

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

17.84 NET ACRES OF UNDEVELOPED LAND
LOCATED AT THE NORTHEAST CORNER OF
4TH AVENUE AND UNION STREET
UNINCORPORATED YUMA COUNTY, ARIZONA
CBRE GROUP, INC. FILE NO. CB23US100971-1

ARIZONA STATE LAND DEPARTMENT
APPLICATION NO. 53-124170-00-100 (CITY OF SAN LUIS)

CBRE

November 28, 2023

R. Scott Sherwood
Appraisal Section Manager
ARIZONA STATE LAND DEPARTMENT
1616 West Adams Street
Phoenix, Arizona 85007

RE: An appraisal of 17.84 net acres (19.80 gross acres) of undeveloped land located at the northeast corner of 4th Avenue and Union Street, in unincorporated Yuma County, Arizona (Application No. 53-124170-00-100 City of San Luis)

Dear Mr. Sherwood:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property involves 17.84 net acres (19.80 gross acres) of undeveloped land located on a county island within the San Luis city limits at the northeast corner of 4th Avenue and Union Street, unincorporated Yuma County, Arizona. The subject is also described as being part of Township 11S, Range 25W, Section 1. The appraised property is owned by the Arizona State Land Department (State Trust Land) and will be sold at a future public auction. The applicant intends to develop and expand the existing San Luis city hall complex on the site while keeping the city services in a strategic location. The subject property is more fully described, legally and physically, within the enclosed report.

The purpose of this appraisal is to develop an opinion of the “as is” market value of the fee simple interest in the subject property. The subject was inspected on October 19, 2023, which represents the effective date of value. The intended use of this report is to assist the **Arizona State Land Department** in its disposition and-or leasing decisions. In particular, the appraisal will assist in the establishment of the minimum bid price for a State Trust land auction. The intended users are the **Arizona State Land Department** and the **Board of Appeals**. Use by any other user is strictly prohibited. Notably, however, upon its acceptance by the State Land Commissioner, this appraisal may be used in connection with the marketing of the property and will be made available to the general public.

The “as is” market value is based on the following extraordinary assumptions: 1) there is no known archaeological significance found on the subject site; 2) there is no known geological significance found on the subject site; 3) there are no known environmental risks or hazardous conditions found on the subject site; and 4) there is legal access to the property.

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

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
|----------------------|--------------------|------------------|------------------|
| "As Is" Market Value | Fee Simple Estate | October 19, 2023 | \$1,070,000 |

Compiled by CBRE

The "as is" market value conclusion for the subject's site of \$1,070,000 equates to \$59,978 per acre of net land area and \$54,040 per acre of gross land area.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of and inseparable from this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with: the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP); the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the appraisal policies and procedures of the **Arizona State Land Department** (revised March 2020).

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Steve Porter, MAI
Vice President
Arizona Certified General
Real Estate Appraiser No. 31677



Byron Bridges, MAI, MRICS
Director
Arizona Certified General
Real Estate Appraiser No. 31163



Thomas Raynak, MAI
Director
Appraiser Certified General
Real Estate Appraiser No. 30413

CBRE


Certification

We certify to the best of our knowledge and belief:

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 are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
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 Appraisal Practice of the Appraisal Institute, and the **Arizona State Land Department**.
9. As of the date of this report, Steve Porter, MAI, Thomas Raynak, MAI and Byron Bridges, MAI, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
10. Byron Bridges, MAI, MRICS has made a personal inspection of the property that is the subject of this report; while Steve Porter, MAI and Thomas Raynak, MAI have not inspected the subject site.
11. No one provided significant real property appraisal assistance to the persons signing this report.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Steve Porter, MAI, Thomas Raynak, MAI and Byron Bridges, MAI, MRICS have not provided services, as appraisers, regarding the property that is the subject of this report.
14. Steve Porter, MAI, Thomas Raynak, MAI and Byron Bridges, MAI, MRICS have the appropriate knowledge, education and experience to complete this assignment in a competent manner and have appraised properties of similar type. The reader is referred to the appraisers' Qualifications in the Addenda.



Steve Porter, MAI
Vice President
Arizona Certified General
Real Estate Appraiser No. 31677



Thomas Raynak, MAI
Director
Appraiser Certified General
Real Estate Appraiser No. 30413



Byron Bridges, MAI, MRICS
Director
Arizona Certified General
Real Estate Appraiser No. 31163

Subject Photographs









View of Subject Site Facing North from Southern Boundary



View of Subject Site Facing North/Northwest from Southeast Corner



View of Subject Site Facing East/Southeast from Northwest Corner



View of Subject Site Facing West/Southwest from Northeast Corner



View of Subject Site Facing West From Eastern Boundary



South Along 4th Avenue, Subject Site at Left



West Along Union Street, Subject Site at Right

Executive Summary

| | |
|-------------------------------------|---|
| Property Description | The subject property involves 17.84 net acres (19.80 gross acres) of undeveloped land located on a county island within the San Luis city limits at the northeast corner of 4th Avenue and Union Street, unincorporated Yuma County, Arizona. The appraised property is owned by the Arizona State Land Department (State Trust Land). The applicant intends to develop and expand the existing San Luis city hall complex on the site while keeping the city services in a strategic location. |
| Client | Arizona State Land Department |
| Client Reference Number | ASLD Application No. 53-124170-00-100 (City of San Luis) |
| Assessor's Parcel Number | 226-01-005 |
| Zoning | RA-40, Rural Area, 40 Acre Minimum (Yuma County) |
| Highest And Best Use | Eventual residential development |
| Property Rights Appraised | Fee Simple Estate |
| Date of Report | November 28, 2023 |
| Date of Inspection | October 19, 2023 |
| Date of "As Is" Market Value | October 19, 2023 |
| Estimated Exposure Time | One year, or less |
| Estimated Marketing Time | One year, or less |
| Buyer Profile | Residential developer |

CONCLUDED MARKET VALUE

| Appraisal Premise | Interest Appraised | Date of Value | Value |
|----------------------|--------------------|------------------|-------------|
| "As Is" Market Value | Fee Simple Estate | October 19, 2023 | \$1,070,000 |

Compiled by CBRE

The "as is" market value conclusion for the subject's site of \$1,070,000 equates to \$59,978 per acre of net land area and \$54,040 per acre of gross land area.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/Opportunities

- The subject property is surrounded by existing development and is located near the center of downtown San Luis, Arizona.
- The subject property benefits from being in close proximity to three schools, an aquatic center, and a public park.
- The subject has good access along collector and neighborhood streets with proximity to State Route 95 (Main Street) and State Route 195 (Cesar Chavez/Juan Sanchez boulevards), less than one-half mile away.
- The subject site has a rectangular configuration that is well-suited for a wide range of development possibilities.
- The subject site will be positively impacted by the new \$308 million governmental (U.S.) project to modernize and expand the San Luis I Land Port-of-Entry. This project is to expand the port to allow for higher traffic volumes, including pedestrian traffic, and improve its efficiencies overall.
- The subject site is located approximately 1.5 miles northeast of the San Luis I Land Port-of-Entry, the second busiest non-commercial port in Arizona. Additionally, San Luis is served by

another land port-of-entry along the Arizona/Mexico border known as San Luis II, which is primarily reserved for commercial use.

Weaknesses/Threats

- Upon development of the subject site, significant half-street improvements are required along 4th Avenue and Union Street frontage.
- The subject property will most likely need to be annexed into the city of San Luis upon development.
- San Luis is a small tertiary market where commercial land development is somewhat limited.
- Commercial real estate market conditions have deteriorated at the macro level. The significant recent increase in the cost of capital and reduced volume of transaction activity is impacting price discovery and creating an increase in uncertainty. Increasing interest rates and subdued economic growth will continue to weigh on commercial real estate fundamentals and investment transaction volumes. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

EXTRAORDINARY ASSUMPTIONS

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.”¹

- The “as is” market value is based on the following extraordinary assumptions: 1) there is no known archaeological significance found on the subject site; 2) there is no known geological significance found on the subject site; 3) there are no known environmental risks or hazardous conditions found on the subject site; and 4) there is legal access to the property.

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

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined 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 purposes of analysis.”²

- None noted.

¹ The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

² The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

Table of Contents

| | |
|---|----|
| Certification | i |
| Subject Photographs..... | ii |
| Executive Summary | ix |
| Table of Contents | xi |
| Introduction | 1 |
| Area Analysis | 9 |
| Neighborhood Analysis | 15 |
| Site Analysis | 24 |
| Zoning | 31 |
| Market Analysis | 34 |
| Highest and Best Use | 41 |
| Sales Comparison Approach | 43 |
| Assumptions and Limiting Conditions | 52 |

ADDENDA

- A Definitions
- B Comparable Land Sales
- C Engagement Letter
- D Qualifications

Introduction

PROPERTY IDENTIFICATION

The subject property involves 17.84 net acres (19.80 gross acres) of undeveloped land located on a county island within the city of San Luis, at the northeast corner of 4th Avenue and Union Street in unincorporated Yuma County, Arizona. The difference between the gross and net acreage is the utility and public road rights-of-way along 4th Avenue and Union Street. The subject is also described as being part of Township 11S, Range 25W, Section 1. The appraised property is owned by the Arizona State Land Department (State Trust Land) and will be sold at a future public auction. The applicant intends to develop and expand the existing San Luis City Hall complex on the site while keep the city services in a strategic location. **Of note, the subject site will be annexed into the city of San Luis upon development.**

The legal description pertaining to the subject property is presented as follows.

LEGAL DESCRIPTION

OF A PORTION OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 25 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (W1/2 NW1/4 SE1/4) OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 25 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER ¼ CORNER OF SECTION 1, SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE S89°32'21"E ALONG THE NORTH LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID 1 A DISTANCE OF 654.44 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER;

THENCE S0°14'24"W ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER A DISTANCE OF 1315.97 FEET;

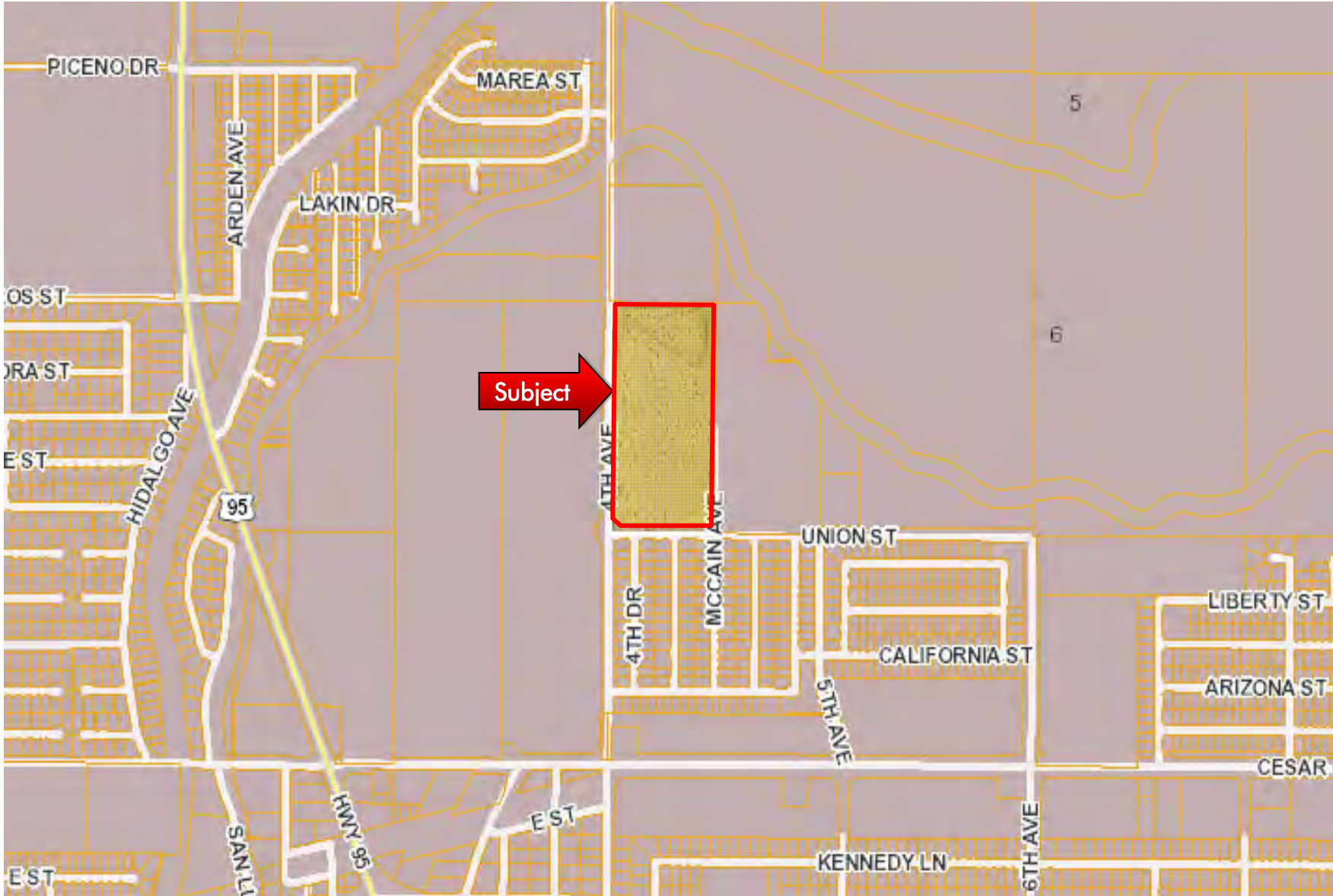
THENCE N89°43'12"W ALONG THE SOUTH LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER A DISTANCE OF 655.33 FEET;

THENCE N0°16'44"E ALONG THE WEST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER A DISTANCE OF 1318.03 FEET TO THE TRUE POINT OF BEGINNING,

CONTAINING AN AREA OF 862,477 SQUARE FEET (19.80 ACRES) MORE OR LESS.

The appraised property may also be identified as Yuma County Assessor's parcel number 226-01-005. *The Assessor's plat map, showing the location and configuration of the subject site (outlined in red), is presented on the following page and is followed by several additional exhibits provided by the Arizona State Land Department, which further indicate the location of the subject property.*

Assessor's Plat Map

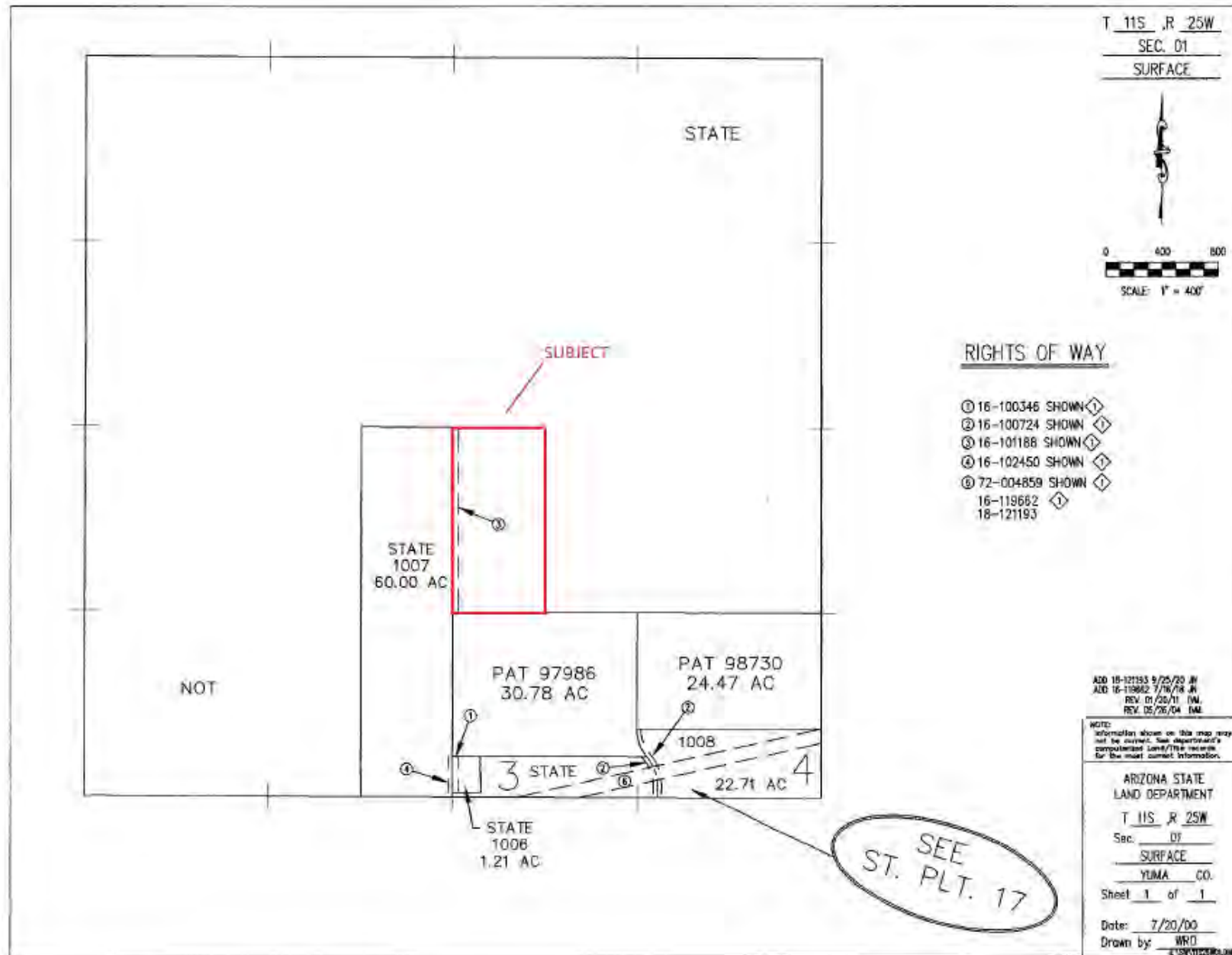


1
NEC of 4th Avenue and Union Street, Unincorporated Yuma County, Arizona



Application No. 53-124170-00-100





OWNERSHIP AND PROPERTY HISTORY

According to public records, the subject property is owned in trust by the **Arizona State Land Department**. There has been no known sales activity pertaining to the appraised property during the past three years. Additionally, the subject is not actively being marketed for sale, nor is the property known to be encumbered by any purchase agreements.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to develop an opinion of the “as is” market value of the fee simple interest in the subject property.

CLIENT

The client is the **Arizona State Land Department**.

INTENDED USE OF REPORT

This appraisal is to be used to assist the **Arizona State Land Department** in its disposition and-or leasing decisions. In particular, the appraisal will assist in the establishment of the minimum bid price for a State Trust land auction. No other use is permitted.

INTENDED USER OF REPORT

The intended user is the **Arizona State Land Department and Board of Appeals**. Use by any other user is strictly prohibited. Notably, however, upon its acceptance by the State Land Commissioner, this appraisal may be used in connection with the marketing of the property and will be made available to the general public and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser’s responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

DEFINITION OF VALUE

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable

³ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.⁴

INTEREST APPRAISED

The value estimated represents fee simple interest and defined as follows:

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.⁵

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent To Which The Property Is Identified

The property is identified through the following sources:

- Legal Description
- Public records
- ALTA Survey
- Information provided by the Arizona State Land Department

Extent To Which The Property Is Inspected

The extent of the inspection included a physical inspection of the subject site and surrounding area on October 19, 2023.

Type And Extent Of The Data Researched

CBRE reviewed the following:

- zoning requirements
- flood zone status
- demographics
- market data
- comparable land sales data

⁴ Appraisal Institute, *Uniform Appraisal Standards For Federal Land Acquisitions (UASFLA) (Fifth Edition)*, 13.

