that the subject property could have been sold in twelve months or less.

## Conclusion

Based upon both a survey of historical exposure periods of properties which have sold within geographical and product type submarkets considered to be similar to the subject's, and a review of market trends and the subject's essential characteristics; I conclude that a reasonable exposure period for the subject would be one year or less. However, given the limitations, any estimate of a relevant exposure period is subject to uncertainty and must be interpreted with caution, particularly with respect to the impact the lack of available financing might have upon any prospective transaction.

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<sup>4</sup>Appraisal Standards Board of The Appraisal Foundation, *2024 Uniform Standards of Professional Appraisal Practice*

# APPRAISAL DEVELOPMENT AND SCOPE OF WORK

## Purpose of the Appraisal

“As Is” Market Value based upon the following property rights:

- Fee Simple Interest
- Leased fee Interest
- Leasehold Interest

This value opinion is predicated upon the definition of value that is presented within Section 2 of this report.

## Intended Use & User of the Appraisal

The Client is FMQ Development, LLC. The **intended use** of this appraisal report is to assist the intended users with portfolio management. The **intended user** of this appraisal report is FMQ Development, LLC. No other users of this appraisal are intended by the appraiser.

## Reporting Level & Content

The following paragraphs discuss the accepted reporting requirements as specified by the Uniform Standards of Professional Appraisal Practice. The check box indicates which reporting level is used within this appraisal:

- Appraisal Report*. A presentation of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. To this end, the report places significant reliance upon data presentation, discussion, visual graphics, charts, and tables in order to convey data to the reader in a clear and concise manner. The reporting level of relevant information is based on the scope of work established with the client prior to and/or at the time of engagement."
- Restricted Appraisal Report*. A brief statement of information significant to the solution of the appraisal problem. This type of report is limited to the use of the client and may not be used by any other party. The methodology and data upon which the appraisers’ opinions and conclusions are based may not be fully understood without supportive documentation contained within my work file.

## Problem Identification & Scope of Work

The term scope of work refers to “the type and extent of research and analyses in an appraisal assignment.”<sup>5</sup> As stated previously, the purpose of this appraisal (and therefore the problem to be solved) is to form an opinion of the indicated property values with corresponding property rights. Therefore, in order to meet the goal of this appraisal assignment, it is important to determine the necessary scope of work in order to produce credible assignment results which are based upon relevant evidence and logic. The following describes the scope of work performed:

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<sup>5</sup> USPAP 2024, Definition: Scope of Work

## ***Property Identification & Inspection***

Primary Data - (data directly obtained by KS Appraisal)

- ◇ Inspection of the subject on [September 30, 2024](#), and other various dates.

Secondary Data - (data obtained from second and third-party sources)

- ◇ Municipal and county government departments (i.e., County Assessor's Office, County Recorder's Office, City Building Services Department, and Planning and Zoning Department.) Published third-party sources of government data, such as ParcelQuest ownership records and mapping applications were also utilized.

## ***Market and Economic Data***

Primary Data - (data directly obtained by KS Appraisal)

- ◇ Telephone interview with local real estate brokers, real estate agents, and market participants (e.g., buyers, sellers, etc.)

Secondary Data - (published data)

- ◇ *Arizona's Economy*, published by the Karl Eller Graduate School of Management, College of Business and Public Administration, University of Arizona
- ◇ *Arizona Business*, published by the Center for Business Research, Seidman Research Institute, College of Business, Arizona State University
- ◇ Various publications by the Arizona Department of Economic Security

## ***Comparable Data***

Primary Data - (data directly obtained by the appraiser)

- ◇ The comparable property information (e.g., sale comparables) were confirmed by KS Appraisal, with one or more of the parties to the transaction (e.g., buyer, seller, tenant, landlord, or agent).

Secondary Data - (data obtained from second and third-party sources)

- ◇ Published transaction data was obtained from the following data services:
- ◇ CoStar Comps
- ◇ ParcelQuest
- ◇ ARMLS (Arizona Regional Multiple Listing Services)
- ◇ On-line County deeds and State of Arizona affidavits of property value



## ***Type and Extent of Analysis***

Current Uniform Standards of Professional Appraisal Practice (USPAP) grants appraiser's broad flexibility and significant responsibility in determining the type and extent of the analysis used in order to develop an opinion of value. It is incumbent upon the appraiser to ensure that the type and extent of analysis meet or exceed (1) the expectations of parties who are regularly intended users for similar assignments, and (2) what an appraiser's peers' actions would be in performing the same or similar assignment. It is my opinion that the type and extent of analysis necessary to develop credible appraisal results for the subject are as follows:

- Area & Neighborhood Analysis
- Site Description & Analysis
- Improvement Description & Analysis
- Highest and Best Use Analysis
  
- Cost Approach to Value – In my opinion, this approach is not an applicable approach to value since the subject is vacant land only.
- Sales Comparison Approach to Value – This approach to value is considered necessary, applicable and reliable when valuing the subject property type.
- Income Approach to Value – As the sales indicate, the likely buyer of the subject will be an owner-user, and the subject is appraised as vacant land. The omission of the Approach does not diminish the credibility of this report.
- Reconciliation of Value Opinion(s)

A further discussion of all necessary approaches to value and types of analysis will be presented and developed within the following sections of this report.

### **Property History**

According to Maricopa County public records, ownership of the subject property is vested in the name FMQ Real Estate LLC. The current owner purchased parcel 141-34-290A from GDAT REAL ESTATE LLC on June 30, 2021, for \$250,000. No other transactions have occurred in the previous three years.

There is no current agreement of sale, listing, or option regarding the subject property. There have been no other sales or other transfers of the subject property within five+ years prior to the effective date of this appraisal.

## Legal Description

The following legal description was obtained from the public records and is assumed to be correct. The appraisers assume no responsibility for its accuracy. The property is legally described as follows:

Lot 7, of Mesa Commerce Center, according to the Plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 292 of Maps, Page 21

Except the West 40 feet.

**Property Type:** An industrial zoned lot

**Property Overview:** The subject consists of a 43,771 square foot industrial zoned lot. This parcel is appraised as vacant land only.

**Property Location:** Parcel 141-34-290A is located along the north side of Ivy Street and the west side of Parkcrest within the City of Mesa, Arizona (at the common address of 1734 North Parkcrest, Mesa).

**Assessor's Parcel Number(s):** 141-34-290A

**Conditions of Appraisal** The appraisal was performed "as is" based on a date of value being **September 30, 2024**, with no extraordinary assumptions or hypothetical conditions used.

As detailed on the following page's, only the **Sales Comparison Approach to Value** is utilized. The comparable sales data was taken from the local MLS, CoStar, and company records. The comparables were confirmed via public records and discussions with parties to the transactions.

## Opinions and Conclusions

**Highest and Best Use:** The existing use is the highest and best use.

## Results of Approaches to Value

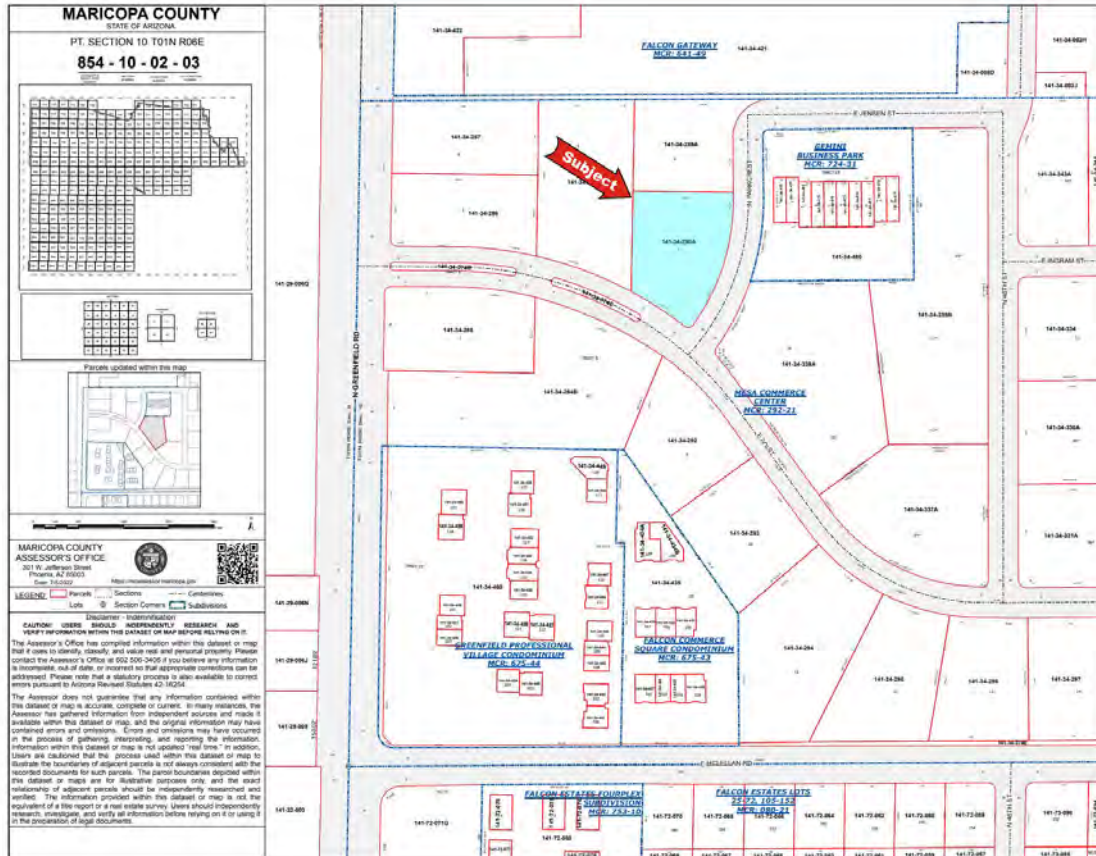
|                                   |           |
|-----------------------------------|-----------|
| <b>Cost Approach:</b>             | N/A       |
| <b>Sales Comparison Approach:</b> | \$525,000 |
| <b>Income Approach:</b>           | N/A       |
| <b>Opinion of Market Value:</b>   | \$525,000 |