⁵ Appraisal Institute, *Dictionary of Real Estate Appraisal*, 78.

Type And Extent Of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.

Data Resources Utilized in the Analysis

| DATA SOURCES | |
|-----------------------------------|--|
| <i>Item:</i> | <i>Source(s):</i> |
| Site Data | |
| Size | Arizona State Land Department, ALTA Survey, and Yuma County Assessor |
| Flood Zone | FEMA and Yuma County |
| Zoning | City of San Luis |
| Assessments & Taxes | Yuma County Assessor/Treasurer |
| Economic Data | |
| | ESRI; US Bureau of Labor Statistics; ADOT; CBRE Research; and CBRE Econometrics Advisors |
| Comparable Land Sales Data | |
| | CoStar, Inc.; Vizzda; public records; and market participants |
| Compiled by CBRE | |

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.

Cost Approach

The Cost Approach is based on 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 that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

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, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Approach

The Income Approach reflects the subject's income-producing capabilities. This approach is based on 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 a period of time. The two common valuation techniques associated with the Income Approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In the valuation of the subject site, only the Sales Comparison Approach to value is employed as the property involves undeveloped land.

EXPOSURE TIME AND MARKETING TIME

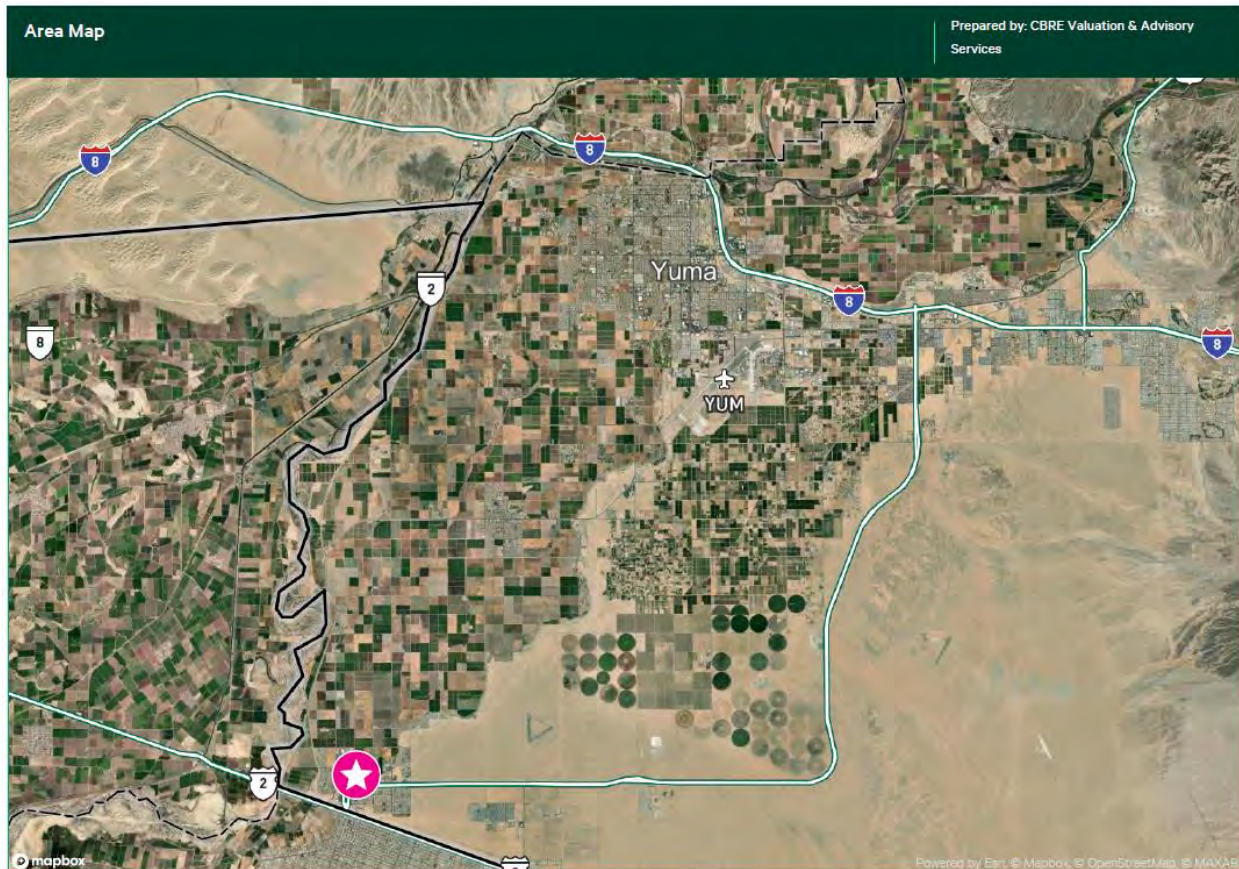
Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure time and marketing time are a function of price, time, and use. It is not an isolated estimate of time alone.

In consideration of the factors noted above, we have analyzed the following in determining an exposure time and marketing time for the subject site:

- exposure times for comparable land sales employed within this appraisal;
- current and anticipated supply and demand; and
- the opinions of market participants

Based on exposure times of the land sales data employed within this analysis, continued demand for multi-family land, and discussions with brokers active in the metropolitan Phoenix apartment market, the value opinion pertaining to the subject site is predicated upon an exposure time of one year or less, assuming the site is adequately marketed at a price commensurate with the value conclusion. A marketing time of one year or less is also anticipated for the subject site based on the foreseeable market conditions projected to exist over the next approximate one-year period.

Area Analysis



YUMA COUNTY

The subject is located in Yuma County, which is in the southwestern corner of the state of Arizona. As of the 2010 census, the county had a population of 195,751. The estimated 2020 population is 214,176, indicating an average annual increase of 0.90% or a total increase of 9.41%. The county seat is the City of Yuma.

YUMA COUNTY PROFILE

Yuma County encompasses 5,519 square miles and is bordered to the west by the Colorado River, the U.S./Mexico border to the south, La Paz County to the north and Maricopa and Pima Counties to the east. The county was one of four original Arizona Counties created by the 1st Arizona Territorial Legislature. Its original boundaries remained the same until 1982, when La Paz County was created from its northern half. The original county seat was the city of La Paz until 1871 when it was moved to Arizona City, later renamed Yuma in 1873. There are currently four incorporated communities in the county, which include Yuma, Somerton, San Luis and Wellton.

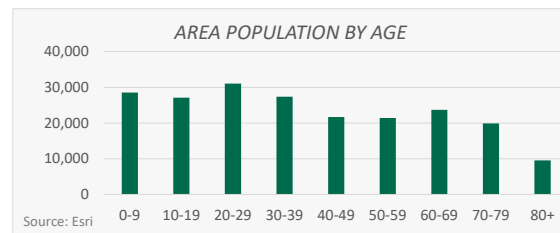
Much of Yuma County is desert land surrounded by rugged mountains. The valley regions, however, contain an abundance of arable land, which is irrigated with Colorado River water. These valley areas have some of the most fertile soils in the world, having received silt and mineral deposits from Colorado and Gila River floods until the rivers were tamed by intricate series of dams and canals. The county encompasses nearly 5,500 square miles in southwestern Arizona.

Some of the attractions in Yuma County are the Historical Territorial Prison, and the Yuma Crossing Historic Park. Other interests include the Kofa Mountain Range and Wildlife Refuge, the Colorado River, and Martinez and Mittry Lakes.

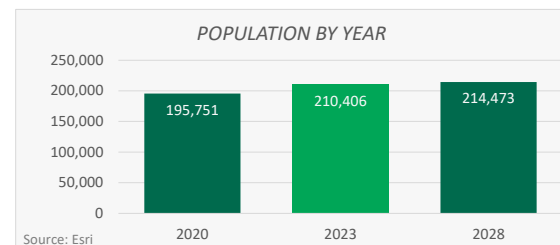
The subject is located in the Yuma, AZ Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 210,406 and a median age of 37, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.

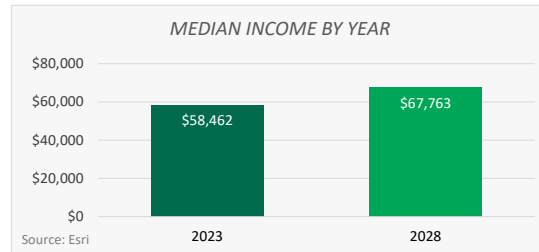


Population has increased by 14,655 since 2020, reflecting an annual increase of 2.4%. Population is projected to increase by an additional 4,067 by 2028, reflecting 0.4% annual population growth.



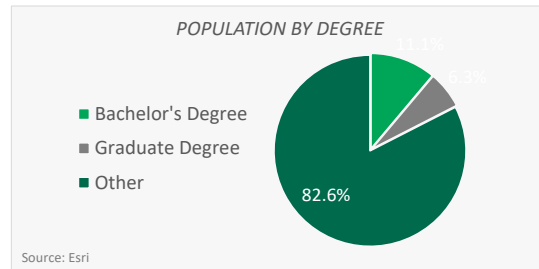
INCOME

The area features an average household income of \$78,207 and a median household income of \$58,462. Over the next five years, median household income is expected to increase by 15.9%, or \$1,860 per annum.

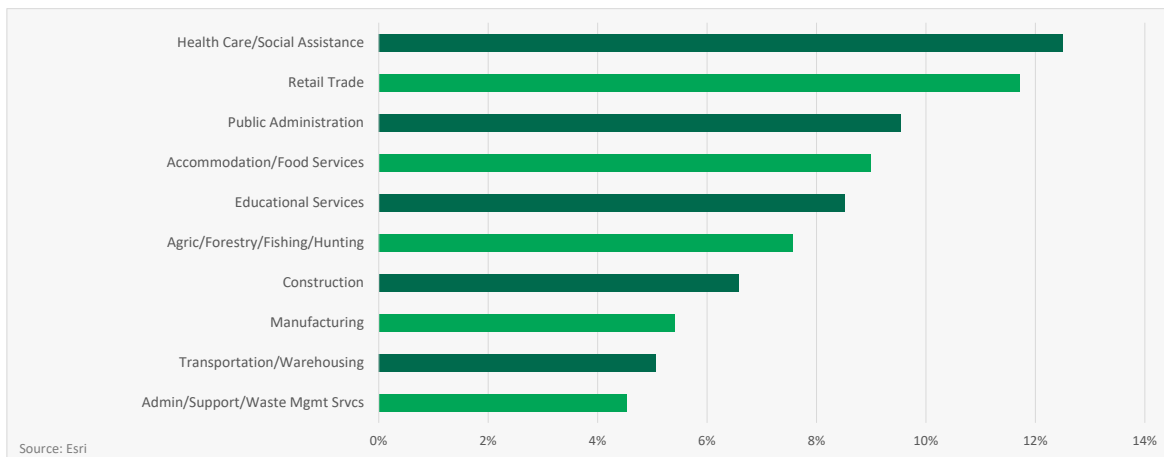


EDUCATION

A total of 17.4% of individuals over the age of 24 have a college degree, with 11.1% holding a bachelor's degree and 6.3% holding a graduate degree.



EMPLOYMENT



The area includes a total of 73,766 employees and has a 19.0% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Retail Trade and Public Administration, which represent a combined total of 34% of the population.

ECONOMIC OVERVIEW

Leading industries in the county include transportation/distribution, Maquila, food technology and agribusiness, aviation and defense testing, industrial manufacturing and renewable energy. Located on the border of four states (Arizona; California; Sonora, Mexico; and Baja, Mexico) and two countries (US and Mexico), Yuma is a natural transportation hub with over 52 million consumers within a one-day truck haul east/west via Interstate 8 or north/south via U.S. Highway 95.

Maquila or twin plant manufacturing operations in a free trade zone, where factories import material and equipment on a duty-free and tariff-free basis for assembly, processing, or manufacturing and then export the assembled, processed and/or manufactured products, sometimes back to the raw materials' country of origin. Several Maquila companies in the area include TSE Brakes, BOSE, Daewoo, SANA International, POTECH, and GPI.

Food technology and agribusiness in Yuma is a \$3.2 billion/year industry. Yuma's agribusiness sector is responsible for supplying the United State with 80% of its winter, leafy vegetables while also being the largest producer of crops in the State of Arizona. The University of Arizona-Yuma Agricultural Extension offers multiple degrees in Food Production, Food Management and Food Safety. Major employers in agribusiness include Advanced Cooling Systems, Americas Choice, DS-Yuma Cooling LLC, Earthbound Farm Organic, Fresh Leaf Farms, Associated Citrus Packers, Inc., Marlin Packing Co., Mission Citrus, Datepac, and Medgood Dates Marthas Gardens.

Yuma is home to two of the largest military installations in the United States. The U.S. Army Yuma Proving Ground is the nation's premier ground and weapons testing facility. YPG is capable of testing all series of Unmanned Aerial Systems (UAS) and has the distinguished title of logging more air flying time than other locations in the world. Multiple flight and testing ranges along with a support staff of UAS personnel can accommodate any flight testing available on the market.

Marine Corps Air Station – Yuma is the country's foremost Marine Air Base with an enlisted population of 10,000+ pilots, aviation technicians, and aeronautic mechanics. On average 1,000 Marines exit MCAS-Yuma on annual basis with certifications and degrees in aviation maintenance and repair.

The Yuma area is home to Fortune 500 companies such as Johnson Control, Shaw Carpets, Associated Materials, and International Paper. Yuma has become a strategic location for prominent manufacturing operations on the west coast. Industrial users find Yuma ideal with abundant supply chain resources and a logistical advantage over similar metropolitan communities on the west coast.

The area has become a hot bed for solar development due to Arizona's Renewable Portfolio Standard (RPS) demands that 15% of the state's energy generate from renewable sources by 2025 and California's Renewable Portfolio Standard (RPS) requiring the nation's most aggressive mandate of 33% by 2025. The radiant temperature scale of 7.8 also makes Yuma one of the premiere radiation sites in the world for solar plants. Companies such as First Solar, Arizona Public Service and Bright Source are at different stages of their utility scale developments which incorporate varying technologies for power generation.

FARMING

Agriculture will provide very little support because of price pressures and an ongoing water shortage. The Reclamation Bureau notes that the Lower Colorado River, which feeds Yuma, is in

the midst of the driest 18-year period on record, with reservoir levels declining. Stakeholders along the watershed have been forced to cut usage. Yuma's lettuce farmers have coped relatively well, implementing water-saving technology such as drip irrigation. Nonetheless, water is a constant issue for the area, and agriculture expansion has suffered. Farmers have added few new positions recently, and farm output fell in 2018. Prices received by farmers had a slight rebound in 2019 and 2020. In Arizona, farm proprietors' income stalled 2018 after plummeting in 2017. The slowdown has hurt Yuma's factory segment, which primarily makes pesticides and fertilizers for nearby farms. Further out, new technologies will protect farm output while reducing the need for a large workforce.

MILITARY

Yuma's military bases will not add troops in the short term but will provide a stable bedrock of consumer and housing demand. The metro area is home to two major military bases, making service members and their families a crucial part of the local workforce and consumer demand. The Army's Yuma Proving Ground is a major testing site for explosives, and the Marine Corps Air Station is home to the only domestic search-and-rescue team. Since both bases fill a strategic niche, cuts are not on the horizon. At the same time, without any foreign wars or new initiatives, an increase in troops is similarly unlikely. Any inflammation of tension with North Korea could lead to a shift of troops from eastern to western bases, but so far, the military strategy has been to move troops to Pacific rather than mainland bases. Consumer services will mirror moves in the military, keeping payrolls steady.

HEALTHCARE

Following a steep downward revision in 2017, healthcare and social assistance employment in Yuma began expanding in 2018 and 2019 followed by declining activity through 2020. The metro area will still benefit from new residents with mid- and high-wage jobs. Further out, Yuma's status as a magnet for retirees will boost demand. Growth in the 65 or over demographic, easily the biggest consumers of medical services, is expected to outpace that in the nation over the long term.

CONCLUSION

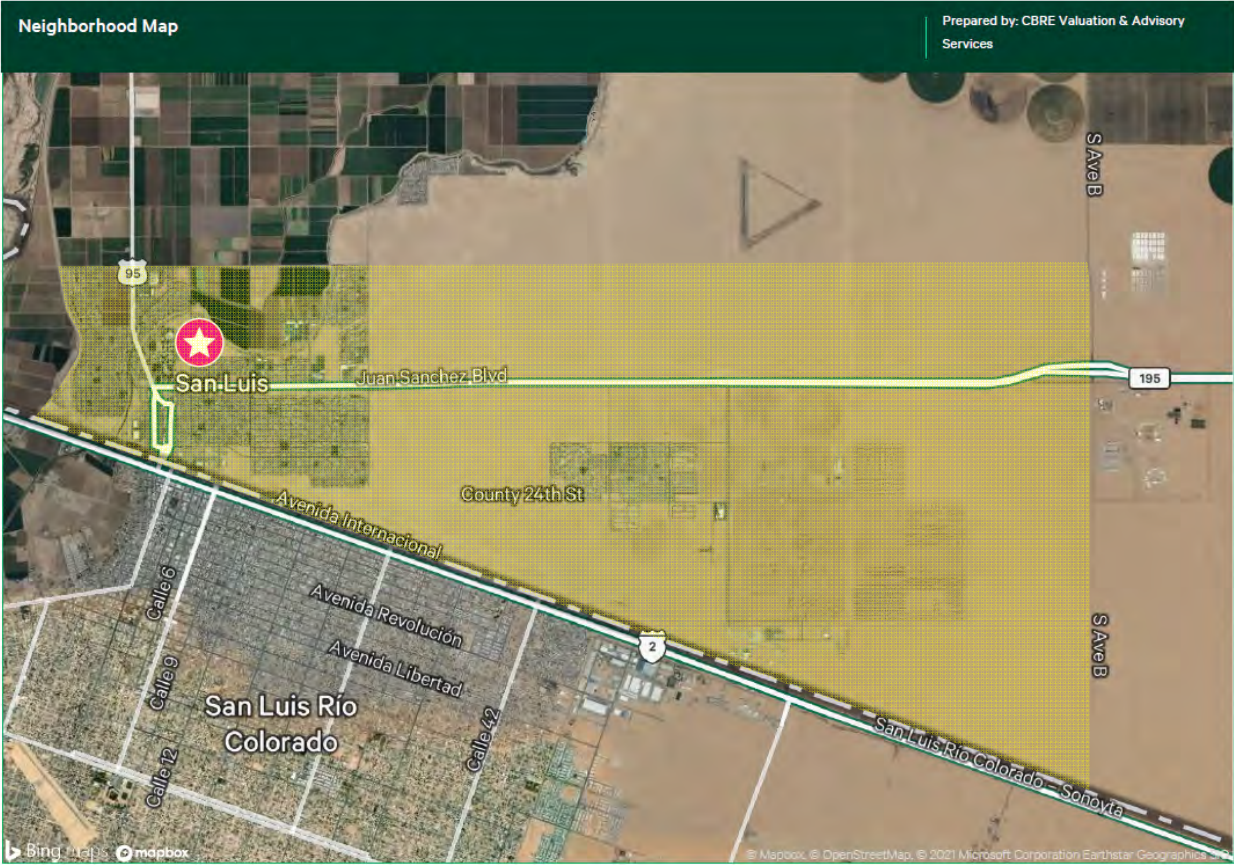
The City of Yuma is the largest city in Arizona outside of the metro areas of Phoenix and Tucson. The climate and strategic location bring most people to the area. It is said that winter visitors flock to the area with the population nearly doubling from the months of January, February and March. The local economy is boosted by two major defense facilities, a highly progressive inter-state regional medical facility, a \$3.2 billion agribusiness industry and a growing industrial development sector.

While unemployment rates are declining throughout the region, the unemployment rate remains significantly higher than any other area in the State of Arizona or the United States. A current

unemployment rate of 13.7% (September 2023) indicates that the market continues to suffer from the residual effects from the COVID-19 pandemic. Market conditions are improving with increasing employment and increased projections in residential development. Much of the growth in the county is currently occurring in San Luis and Somerton, where population growth from 2000 to 2010 was nearly 69% in San Luis and about 67% in Somerton.

| Yuma MSA (Yuma Co.) Monthly Summary | Apr 2023 | May 2023 | Jun 2023 | Jul 2023 | Aug 2023 | Sep 2023 |
|---|----------|-----------|----------|-----------|-----------|----------|
| <i>Labor Force, Thousands, Seasonally Adjusted, Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics</i> | | | | | | |
| Civilian Labor Force | 95,538.1 | 100,014.8 | 99,718.3 | 100,596.0 | 102,609.9 | 99,939.4 |
| % Chg from Year Ago | -2.7% | 1.0% | -0.1% | 0.4% | -0.5% | -2.7% |
| Employment | 86,581.1 | 88,243.9 | 88,452.9 | 87,652.3 | 88,307.0 | 86,987.4 |
| % Chg from Year Ago | 1.5% | 3.4% | 2.9% | 1.8% | 2.3% | -0.1% |
| Unemployment | 9,650.4 | 11,892.8 | 11,886.7 | 13,433.0 | 14,304.7 | 13,682.7 |
| % Chg from Year Ago | -30.8% | -11.6% | -16.5% | -6.0% | -11.8% | -15.4% |
| Unemployment Rate | 10.1 | 11.9 | 11.9 | 13.4 | 13.9 | 13.7 |
| Chg from Year Ago | -4.1 | -1.7 | -2.3 | -0.9 | -1.8 | -2.1 |
| <i>Earnings, \$, Not Seasonally Adjusted, Current Employment Statistics, U.S. Bureau of Labor Statistics</i> | | | | | | |
| Avg. Hourly Earnings (Private Sector) | 25.08 | 25.56 | 26.09 | 25.78 | 26.76 | 27.71 |
| % Chg from Year Ago | 5.0% | 8.1% | 11.6% | 7.7% | 12.7% | 13.8% |
| <i>Nonfarm Payroll Jobs, Thousands, Seasonally Adjusted, Current Employment Statistics, U.S. Bureau of Labor Statistics</i> | | | | | | |
| Total Nonfarm Jobs | 60.4 | 60.9 | 61.3 | 61.1 | 61.0 | 61.2 |
| % Chg from Year Ago | -0.2% | 0.2% | 1.2% | 0.7% | 0.0% | 0.5% |

Neighborhood Analysis



LOCATION

The subject is located at the northeast corner of 4th Avenue and Union Street, in San Luis, near 1.5 miles northeast of the San Luis I Port-of-Entry (Arizona/Mexico border). The following table summarizes the neighborhood characteristics, while a map of the area is presented above.

| NEIGHBORHOOD CHARACTERISTICS | | |
|------------------------------|--------------------------------------|----------------------------------|
| Location: | (urban, suburban, rural) | Suburban |
| Built-Up: | (>75%, 25-50%, <25%) | 25% - 75% |
| Growth Rate / Change: | (rapid, stable, slow) | Slow |
| Change in Present Land Use: | (not likely, likely*, taking place*) | Taking Place * |
| (*) From: | <u>Vacant Land</u> | to <u>Residential/Comm./Ind.</u> |
| Neighborhood Boundaries | | |
| North: | County 22nd Street | |
| South: | Arizona/Mexico Border | |
| East: | Avenue B | |
| West: | Canal Drive | |
| Source: CBRE | | |

RESIDENTIAL DEVELOPMENT

The city of San Luis was founded in 1930 with the opening of a border-crossing station and incorporated in 1979. In the last forty years, it has registered an accelerated population increase, going from 1,946 inhabitants in 1980 to approximately 37,000 in the year 2021. This substantial increase is partly due to the abundance of affordable housing, which attracts new residents.

Price ranges and trends for the single-family housing market within the defined neighborhood are summarized in the following table.

| NEIGHBORHOOD HOUSING TRENDS | | | |
|-----------------------------|---|------------|--------------|
| Property Values: | <i>(increasing, stable, declining)</i> | | Stable |
| Demand/Supply: | <i>(shortage, in balance, oversupply)</i> | | In Balance |
| Marketing Time: | <i>(< 3 months, 3-6 months, > 6 months)</i> | | 3 - 6 Months |
| | Low | High | Predominant |
| Price: | \$100,000 | \$350,000+ | \$200,000 |
| Age (Years): | 1 Year | 55+ Years | 10-30 Years |
| Source: CBRE | | | |

Based on data extracted from public records, single-family homes within the defined neighborhood generally range in price from approximately \$100,000 to over \$350,000, with an overall average near \$200,000.

CITY OF SAN LUIS OVERVIEW

San Luis is located in the southwest corner of the state, directly adjacent to the Colorado River and Mexico's Federal Highway 2. It was the second fastest-growing city or town in Arizona from 1990 to 2000. According to 2020 Census Bureau estimates, the city's population was 34,398, a 34.87% increase from 2010. The city annexed over 16,000 acres (65 km²) of land between 2006 and 2012, thereby increasing the availability of land for residential, commercial, and industrial growth in the eastern part of town, where the new commercial port of entry will be constructed. San Luis is part of the Yuma Metropolitan Statistical Area. Retail trade, agriculture, and manufacturing form a large portion of the local economy. Another significant segment is the light industry located on both sides of the U.S./Mexico border. San Luis is an excellent site for labor-intensive manufacturing and assembly plants. Major Employers in the area include Gadsden Elementary School District, ACT Advanced Call Center Technologies, Arizona State Prison Complex – Yuma, Factor Sales, Walmart, and the city of San Luis.

Visitor attractions within a 30-minute drive of San Luis include the old Territorial Prison, Fort Yuma and the 16th century Fort Thomas Mission. Laguna, Imperial and Morelos Dams and the California sand dunes are also nearby. Fishing, water skiing and swimming at lakes along the Colorado River attract residents of the area and tourists alike. Located across the border is San Luis, Sonora, Mexico, reputed to be Mexico's fastest-growing city with a population of

approximately 200,000. This area has curio shops, night clubs and various other attractions for tourists.

The city of San Luis is served by Gadsden Elementary School District #32, Yuma Union High School District #70, Harvest Preparatory Academy, PPEP TEC High Schools, Arizona Western College and Arizona State University. The elementary schools are Gadsden Elementary, Rio Colorado Elementary, Arizona Desert Elementary, Ed Pastor Elementary, Cesar Chavez Elementary, and Desert View Elementary, San Luis Middle School and Southwest Jr. High. All the Gadsden elementary schools are Performing Plus Schools as identified by the state of Arizona rating system. Only Gadsden Elementary School is at the performing level. San Luis High School, part of the Yuma Union High School District, serves over 2,000 high school students from the Gadsden Elementary District. Harvest Preparatory Academy is a new addition to San Luis, which opened its doors in August 2009.

Students in the 7th and 8th grades enroll in college courses through Arizona Western College with many students successfully completing college pre-calculus in the eighth grade. Gadsden students also attend various universities throughout the country during the summer in cooperation with Johns Hopkins University. In 2011, over 140 students qualified for university courses. In 2010, Gadsden students earned over \$200,000 in college scholarships. In 2011, 21 students in 5th and 6th grades also qualified for summer university coursework. Gadsden Elementary School District serves over 5,000 pre-school through eighth-grade students and is known for its marching band, jazz band and mariachi. The district has been recognized for 7th and 8th grade students taking the college level ACT college entrance examination. Arizona State University provides undergraduate and graduate education certification and degree program in partnership with Gadsden Elementary School District at Southwest Junior High.

San Luis I Land Port-of-Entry

As of June 2023, the U.S. General Services Administration (GSA) and the U.S. Department of Homeland Security - Customs and Border Protection (CBP) launched a \$308 million project to modernize and expand the San Luis I Land Port-of-Entry in Arizona. This project is funded by the Bipartisan Infrastructure Law and the Inflation Reduction Act. It will replace the 1980s infrastructure with new buildings, increase inspection capacity, and enhance security. The project will double the number of vehicle inspection lanes, install a canopy, and incorporate the latest inspection technology. It will also boost pedestrian inspection capacity, improve sustainability, and support environmental goals.

The San Luis I Port-of-Entry is currently the second busiest non-commercial port in Arizona, serving millions of drivers and pedestrians annually. Once completed, it will increase both pedestrian and vehicle inspection capacity, alleviate congestion, and contribute to the local economy by creating jobs. The project aims to achieve net-zero energy consumption and sustainability through features like solar panels, energy-efficient systems, and low-embodied carbon materials.

San Luis II Land Port-of-Entry

San Luis II Land Port-of-Entry is a commercial port of entry and was opened in 2010 in an effort to divert the commercial truck traffic and ease congestion. This port is located toward the eastern portion of San Luis and only accepts commercial trucks entering the United States for inspection between San Luis, Arizona, and San Luis Rio Colorado, Sonora.

SAN LUIS RIO COLORADO, SONORA, MEXICO

San Luis Rio Colorado is located just south of subject property across the U.S./Mexico border and has an estimated population of 196,332 (2020). The city is the fourth largest community in Sonora. The community was once an important inland port for steamers traveling the Colorado from the Gulf of California. Since the early 1900s the Colorado has been completely or nearly completely drained for irrigation. San Luis Rio Colorado is home to four regional medium-wave radio broadcast stations, among them 1350 AM, all of which are popular long-distance reception targets for medium wave DX radio enthusiasts. The economy is heavily influenced by industrial and manufacturing industries. Maquila factories in San Luis Rio Colorado include TSE Brakes, Daewoo Electronics, Bose, SANA International, OPTECH, and Gaming Partners International.⁶ Companies such as Bose and Sana International have more than 20 years invested in the community. There are also over 1,200 international factories operating in the region serving industries such as aerospace, medical, electronics, logistics, packing, textile, food processing, appliances, software development and refurbish.

LAND USE

Dominant land uses in the neighborhood consist of vacant land and agricultural uses to the northeast, industrial/manufacturing uses along the border and highway corridors, and residential developments which are expanding from the west from the city of San Luis. The neighborhood area is estimated to be about 15% built-out.

The Arizona State Prison Complex - Yuma is located on the corner of Avenue B and Juan Sanchez Boulevard, in San Luis. ASPC-Yuma provides housing to an average population of 2,279 convicted male felons. ASPC-Yuma is also a major employer in Yuma County, employing 755 full-time employees. Moreover, it is a provider of inmate work crews utilized by members of local, state and community organizations. Among other duties, ASPC-Yuma has a Wildland Fire Crew that consists of one sergeant, two correctional officers and twenty inmates that assists in fighting fires throughout Arizona.

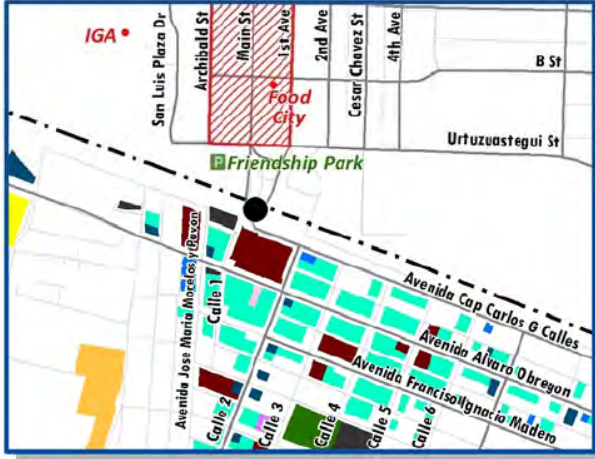
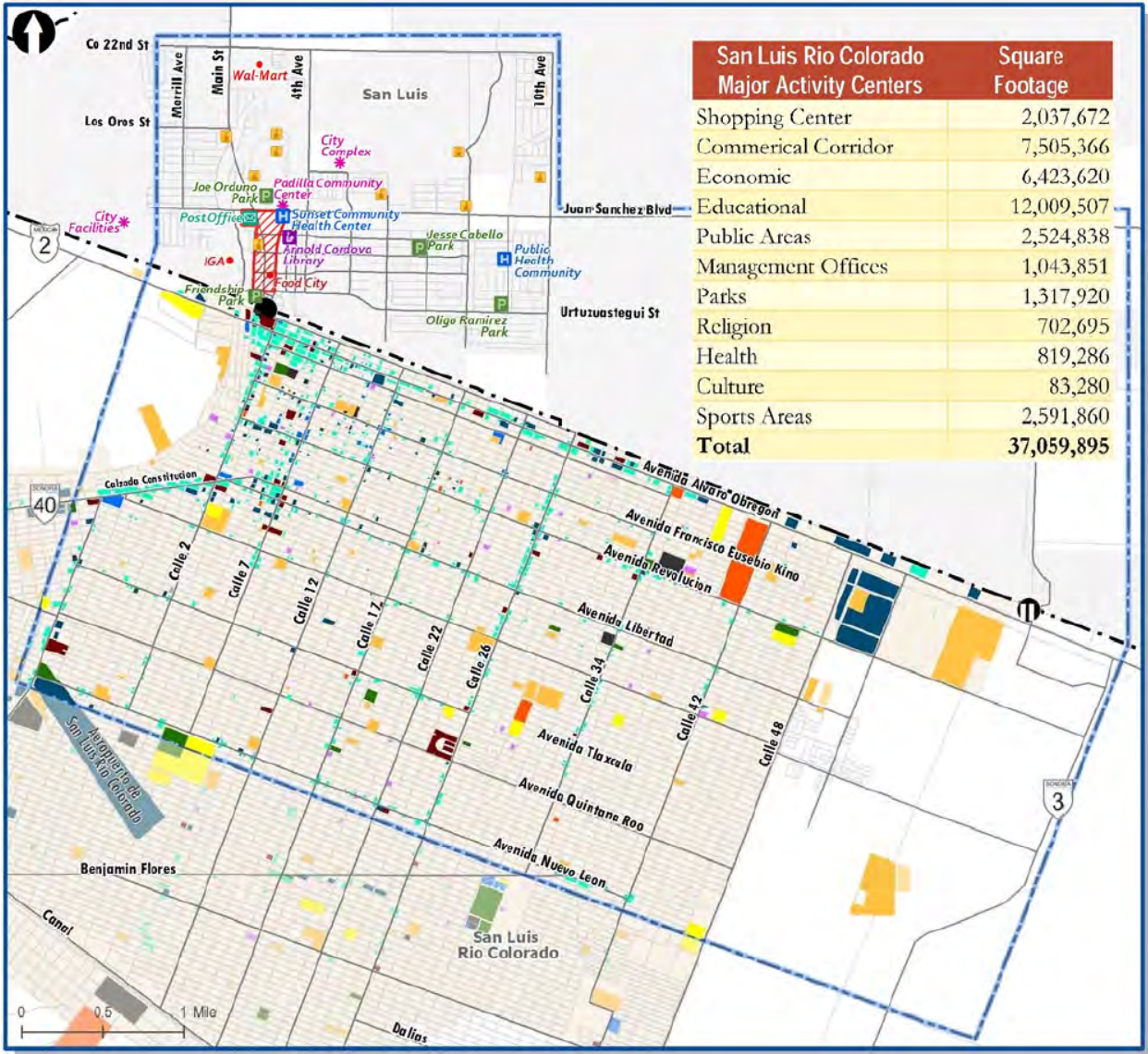
San Luis Detention Facility was opened in 2007 and is located just north of the subject property. The facility is owned by the San Luis Detention Facility Development Corporation, a subsidiary of the city, and is operated by CEC/Civigenics. The facility is located on the eastern edge of the city

⁶ Greater Yuma – Maquila Companies, www.greateryuma.org, February 2, 2016

near the Arizona State Prison Complex. It has 464 beds to hold detainees, primarily for violations of immigration laws, from federal authorities. Approximately 80 full-time employees are employed by the facility.

According to a Bi-National Transportation Study of San Luis, Arizona and San Luis Rio Colorado, Mexico, agricultural and manufacturing are the primary drivers of the economy for the area. However, many residents travel to Yuma or other surrounding communities for employment especially during the winter months, which is the peak of harvesting season. As shown in the following inserted exhibit, there is a higher density of shopping centers, commercial corridors, and health facilities in the northwest corner of the city.

With the opening of San Luis II Port-of-Entry, the commercial port-of-entry, industrial development has occurred adjacent north of the facility. The 200.80-acre Magrino Industrial Park is subdivided into 15 parcels. Six parcels were acquired by RL Jones Properties in two transactions in 2016 and 2018 for a total of \$1,026,150, or \$33,666 per acre. The Rascon Family acquired two parcels totaling 10.16 acres in December 2017 for \$320,575, or \$31,553 per acre. Three of the 15 parcels sold in 2019 ranged in size from 5.07 to 10.16 and sale prices from \$44,990 to \$45,000 per acre. One 5.08-acre parcel sold in August 2020 for \$55,000 per acre.



As noted previously, Phase I of the Southwest Arizona Industrial Park consisting of 80 acres located at the southwest corner of Avenue E and County 24th Street was developed about four years ago. A 10-acre parcel was acquired in December 2018 by the Regional Center for Border Health for \$550,000, or \$55,000 per acre. This site has been fully improved with the San Luis Medical Mall and Urgent Care facility. Another 3.68-acre site reportedly sold for \$55,000 per acre. In December 2021, three parcels, or a total of 15.25 acres was acquired for \$1,150,000, or \$75,410 per acre. These transactions indicate an annual compounded appreciation rate of 17.1%.

GROWTH PATTERNS

Growth patterns are primarily from the west with proximity to the residential developments near the city of San Luis. The most proximate developments to subject include the San Luis II Commercial Port of Entry, which was developed in 2010, the San Luis Detention Center located north of subject was developed in 2007, the San Luis Medical Mall and Urgent Care facility built in 2021 and a few industrial/distribution facilities within the Magrino Industrial Park were developed from 2017, 2020 and 2021. Residential development is occurring along County 24th Street and Avenue E within the Border Ranches.

ACCESS

Access to and from the market area is provided by major highways including Interstate 8 extending east/west on the north, Highway 95 extending north/south on the west and Highway 195 on the south that runs east/west. Major east-west corridors include Highway 195, G Street, Urtuzuastegui Street, County 22nd Street, and County 24th Street. North-south corridors include Highway 95, Main Street, Merrill Avenue, Archibald Street, 1st Street, Juan Sanchez Boulevard (Juan Sanchez/Cesar Chavez Boulevard), 6th Avenue, 8th Avenue, County Avenue H, Avenue F, and South Avenue E. Air services to and from the area are served by the Yuma Air Station.

Yuma International Airport is located at the northern boundary of the neighborhood. The airport has a single terminal (FC "Frosty" Braden Passenger Terminal) which was completed in February of 1999. The airport houses four automobile rental agencies, a restaurant and lounge, a gift shop, games room, as well as America Airlines providing air-service between Yuma and Phoenix.