# SITE DESCRIPTION

## General Site Information

### Address / Location:

Parcel 141-34-290A is located along the north side of Ivy Street and the west side of Parkcrest within the City of Mesa, Arizona (at the common address of 1734 North Parkcrest, Mesa).



**Assessor's Parcel Number(s)** 141-34-290A

**Section-Township-Range** 10/1N/6E

**Census Tract:** 4202.15



## Property Taxes

### 141-34-290A

| Tax Year          | 2025                              | 2024                              | 2023                              | 2022                              | 2021                              |
|-------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Full Cash Value @ | \$356,500                         | \$356,500                         | \$302,100                         | \$227,100                         | \$227,100                         |
| Limited Value @   | \$208,498                         | \$198,570                         | \$189,114                         | \$180,109                         | \$171,532                         |
| Legal Class       | 2.R                               | 2.R                               | 2.R                               | 2.R                               | 2.R                               |
| Description       | AG / VACANT LAND / NON-PROFIT R/P | AG / VACANT LAND / NON-PROFIT R/P | AG / VACANT LAND / NON-PROFIT R/P | AG / VACANT LAND / NON-PROFIT R/P | AG / VACANT LAND / NON-PROFIT R/P |
| Assessment Ratio  | 15%                               | 15%                               | 15%                               | 15%                               | 15%                               |
| Assessed LPV      | \$31,275                          | \$29,785                          | \$28,367                          | \$27,016                          | \$25,730                          |
| Property Use Code | 0032                              | 0032                              | 0032                              | 0032                              | 0032                              |
| PU Description    | Vacant Land                       | Vacant Land                       | Vacant Land                       | Vacant Land                       | Vacant Land                       |
| Tax Area Code     | 041000                            | 041000                            | 041000                            | 041000                            | 041000                            |
| Valuation Source  | Notice                            | Notice                            | Notice                            | Notice                            | Notice                            |

### Tax Years

| Tax Year | Status | Assessed Tax | Amount Due |
|----------|--------|--------------|------------|
| 2024     | Unpaid | \$3,069.84   | \$1,534.92 |
| 2023     | Paid   | \$3,094.98   | \$0.00     |
| 2022     | Paid   | \$3,030.90   | \$0.00     |
| 2021     | Paid   | \$3,067.96   | \$0.00     |

### Back Taxes:

According to the Maricopa County Treasurer's Office, no delinquent prior year taxes are owed on the subject parcels.

**Physical Characteristics of the Site**

|                            |                                                              |
|----------------------------|--------------------------------------------------------------|
| <b>Site Dimensions:</b>    | Generally rectangular (please refer to the plat map exhibit) |
| <b>Frontage:</b>           | Corner lot with frontage along Ivy Street and Parkcrest.     |
| <b>Usable Land Area</b>    | 43,771 square feet                                           |
| <b>Excess Land Area</b>    | None                                                         |
| <b>Shape of Tract:</b>     | Generally rectangular                                        |
| <b>Topography:</b>         | Level and at grade with the surrounding properties.          |
| <b>Ingress and Egress:</b> | The subject has access from Ivy Street and Parkcrest.        |
| <b>Lot Type:</b>           | Corner industrial zoned parcel.                              |

**Easements:** I have not been provided with a copy of a current title report concerning the subject property. It is assumed that there are no known easements that affect either the development potential or the marketability of the subject site.

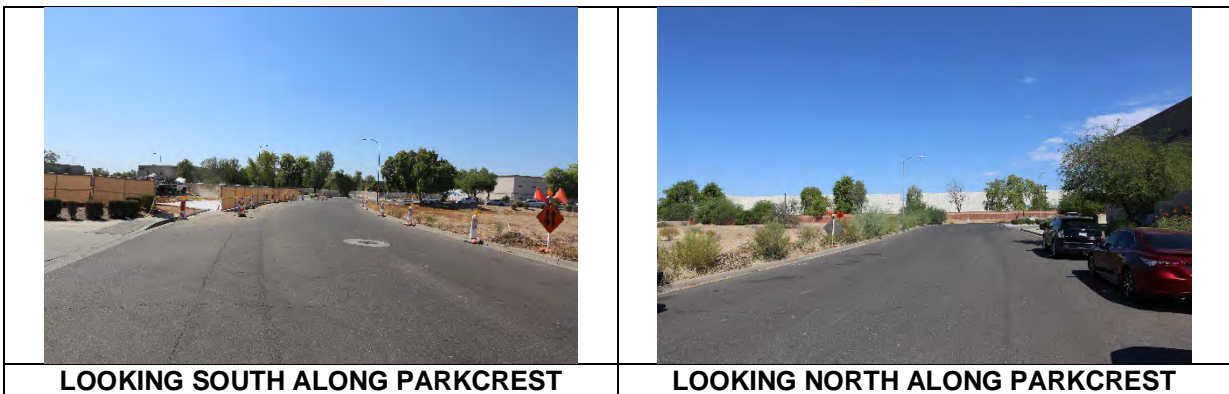
**Encroachments:** None noted from site visit, encroachments subject to survey.

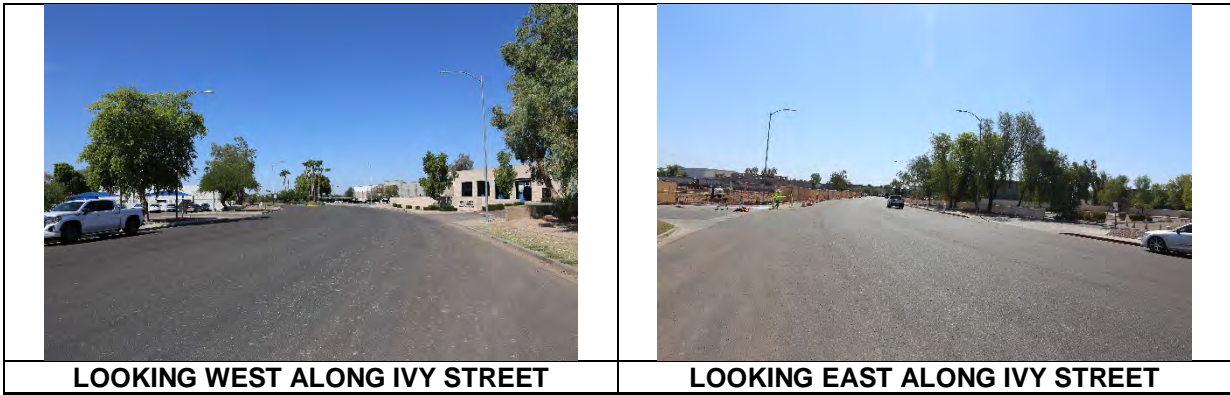
**Site Lighting:** Security lighting system.

The utilities and off-site improvements are typical for the market area.

**Utilities to Site:**  
 Sewer.....Public  
 Water.....Public  
 Electric.....APS  
 Natural Gas.....Southwest Gas  
 Phone.....Century Link/Cox

**Street improvements:** The adjacent roadways are local neighborhood streets with asphalt pavement. There are no concrete curbs/gutters, which is typical for the area.