DEMOGRAPHICS

Selected neighborhood demographics within a one, three, and **five-mile radius** from the subject are shown in the following table:

CBRE
DEMOGRAPHIC BRIEF
N 4TH AVE & UNION ST

| | 3 MILES | 5 MILES | 10 MILES |
|---|-------------|-------------|--------------|
| POPULATION | | | |
| 2023 Population - Current Year Estimate | 25,384 | 31,621 | 54,566 |
| 2028 Population - Five Year Projection | 25,287 | 31,801 | 55,210 |
| 2020 Population - Census | 25,325 | 30,674 | 53,483 |
| 2010 Population - Census | 24,282 | 26,595 | 46,987 |
| 2020-2023 Annual Population Growth Rate | 0.07% | 0.94% | 0.63% |
| 2023-2028 Annual Population Growth Rate | -0.08% | 0.11% | 0.22% |
| HOUSEHOLDS | | | |
| 2023 Households - Current Year Estimate | 6,621 | 8,199 | 13,301 |
| 2028 Households - Five Year Projection | 6,668 | 8,381 | 13,582 |
| 2010 Households - Census | 5,793 | 6,330 | 11,081 |
| 2020 Households - Census | 6,547 96.7% | 7,859 96.0% | 12,845 95.5% |
| 2020-2023 Compound Annual Household Growth Rate | 0.35% | 1.31% | 1.08% |
| 2023-2028 Annual Household Growth Rate | 0.14% | 0.44% | 0.42% |
| 2023 Average Household Size | 3.83 | 3.65 | 3.76 |
| HOUSEHOLD INCOME | | | |
| 2023 Average Household Income | \$65,769 | \$69,954 | \$71,656 |
| 2028 Average Household Income | \$76,335 | \$81,834 | \$83,749 |
| 2023 Median Household Income | \$50,028 | \$51,874 | \$53,934 |
| 2028 Median Household Income | \$54,746 | \$58,002 | \$60,251 |
| 2023 Per Capita Income | \$17,155 | \$17,076 | \$18,240 |
| 2028 Per Capita Income | \$20,129 | \$20,123 | \$21,575 |
| HOUSING UNITS | | | |
| 2023 Housing Units | 6,788 | 8,509 | 13,844 |
| 2023 Vacant Housing Units | 167 2.5% | 310 3.6% | 543 3.9% |
| 2023 Occupied Housing Units | 6,621 97.5% | 8,199 96.4% | 13,301 96.1% |
| 2023 Owner Occupied Housing Units | 4,504 66.4% | 5,894 68.9% | 9,357 67.8% |
| 2023 Renter Occupied Housing Units | 2,117 31.2% | 2,505 29.4% | 3,944 28.5% |
| EDUCATION | | | |
| 2023 Population 25 and Over | 14,316 | 18,531 | 32,684 |
| HS and Associates Degrees | 6,212 43.4% | 8,674 46.8% | 16,533 50.6% |
| Bachelor's Degree or Higher | 1,326 9.3% | 1,643 8.9% | 3,334 10.2% |
| PLACE OF WORK | | | |
| 2023 Businesses | 233 | 252 | 421 |
| 2023 Employees | 2,933 | 3,305 | 5,388 |

As indicated above, the population within a **five-mile radius** of the subject property is projected to increase from the Year 2023 estimate of 31,621 to a total of 31,801 by 2028, representing an average compounded annual increase of 0.11%. The number of households in 2023, estimated at 8,199 is projected to increase to 8,381 by Year 2028, representing an increase of 182 households, or approximately 36 households per year, and an average annual compounded growth rate of 0.44%. **This information suggests very modest demand for additional residential**

housing in the subject's immediate market area over the next several years. It is also important to note the median (\$51,874) and average (\$69,954) household income for the area is generally inline with the city of Yuma averages.

CONCLUSION

The demographic data indicate that the subject neighborhood is generally experiencing slow growth in both population and households, with slow growth projected through 2028. Overall, there is a large residential and employment pool within 10 miles of the subject. Recent growth in the immediate area has primarily been related to residential development in San Luis and industrial development with proximity to the San Luis II Commercial Port-of-Entry, which appears to be supported by both neighborhood demographics and the primary traffic carriers within the neighborhood. Additionally, the expansion and modernization of San Luis I Land Port-of-Entry should positively impact the subject's surrounding neighborhood by increasing traffic and overall efficiency. In summary, economic and demographic factors point toward nominal growth in the near-term as the economy continues to recover, with general stability for the area over the long term.

Site Analysis

SITE SUMMARY AND ANALYSIS

Physical Description

| | | |
|----------------------------|--|-------------|
| Net Site Area | 17.84 Acres | ±777,110 SF |
| Gross Site Area | 19.80 Acres | ±862,488 SF |
| Road Frontage | 4th Avenue, Union Street, and McCain Avenue | |
| Shape | Rectangular | |
| Topography | Generally Level | |
| Zoning District(s) | RA-40, Rural Area Residential, 40 Acre Minimum (Yuma County) | |
| Flood Map Panel No. & Date | 04027C1820F & 04027C2135F 16-Jan-14 | |
| Flood Zone | Zone X (Shaded) | |
| Adjacent Land Uses | Surrounding land uses include: a 9.8-acre public works site owned by the city of San Luis to the north; San Luis City Hall, inclusive of a municipal fire and police department to the east, across McCain Avenue; a single-family subdivision to the south across Union Street; and approximately 36.4 acres of undeveloped land owned by the State of Arizona to the west, followed by three schools, a community park, and aquatics center. | |

Comparative Analysis

Rating

| | |
|-----------------------|------------------|
| Visibility | Good |
| Functional Utility | Good |
| Traffic Volume | Adequate |
| Adequacy of Utilities | Assumed adequate |
| Drainage | Appears adequate |

Utilities

Provider

Availability

| | | |
|--------------------|-------------------------------|-----|
| Water | City of San Luis | Yes |
| Sewer | City of San Luis | Yes |
| Electricity | Arizona Public Services (APS) | Yes |
| Telephone/Cable TV | Spectrum | Yes |

Source: Various sources compiled by CBRE

LOCATION

The subject is located at the northeast corner of 4th Avenue and Union Street, in San Luis, near one and a half miles northeast of the San Luis I Port-of-Entry (Arizona/Mexico border).

CONFIGURATION AND SIZE

The subject site has a rectangular configuration and contains 17.84 net acres (19.80 gross acres), per public records and the ALTA Survey presented on the following two pages, with the subject’s net area shaded in yellow. The developable portion of the subject site is well-suited for a mix of uses, including the expansion of San Luis City Hall.

ARIZONA STATE LAND DEPARTMENT ALTA/ACSM LAND TITLE SURVEY OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 25 WEST,

GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA

LEGEND

| | | | |
|--|--|--|---|
| | EXIST. DRIVEWAY ENTRANCE/ RAINFALL RAMP | | EXIST. GAS LINE |
| | EXIST. STRUCTURE | | EXIST. DOWN GUY |
| | EXIST. ASPHALT PAVEMENT | | EXIST. POWER POLE |
| | EXIST. CONCR. TO BE REMOVED | | EXIST. TELEPHONE POLE |
| | EXIST. CONCRETE CURB OR CURB DRAIN (OPTIONAL) | | EXIST. TRAFFIC SIGNAL (T.S.) |
| | EXIST. VERTICAL CURVE & GUTTER (V.C.G.) | | EXIST. UTILITY HOLE (L.P.) |
| | EXIST. ROLL CURB & GUTTER (R.C.G.) | | EXIST. WATER LINE |
| | EXIST. CONCRETE VALLEY GUTTER | | EXIST. 60" CAP W/ FLOW-OFF |
| | GUTTER CATCH BASIN | | EXIST. FIRE HYDRANT (F.H.) |
| | FLUSH CATCH BASIN | | EXIST. FIRE DEPARTMENT CONNECTION (F.D.C.) |
| | EXIST. PROPERTY LINE - E | | EXIST. VALVE |
| | EXIST. CENTER LINE - E | | EXIST. THRUST BLOCK |
| | EXIST. RIGHT-OF-WAY LINE - R/W | | EXIST. WATER METER BOX (W.M.B.) |
| | EXIST. WIRE FENCE | | EXIST. TRAFFIC SIGN |
| | EXIST. MASONRY FENCE | | EXIST. STREET SIGN |
| | EXIST. CHAIN LINK FENCE | | EXIST. STREET LIGHT |
| | EXIST. WROUGHT IRON FENCE | | EXIST. BARRICADE |
| | EXIST. DITCH AS NOTED | | ROCK RIPRAP (AS NOTED) |
| | EXIST. IRRIGATION OR STORM DRAIN PIPE | | EXIST. TREE PALM OR SHRUB |
| | EXIST. STAND PIPE | | EXIST. HEDGE (AS NOTED) |
| | EXIST. IRRIGATION OR DRAINAGE JUNCTION BOX | | EXIST. STORM DRAIN PIPE |
| | EXIST. IRRIGATION/SPRINKLER VALVE | | EXIST. MAIL BOX |
| | EXIST. SANITARY SEWER PIPE | | EXIST. SURVEY MONUMENT & COVER |
| | EXIST. SANITARY CLEAN OUT | | NEW SURVEY MONUMENT & COVER NO. NO. 4-880 |
| | EXIST. MANHOLE AS NOTED | | NEW SURVEY MONUMENT AS NOTED |
| | EXIST. SLOPES | | FOUND SURVEY MONUMENT |
| | | | PROJECT BENCH MARK/TEMPORARY BENCHMARK |

ABBREVIATIONS

| | | | | | |
|-----------|--------------------------------------|---------|---------------------------------|----------|--|
| ABC | AGGREGATE BASE COURSE | F.O. | FIBER OPTIC | SD | STORM DRAIN |
| AC | ASPHALTIC CONCRETE | FDL | FURNISH FLOOR ELEVATION | ST | STREET |
| AD | ALUMINUM CAP | FF | FURNISHED FLOOR ELEVATION | TEMP | TEMPORARY BENCHMARK |
| ADP | ASBESTOS CEMENT PIPE | G.V. | GAS VALVE | TC | TOP CURB, TOP CONCRETE |
| ADOT | ARIZONA DEPARTMENT OF TRANSPORTATION | G.L.O. | U.S. GENERAL LAND OFFICE SURVEY | TEL | TELEPHONE |
| ASLD | ARIZONA STATE LAND DEPARTMENT | QT, QTR | QUARTER | TP | TELEPHONE POLE |
| AVE | AVENUE | HE | HOSE END | TS | TRAFFIC SIGN |
| BLM | BUREAU OF LAND MANAGEMENT | HH | HAND HOLE | TRS | TRAFFIC SIGNAL |
| BM | BENCH MARK | IN | INVERT ELEVATION | TYP | TYPICAL |
| BC | BRASS CAP, BACK OF CURB | IR | IRRIGATION | UG | UNDERGROUND |
| BLDG | BUILDING | LS | LAND SURVEYOR | U.S.B.R. | UNITED STATES BUREAU OF RECLAMATION |
| BW | BARBED WIRE | M | MEASURED | V.C.G. | VERTICAL CURB AND GUTTER |
| CL | CENTERLINE | MH | MANHOLE | W | WATER |
| CATV | CABLE TV | OH | OVER HEAD | W.A.P.A. | WESTERN AREA POWER ADMINISTRATION |
| CA | CHAIN LINK FENCE | PE | POLYETHYLENE | WM | WATER METERS |
| C, CONC. | CONCRETE | PP | POWER POLE | WMOD | WELL ON MICHAM, IRRIGATION AND DRAINAGE DISTRICT |
| D.C. | DEPRESSED CURB | PRCP | POLYVINYL CHLORIDE | WW | WATER VALVE |
| D.G. | DOWN GUY | R | RECORDED | Y | YUMA COUNTY |
| EASE | EASEMENT | RB | REBAR | YD | YARD |
| EL, ELEC. | ELECTRIC | RFCP | REINFORCED CONCRETE PIPE | YR | YEAR |
| EP | EDGE OF PAVEMENT | R/R | RAILROAD | | |
| EX | EXISTING | R/W | RIGHT OF WAY | | |
| EX.GR. | EXISTING GRADE | SEC. | SECTION | | |
| F.D.C. | FIRE DEPARTMENT CONNECTION | S | SEWER | | |
| F.H. | FIRE HYDRANT | | | | |
| FL | FLOW LINE | | | | |



LOCATION MAP
M.T.S.



SAN LUIS VICINITY MAP
M.T.S.

LOCAL DESCRIPTION
OF A PORTION OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 25 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA.

A PORTION OF LAND LOCATED IN THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 11 SOUTH, RANGE 25 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEING IN THE CENTER 1/2 CORNER OF SECTION 1, SAID PORTION BEING THE TRUE POINT OF BEGINNING;
THENCE S87°05'10" E ALONG THE NORTH LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID 1/4 SECTION 1, 114.00 FEET;
THENCE S27°05'10" E ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID 1/4 SECTION 1, 114.00 FEET;
THENCE S87°05'10" E ALONG THE SOUTH LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID 1/4 SECTION 1, 114.00 FEET;
THENCE N87°05'10" W ALONG THE WEST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID 1/4 SECTION 1, 114.00 FEET;
CONTAINING AN AREA OF 182.47 SQUARE FEET (79.41 ACRES MORE OR LESS).

FLOOD ZONE:
THE PROPERTY IS LOCATED IN FLOOD ZONE X PER THE FLOOD INSURANCE RATE MAP OF YUMA COUNTY, ARIZONA, FIRM NO. 18027 C018F, MAP LATEST REVISION DATE: 11/28/2014.
ZONE X IS DEFINED AS: 50% ANNUAL FLOOD HAZARD OF 0.1% ANNUAL FLOOD WITH AVERAGE DEPTHS LESS THAN ONE (1) FOOT OR WHERE THE CONTRIBUTING DRAINAGE AREA IS LESS THAN ONE SQUARE MILE.

BASE OF BEARING:
SURVEY BEARING CONTROL IS BASED ON THE AZ STATE PLANE COORDINATE SYSTEM (NAD 83), ESTABLISHED BY GPS.

UTILITIES AVAILABLE ADJACENT TO THE PROPERTY:
ELECTRICAL - ARIZONA PUBLIC SERVICE CORPORATION
GAS - NOT PRESENT (SOUTHWEST GAS SERVICE AREA)
TELEPHONE - LINCOLN TECHNICAL SERVICES
SEWER - CITY OF SAN LUIS
WATER - CITY OF SAN LUIS

OWNER:
STATE OF ARIZONA

ZONING:
R64-10 (YUMA COUNTY ZONING MAP 1) (SHEET 1)

NET AREA:
17.34 ACRES

ADDRESS:
NOT ASSIGNED (APPROXIMATELY 800 E. UNION STREET, SAN LUIS, AZ 85041)

ALTA/ACSM ITEM 18 - EVIDENCE OF UNDERGROUND UTILITIES:
UTILITY PLANS WERE OBTAINED FROM CITY OF SAN LUIS, ARIZONA PUBLIC WORKS, LUMEN TELEPHONE CABLES AND SOUTHWEST GAS. UTILITIES SHOWN ON THESE UTILITY PLANS ARE SHOWN ON THE SURVEY.

ENCROACHMENTS:
1. REVERSAL FEET OF CORNER ROADWAY ENCROACHMENT AT THE SOUTHWEST CORNER AND ALONG EAST SIDE OF PROPERTY.

EASEMENTS:
REFERENCE - SCHEDULE B OF TITLE REPORT PREPARED BY FIDELITY TITLE AGENCY - NO. 31402042

- EASEMENT and rights (noted) thereon, as set forth in Instrument Deed No. 370, Page 34 (Yuma County Recorder) - US Bureau of Reclamation to Arizona Highway Department for Highway Right-of-Way (Roadway not contiguous with terms of grant - not shown on map).
- RIGHT-OF-WAY for roads, streets, ditches, pipelines, transmission lines constructed by the authority of the United States as set forth in Instrument recorded in Deed No. 132, page 61 (Bureau of Reclamation - not shown on survey map).
- PERPETUAL Right of Way No. 15-101108 Deed #1-3-1988 to the city of San Luis for a public roadway and along underground sewer and water lines recorded in document 2003-26275 (Yuma County Recorder).
- PERPETUAL Right of Way No. 18-122770 for roadway and utility easement 5-21-2001 to the city of San Luis, recorded in documents 2001-39477 (Yuma County Recorder).

SURVEYORS CERTIFICATION:
The undersigned hereby certifies to Arizona State Land Department that this map or set of maps on which I was based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," (only as modified and adopted by the American Land Title Association, ("ALTA") and the National Society of Professional Surveyors ("NSPS"), in its further organization of the American Congress on Surveying and Mapping) in 2023 and include items 1, 2, 3, 4, and 7 of the (sample evidence only) 13, 14, 16 and 17 (NSPS of record only) Table A record. Pursuant to the Accuracy Standards as adopted by ALTA and NSPS and in effect on the date of this certification, the undersigned further certifies that, in my professional opinion, as a land survey registered in the State of Arizona, the relative Horizontal Accuracy of this survey does not exceed that which is specified herein and the job of survey and the property description as herein prepared (if any) was prepared by me and was actually made (upon the ground).

**JAMES DAVEY AND ASSOCIATES
CONSULTING CIVIL ENGINEERS**
1027 W. 24th Street, Suite 2 - YUMA, AZ 85304 - (928) 782-7928

ARIZONA STATE LAND DEPARTMENT

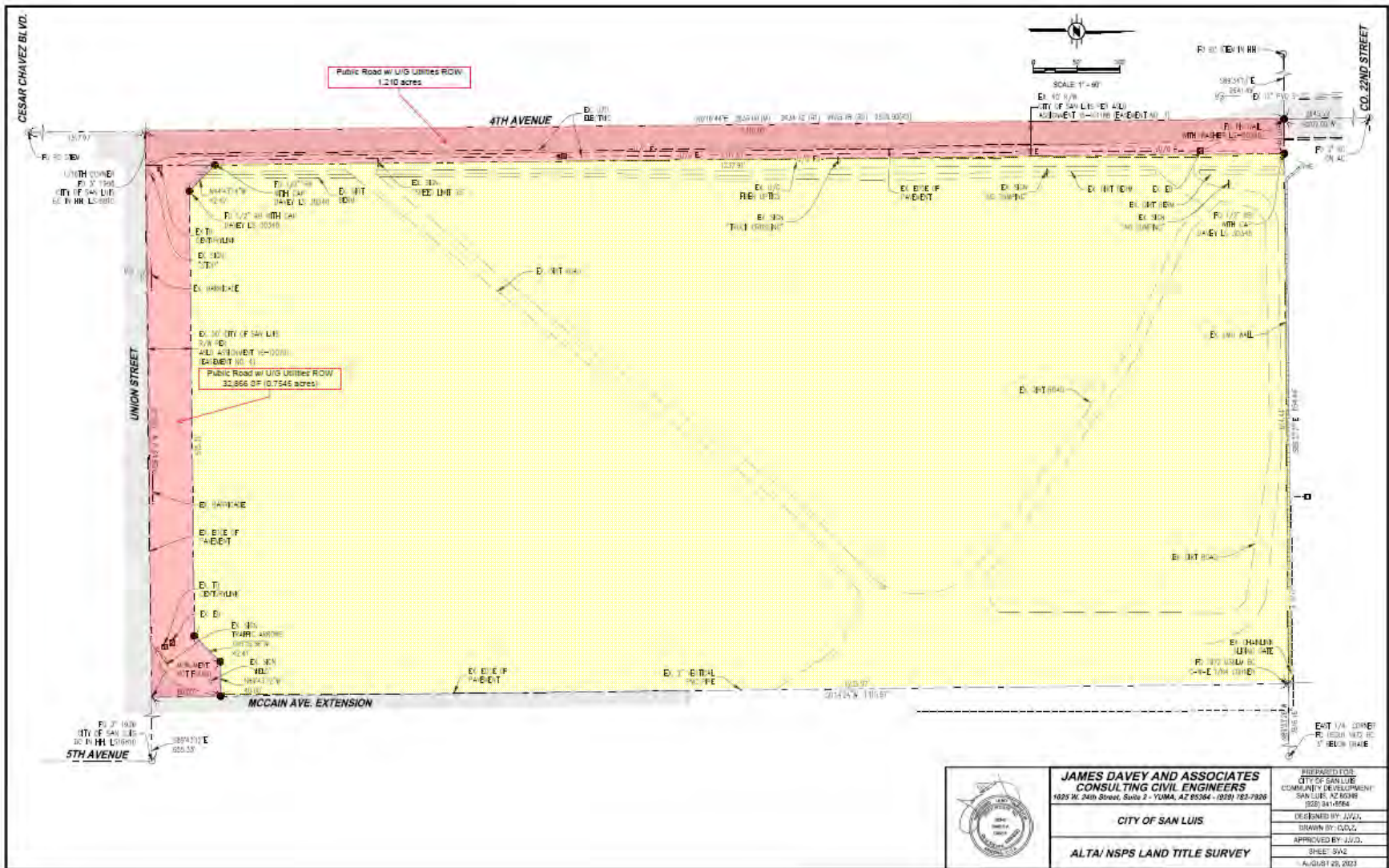
ALTA/ACSM LAND TITLE SURVEY

PREPARED FOR:
CITY OF SAN LUIS
1000 E. UNION STREET
SAN LUIS, AZ 85048
(928) 541-8530

SURVEYED BY: DJ
DRAWN BY: DJ
APPROVED BY: JMD
SHEET 1
AUGUST 20, 2023

JDA PROJECT: CSL04





National Flood Hazard Layer FIRMMette



114°46'56"W 32°30'13"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap Imagery Source: USGS National Map 2023

Legend

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

| | | |
|------------------------------------|--|---|
| SPECIAL FLOOD HAZARD AREAS | | Without Base Flood Elevation (BFE) Zone A, V, A99 |
| | | With BFE or Depth Zone AE, AO, AH, VE, AR |
| | | Regulatory Floodway |
| OTHER AREAS OF FLOOD HAZARD | | 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X |
| | | Future Conditions 1% Annual Chance Flood Hazard Zone X |
| | | Area with Reduced Flood Risk due to Levee. See Notes. Zone X |
| | | Area with Flood Risk due to Levee Zone D |
| OTHER AREAS | | NO SCREEN Area of Minimal Flood Hazard Zone X |
| | | Effective LOMRs |
| | | Area of Undetermined Flood Hazard Zone D |
| GENERAL STRUCTURES | | Channel, Culvert, or Storm Sewer |
| | | Levee, Dike, or Floodwall |
| OTHER FEATURES | | 20.2 Cross Sections with 1% Annual Chance Water Surface Elevation |
| | | 17.5 |
| | | Coastal Transect |
| | | Base Flood Elevation Line (BFE) |
| | | Limit of Study |
| MAP PANELS | | Digital Data Available |
| | | No Digital Data Available |
| | | Unmapped |

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

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

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 10/30/2023 at 10:50 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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

TOPOGRAPHY/FLOOD STATUS/SOIL/ENVIRONMENT

Topography

The subject site is generally level native desert and is at or near grade with adjoining properties and roadways.