**Flood & Soil Characteristics of the Site**

**Flood Designation:** Zone X.

**Surface Drainage:** Appears adequate with no noticed standing water.

**Soils:** A soil analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.

**Subsurface Conditions:** It is assumed that there are no hidden or unapparent conditions to the property, soil, or subsoil, which would render them more or less valuable. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.

## Economic Factors Affecting the Site

The subject lots are zoned LI by the City of Mesa.

### Zoning:

**LI Light Industrial.** To provide areas for limited manufacturing and processing, wholesaling, research, warehousing, and distribution activities take place within enclosed buildings, with restricted accessory outdoor storage as needed to support the primary uses. Light Industrial areas can be used to buffer General Industrial uses from other less intense uses. This district also provides for a full range of commercial activities, generally on a limited scale, including high-impact commercial uses, outdoor display and outdoor sale. Individual developments include well-designed buildings on sites that may or may not have campus-like settings, and areas visible to the general public include well-designed landscape areas.



### Allowable Uses in the District:

A wide variety of industrial uses are permitted in this district (the subject is a permitted use).

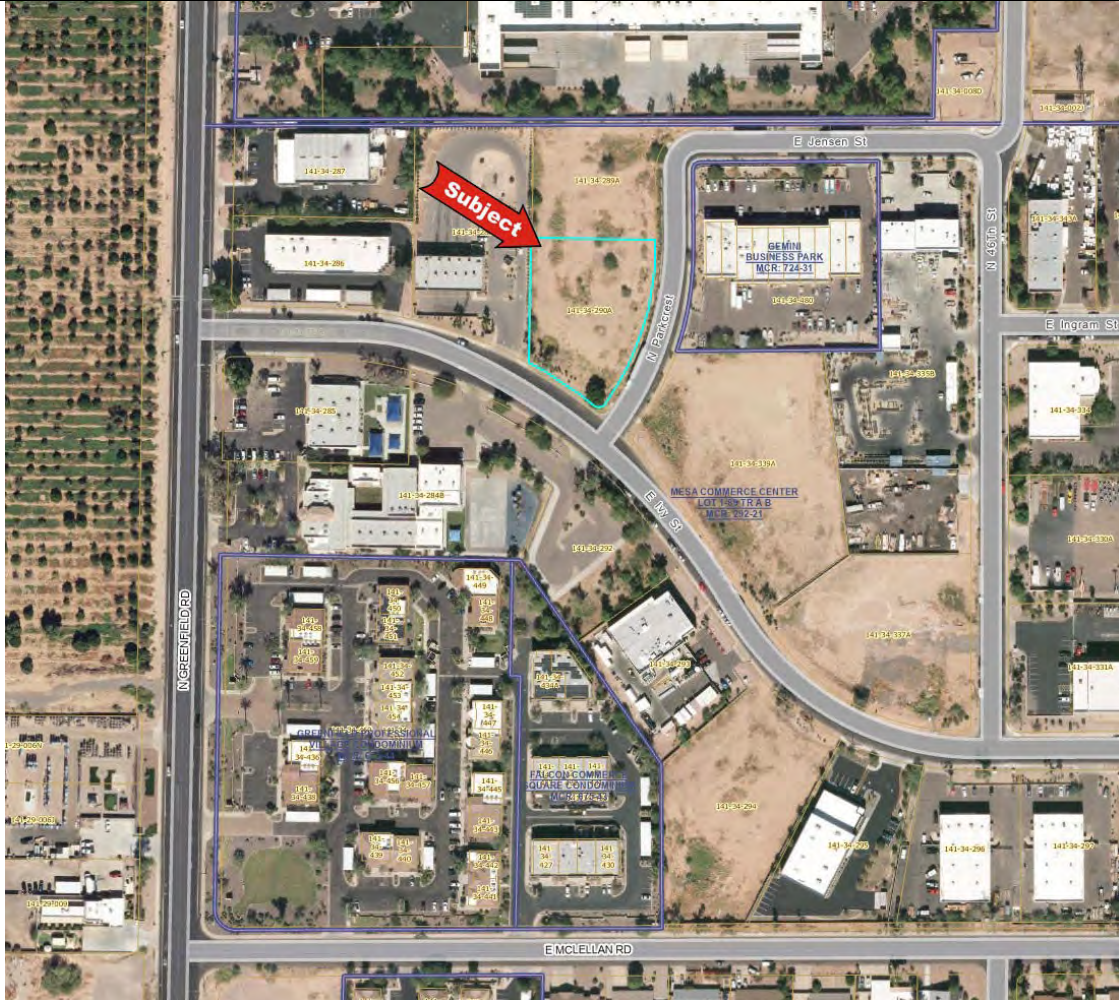
### Major Flaws in Site:

None noted.

## Adjacent Land Uses & Site Compatibility

### Adjacent Land Uses:

North ..... Light industrial / vacant land  
South ..... Light industrial  
East ..... Light industrial / vacant land  
West ..... Light industrial



### Hazardous Materials:

I am not qualified to determine the presence of hazardous substances as they affect the site. This would include, but not be limited to, toxic chemicals, radon gas, methane, etc. Unless otherwise stated, the site is assumed to be unaffected by these substances.

### Restrictions:

As previously noted, I have not been provided with a copy of a current title report concerning the subject property. There are no known easements that affect either the development potential or the marketability of the subject site.

### Overall Site Analysis:

The subject lots are industrial zoned parcels with equally good visibility and access along the adjoining roadways. Overall site analysis is considered good.



# Subject Photographs



**VIEW OF PARCEL LOOKING NORTH**



**VIEW OF PARCEL LOOKING WEST**

## HIGHEST AND BEST USE ANALYSIS

### Highest and Best Use Analysis - As Vacant

I conclude that the Highest and Best Use as If Vacant, is to hold for future industrial development.

# SALES COMPARISON APPROACH

## Introduction

The Sales Comparison Approach to Value produces an estimate of value for real estate by comparing recent transactions involving similar properties within the surrounding or competing market area of the subject property. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable within the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing comparables involving arms-length transactions between willing, knowledgeable buyers and sellers with reasonable market exposure, price trends can be identified from which value parameters may be extracted. Comparability in terms of physical, locational, and economic characteristics is an important criterion in evaluating the comparables with respect to the subject property. The basic steps involved in the application of this approach are as follows:

- I. Researching recent relevant property sales and current offerings throughout the competitive area.
- II. Selecting properties which are considered to be most similar to the subject, and then analyzing the selected comparables, giving consideration to the time of sale and any change in economic conditions which may have occurred in the intervening time up to the date of value. Other relevant factors of a physical, functional, or locational nature are also considered.
- III. Reducing the sales price to common units of comparison (i.e., the price per square foot of gross building area, etc.).
- IV. Making appropriate adjustments between the comparable properties and the property being appraised.
- V. Interpreting the adjusted sales data and drawing a valid conclusion.

The specific unit of comparison used in this analysis is the sales price per square foot of site area, calculated by dividing the sales or offering price by the gross site area.

In order to estimate the subject property's market value by utilizing the Sales Comparison Approach to Value, I have examined and analyzed transactions involving similar properties within a close proximity to the subject.

## Comparable Land Sale One

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### Identification

Type: Industrial land  
Location: 1925 North 48<sup>th</sup> Street, Mesa, Arizona  
Tax Parcel Number: 141-34-482

### Sale Data

Sale Price: \$495,000  
Terms: All cash to seller  
Unit Price: \$11 Per square foot  
Date of Recordation: March 10, 2023  
Grantor/Seller: Boyette Consulting LLC  
Grantee/Buyer: Forefront Properties LLC  
Instrument: Special Warranty Deed  
Instrument Number: 2023-0121976  
Conditions of Sale: Typical  
Marketing Period: Less than one year at sale price  
Source/Confirmation: CoStar, public records, public records and Jerry Robers with Triple Net America, LLC

**Site Data**

Shape/Dimensions: Semi-Rectangular  
Area: 46,079 Square feet / 1.058 acre  
Topography: Near-level and at grade with surrounding properties  
Zoning/Restrictions: LI, by the City of Mesa  
Flood Zone: Zone X  
Noise Zone: None  
Off-Sites: Paved roads, sidewalks, curbs and landscaping along 48<sup>th</sup> Street  
  
Lot Type: Midblock lot  
Utilities: All to site  
Arterial Frontage: 48<sup>th</sup> Street  
Improvements: None