Flood Status

No drainage problems were noted during inspection. According to Flood Insurance Rate Map Numbers 04027C2135F (effective date January 1, 2014) and 04027C1820F (effective date January 16, 2014), the subject property is situated within Zone X (Shaded), which is defined as:

“Zones B and X (shaded) are areas of 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance (base flood) sheet flow flooding with average depths of less than 1 foot, areas of base flood stream flooding with a contributing drainage area of less than 1 square mile, or areas protected from the base flood by levees. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.”

A copy of the FEMA floodplain map is presented following the ALTA Survey.

Soil

The appraisers were not provided with a soils investigation report pertaining to the subject property. Based upon inspection of the property and given there are single-family and commercial-oriented uses in the immediate area, there do not appear to be any adverse soil conditions which would prohibit eventual development of the site.

Environment

An environmental site assessment (ESA) pertaining to the subject site was not provided for review. During inspection of the property and surrounding area, no apparent signs of environmental contamination, hazardous waste storage or dumping were observed; however, the appraisers are not qualified to detect the existence of potentially hazardous material, underground storage tanks, etc., which may be present on or near the site. **The “as is” market value is based on the extraordinary assumption there are no known environmental risks or hazardous conditions associated with the subject site.**

UTILITIES AND SERVICES

The following utilities and services are available to the boundary of the subject site.

| | |
|------------------|-------------------------------|
| Water: | City of San Luis |
| Sewer: | City of San Luis |
| Electricity: | Arizona Public Services (APS) |
| Telephone/Cable: | Spectrum |

EASEMENTS/ENCROACHMENTS/COVENANTS/CONDITIONS/RESTRICTIONS

Based on a physical inspection of the undeveloped site and a review of Yuma County Assessor records and the ALTA survey, there are no known easements, encroachments, covenants, or restrictions impacting the subject property; however, there is an existing city of San Luis public works site (trash processing) located immediately to the north of the subject. The presence of the public works site does not measurably impact the property's marketability/appeal for development activity.

INGRESS/EGRESS

The subject property has frontage along the east side of 4th Avenue, the north side of Union Street, and the west side of McCain Avenue. In this particular location, all three exterior roadways are collector streets improved with one lane of traffic in each direction. At the present time, none of the roads fronting the subject are improved with concrete curbs, gutters, or sidewalks along the subject side. Upon development of the subject site, half-street improvements will be required to 4th Avenue and Union Street, while McCain Avenue will require less significant improvements. Access to State Route 195 (Juan Sanchez/Cesar Chavez Boulevard) is less than one-half mile to the south, while State Route 95 (Main Street) is approximately one-half mile southwest of the subject.

PROPERTY ASSESSMENTS AND REAL ESTATE TAXES

The appraised property is identified as Yuma County Assessor's parcel number 226-01-005. The assessments pertaining to the subject tax parcel is presented in the following table.

226-01-005

| PRIOR YEAR VALUES | | | | CURRENT YEAR VALUES | | | |
|-------------------------|-------------|-------|----------------|----------------------------------|-------------|-------|----------------|
| LPV | Legal Class | Ratio | Assessed Value | LPV | Legal Class | Ratio | Assessed Value |
| \$750 | 2.01.E | 15% | \$113 | \$750 | 2.01.E | 15% | \$113 |
| FCV | Legal Class | Ratio | Assessed Value | FCV | Legal Class | Ratio | Assessed Value |
| \$750 | 2.01.E | 15% | \$113 | \$750 | 2.01.E | 15% | \$113 |
| Prior Year Taxes | | | \$0.00 | Current Year Tax Estimate | | | \$0.00 |

Given the subject site is currently owned by the State of Arizona, the parcel is exempt from real property taxes.

ADJACENT LAND USES

Surrounding land uses include:

- a 9.8-acre public works site owned by the city of San Luis to the north;
- San Luis City Hall, inclusive of a municipal fire and police department to the east, across McCain Avenue;
- a single-family subdivision to the south across Union Street; and

- Approximately 36.4 acres of undeveloped land owned by the State of Arizona to the west, followed by three schools, a community park, and an aquatics center.

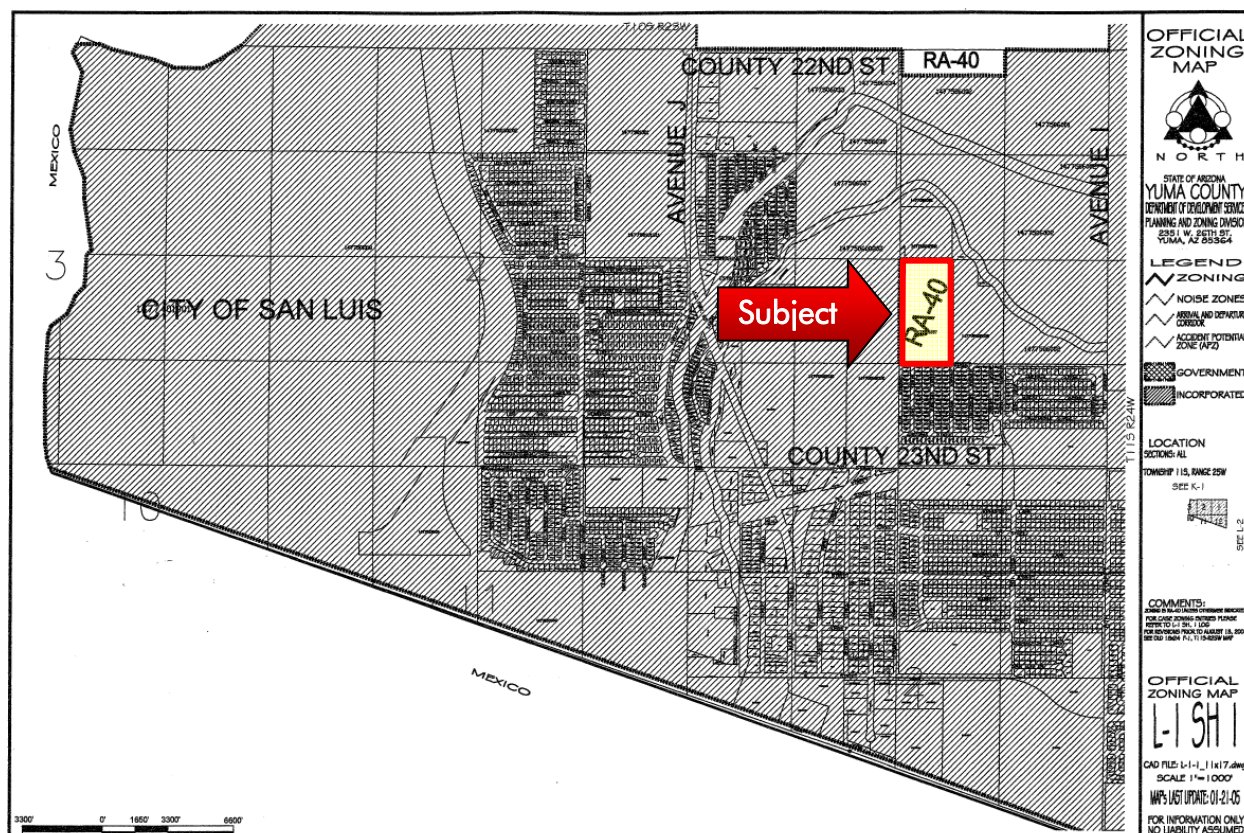
CONCLUSION

In sum, the location, size, configuration, topography, availability of utilities and services, and zoning (to be discussed in the following section) are factors conducive for eventual development of the site with a single-family residential use. Alternatively, given there are municipal uses in the immediate area, an expansion of the existing city hall appears to be a logical use.

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Zoning

As noted, the subject site is located on a county island within the San Luis city limits. The subject is currently zoned RA-40, Rural Area, 40 Acre Minimum, by Yuma County. *The subject site is outlined in red with the zoning designation indicated.*

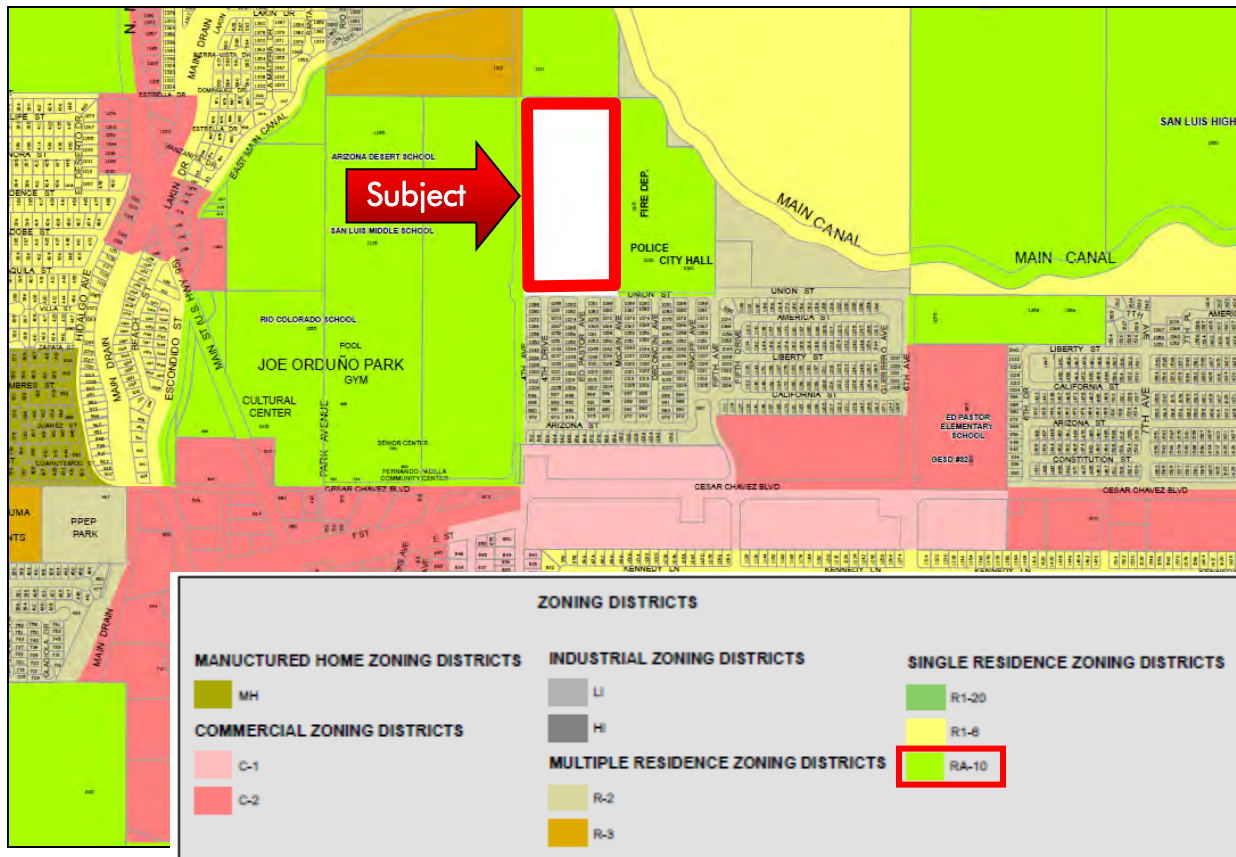


RA-40, Rural Area, 40 Acre Minimum

According to Yuma County, "the purpose of this district is to conserve and preserve farms, agricultural related resources, continued agricultural use and other open space land uses fostering orderly growth in rural areas, preventing urban and agricultural land use conflicts, and allowing rural lot development with emphasis on preserving the character of farming communities. Principle uses permitted in this zoning district include residential uses on large parcel sizes, farms, agricultural-related land uses, and open space or recreational uses. These regulations apply to all four (4) of the Rural Area districts: Rural Area-40 Acre Minimum (RA-40), Rural Area-20 Acre Minimum (RA-20), Rural Area-10 Acre Minimum (RA-10), and Rural Area-5 Acre Minimum (RA-5)."

SAN LUIS ZONING MAP

According to the San Luis Zoning Map below, the subject site is surrounded by RA-10, Rural Area Residential and R-2, Medium-High Density Residential zoning districts. Additionally, there is land to the northwest of the subject that is zoned for high-density multi-family use. As indicated in the Site Analysis section, the surrounding land uses adjacent to the north and east of the subject are developed with municipal facilities, while the land immediately to the west of the subject is undeveloped and owned by the State of Arizona (State Trust Land). The San Luis zoning definitions corresponding with surrounding designations are included below.



RA-10, Rural Area Residential (Minimum 10 Acres per Dwelling Unit)

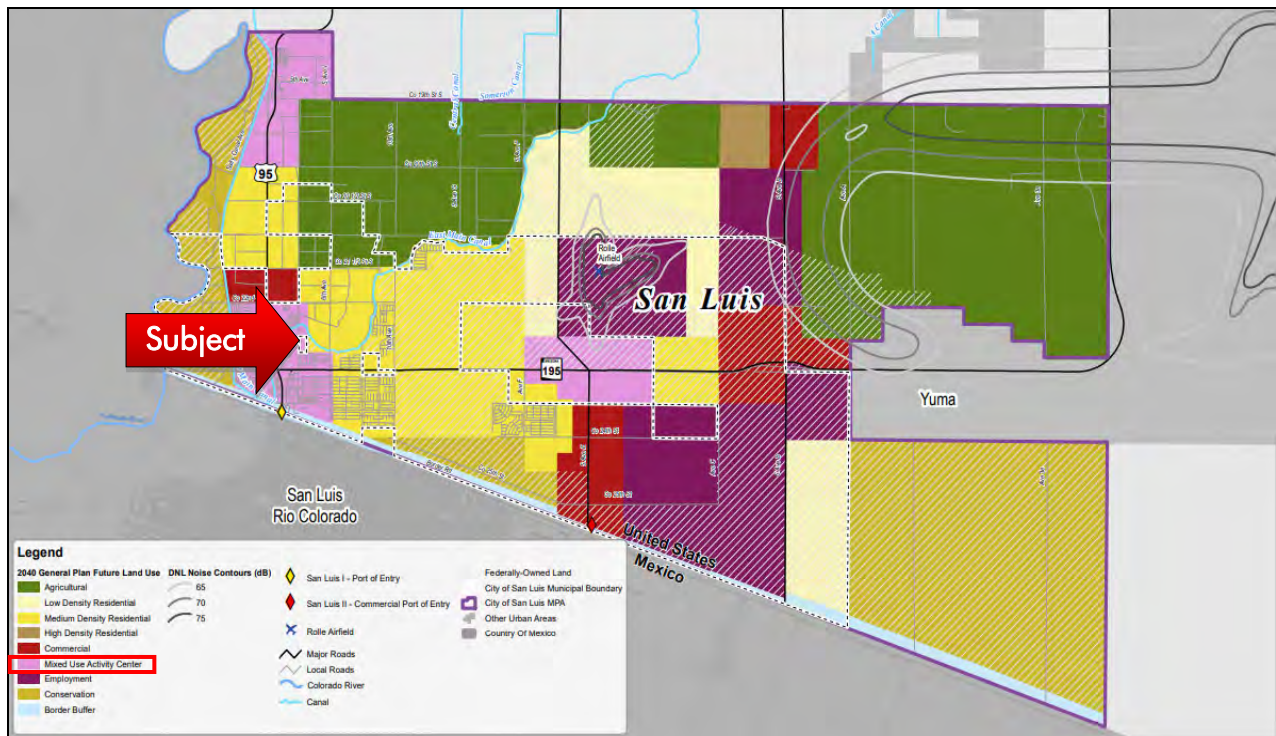
Per the city of San Luis Zoning Ordinance, “the purpose of this district is to conserve and preserve farms and agricultural related activities and resources. The intent is to protect areas that have prime agricultural soils and existing or desired agricultural uses from incompatible land uses and urban encroachment and foster orderly growth in rural areas. This district is appropriate where rural development with minimal public facilities and services is desired or programmed, and in conjunction with the airport overlay zoning district.”

R-2, Medium-High Density Residential

Per the city of San Luis Zoning Ordinance, “the purpose of this zoning district is to allow for a variety of building types, including duplex, townhouses, and apartments with varied project amenities. The “R-2” shall provide a balance of housing opportunities to serve the needs of the residents of San Luis. The intent of this district is to permit higher density urban development with a mixture of uses of a similar intensity.”

Included below is the San Luis Land Use Map (General Plan).

SAN LUIS FUTURE LAND USE MAP



As indicated in the San Luis General Plan map displayed above, the subject site is designated for Mixed Use Activity Center; however, this mixed-use designation encompasses a variety of purposes/uses as demonstrated by the existing development and zoning designations within this category. Given the existence of a single-family subdivision to the south, with three schools, a park, and an aquatics center in close proximity, a residential-oriented use appears most probable. Based on information provided to the appraisers, the applicant intends to develop the entire site with an expansion of the existing city hall adjacent to the east.

Market Analysis

Given that the surrounding land uses and zoning designations around the subject are conducive to residential development, an analysis of the single-family housing market is provided below. Data sources compiled in these analyses include CBRE, Inc. Research, CoStar Inc., and LandVision.

CITY OF SAN LUIS AND YUMA COUNTY - SINGLE-FAMILY HOUSING OVERVIEW

The following discussion illustrates some general observations in the surrounding residential land market.

Demographic Analysis

Demand for residential properties is a direct function of demographic characteristics analyzed on the following pages.

HOUSING, POPULATION AND HOUSEHOLD FORMATION

The following table illustrates the population and household changes for the subject marketing area between 2000 and 2023, plus a projection over the next five years.

| POPULATION AND HOUSEHOLD PROJECTIONS | | | |
|---|---------------|----------------|--|
| | 5 Mile Radius | 10 Mile Radius | Yuma, AZ Metropolitan Statistical Area |
| Population | | | |
| 2028 Total Population | 31,801 | 55,010 | 214,473 |
| 2023 Total Population | 31,621 | 54,407 | 210,406 |
| 2010 Total Population | 26,595 | 46,848 | 195,751 |
| 2000 Total Population | 14,337 | 28,349 | 160,026 |
| <i>Annual Growth 2023 - 2028</i> | <i>0.11%</i> | <i>0.22%</i> | <i>0.38%</i> |
| <i>Annual Growth 2010 - 2023</i> | <i>5.94%</i> | <i>5.11%</i> | <i>2.44%</i> |
| <i>Annual Growth 2000 - 2010</i> | <i>6.37%</i> | <i>5.15%</i> | <i>2.04%</i> |
| Households | | | |
| 2028 Total Households | 8,381 | 13,514 | 74,554 |
| 2023 Total Households | 8,199 | 13,239 | 72,363 |
| 2010 Total Households | 6,330 | 11,038 | 64,767 |
| 2000 Total Households | 3,489 | 6,301 | 53,848 |
| <i>Annual Growth 2023 - 2028</i> | <i>0.44%</i> | <i>0.41%</i> | <i>0.60%</i> |
| <i>Annual Growth 2010 - 2023</i> | <i>9.01%</i> | <i>6.25%</i> | <i>3.77%</i> |
| <i>Annual Growth 2000 - 2010</i> | <i>6.14%</i> | <i>5.77%</i> | <i>1.86%</i> |

Source: ESRI

INCOME DISTRIBUTIONS

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

HOUSEHOLD INCOME DISTRIBUTION

| Households by Income Distribution (2023) | 5 Mile Radius | 10 Mile Radius | Yuma, AZ |
|--|---------------|----------------|-------------------------------|
| | | | Metropolitan Statistical Area |
| < \$15,000 | 7.42% | 8.75% | 9.65% |
| \$15,000 - \$24,999 | 12.81% | 10.88% | 8.87% |
| \$25,000 - \$34,999 | 11.06% | 9.46% | 8.26% |
| \$35,000 - \$49,999 | 16.06% | 15.29% | 14.19% |
| \$50,000 - \$74,999 | 22.91% | 24.35% | 20.65% |
| \$75,000 - \$99,999 | 11.11% | 13.92% | 14.24% |
| \$100,000 - \$149,999 | 12.10% | 10.58% | 15.52% |
| \$150,000 - \$199,999 | 3.82% | 3.61% | 5.29% |
| \$200,000+ | 2.73% | 3.14% | 3.32% |

Source: ESRI

The following table illustrates the median and average household income levels for the subject market area.

HOUSEHOLD INCOME LEVELS

| Income | 5 Mile Radius | 10 Mile Radius | Yuma, AZ |
|-------------------------------|---------------|----------------|-------------------------------|
| | | | Metropolitan Statistical Area |
| 2023 Median Household Income | \$51,874 | \$53,887 | \$58,462 |
| 2023 Average Household Income | \$69,954 | \$71,580 | \$78,207 |
| 2023 Per Capita Income | \$17,076 | \$18,225 | \$27,076 |

Source: ESRI

An analysis of the income data indicates that the submarket is generally comprised of middle-income economic cohort groups.

EMPLOYMENT

An employment breakdown typically indicates the working-class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

EMPLOYMENT BY INDUSTRY

| Occupation (2023) | 5 Mile Radius | 10 Mile Radius | Yuma, AZ Metropolitan Statistical Area |
|--------------------------------|---------------|----------------|--|
| Agric/Forestry/Fishing/Hunting | 22.68% | 17.44% | 7.77% |
| Construction | 9.78% | 8.73% | 6.76% |
| Manufacturing | 5.67% | 6.41% | 5.56% |
| Wholesale Trade | 3.29% | 2.91% | 2.69% |
| Retail Trade | 9.24% | 11.03% | 12.03% |
| Transportation/Warehousing | 6.37% | 5.56% | 5.21% |
| Information | 1.12% | 1.13% | 1.00% |
| Finance/Insurance | 0.63% | 0.84% | 2.30% |
| Prof/Scientific/Tech Services | 2.40% | 2.48% | 4.06% |
| Mgmt of Companies/Enterprises | 0.43% | 0.26% | 0.20% |
| Admin/Support/Waste Mgmt Svcs | 5.40% | 4.97% | 4.65% |
| Educational Services | 7.11% | 7.15% | 8.74% |
| Health Care/Social Assistance | 8.73% | 9.02% | 12.85% |
| Arts/Entertainment/Recreation | 0.76% | 2.10% | 2.63% |
| Accommodation/Food Services | 4.98% | 6.61% | 9.23% |
| Other Services (excl Publ Adm) | 4.70% | 5.53% | 4.54% |
| Public Administration | 6.72% | 7.81% | 9.80% |

Source: ESRI

The previous table illustrates the employment character of the submarket, indicating a predominantly middle-income employment profile, with the majority of the population holding agriculture, retail trade, health care/social assistance, and public administration related jobs.

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate growth relative to households and population into the near future. Given the area demographics, it appears that demand for both comparable surrounding area for residential homes and the subject will be somewhat stable.

Supply Overview

The main draw for the area is retirement and agri-business related employment with much of the population consisting of primary and second homes. Residential development in Yuma County consists of modestly-priced homes developed between the 1970s and the 1990s. The following tables summarize building permit activity for the single-family residential and multi-family residential sectors in Yuma County and San Luis between 2013 and 2023 year-to-date (through September).

| BUILDING PERMITS - YUMA COUNTY | | | | | | | | |
|---------------------------------------|---------------|----------|-----------------|--------------|----------|-----------------|-------|----------|
| Year | Single Family | % Change | Avg. Value/Unit | Multi-Family | % Change | Avg. Value/Unit | Total | % Change |
| 2018 | 1011 | 0.6% | \$158,545 | 4 | -2200.0% | \$65,382 | 1015 | -7.5% |
| 2019 | 1200 | 18.7% | \$154,555 | 6 | 33.3% | \$97,682 | 1206 | 18.8% |
| 2020 | 1181 | -1.6% | \$165,835 | 109 | 94.5% | \$120,001 | 1290 | 7.0% |
| 2021 | 1096 | -7.2% | \$177,894 | 195 | 44.1% | \$52,125 | 1291 | 0.1% |
| 2022 | 730 | -33.4% | \$167,739 | 120 | -62.5% | \$122,183 | 850 | -34.2% |
| 2023* | 547 | -25.1% | \$159,933 | 43 | -179.1% | \$100,413 | 590 | -30.6% |

* Through September 2023

Source: US Census compiled by CBRE

| BUILDING PERMITS - SAN LUIS, AZ | | | | | | | | |
|--|---------------|----------|-----------------|--------------|----------|-----------------|-------|----------|
| Year | Single Family | % Change | Avg. Value/Unit | Multi-Family | % Change | Avg. Value/Unit | Total | % Change |
| 2018 | 294 | 18.5% | \$148,245 | 0 | N/A | N/A | 294 | 18.5% |
| 2019 | 339 | 15.3% | \$149,183 | 0 | N/A | N/A | 339 | 15.3% |
| 2020 | 366 | 8.0% | \$152,648 | 0 | N/A | N/A | 366 | 8.0% |
| 2021 | 255 | -30.3% | \$156,975 | 0 | N/A | N/A | 255 | -30.3% |
| 2022 | 237 | -7.1% | \$156,987 | 0 | N/A | N/A | 237 | -7.1% |
| 2023* | 204 | -13.9% | \$182,382 | 8 | 100.0% | \$90,000 | 212 | -10.5% |

* Through September 2023

Source: US Census compiled by CBRE

As indicated above, the number of single-family building permits in Yuma County spiked in 2019 with 1,200 total units, followed by a gradual decline in 2020 and 2021 and a more severe drop in 2022 and 2023 (through September). As of September 2023, there were 547 permits issued in Yuma County year-to-date, or an annualized rate of 729, which would be near 2022 figures. Multi-family permit activity was relatively active between 2020 and 2022 before dropping in 2023 (YTD).

In San Luis, single-family building permits fluctuated between 237 and 339 over the previous five years. As of September 2023, there has been 204 single-family permits pulled in San Luis and 8 multi-family unit permits. On an annualized basis, 2023 could reach 272 permits, which would be a 14.8% increase from 2022. As shown, historically, no multi-family housing activity occurred from 2018 to 2022. However, year-to-date 2023, building permits were pulled for 8 multi-family units in the city of San Luis.

Neighborhood Detached Housing Market

The data in the following table summarizes sales activity (mainly resales plus some "spec" built homes) within San Luis area between 2018 and 2023 (YTD – October). The sales data was limited to detached single-family homes (built 2013 or newer).

| COMPETITIVE MARKET ANALYSIS - SAN LUIS - SFR HOMES (BUILT 2013-2023) | | | | | | |
|---|-----------|---------------------|---------------------|----------------------|------------------|-----------------------|
| Year | No. Sales | No. Sales/ Month | Avg. Sales Price | Average Home Size | Avg. Price/SF | Change in Price/SF |
| 2018 | 132 | 11.0 | \$143,426 | 1,201 Sq. Ft. | \$119.42 | 0.3% |
| 2019 | 216 | 18.0 | \$150,562 | 1,197 Sq. Ft. | \$125.78 | 5.3% |
| 2020 | 222 | 18.5 | \$166,903 | 1,272 Sq. Ft. | \$131.21 | 4.5% |
| 2021 | 276 | 23.0 | \$190,896 | 1,303 Sq. Ft. | \$146.50 | 12.2% |
| 2022 | 41 | 3.4 | \$261,840 | 1,328 Sq. Ft. | \$197.17 | 38.6% |
| 2023* | 15 | 1.5 | \$245,220 | 1,237 Sq. Ft. | \$198.24 | 0.7% |

*Through October 2023
Source: LandVision

As indicated, the number of sales ranged between 1.5 and 23.0 per month since 2018, with an upward trend in place from 2018 through 2021. The average number of sales over the past 5+ years is approximately 14 per month or near 168 per annum. **According to Realtor.com, there is currently 22 active listings, which suggests there is currently an approximate 15-month supply, based on a current absorption rate of 1.5 sales per month. This oversupply is likely due to the recent increases in mortgage rates, which directly affects affordability in the market, which has resulted in a substantial slowdown in sales activity.** The average sale price increased from \$143,426 in 2018 to \$261,840 in 2022, an increase of approximately 82.56%, or 16.2% per annum. Due to slowing market activity along with increased interest rates, pricing on homes have dropped slightly for 2023 on an average home price, but slightly increased on a price per square foot basis by 0.54%.

SUPPLY

According to realtor.com, there are 22 single-family homes actively listed for sale within San Luis with a median asking price of \$253,000. There have been 204 permits issued thus far in 2023, indicating that there is development activity; however, this activity and the current mortgage rates may be contributing to the oversupply of housing due to the current sales per month shown above.

PRICING

According to realtor.com, the median sales price for homes in San Luis, AZ in September 2023 was \$244,800, or \$193.00 per square foot. This represents an increase of 4.1% compared to the same period one year ago.

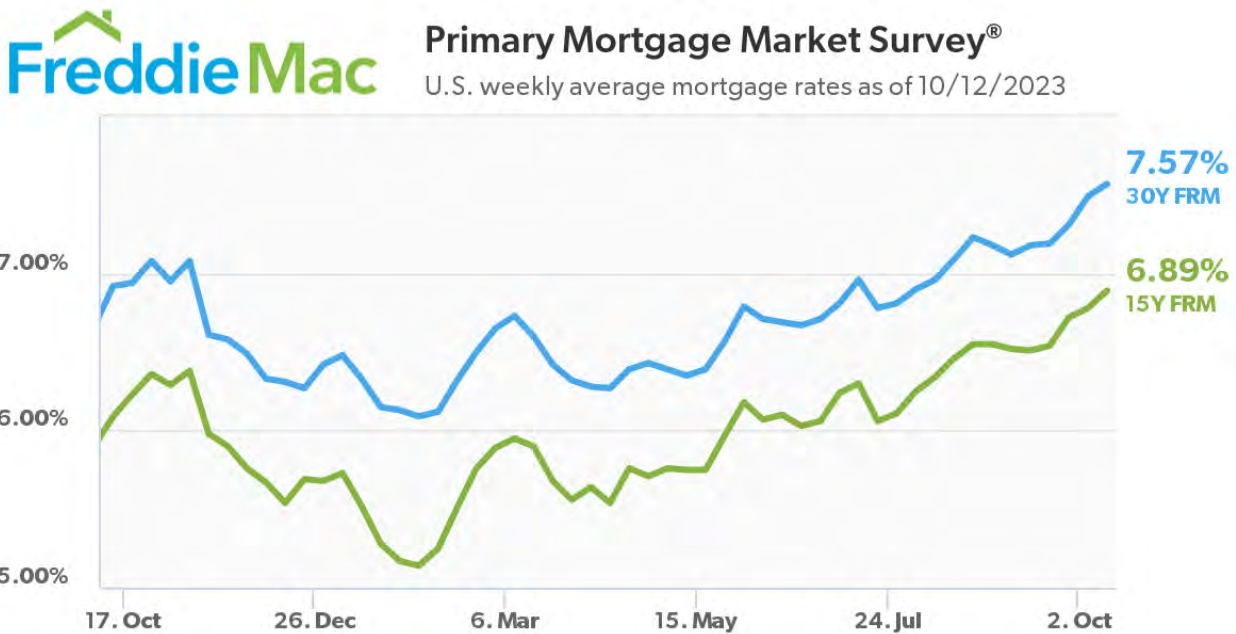
Median listing home price vs. median home sold price



On average, homes in San Luis sell in 26 days on the market compared to 52 days from the same time last year.

Mortgage Interest Rates

The following graph tracks the 30 and 15-year fixed mortgage interest rates, along with the most popular adjustable-rate mortgage, for the past year (through mid-October 2023).



As indicated above, mortgage interest rates have generally trended higher since about April 2023, with the 30-year mortgage averaging near 7.6% as of mid-October 2023.

Market Participant Interviews

Interviews with market participants (including real estate agents/brokers and buyers/sellers) throughout region have indicated ample activity with offers being presented for available residential and vacant parcels that are reasonably priced.

Conclusion

The subject's market has been relatively active with an average of 180 detached single-family homes (built between 2013-2023) being sold annually in the last three years (2020 through 2022), with a significant slowdown in 2023 (YTD). Prices for single-family homes have been relatively stable over the past year. **In light of the preceding, the subject is expected to maintain average market acceptance and competitive position going forward.**

Highest and Best Use

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

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

Legal Permissibility

The subject property is currently zoned RA-40, Rural Area, 40 Acre Minimum, by Yuma County; however, the San Luis General Plan designates the property for mixed-use development. **Given the existence of single-family homes adjacent to the south and three schools, a community park, and an aquatics center in close proximity, the site appears best suited for residential-oriented use. Alternatively, given there are municipal uses in the immediate area, an expansion of the existing city hall appears to be a logical use.**

Physical Possibility

The subject is located on a county island (Yuma) at the northeast corner of 4th Avenue and Union Street, in San Luis. The site has a rectangular configuration, contains 17.84 net acres, and is generally level with native desert vegetation and is at or near grade-level with adjoining properties and roadways. No drainage problems were noted upon inspection and the site is not located in a flood zone. No adverse soil or environmental conditions are known to exist, and all necessary utilities and services are available to the property. The subject site does not appear to be adversely impacted by any easements, encroachments, covenants, restrictions or conditions.

The subject property fronts along 4th Avenue, Union Street, and McCain Avenue. Access to State Route 195 (Juan Sanchez/Cesar Chavez Boulevard) is less than one-half mile to the south, while State Route 95 (Main Street) is approximately one-half mile southwest of the subject. Surrounding land uses include: a 9.8-acre public works site (trash processing) owned by the city of San Luis to the north; San Luis City Hall, inclusive of a municipal fire and police department to the east, across McCain Avenue; a single-family subdivision to the south across Union Street; and approximately 36.4 acres of undeveloped land owned by the State of Arizona to the west, followed by three schools, a community park, and an aquatics center. In summary, the subject property is well positioned for a residential or municipal use.

Financial Feasibility

As discussed within the Market Analysis section, the population growth rate projection, along with the projected growth in the number of households within a five-mile radius of the subject

property, suggests very moderate demand for residential housing over the next five years. Factors pertaining to financial feasibility of the subject site are discussed below.

- The subject site has a rectangular configuration with generally level terrain that is well-suited for a wide range of development possibilities.
- The subject site has proximity to community services, schools, parks, and retail and business services.
- The subject property is well positioned for a residential or municipal use.
- The subject site is located approximately 1.5 miles northeast of the San Luis I Land Port-of-Entry, the second busiest non-commercial port in Arizona. Additionally, San Luis is served by another land port-of-entry known as San Luis II, which is reserved for commercial trucking industry.

Maximally Productive - Conclusion

The final test of highest and best use of the site, as vacant, is that the use be maximally productive, yielding the highest return to the land. **Based on the information presented above, it has been determined the highest and best use of the subject site, as vacant, is for eventual residential use, as warranted by demand.**

Sales Comparison Approach

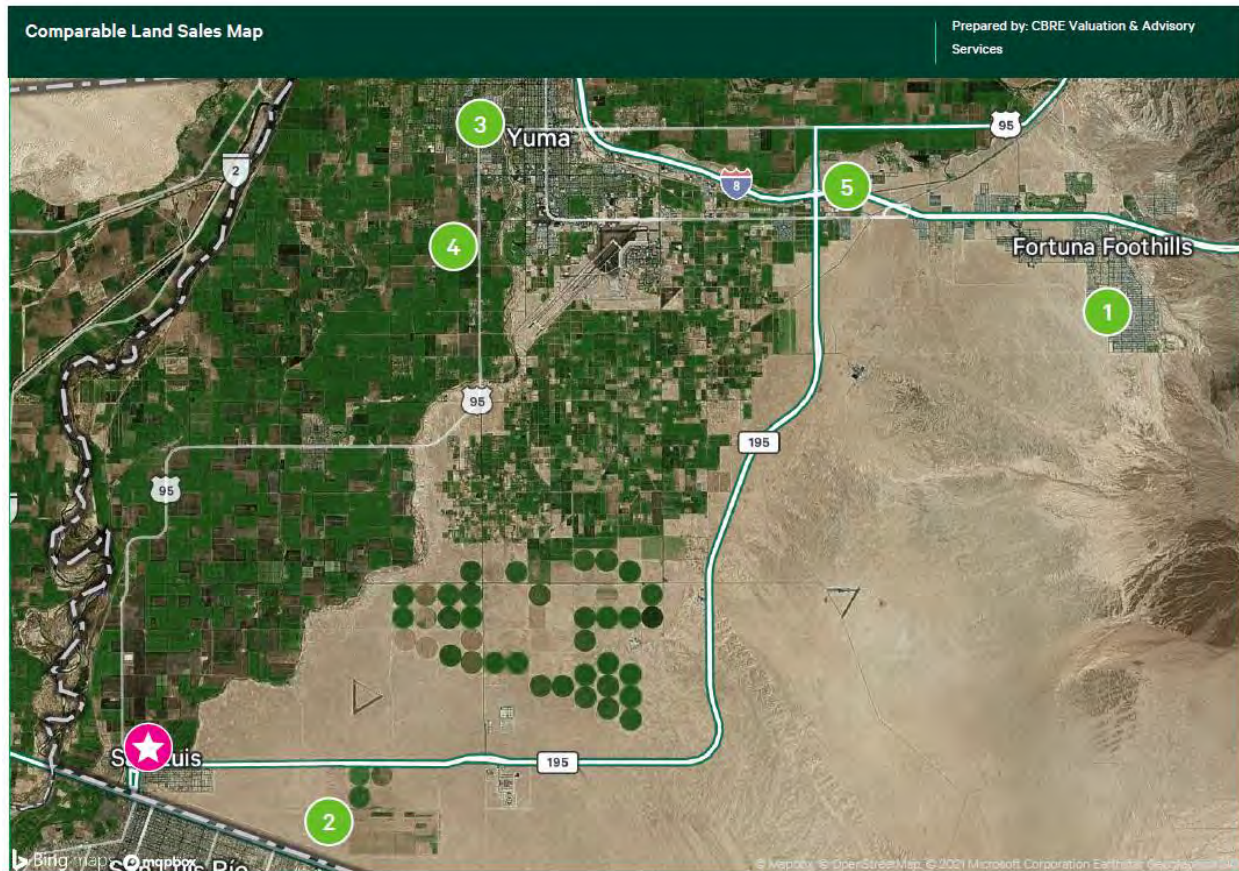
The Sales Comparison Approach involves comparing the subject property with similar vacant land parcels which have either recently sold or are currently listed for sale. This approach is based on the principle of substitution, which states the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.