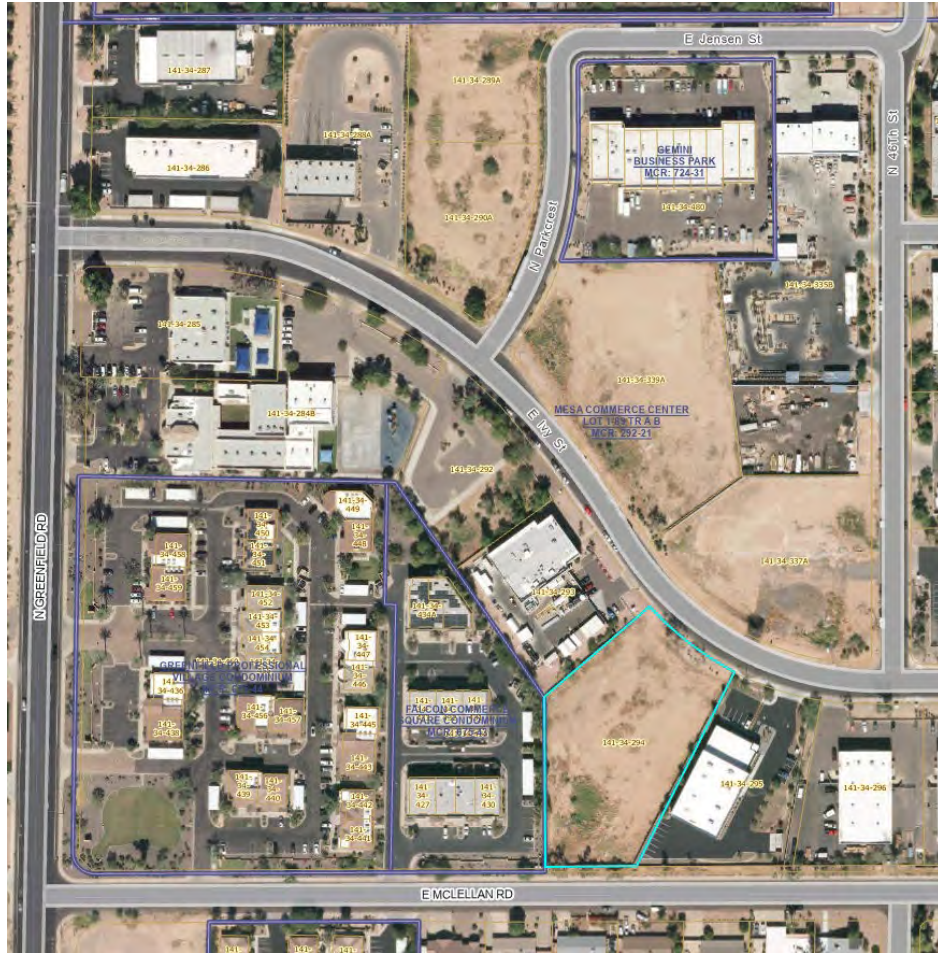
**Intended Use**

Development of a speculative industrial park.

**Comments:**

Vacant land purchased for future industrial development. This property was previously sold in June 2021 for \$8.95/SF.

## Comparable Land Sale Two



### Identification

Type: Industrial land  
Location: 4523 East Ivy Street, Mesa  
Tax Parcel Numbers: 141-34-294

### Sale Data

Sale Price: \$730,000  
Terms: All cash to the seller  
Unit Price: \$10 Per square foot  
Date of Recordation: April 1, 2024  
Grantor/Seller: MSM Ivy St. Realty LLC  
Grantee/Buyer: Abcdev LLC  
Instrument: Special Warranty Deed  
Instrument Number: 2024-0141008  
Conditions of Sale: Typical  
Marketing Period: Approximately 1 year  
Source/Confirmation: CoStar, public records and Evan Koplan with CBRE

**Site Data**

Shape/Dimensions: Rectangular  
Areas: 73,477 square feet / 1.69 acres  
Topography: Level and at grade with surrounding properties  
Zoning/Restrictions: LI, Mesa  
Flood Zone: Zone X  
Noise Zone: None  
Off-Sites: None  
Lot Type: Mid-block  
Utilities: Electric and water  
Arterial Frontage: Along Ivy Street

**Intended Use** This property was planned for future industrial development.

## Comparable Land Sale Three



### Identification

Type: Industrial land  
Location: 6925 East Via Northgate, Mesa  
Tax Parcel Numbers: 304-17-054

### Sale Data

Sale Price: \$220,000  
Terms: All cash to the seller  
Unit Price: \$10 Per square foot  
Date of Recordation: July 31, 2024  
Grantor/Seller: Gateway Norte Q3 LLC  
Grantee/Buyer: Gateway Norte Holdings, LLC  
Instrument: Warranty Deed  
Instrument Number: 2024-0406298  
Conditions of Sale: Typical  
Marketing Period: Approximately 1 year  
Source/Confirmation: CoStar, public records and David Bean with Commercial Properties

**Site Data**

Shape/Dimensions: Rectangular  
Areas: 22,216 square feet / 0.51 acres  
Topography: Level and at grade with surrounding properties  
Zoning/Restrictions: M1, Mesa  
Flood Zone: Zone X  
Noise Zone: None  
Off-Sites: None  
Lot Type: Corner  
Utilities: Electric and water  
Arterial Frontage: Along Via Northgate

**Intended Use** This property was planned for future industrial development.



## Comparable Land Sale Four



### Identification

Type: Industrial land  
Location: 1096 East Melody Avenue, Gilbert  
Tax Parcel Numbers: 302-12-632

### Sale Data

Sale Price: \$800,000  
Terms: All cash to seller  
Unit Price: \$16 Per square foot  
Date of Recordation: March 28, 2023  
Grantor/Seller: JF Project 71 LLC  
Grantee/Buyer: Leland Court LLC  
Instrument: Warranty Deed  
Instrument Number: 2023-219886  
Conditions of Sale: Typical  
Marketing Period: N/A  
Source/Confirmation: CoStar, public records and Jack Stein with Patriot Commercial Properties

**Site Data**

|                      |                                                     |
|----------------------|-----------------------------------------------------|
| Shape/Dimensions:    | Rectangular                                         |
| Area:                | 51,401 Square feet / 1.18 acres                     |
| Topography:          | Near-level and at grade with surrounding properties |
| Zoning/Restrictions: | L1, Gilbert                                         |
| Flood Zone:          | Zone X                                              |
| Noise Zone:          | None                                                |
| Off-Sites:           | Minimal                                             |
| Lot Type:            | Corner                                              |
| Utilities:           | Electric and water                                  |
| Arterial Frontage:   | None                                                |

**Intended Use** Light industrial uses.

## Comparable Land Sale Five



### Identification

Type: Industrial land  
Location: 3245 North Nevada Street, Gilbert, AZ  
Tax Parcel Numbers: 302-24-432

### Sale Data

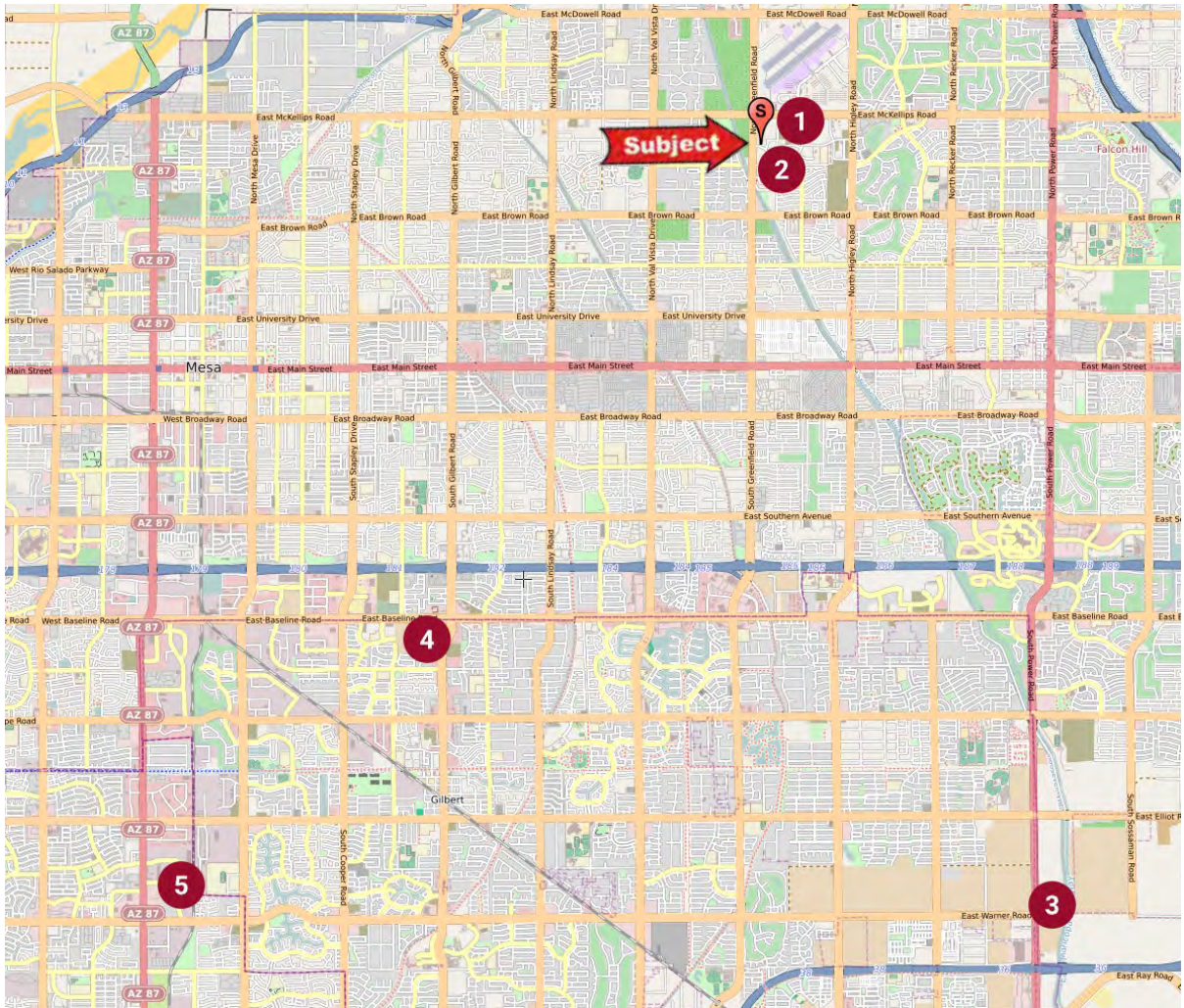
Sale Price: \$809,488  
Terms: All cash to seller  
Unit Price: \$16 Per square foot  
Date of Recordation: October 20, 2023  
Grantor/Seller: Berkshire Delaware LLC  
Grantee/Buyer: JW Data, LLC  
Instrument: Special Warranty Deed  
Instrument Number: 2023-0546244  
Conditions of Sale: Typical  
Marketing Period: 9 months  
Source/Confirmation: CoStar, public records and inspection and listing broker Kyle Julinek, Commercial Properties

**Site Data**

|                      |                                                     |
|----------------------|-----------------------------------------------------|
| Shape/Dimensions:    | Rectangular                                         |
| Area:                | 50,595 Square feet /1.16 acres                      |
| Topography:          | Near-level and at grade with surrounding properties |
| Zoning/Restrictions: | LI, Chandler                                        |
| Flood Zone:          | Zone X                                              |
| Noise Zone:          | None                                                |
| Off-Sites:           | Paved Road                                          |
| Lot Type:            | Mid-block                                           |
| Utilities:           | Electric and water                                  |
| Arterial Frontage:   | None                                                |
| Improvements:        | None                                                |

**Intended Use** Light industrial uses.

## SALES MAP



### Summary of Comparable Sales

|                                 | Subject     | 1             | 2           | 3           | 4           | 5           |
|---------------------------------|-------------|---------------|-------------|-------------|-------------|-------------|
| <b>Sale Price</b>               |             | \$495,000     | \$730,000   | \$220,000   | \$800,000   | \$809,488   |
| <b>Size in Sq Ft</b>            | 43,771      | 46,079        | 73,477      | 22,216      | 51,401      | 50,595      |
| <b>Size in Acres</b>            | 1.00        | 1.06          | 1.69        | 0.51        | 1.18        | 1.16        |
| <b>Price Per Sq Ft</b>          |             | \$11          | \$10        | \$10        | \$16        | \$16        |
| <b>Property Rights Conveyed</b> | Fee Simple  | Fee Simple    | Fee Simple  | Fee Simple  | Fee Simple  | Fee Simple  |
| <b>Financing</b>                | All Cash    | All Cash      | All Cash    | All Cash    | All Cash    | All Cash    |
| <b>Conditions of Sale</b>       | Typical     | Typical       | Typical     | Typical     | Typical     | Typical     |
| <b>Market Conditions (COE)</b>  |             | Mar-23        | Apr-24      | Jul-24      | Mar-23      | Oct-23      |
| <b>General Location</b>         | Average     | Average       | Average     | Average     | Average     | Good        |
| <b>Configuration</b>            | Typical     | Typical       | Typical     | Typical     | Typical     | Typical     |
| <b>Size in Square Feet</b>      | 43,771      | 46,079        | 73,477      | 22,216      | 51,401      | 50,595      |
| <b>Utilities</b>                | All to site | All to site   | Power/Water | Power/Water | Power/Water | Power/Water |
| <b>Off-Site Improvements</b>    | Paved Roads | All installed | Paved Road  | Paved Road  | Paved Road  | Paved Road  |
| <b>Improvements</b>             | None        | None          | None        | None        | Minimal     | None        |
| <b>Zoning/Potential Use</b>     | LI          | LI            | LI          | M1          | L1          | LI          |

## Overview of the Sales Comparison Adjustment Process

Typically, the Sales Comparison Approach involves using a combination of *quantitative* and *qualitative* comparative techniques to analyze and compare the comparable sales with the subject property.

In applying *quantitative* adjustment techniques, mathematical processes are used to identify those items of comparison that require adjustment and to measure the amount, if any, of the indicated adjustment(s). A common quantitative adjustment process is the *paired data analysis*, in which two or more market sales are compared to derive an indication of the size of the adjustment for a single characteristic. However, although paired data analysis is a theoretically sound method, its use is somewhat limited within this analysis because the availability and quality of market data is insufficient to quantify adjustments for all of the variables present.

Therefore, in those instances where an adjustment could not reasonably be quantified, a *qualitative* technique was used instead, or more specifically a *ranking analysis*. In the ranking analysis, the comparables were ranked or arrayed in descending or ascending order of desirability. Then each comparable was analyzed to determine the relative position of the subject property within the array.

### Quantitative Adjustments

Those adjustment categories for which market derived information is considered to be able to support quantifiable adjustments include:

- Real Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Intended Use
- Non-Realty Components of Value

**Property Rights Conveyed:** A transaction price is always predicated on the real property interest conveyed. Within each of the comparable sales transactions, fee simple rights were transferred. Therefore, adjustments in this category are not necessary.

**Financing Terms:** The second factor to consider is the financing terms of sale. The definition of value used within this report indicates that the value estimate must assume terms of cash, or terms equivalent to cash (with equivalent cash terms generally referring to terms offered by financial institutions). It is important to consider the financing terms of each comparable because creative financing arrangements may suggest an inflated sales price.

Each of the sales were sold on cash to seller basis; therefore, no adjustment is considered necessary.

**Conditions of Sale:** The third step in the quantitative adjustment process is to address the conditions of sale. Adjustments may be required for conditions of sale when transactions occur between related parties, or when a buyer or seller has an extraordinary need to acquire or dispose of a property.

After discussing each of the comparable sales transactions with a knowledgeable party, it does not appear that any conditions of sale adjustments are necessary. Each of the transactions represents arms-length sales between unrelated parties, and each site was purchased for near term development. None of the sales was an REO or pending foreclosure situation. Therefore, no conditions of sale adjustments were necessary.

**Intended Use:** The subject and each of the comparables, have the same general intended uses. Each was purchased for near-term, or future development, and adjustments in this category are not necessary.

**Non-Realty Components of Value:** No other non-realty components were included, and additional adjustments in this category were not necessary.

The next step in this analysis is the qualitative analysis.

### Qualitative Analysis

Those adjustment categories for which available market information is more appropriately considered to support a qualitative analysis include:

- Market Conditions (Date of Sale)
- Location
- Physical Characteristics (Size, Zoning-Use, and Overall Utility)

**Market Conditions:** The effective date of the appraisal is September 30, 2024. The comparable sales closed between March 2023 and July 2024.

The sales are reflective of the current market.

**Location:** The search for comparable land sales was limited to the area within the East Valley area. All of the sales are very similar in location, with no adjustment under this category required.