The vacant land sales are compared to the subject site on the basis of price per acre. This unit of comparison, along with the price per square foot of net land area, is most typical in the valuation of land designated for mixed-use development. Each comparable was related to the subject site in terms of the following factors:

1. *Real Property Rights Conveyed*
2. *Financing Terms*
3. *Conditions Of Sale*
4. *Market Conditions (Date Of Sale)*
5. *Location*
6. *Physical Characteristics*
7. *Zoning*
8. *Highest And Best Use*

Detailed data sheets regarding the land sales considered most pertinent in developing an opinion of the market value for the subject site, are included in the Addenda. *On the following page is a map showing the location of the comparables in relation to the subject and a table summarizing pertinent data for each sale.*

Due to a dearth of comparable land sales similar in site size to the subject, it was necessary to extend the search to include comparables with similar net acreages and located beyond the city of San Luis in Yuma County. It was also necessary to employ sites acquired for single and multi-family development for the aforementioned reasons. The comparables used bracket the subject site in terms of proposed use, size, and location.



SUMMARY OF COMPARABLE LAND SALES

| No. | Property Location | Transaction Type | Transaction Date | Zoning | Sale Price | Size (Acres) | Size (SF) | Price Per AC |
|---|--|------------------|------------------|--------|-------------|--------------|----------------|--------------|
| 1 | SWC of Foothills Boulevard and 48th Street, unincorporated Yuma County | Sale | Oct-21 | C-1 | \$500,000 | 7.05 | 307,098 | \$70,922 |
| 2 | S-SEC of County 24th Street and 20th Avenue, San Luis | Sale | Dec-21 | R1-6 | \$1,200,000 | 19.95 | 869,022 | \$60,150 |
| 3 | N-NEC of 16th Street and Avenue B, Yuma | Sale | Jan-22 | R-3 | \$650,000 | 4.70 | 204,732 | \$138,298 |
| 4 | E-SEC of County 11 1/2 Street and Avenue C, Yuma | Sale | Mar-23 | R-1-6 | \$1,339,800 | 27.08 | 1,179,605 | \$49,476 |
| 5 | E-NEC of Interstate 8 and Araby Road, Yuma | Listing | --- | AG | \$1,749,000 | 24.00 | 1,045,440 | \$72,875 |
| Subject NEC of 4th Avenue and Union Street, unincorporated Yuma County | | --- | --- | --- | --- | 17.84 | 777,110 | --- |

Compiled by CBRE

ELEMENTS OF COMPARISON

Real Property Rights Conveyed

The real property rights conveyed in each comparable is the fee simple interest, which is consistent with the property rights of the property being appraised; therefore, no adjustments for property rights conveyed are indicated.

Financing Terms

The market value opinion for the subject site is based on all-cash, or cash-equivalent financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. Since all comparables represent cash-to-seller transactions, no adjustments for financing terms are applicable.

Conditions Of Sale

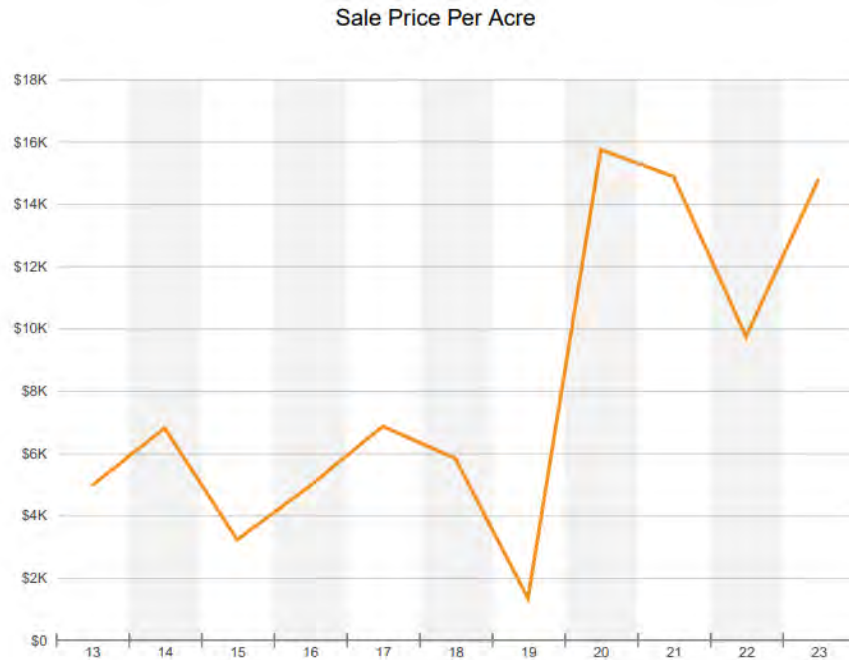
An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions due to duress, special relationships, or unusual circumstances. Since Comparables 1 through 4 represent arm's-length transactions with no atypical circumstances reported, no conditions of sale adjustments are required. Given Comparable 5 is an active listing, a downward condition of sale adjustment is applied to account for the anticipated drop from list price to sale price (sale-to-list price ratio).

Market Conditions (Date of Sale)

The subject is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time;" changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors.

The four sales closed escrow between October 2021 and March 2023, or within about 24 months from the effective date of value. As discussed in the Market Analysis section, home prices trended substantially higher between mid-2020 and mid-2022, which resulted in steady demand for residential land throughout Yuma County. The overwhelming consensus of market participants, supported by available sales data, suggests land prices escalated rapidly throughout 2021 and into early to mid-2022 but have softened somewhat since mid-2022, with some downward price adjustments taking place in selected cases. Over the past 12 to 15 months, home prices have trended lower throughout Yuma County, and new home sales activity has slowed, which has resulted in reduced land sales activity.

When comparing Sale 1 with the more recent transactions, there is inconclusive correlation that values have increased from the market data although it is likely there are other factors that may influence the variance, e.g., location, size, topography, quality of on- or off-site improvements, etc. In addition, we have reviewed the analytics from Costar involving land sales of 5+ acres in size acquired for residential and agricultural use throughout southwestern and southeastern Arizona outside of the metro areas of Phoenix and Tucson, which indicates market sales prices have increased annually by 11.55% for the last 10 years; however, much of the appreciation in land occurred between 2018 and 2020. A summary trend line of the price per acre from 439 land sales indicates the following:



From 2020 to 2023, pricing for land has fluctuated with the first two years trending downward followed by a partially offsetting upward trend in 2023. Considering the sales occurred between 2021 and 2023, offsetting trends would indicate no market conditions adjustments are warranted to the comparable sales.

Location

The subject property is located at the northeast corner of 4th Avenue and Union Street, in unincorporated Yuma County. The subject property benefits from being located near downtown San Luis and has proximity to State Routes 95 and 195. Comparables 1, 3, 4 and 5 are located in more populated areas within (or near) the city of Yuma or developing communities near Interstate 8. Therefore, these four comparables warrant downward adjustments for having superior locations. Sale 2 is located in an area with similar demographic characteristics overall; thus, no location adjustment is considered necessary for this sale.

The following supplemental data was collected in order to provide support for our location adjustments:

subject in terms of size. Sales 2 and 5 acres are compared to Sale 1 to support a reasonable size adjustment.

| ADJUSTMENT - SALES 1 & 2 | | | | | |
|---|-------------------|---|-------------------|---|-----------------------------------|
| | Sale 1 (7.05 Ac.) | | Sale 2 (19.95 Ac) | | |
| Price/Acre | \$67,376 | - | \$60,150 | = | \$7,226 |
| | | | | ÷ | \$60,150 = 12% |
| | | | | | ÷ 12.9 Acres |
| | | | | | Per Acre Difference Adj. = -0.93% |
| ADJUSTMENT - SALES 1 & 5 | | | | | |
| | Sale 1 (7.05 Ac.) | | Sale 5 (24.00 Ac) | | |
| Price/Acre | \$67,376 | - | \$62,308 | = | \$5,068 |
| | | | | ÷ | \$62,308 = 8% |
| | | | | | ÷ 16.95 Acres |
| | | | | | Per Acre Difference Adj. = -0.48% |
| Adjustment Conclusion = 0.48% to 0.93% per Acre Difference | | | | | |

The data suggests a 0.48% to 0.93% per acre difference adjustment. Thus, a 0.75% per acre size difference is applied to each comparable.

SITE CONFIGURATION

As noted, the subject site is rectangular in shape and well-suited for a range of uses. Since Comparables 1, 2, 3, and 5 have configurations adequately suited for development, no adjustments are considered necessary to these four sales. An upward adjustment is applied to Comparable 4, which has an irregular configuration that hinders development potential on a portion of the site.

ACCESS TO UTILITIES

All necessary utilities are available to the boundary of the subject site. Since utilities and services were available to the boundary of the comparables at the times of sale, no adjustments are applied to these five comparables.

ON-SITE DEVELOPMENT REQUIREMENTS (TOPOGRAPHY)

The topography of the subject site is generally level topography and is at or near street grade, and the site is not located within a flood hazard area. All five comparables have a similar topography and are also not impacted by flood hazard area. Hence, no adjustment is warranted for on-site development requirements.

OFF-SITE DEVELOPMENT REQUIREMENTS

Upon development of the subject site, half-street improvements will be required along 4th Avenue and Union Street; however, the extent of the off-site work or the costs associated with requirements is not known at this time. Since Comparables 2, 4 and 5 require a similar level of

off-site improvements, no adjustments are made to these three sales. Downward adjustments are applied to Comparables 1 and 3, which did not require substantial half-street improvements.

Zoning/Density

The subject is zoned RA-40, Rural Area, 40 Acre Minimum, by Yuma County. Given the surrounding zoning designations of the subject property, a low-density residential use is most likely. The comparables have mixed zoning ranging from AG (Agriculture) to C-1 (Commercial); however, all were acquired for residential development. Sales 1, 2, and 4 were acquired for similar low density residential development. As a result, no adjustments are applied to these three sales. Sales 3 and 5 were purchased for high to medium density residential development, respectively. After reviewing the market data, Sales 3 and 5 warrant downward adjustments for their higher density and the potential for more intensive development activity.

Highest And Best Use

The subject property's highest and best use is for residential development. Since all of the comparables were acquired residential development activity, no adjustments are considered necessary for this factor.

Summary Of Elements Of Comparison

Several factors were considered in the land value analysis including real property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, zoning/entitlements, and highest and best use. Presented in the following table is a summary of the adjustments for each comparable.

| LAND SALES ADJUSTMENT GRID | | | | | | Subject |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| Comparable Number | 1 | 2 | 3 | 4 | 5 | --- |
| Transaction Type | Sale | Sale | Sale | Sale | Listing | --- |
| Transaction Date | Oct-21 | Dec-21 | Jul-22 | Mar-23 | --- | --- |
| Interest Transferred | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Proposed Use | Residential | Residential | Multi-Family | Residential | Residential | Residential |
| Sale Price | \$500,000 | \$1,200,000 | \$650,000 | \$1,339,800 | \$1,749,000 | --- |
| Net Size (Acres) | 7.05 | 19.95 | 4.70 | 27.08 | 24.00 | 17.84 |
| Size (SF) | 307,098 | 869,022 | 204,732 | 1,179,605 | 1,045,440 | 777,110 |
| Price Per SF | \$1.63 | \$1.38 | \$3.17 | \$1.14 | \$1.67 | --- |
| Price Per Acre | \$70,922 | \$60,150 | \$138,298 | \$49,476 | \$72,875 | --- |
| Price Per Acre | \$70,922 | \$60,150 | \$138,298 | \$49,476 | \$72,875 | |
| Property Rights Conveyed | 0% | 0% | 0% | 0% | 0% | |
| Financing Terms | 0% | 0% | 0% | 0% | 0% | |
| Conditions of Sale | 0% | 0% | 0% | 0% | -5% | |
| Market Conditions (Time) | 0% | 0% | 0% | 0% | 0% | |
| Subtotal | \$70,922 | \$60,150 | \$138,298 | \$49,476 | \$69,231 | |
| Location | -5% | 0% | -15% | -15% | -10% | |
| Size | -8% | 2% | -10% | 7% | 5% | |
| Configuration | 0% | 0% | 0% | 10% | 0% | |
| Access to Utilities | 0% | 0% | 0% | 0% | 0% | |
| On-Site Development | 0% | 0% | 0% | 0% | 0% | |
| Off-Site Development | -5% | 0% | -5% | 0% | 0% | |
| Zoning/Density | 0% | 0% | -25% | 0% | -10% | |
| Highest & Best Use | 0% | 0% | 0% | 0% | 0% | |
| Total Other Adjustments | -18% | 2% | -55% | 2% | -15% | |
| Value Indication for Subject | \$58,092 | \$61,101 | \$62,428 | \$50,430 | \$58,583 | |
| Absolute Adjustment | 18% | 2% | 55% | 32% | 30% | |
| Compiled by CBRE | | | | | | |

As indicated above, the comparables provide an adjusted range of \$58,092 to \$62,428 per acre, with four of the five comparables providing support for an upper-range value conclusion and a mean indication of \$58,127 per acre. Most weight is assigned to Comparables 1 and 2 (\$58,092 to \$61,101 per acre), which required the least amount of absolute adjustments and Sale 2 has proximity to subject located within the city of San Luis.

"AS IS" MARKET VALUE

Based on the preceding analysis of the most pertinent sales data available, the market value conclusion is as follows.

| CONCLUDED LAND VALUE | | | | |
|-------------------------|---|------------------------|---|--------------------|
| Price Per Acre | | Subject Acres | | Total |
| \$59,000 | x | 17.84 | = | \$1,052,560 |
| \$61,000 | x | 17.84 | = | \$1,088,240 |
| Indicated Value: | | | | \$1,070,000 |
| | | Rounded Price Per Acre | | \$59,978 |
| Compiled by CBRE | | | | |

Therefore, after considering all facts available, subject to the underlying assumptions and limiting conditions, **extraordinary assumptions** included, it has been concluded the fee simple interest in the subject property had an “as is” market value, as of October 19, 2023, as follows:

| MARKET VALUE CONCLUSION | | | |
|--------------------------------|--------------------|------------------|------------------|
| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
| "As Is" Market Value | Fee Simple Estate | October 19, 2023 | \$1,070,000 |
| Compiled by CBRE | | | |

The “as is” market value conclusion for the subject’s site of \$1,070,000 equates to \$59,978 per acre of net land area and \$54,040 per acre of gross land area.

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

DEFINITIONS

Appraisal:

“(noun) The act or process of developing an opinion of value; an opinion of value. (adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.”²

Appraiser:

“One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.”³

Contiguity:

“The quality or state of being contiguous.”⁴

Economic Unit:

1. “A portion of a larger (parent) parcel, vacant or improved, that can be described and valued as a separate and independent parcel. Physical characteristics such as location, access, size, shape, existing improvements, and current use are considered when identifying an economic unit. The economic unit should reflect marketability characteristics similar to other properties in the market area. In appraisal, the identification of economic units is essential in highest and best use analysis of a property.”
2. “A combination of parcels in which land and improvements are used for mutual economic benefit. An economic unit may comprise properties that are neither contiguous nor owned by the same owner. However, they must be managed and operated on a unitary basis and each parcel must make a positive economic contribution to the operation of the unit.”⁵

² The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP)* (2018-2019 Edition), 1.

³ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP)* (2018-2019 Edition), 1.

⁴ Merriam-Webster On-Line Dictionary 2010.

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Sixth Edition), 72-73.

Leased Fee Interest:

"The 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."¹⁰

Leasehold Interest:

"The tenant's possessory interest created by a lease."¹¹

Market Value:

According to the most recent publication of the Uniform Appraisal Standards for Federal Land Acquisitions, market value is defined as follows:

"Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."¹²

Price:

1. "The amount paid in exchange for a good or commodity. Price is distinguished from value because price becomes a fact when the transaction is consummated as opposed to value, which is an estimate."
2. The amount asked, offered, or paid for a property. Comment: Once stated, price is a fact, whether it is publicly disclosed or retained in private. Because of the financial capabilities, motivations, or special interests of a given buyer or seller, the price paid for a property may or may not have any relation to the value that might be ascribed to that property by others. (USPAP, 2018-2019 ed.)¹³

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Sixth Edition), 128.

¹¹ *ibid*, 128.

¹² Appraisal Institute, *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)* (Sixth Edition), 10.

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Sixth Edition), 175.

Larger Parcel:

"In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use."⁹

Right-Of-Way:

"A right to pass over land in some particular path; a strip of land used for transportation such as streets and roads, railways, utility and fiber optic lines, and for other public or private transportation uses."¹⁴

Severance Damages:

Severance is defined as "the damages that will accrue to the portion not sought to be condemned by reason of its severance from the portion sought to be condemned, and the construction of the improvement in the manner proposed by the plaintiff."¹⁵

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Sixth Edition), 127.

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Sixth Edition), 202-203.

¹⁵ Arizona Revised Statutes §12-1122(A)(2).