**Physical Characteristics:** Presented within the following discussion is a qualitative analysis concerning those physical attributes which are considered to possibly have a significant effect upon the indications of value for the subject property. These factors include size, zoning and use, and overall utility.

**Site Size -** In some cases, there is an inverse relationship between the size of a parcel (or building) and the corresponding unit value. However, this category needs to be tested on an individual basis (The subject is bracketed by the comparable sales). Overall, no adjustments are necessary under this category.

**Zoning-Use:** The subject property is zoned LI and similar to the five sales. The sales are sufficiently similar under this category to not require adjustments.

**Flood Plain:** The subject is located in Zone X, which is not a designated flood hazard area, similar to the sales. Therefore, the sales are considered to be similar, with no adjustment considered necessary under this category.

**Street and Off-Site Improvements—**The subject and the sales are all similar under this category with no adjustments required.

## Summary Table of Adjustments

### Land Sales Summary and Adjustment Grid

|                                       | Subject     | 1          | 2           | 3           | 4          | 5          |
|---------------------------------------|-------------|------------|-------------|-------------|------------|------------|
| <b>Sale Price</b>                     |             | \$495,000  | \$730,000   | \$220,000   | \$800,000  | \$809,488  |
| <b>Size in Net Sq Ft</b>              | 43,771      | 46,079     | 73,477      | 22,216      | 51,401     | 50,595     |
| <b>Size in Acres</b>                  | 1.00        | 1.06       | 1.69        | 0.51        | 1.18       | 1.16       |
| <b>Price Per Sq Ft</b>                |             | \$11       | \$10        | \$10        | \$16       | \$16       |
| <b>Property Rights Conveyed</b>       | Fee Simple  | Fee Simple | Fee Simple  | Fee Simple  | Fee Simple | Fee Simple |
| Total Adjustment                      |             | \$0        | \$0         | \$0         | \$0        | \$0        |
| Price Adj. For Rights Conveyed        |             | \$495,000  | \$730,000   | \$220,000   | \$800,000  | \$809,488  |
| <b>Financing</b>                      | All Cash    | All Cash   | All Cash    | All Cash    | All Cash   | All Cash   |
| Total Adjustment                      |             | \$0        | \$0         | \$0         | \$0        | \$0        |
| Price Adj. For Financing              |             | \$495,000  | \$730,000   | \$220,000   | \$800,000  | \$809,488  |
| <b>Conditions of Sale</b>             | Typical     | Typical    | Typical     | Typical     | Typical    | Typical    |
| Total Adjustment                      |             | \$0        | \$0         | \$0         | \$0        | \$0        |
| Price Adj. For Conditions             |             | \$495,000  | \$730,000   | \$220,000   | \$800,000  | \$809,488  |
| <b>Market Conditions (COE)</b>        |             | Mar-23     | Apr-24      | Jul-24      | Mar-23     | Oct-23     |
| Adjustment Factor                     |             | 0.00%      | 0.00%       | 0.00%       | 0.00%      | 0.00%      |
| Total Adjustment                      |             | \$0        | \$0         | \$0         | \$0        | \$0        |
| Price Adj. For Market Conditions      |             | \$495,000  | \$730,000   | \$220,000   | \$800,000  | \$809,488  |
| <b>Adjusted Price Per Sq Ft</b>       |             | \$11       | \$10        | \$10        | \$16       | \$16       |
| <b>General Location</b>               | Average     | Average    | Average     | Average     | Average    | Average    |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Configuration</b>                  | Typical     | Typical    | Typical     | Typical     | Typical    | Typical    |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Size in Square Feet</b>            | 43,771      | 46,079     | 73,477      | 22,216      | 51,401     | 50,595     |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Utilities</b>                      | Near Site   | Similar    | Similar     | Similar     | Similar    | Similar    |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Off-Site Improvements</b>          | Paved Roads | Paved Road | Paved Roads | Paved Roads | Paved Road | Paved Road |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Improvements</b>                   | None        | None       | None        | None        | None       | None       |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Zoning/Potential Use</b>           | LI          | LI         | LI          | M1          | L1         | LI         |
| Adjustment Factor                     |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| Net Percentage Adjustment             |             | 0%         | 0%          | 0%          | 0%         | 0%         |
| <b>Final Adjusted Price Per Sq Ft</b> |             | \$11       | \$10        | \$10        | \$16       | \$16       |

## Conclusion

The comparable sales have an adjusted sale price range of \$10 to \$16 per square foot with a prevalent range of \$10 to \$11 per square foot. With upward pressure from Sale Nos. 4 and 5 however, I note that Sales Nos. 1 and 2 are very similar to the subject (and close in proximity to the subject). I have reconciled the "as is" market value of the subject at \$12 per square foot.

Thus, with a unit value of \$12 per square foot, and a site area of 43,771 square feet, the value of the subject's commercial land portion is calculated as follows:

$$43,771 \text{ Sq. Ft.} \times \$12 \text{ Per Sq. Ft.} = \$525,000, \text{ rounded}$$



## RECONCILIATION OF VALUES

All three approaches to value are considered in estimating the subject's "as is" market value; however, only the Sales Comparison Approach was found applicable. The applicable approach to value has been considered in this analysis and the data, together with the line of reasoning followed for each approach, have been clearly set out.

| Indications of Value (Approaches) |           |
|-----------------------------------|-----------|
|                                   | "As Is"   |
| Cost Approach:                    | N/A       |
| Sales Comparison Approach:        | \$525,000 |
| Income Approach:                  | N/A       |

In the Sales Comparison Approach, I documented five sales of light industrial properties. As the subject property is vacant, the strongest demand for the subject will be owner-users or partial owner-users. Generally, the market is placing primary weight on this approach, as typical buyers for this property are owner-users. A sufficient number of comparable sales were available in the subject market to develop credible indications of values by the Sales Approach. **The supporting documentation for the analysis and the development of the approaches to value is retained in the appraiser's work file.**

### MARKET VALUE CONCLUSIONS

The "As Is" Market Value, fee simple interest as of September 30, 2024, is as follows:

**FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS  
(\$525,000)**

This value estimate is based upon an **exposure period of 12 months or less** and does not include any tangible or intangible personal property.

## ASSUMPTIONS AND LIMITING CONDITIONS

I suggest that anyone using this appraisal read the following limiting conditions and assumptions thoroughly. The acceptance and/or use of the appraisal report constitutes acceptance of the following conditions.

In rendering my opinions, I have made certain assumptions, and my opinions are conditioned upon and are subject to certain qualifications including, but not limited to, the following:

### **Information Used**

No responsibility is assumed for accuracy of information furnished by others or from others, including the client, its officers and employees, or public records. I am not liable for such information or for the work of contractors, subcontractors and engineers. The comparable data relied upon in this appraisal has been confirmed with one or more parties familiar with the transaction unless otherwise noted; all are considered appropriate for inclusion to the best of my factual judgment and knowledge.

I assumed that the information furnished by the property owner, lender, agent, or management is correct as received.

Certain information upon which the opinions and values are based may have been gathered by research staff working with the appraiser. Names, professional qualifications and extent of their participation can be furnished to the client upon request.

### **Legal, Engineering, Financial, Structural / Mechanical Nature, Hidden Components, Soil**

No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the legal nature or condition of the title to the property, which is presumed to be good and marketable. The property is appraised assuming it is free and clear of all mortgages, liens or encumbrances, unless otherwise stated in particular parts of this report.

The legal description is presumed to be correct, but I have not confirmed it by survey or otherwise. I assume no responsibility for the survey, any encroachments or overlapping or other discrepancies that might be revealed thereby.

I have inspected, as far as possible by observation, the land and improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural, or other components, or any mechanical components within the improvement; as a result, no representation is made herein as to such matters unless otherwise specifically stated. The estimated market value assumes that no such conditions exist that would cause a loss of value. I do not warrant against the occurrence of problems arising from any of these conditions.

It is assumed that there are no hidden or unapparent conditions to the property, soil, subsoil or structures, which would render them more or less valuable. No responsibility is assumed for any such conditions or for any expense or engineering to discover them. All mechanical components are assumed to be in operating condition standard for the properties of the subject's type. The condition of the heating, cooling, ventilation, electric and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements, unless otherwise stated. No judgment is made as to the adequacy of insulation, engineering or energy efficiency of the improvements or equipment.

Information relating to the location or existence of public utilities has been obtained through verbal inquiry to the appropriate utility authority or has been ascertained from visual evidence. No warranty has been made regarding the exact location or capacities of public utility systems. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.

I assumed that the subject property is not, nor will it be, in violation of the National Environmental Policy Act, the State Environmental or Clean Air Act, or any and all similar government regulations or laws pertaining to the environment. The subject property does not appear on a list of those properties known to suffer from environmental contamination nor, was any evidence of such contamination noted during my inspection. Nonetheless, I am not qualified to confirm or deny the existence of hazardous conditions and, completion of the Environmental Risk Survey section of this report is not to be construed as such confirmation or denial. Confirmation of site conditions relative to hazardous materials and/or wastes would require assessment by a duly qualified professional with direct training and experience in environmental assessment of real property. Thus, this report is, therefore, contingent upon a review of such an environmental assessment and does not consider the effects of any such adverse factors.

### **Legality of Use**

The appraisal is based on the premise that there is or will be full compliance with all applicable Federal, State and local environmental regulations and laws, unless otherwise stated in the report; and that all appropriate zoning, building and use regulations and restrictions of all types have been or will be complied with, unless otherwise stated in the report. It is assumed that all require licenses, consent, permits or other legislative or administrative authority, whether local, State, Federal and/or private, have been or can be obtained or renewed for the use intended and considered in the value estimate.

### **Component Values**

The distribution of the total valuation of this report between land and improvements applies only under the proposed program of utilization. The separate valuations of land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

A report related to an estate that is less than the whole fee simple estate applies only to the fractional interest involved. The value of this fractional interest, plus the value of all other fractional interests, may or may not equal the value of the entire fee simple estate considered as a whole.

A report relating to the geographic portion of a larger property applies only to such geographic portion and should not be considered as applying with equal validity to other portions of the larger property or tract. The value for such geographic portions, plus the value of all other geographic portions, may or may not equal the value of the entire property or tract considered as a single entity.

All valuations in the report are applicable only under the estimated program of the highest and best use and are not necessarily appropriate under other programs of use.

### **Auxiliary and Related Studies**

No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made by us unless otherwise specified in this report or in my agreement for services. I reserve the unlimited right to alter, amend, revise or rescind any of these statements, findings, opinions, values, estimates or conclusions upon any subsequent study or analysis or previous study or analysis that subsequently becomes available to us.

### **Dollar Values, Purchasing Power**

The value estimates and the costs used herein are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the United States dollar as of the date of value estimate.

### **Inclusions**

Furnishings and equipment or business operations, except as otherwise specifically indicated, have been disregarded, with only the real estate being considered.

### **Proposed Improvements Conditioned Value**

For the purpose of this appraisal, on- or off-site improvements proposed, if any, as well as any repairs required, are considered to be completed in a good and workmanlike manner according to information submitted and/or considered by us. In cases of proposed construction, the report is subject to change upon inspection of the property after construction is complete. The estimate of value, as proposed, is as of the date shown, as if completed and operating at levels shown and projected.

### **Value Change, Dynamic Market Influences**

The appraisers cannot predict or evaluate the possible effects of future wage price control actions of the government upon rental income or financing of the subject property; hence, it is assumed that no control will apply which would nullify contractual agreements, thereby changing property values.

The estimated value is subject to change with market changes over time. Value is highly related to interest rates, exposure, time, promotional effort, supply and demand, terms of sale, motivation and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property both physically and economically in the marketplace.

The estimate of value in this report is not based in whole or in part upon race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

In the event this appraisal includes the capitalization of income, the estimate of value is a reflection of such benefits and my interpretation of income and yields and other factors which were derived from general and specific market information. Such estimates are made as of the date of the estimate of value. As a result, they are subject to change, as the market is dynamic and may naturally change over time. The date upon which the value estimate applies is only as of the date of valuation, as stated in the letter of transmittal. The appraisal assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion stated herein.

An appraisal is the product of a professionally trained person, but nevertheless is an opinion only, and not a provable fact. As a personal opinion, a valuation may vary between appraisers based upon the same facts. Thus, the appraiser warrants only that the value conclusions are his best estimate as of the date of valuation. There are no guaranties, either written or implied, that the property would sell for the expressed estimate of value.

### **Sales History**

Unless otherwise stated, the appraiser has not reviewed an abstract of title relating to the subject property. No title search has been made, and the reader should consult an attorney or title company for information and data relative to the property ownership and legal description. It is assumed that the subject title is marketable, but the title should be reviewed by legal counsel. Any information given by the appraiser as to a sales history is information that the appraiser has researched; to the best of my knowledge, this information is accurate, but not warranted.

### **Management of the Property**

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management over the entire life of the property. If prudent and competent management and ownership are not provided, this would have an adverse effect upon the value of the property appraised.

### **Confidentiality**

I am not entitled to divulge the material (evaluation or valuation) content of this report and analytical findings or conclusions or give a copy of this report to anyone other than the client or his designee, as specified in writing, except as may be required by the Appraisal Institute, as they may request in confidence for ethic enforcement, or by a court of law with the power of subpoena.

All conclusions and opinions concerning the analyses as set forth herein are prepared by the appraisers whose signatures appear. No change of any item in the report shall be made by anyone other than the appraiser, and the firm shall have no responsibility if any such unauthorized change is made.

Whenever my opinion herein with respect to the existence or absence of fact is qualified by the phrase or phrases "to the best of my knowledge", "it appears" or "indicated", it is intended to indicate that, during the course of my review and investigation of the property, no information has come to my attention which would give us actual knowledge of the existence or absence of such facts.

The client shall notify the appraiser of any error, omission or invalid data herein within 10 days of receipt and return of the report, along with all copies, to the appraiser for corrections prior to any use whatsoever. Neither my name nor this report may be used in connection with any financing plans which would be classified as a public offering under State or Federal Security Laws.

### **Copies, Publication, Distribution, Use of Report**

Possession of this report, or any copy thereof, does not carry with it the right of publication, nor may it be used for other than its intended use. The physical report remains the property of the firm for the use of the client, with the fee being for the analytical services only. This report may not be used for any purpose by any person or corporation other than the client or the party to whom the report is addressed. Additional copies may not be made without the written consent of an officer of the firm, and then only in its entirety.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations effort, news, sales or other media without my prior written consent and approval of the client. Neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without the specific prior approval of the appraiser.

It has been assumed that the client or representative thereof, if soliciting funds for his project, has furnished to the user of this report complete plans, specifications, surveys and photographs of land and improvements, along with all other information which might be deemed necessary to correctly analyze and appraise the subject property.

### **Trade Secrets**

This appraisal was obtained from KS Appraisal or related companies and/or its individuals and consists of "trade secrets and commercial or financial information" which is privileged and confidential. Notify the appraisers signing the report or an officer of KS Appraisal of any request to reproduce this report in whole or in part.

### **Authentic Copies**

Any copy that does not have original signatures of the appraiser is unauthorized and may have been altered and, therefore, is considered invalid.

### **Testimony, Consultation, Completion of Contract for Appraisal Services**

A contract for appraisal, consultation or analytical services is fulfilled and the total fee payable upon completion of the report. The appraisers or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal in full or in part, nor will they be asked or required to engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee.

Any subsequent copies of this appraisal report will be furnished on a cost-plus expenses basis, to be negotiated at the time of request.

## Fee

The fee for this appraisal or study is for the service rendered, and not for time spent on the physical report. The acceptance of the report by the client takes with it the agreement and acknowledgement that the client will pay the negotiated fee, whether said agreement was verbal or written. The fee is in no way contingent on the value estimated.

## CERTIFICATION

Uniform Standards of Professional Appraisal Practice (USPAP) Standard Rule R-3 indicates that, “. . . each written real property appraisal report must contain a signed certification . . .”<sup>6</sup> Therefore in compliance with this requirement, the undersigned do hereby certify that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with Title XI of the Federal Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Office of the Comptroller of the Currency (OCC).
8. 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.
9. My employment was not conditioned upon my appraisal producing a specific value or a value within a given range. Future employment prospects were not based upon whether a loan application is approved. No pressure was placed upon us to estimate a specific value. Furthermore, the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Mr. Kurt D. Kleinman, MAI and have completed the requirements under the continuing education program of the Appraisal Institute.
12. No one provided significant professional assistance to the persons signing this report.

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<sup>6</sup> USPAP 2024 Edition



13. The appraisers state that they have the knowledge and experience necessary to complete the assignment competently.
14. I have made a personal inspection of the property that is the subject of this report.
15. I have not performed any other services regarding the subject property within the three-year period immediately preceding acceptance of this assignment, as an appraiser, or in any other capacity.



Kurt D. Kleinman, MAI  
Arizona Certified General Real Estate Appraiser  
Certificate No. 30272  
[kurt@ksappraisal.com](mailto:kurt@ksappraisal.com)  
480-464-7800 ext: 2



## QUALIFICATIONS

KURT D. KLEINMAN

### Education

Bachelor of Science Degree, Geography, *Brigham Young University*, Dec. 1986

Real Estate Principles and Practice, *Brigham Young University*, 1984

Real Estate Investment, *Arizona State University*, 1986

Real Estate Development, *Arizona State University*, 1986

Real Estate Law, *Arizona State University*, 1986

*Appraisal Institute* Course 1A-1: Real Estate Appraisal Principles, Tempe, 1987  
*Appraisal Institute* Exam 1A-2: Basic Valuation Procedures, Tempe, 1988  
*Appraisal Institute* Course 1B-A: Capitalization Theory and Technique, Tempe, 1988  
*Appraisal Institute* Course 1B-B: Capitalization Theory and Technique, Tempe, 1991  
*Appraisal Institute* Course 2-1: Case Studies in Real Estate Valuation, Tempe, 1992  
*Appraisal Institute* Course 2-2: Report Writing and Valuation Analysis, Tempe, 1992  
*Appraisal Institute* Course 410: Standards of Professional Practice Part A (USPAP), Tempe, 1994  
*Appraisal Institute* Course 420: Standards of Professional Practice Part B, Tempe, 1994  
*Appraisal Institute* Course 430: Standards of Professional Practice Part C, Phoenix, 1999  
*Appraisal Institute* Course: Real Estate Evaluations and the Appraisal Industry, Phoenix, 1995  
*Appraisal Institute* Course: Subdivision Analysis, Phoenix, 1996  
*Appraisal Institute* Course: Small Hotel/Motel Valuation, Park City, 1998  
*Appraisal Institute* Course: Valuation of Detrimental Conditions in RE, San Francisco, 1998  
*Appraisal Institute* Course: Analyzing Operating Expenses, Phoenix, 1998  
*Appraisal Institute* Course: REITS and the Role of the Professional Appraiser, New Jersey, 1999  
*Appraisal Institute* Course: Highest and Best Use Case Study, New Jersey, 1999  
*Appraisal Institute* Course: Partial Interest Valuation – Undivided, New Jersey, 1999  
*Appraisal Institute* Course: REITS and the Role of the Real Estate Professional, New Jersey, 1999  
*Appraisal Institute* Course: Online FHA and The Appraisal Process, 1999  
*Appraisal Institute* Course: Online Appraising from Blueprints, 1999  
*Appraisal Institute* Course: Online Residential Design & Functional Utility, 1999  
*Appraisal Institute* Course: Online FHA and The Appraisal Process, 2000  
*Appraisal Institute* Course: Online Residential Property Construction and Standard, Hawaii, 2000  
*Appraisal Institute* Course: Appraisal Consulting: A Solutions Approach for Standard, 2002  
*Appraisal Institute* Course: Technology Update, Part II, Computer Hardware & Standard, Hawaii, 2002  
*Appraisal Institute* Course: Technology Update, Part II, Computer Hardware & Standard, Hawaii, 2002  
*Appraisal Institute* Course: 15-Hour National USPAP Course, San Diego, 2004  
*Appraisal Institute* Course: 7-Hour National USPAP Update Course, Flagstaff, 2006  
*Appraisal Institute* Course: Introduction to GIS Applications for Real Estate Standard, 2006  
*Appraisal Institute* Course: Supervising Appraisers in Arizona, Arizona, 2008  
*Appraisal Institute* Course: 7-Hour National USPAP Update Course, Arizona, 2008  
*Appraisal Institute* Course: Analyzing Distressed Real Estate, 2008  
*Appraisal Institute* Course: Analyzing Operating Expenses, 2008  
*Appraisal Institute* Course: Appraising Convenience Stores, 2008  
*Appraisal Institute* Course: Cool Tools: New Technology for Real Estate, 2008  
*Action Environmental Services*: Site Assessments - The Legal Approach, Lynn Olson, Instructor - August 22-24, 1991, Tempe  
*Arizona School of Real Estate*: Fair Housing ADA, Scottsdale, 1996  
*Arizona School of Real Estate*: How to Exchange Real Estate, 1996  
*Arizona School of Real Estate*: Foreclosures, 1996

## **Professional Affiliations and Appointments**

MAI: Member of the Appraisal Institute, Certificate No. 10637

Currently certified as a General Real Estate Appraiser with the State of Arizona, No. 30272 (Expires August 31, 2026)

Formerly appointed as a Member on the State Board of Equalization, one of 15 board members to hear all real estate tax appeals (particularly values over \$500,000 in value).

## **Experience**

Currently a principal with KS Appraisal (Kleinman & Sessions) a full-service appraisal firm.

Formerly, employed with Sell, Huish & Associates, Inc., Real Estate Appraisers and Consultants, 4625 South Lakeshore Drive, Tempe, Arizona 85282-7127 (April 1987 to October 1995).

## **PARTIAL LIST OF PROPERTY TYPES:**

Have appraised or assisted in the appraisal of the following types of property (proposed and existing):

- Commercial
- Single and multi-family residential
- Cotton Gins
- Shopping centers
- Highway right-of-way
- Hotels
- Subdivisions
- Restaurants
- Industrial
- Farms
- Mobile Home and RV Parks
- Service stations
- Mini storage
- High-rise Office buildings
- Car Dealerships
- Time Share

## **Geographic Area**

State of Arizona  
State of Nevada

# ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-30272



Kurt D Kleinman

| CREENTIAL TYPE              | ISSUE DATE      | EFFECTIVE DATE     | EXPIRATION DATE |
|-----------------------------|-----------------|--------------------|-----------------|
| Certified General Appraiser | August 15, 1991 | September 01, 2024 | August 31, 2026 |

This certificate was printed on August 23, 2024 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

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



4710 East Falcon Drive, Suite 119 Mesa, Arizona 85215 (480-464-7800)

September 26, 2024

Frank Quinn  
FMQ Development, LLC

Re: Engagement letter to complete an appraisal report of the following property:

- Vacant land at 1734 North Parkcrest Street, Mesa (141-34-290A)

To whom it may concern:

This letter will serve as a contract in order to have **KS Appraisal** prepare an appraisal report on the above-captioned property. Please sign the acknowledgment and return an original to [kurt@ksappraisal.com](mailto:kurt@ksappraisal.com).

In consideration of the completion and delivery of the appraisal report, the total fee will be \$1,000. The fee will be due upon the delivery of the appraisal report. The delivery date of the appraisal report will be approximately 10 days following the receipt of the signed engagement letter and receiving all necessary information (scheduled to have it done October 2, 2024).

Within the scope of this assignment, an appraisal report will be prepared with the intended use of determining the "As Is" Market Value for portfolio management and potential sale of the property. The value estimate is based on fee simple interest. The definition of market value and report requirements will be prepared in accordance with Appraisal Institute and the Uniform Standards of Professional Appraisal Practice as published by the Appraisal Foundation.

Pursuant to this agreement, I will provide only the appraisal report. The appraisers shall not be required to give testimony or to participate in or attend any public or private meeting or hearing, in court or otherwise, with reference to the appraisal assignment without further compensation. The cost of other additional services such as furnishing updates or amendments will be determined at a later date if the need arises.

It is understood that:

1. This appraisal report will be used in its entirety and no portion or valuation method shall be used out of context of the balance of the report.
2. This appraisal will not be used for the sale of partnership interests or property syndications.
3. The purpose of this report is for establishing the "as is" market value based on the fee simple interest. The reports may not be utilized for any other reason than for the intended use, nor may it be used by any party other than to whom the report is addressed.
4. The value estimated does not include the cost to clean up, or damages related thereto the presence of all hazardous substances, including asbestos, indoor air pollution, radon, soil pollution, groundwater pollution, PBC's or third party pollution. Furthermore, we assume no liability nor are we required to determine the existence of said substances. Determination of the existence of these hazardous substances is not the responsibility of the appraiser, but that of the client. The client hereby indemnifies *KS Appraisal* from any such liability. This report assumes no future contamination of the property.

We look forward to undertaking this assignment for you. If there are any questions, or any portion of this agreement does not conform to your understanding, please contact us at: (480) 464-7800. Please sign and return this engagement letter to [kurt@ksappraisal.com](mailto:kurt@ksappraisal.com).

Sincerely,



Kurt D. Kleinman, MAI  
Arizona Certified General Real Estate Appraiser  
Certificate No. 30272  
[kurt@ksappraisal.com](mailto:kurt@ksappraisal.com)  
480-464-7800 ext:2

28/09/2024



28/09/2024

Acknowledgement

Date