Addendum B

COMPARABLE LAND SALES

| | |
|-------------------------|--|
| Property Name | N/A |
| Address | SWC of Foothills Boulevard and 48th Street Unincorporated Yuma County, AZ 85367 |
| County | 85367 |
| Govt./Tax ID | 728-36-901 |
| Land Area Net | 7.050 ac/ 307,098 sf |
| Land Area Gross | N/A/ N/A |
| Site Development Status | Raw |
| Utilities | All available to site at time of sale |
| Maximum FAR | N/A |
| Min Land Bldg Ratio | N/A |
| Shape | Rectangular |
| Topography | Generally Level |
| Flood Zone Class | Zone X (Shaded) |
| Flood Panel No./ Date | 04027C1570E/ Aug 2008 |
| Zoning | C-1, Commercial District (Yuma County) |
| Entitlement Status | None |



Transaction Details

| | | | |
|----------------------|--|-------------------------------------|----------------------------------|
| Type | Sale | Primary Verification | Buyer Broker - Realty Executives |
| Interest Transferred | Fee Simple | Transaction Date | 10/20/2021 |
| Condition of Sale | Typically motivated arm's length transaction | Recording Date | 10/20/2021 |
| Recorded Buyer | Five Management LLC | Sale Price | \$500,000 |
| Buyer Type | Developer | Financing | Cash to Seller |
| Recorded Seller | El Rancho Encantado LLC | Cash Equivalent | \$500,000 |
| Marketing Time | N/A | Capital Adjustment | \$0 |
| Listing Broker | N/A | Adjusted Price | \$500,000 |
| Doc # | 2021-39156 | Adjusted Price / ac and / sf | \$70,922 / \$1.63 |
| | | Adjusted Price/ FAR | N/A |
| | | Adjusted Price/ Unit | N/A |

Comments

This comparable represents 7.05 acres of vacant land located at the southwest corner of Foothills Boulevard and 48th Street in unincorporated Yuma County, Arizona. In terms of physical traits, the site is rectangular, generally level, and has all utilities available to the site. Surrounding uses include developed manufactured homes, a service station/c-store, and vacant land zoned for commercial use or manufactured home development. According to the listing agent, the property was going to be developed for condominiums before community members spoke out against it. She noted that it is now planned to house 20 to 25 lots for development. Upon development, no significant half-streets are required; the roadways siding the property are fully improved with concrete curbs, gutters, sidewalks, and curb cuts. The property sold in October 2021 for \$500,000 or \$1.63 per square foot. The nearest freeway access is via Interstate 8, approximately four miles north via Foothills Boulevard.

| | |
|-------------------------|--|
| Property Name | N/A |
| Address | S-SEC of County 24th Street and 20th Avenue San Luis, AZ 85349 |
| County | Yuma |
| Govt./Tax ID | 227-15-029 |
| Land Area Net | 19.950 ac/ 869,022 sf |
| Land Area Gross | N/A/ N/A |
| Site Development Status | Raw |
| Utilities | All utilities were available to the site at the time of sale. |
| Maximum FAR | N/A |
| Min Land Bldg Ratio | N/A |
| Shape | Rectangular |
| Topography | Generally Level |
| Flood Zone Class | Zone X (Shaded) |
| Flood Panel No./ Date | 04027C2155E |
| Zoning | R1-6, Single Residence, 6,000 Square Feet/Dwelling Unit (San Luis) |
| Entitlement Status | None |



Transaction Details

| | | | |
|----------------------|--|-------------------------------------|---------------------------|
| Type | Sale | Primary Verification | Public Records, Affidavit |
| Interest Transferred | Fee Simple | Transaction Date | 12/10/2021 |
| Condition of Sale | Arm's Length | Recording Date | 12/10/2021 |
| Recorded Buyer | Harvest Power Community Development Group Inc. | Sale Price | \$1,200,000 |
| Buyer Type | Developer | Financing | Cash to Seller |
| Recorded Seller | Border Ranches II LLC | Cash Equivalent | \$1,200,000 |
| Marketing Time | N/A | Capital Adjustment | \$0 |
| Listing Broker | N/A | Adjusted Price | \$1,200,000 |
| Doc # | 2021-45696 | Adjusted Price / ac and / sf | \$60,150 / \$1.38 |
| | | Adjusted Price/ FAR | N/A |
| | | Adjusted Price/ Unit | N/A |

Comments

This comparable represents a 19.95-acre vacant land located south of the southeast corner of County 24th Street and 20th Avenue in San Luis, Yuma County, Arizona. In terms of physical traits, the site is rectangular, generally level, and has all utilities available to the site. Surrounding uses include vacant land platted for single-family residential development to the north, a medical campus and vacant lots within an industrial park to the east, and vacant land to the west and south. The San Luis II Commercial Port of Entry is located about one-quarter mile to the south of the property. The site has R1-6 zoning, which is a single-family residential designation allowing a 6,000-square-foot lot minimum. Upon development, half-street improvements will be required. On December 10, 2021, the property sold for \$1,200,000, or \$60,150 per acre. The transfer was arm's length, and financing terms were considered cash equivalent.

| | |
|-------------------------|---|
| Property Name | N/A |
| Address | N-NEC of 16th Street and Avenue B Yuma, AZ 85364 |
| County | Yuma |
| Govt./Tax ID | 664-29-014 |
| Land Area Net | 4.700 ac/ 204,732 sf |
| Land Area Gross | N/A/ N/A |
| Site Development Status | Raw |
| Utilities | All utilities were available to the site at the time of sale. |
| Maximum FAR | N/A |
| Min Land Bldg Ratio | N/A |
| Shape | Rectangular |
| Topography | Generally Level |
| Flood Zone Class | Zone X (Shaded) |
| Flood Panel No./ Date | 04027C1510F/ Jan 2014 |
| Zoning | R-3, High Density Residential, City of Yuma |
| Entitlement Status | None |



Transaction Details

| | | | |
|----------------------|--|-------------------------------------|---------------------------------------|
| Type | Sale | Primary Verification | Listing Broker - Realty Executives 14 |
| Interest Transferred | Fee Simple | Transaction Date | 01/13/2022 |
| Condition of Sale | Arm's Length | Recording Date | 01/13/2022 |
| Recorded Buyer | Yuma Sonoran LLC | Sale Price | \$650,000 |
| Buyer Type | Developer | Financing | Cash to Seller |
| Recorded Seller | Dahl, Robins & Associates, Inc. | Cash Equivalent | \$650,000 |
| Marketing Time | 48 Month(s) | Capital Adjustment | \$0 |
| Listing Broker | Amber/Caroly McKelvey-Malouff (928) 782-0405 | Adjusted Price | \$650,000 |
| Doc # | 2022-017579 | Adjusted Price / ac and / sf | \$138,298 / \$3.17 |
| | | Adjusted Price/ FAR | N/A |
| | | Adjusted Price/ Unit | N/A |

Comments

This comparable represents a 4.7-acre tract of vacant land located north of the northeast corner of 16th Street (U.S. Route 95) and Avenue B in Yuma, Arizona. In terms of physical traits, the site is rectangular, generally level, and has all utilities available to the site. Surrounding uses include commercial development, single-family homes, and vacant land zoned for high-density residential and commercial use. The site has R-3, high-density residential zoning, and according to the listing agent, is being developed for an 84-unit affordable complex and will be known as Sonoran Apartments. Upon development, no half-street improvements are required as Avenue B is fully improved at the site with concrete curbs, gutters, and sidewalks. The nearest freeway access is via Interstate 8, approximately three miles east via 16th Street. The site had been listed on the market for over four years with an original asking price of \$5.00 per square foot, followed by gradual reductions in the asking price before selling in January 2022 at a purchase price of \$650,000, or \$3.17 per square foot.

| | |
|-------------------------|---|
| Property Name | N/A |
| Address | E-SEC of County 11 1/2 Street and Avenue C Yuma, AZ 85365 |
| County | Yuma |
| Govt./Tax ID | 694-50-024 |
| Land Area Net | 27.080 ac/ 1,179,605 sf |
| Land Area Gross | N/A/ N/A |
| Site Development Status | Other(See Comments) |
| Utilities | All utilities were available to the site at the time of sale. |
| Maximum FAR | N/A |
| Min Land Bldg Ratio | N/A |
| Shape | Irregular |
| Topography | Generally Level |
| Flood Zone Class | Zone X (Shaded) |
| Flood Panel No./ Date | 04027C1520F/ Jan 2014 |
| Zoning | RA-10, Rural Agriculture (Yuma County) |
| Entitlement Status | None |



Transaction Details

| | | | |
|----------------------|---|-------------------------------------|--------------------------|
| Type | Sale | Primary Verification | Public Record, Affidavit |
| Interest Transferred | Fee Simple | Transaction Date | 03/01/2023 |
| Condition of Sale | Typically motivated arms length transaction | Recording Date | 03/03/2023 |
| Recorded Buyer | HH Holdco LLC | Sale Price | \$1,339,800 |
| Buyer Type | Developer | Financing | Cash to Seller |
| Recorded Seller | Barkley Limited Partnership | Cash Equivalent | \$1,339,800 |
| Marketing Time | N/A | Capital Adjustment | \$0 |
| Listing Broker | N/A | Adjusted Price | \$1,339,800 |
| Doc # | 2023-05185 | Adjusted Price / ac and / sf | \$49,476 / \$1.14 |
| | | Adjusted Price/ FAR | N/A |
| | | Adjusted Price/ Unit | N/A |

Comments

This comparable represents a 27.08-acre site of vacant land located east of the southeast corner of County 11 1/2 Street and Avenue C in Yuma, Arizona. In terms of physical traits, the site is irregular in terms of configuration, generally level, and has all utilities available to the site. Surrounding uses include a newly developing single-family subdivision to the southwest and vacant land zoned/designated for low-density residential use. The site has R-1-6, low-density residential zoning and is designated by the Yuma General Plan for residential use. Upon development, nominal half-street improvements are required. The nearest freeway access is via Interstate 8, approximately 5.5 miles northeast via 16th Street. The site sold in March 2023 for \$1,339,800, or \$1.14 per square foot of net land area.

| | |
|-------------------------|---|
| Property Name | N/A |
| Address | E-NEC of Interstate 8 and State Route 195 Yuma, AZ 85365 |
| County | Yuma |
| Govt./Tax ID | 197-04-041 |
| Land Area Net | 24.000 ac/ 1,045,440 sf |
| Land Area Gross | N/A/ N/A |
| Site Development Status | Raw |
| Utilities | All utilities were available to the site at the time of sale. |
| Maximum FAR | N/A |
| Min Land Bldg Ratio | N/A |
| Shape | Rectangular |
| Topography | Generally Level |
| Flood Zone Class | Zone X (Shaded) |
| Flood Panel No./ Date | 04027C1545E |
| Zoning | AG, Agriculture District (Yuma) |
| Entitlement Status | None |



Transaction Details

| | | | |
|----------------------|--------------------------|-------------------------------------|--------------------------|
| Type | Available/Listing | Primary Verification | Marketing Package |
| Interest Transferred | Fee Simple | Transaction Date | 07/31/2023 |
| Condition of Sale | None | Recording Date | N/A |
| Recorded Buyer | N/A | Sale Price | \$1,749,000 |
| Buyer Type | N/A | Financing | Cash to Seller |
| Recorded Seller | Yuma 4-D/Crawford AZ LLP | Cash Equivalent | \$1,749,000 |
| Marketing Time | N/A | Capital Adjustment | \$0 |
| Listing Broker | Jerry LoCoco | Adjusted Price | \$1,749,000 |
| Doc # | N/A | Adjusted Price / ac and / sf | \$72,875 / \$1.67 |
| | | Adjusted Price/ FAR | N/A |
| | | Adjusted Price/ Unit | N/A |

Comments

This comparable represents 24.0 acres of undeveloped land located east of the northeast corner of Interstate 8 and State Route 195 in Yuma, AZ. In terms of physical traits, the site is mostly rectangular, generally level, and has all utilities available to the site. Surrounding land uses include a mix of single-family housing and vacant land planned for commercial use. While the site is zoned AG, Agriculture by the city of Yuma, the city's General Plan designates the site for medium-density residential use. Upon development, significant half-street improvements will be required along 26th Street. The property has been listed on the open market for approximately 10 months at an asking price of \$1,749,000, or \$1.67 per square foot of land area.

Addendum C

ENGAGEMENT LETTER

Katie Hobbs
Governor



Robyn Sahid
Cabinet Executive Officer
Executive Deputy Commissioner

Arizona State Land Department

1110 West Washington Street, Phoenix, AZ 85007
(602) 542-4631

October 3, 2023

Thomas Raynak, MAI
CBRE | Valuation and Advisory Services
2415 E. Camelback Road, Suite 900
Phoenix, AZ 85016

Re: **Engagement Letter – Application No. file #53-124170-00-100 (City of San Luis)**

Dear Mr. Raynak:

This letter will serve as your authority to appraise the below referenced real property. **Please use the above application number on all correspondence regarding this assignment.**

APPRAISAL ENGAGEMENT LETTER SPECIFIC REQUIREMENTS OF THE APPRAISAL ASSIGNMENT

SUBJECT PROPERTY

The subject consists of ±19.80 gross acres and ±17.84 net acres (per ALTA Survey) of State Trust Land situated north of Union Street and east of N. 4th Ave., ±1/4 mile north of Juan Sanchez Blvd., City of San Luis, Yuma County, Arizona. The subject is also described as being part of Township 11S, Range 25W, Section 1. The applicant intends to expand the city hall complex and keep city services at a strategic location. The appraised value will be the minimum bid price at a future public auction.

INTENDED USER

The Arizona State Land Department and Board of Appeals

INTENDED USE

The intended use is to assist the State Land Department in its disposition and/or leasing decisions. The appraisal will assist in the establishment of the minimum bid price for a State Trust land auction.

APPRAISAL FORMAT

Appraisal Report

INTEREST TO BE APPRAISED

Fee Simple

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide an opinion of the fee simple interest in the “as is” market value of the subject

property. This assignment requires an all cash market value as defined in the ASLD appraisal policy. The value opinion should be in accordance with the appraisal policies and procedures of the ASLD (please reference ASLD Appraisal Guidelines, Revised February 2020 version) as well as the most recent edition of USPAP.

APPRAISAL FEE

\$3,900 This fee is a gross fee, inclusive of all expenses. This fee does not include time spent defending the appraisal in front of the Board of Appeals (if applicable).

A penalty of \$100 per day may be assessed for every business day the appraisal is delivered beyond the agreed upon due date. Notably, if delays occur during the appraisal due to circumstances beyond the control of the appraiser, it is required that the appraiser contact the undersigned immediately to obtain an amended delivery date.

DUE DATE

November 2, 2023

NUMBER OF REPORT COPIES

Initially, a PDF version of a *draft* appraisal should be provided for review. **This draft copy should have the word “draft” placed in a conspicuous place on each page of the report** (not needed for the Addenda pages). **Also, the draft appraisal should not include signatures (in the Letter of Transmittal nor Certification).** Once the appraisal has been approved by the Appraisal Section, you will be asked to provide a PDF (unlocked) version of the final appraisal with “draft” watermarks removed and signatures provided. **Hard copies are no longer required.**

**PLEASE ADDRESS
REPORTS TO**

R. Scott Sherwood
Appraisal Section Manager
Arizona State Land Department
1110 West Washington Street
Phoenix, Arizona 85007

SPECIAL REQUIREMENTS

Within the Letter of Transmittal, include the per acre value along with the subject’s lump sum value indication.

Special Note: Initially, the appraiser will be expected to complete a *draft* appraisal to be reviewed by an ASLD staff appraiser. The review process may reveal the need for changes to the *draft* appraisal. Once the changes (if any) are considered by the appraiser and the *revised draft* is accepted by the Appraisal Section, the appraiser’s invoice will be submitted for payment. The appraisal will then remain in *draft* form **for up to six months**; the appraiser being obligated to consider additional changes to the *draft*

appraisal during this time by Administrators within the Sales & Leasing Section, the Land Commissioner, and/or Applicants. These change requests would first be vetted by the Appraisal Section for reasonableness and then communicated to the appraiser. The appraiser will be required to consider, but not obligated to make the requested changes. Once the *final* appraisal is requested (the request being prior to the end of the six-month period), the appraiser would be expected to produce the *final* appraisal within five (5) business days. Finally, it is also possible that a *final* appraisal would not be requested during the six-month draft period, which would then mark the end of the appraiser's obligation for this assignment. If a new date of value is requested either during or after the six-month draft period, the appraiser may be asked to complete an updated or new *draft* appraisal for an additional fee (to be negotiated).

GENERAL REQUIREMENTS

A copy of this letter and any other written instructions from the Arizona State Land Department must be included in the appraisal. Your appraisal cover letter must reference your compliance with the Arizona State Land Department Appraisal Guidelines (Revised February 2020) as well as the most recent edition of USPAP.

The Contractor should value the subject as if it were vacant with no improvements. Notably, however, while not valued, if improvements do exist, they should be generally identified within the appraisal.

The Contractor accepting this assignment and holding the appropriate State license and certification must inspect the subject property and sign the appropriate certification of value. You and other appraisers signing the certification of value are required to include your State license/certification number(s) under your signature(s) in the appraisal report. You and other appraisers signing the certification are also required to include a copy of your State certificate and your qualifications in the Addenda. ***This assignment cannot be subcontracted to an outside individual or firm without our prior written consent.***

Should the scope of your work be more limited, the exceptions should be identified in the appraisal transmittal letter.

An Executive Summary is required to be included in the preface of the report.

Do not discuss your valuation conclusions with anyone other than the Appraisal Section staff at the Arizona State Land Department.

**REQUIRED HYPOTHETICAL
CONDITIONS AND
EXTRAORDINARY
ASSUMPTIONS**

The appraisal should include the following ***hypothetical condition***:

1. None

The appraisal should also include the following ***extraordinary assumptions***:

1. There is no archaeological significance on the subject site. (Note to the appraiser: if the appraiser is aware that archeological significance exists, this then becomes a hypothetical condition).
2. There is no geological significance on the subject site. (Note to the appraiser: if the appraiser is aware that geological significance exists, this then becomes a hypothetical condition).
3. There are no environmental risks or hazardous conditions found on the subject site. (Note to the appraiser: if the appraiser is aware of environmental risks and hazardous conditions, this then becomes a hypothetical condition).
4. Legal access exists. (Note to the appraiser: if the appraiser is aware that no legal access exists, this then becomes a hypothetical condition).
5. And others the appraiser deems appropriate.

Please note that to remain in compliance with USPAP the appraiser must include the following statement along with the list of hypothetical conditions and extraordinary assumptions: “***the use of these hypothetical conditions and extraordinary assumptions might have affected the assignment results.***”

ACCURACY OF WORK

The Contractor shall be responsible for the accuracy of the work and shall promptly make all necessary revisions or corrections resulting from errors and omissions on the part of the Contractor without additional compensation. Acceptance of the work by the State will not relieve the Contractor of the responsibility for subsequent correction of any such errors and the clarification of any ambiguities.

**REVIEW OF
CONTRACTOR'S WORK**

Work shall be completed in a responsible and professional manner in accordance with the requirements incorporated in the appraisal assignment. Determination of the acceptability of work will be made by the State. Should the Contractor fail to successfully perform any of the required

tasks, provide an insufficient level of information, commit errors of any nature, and/or omit necessary documentation concerning the work performed, the Contractor agrees to correct deficiencies and errors, as well as furnish the required documentation at no additional costs to the State within five working days of the requested changes. Unless other arrangements have been made with the undersigned, a penalty of \$100 per day will be assessed for revisions that are completed beyond this time frame.

LIQUIDATED DAMAGES

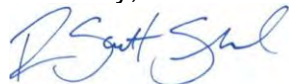
The State may terminate this contract in whole or part if the appraisal is not delivered within five (5) business days after the appraisal due date, assuming no other arrangements have been made between ASLD and the Contractor in writing. In that event, the Contractor will: 1) not receive payment of the appraisal fee and 2) be liable for such liquidated damages accruing until the State may reasonably obtain the performance of the assignment from a replacement contractor. The State's right to liquidated damages for delay shall be in addition to any other remedies available to the State arising from Contractor's breach.

**OTHER TERMS, CONDITIONS,
SPECIFICATIONS,
AMENDMENTS, ETC.**

The Contractor may be asked to make revisions as requested by the State resulting from changes in construction and/or right of way plans. Revisions may also include the addition or deletion of parcels. If substantial changes are made to the original assignment, the Contractor may be able to charge an additional fee that is mutually agreed upon by the Contractor, State, and Applicant (if applicable). The Contractor may be asked to defend his/her appraisal before the Board of Appeals. If this should occur, the Contractor will be compensated on an hourly basis for travel time, waiting time, and time spent testifying before the Board based on a mutually agreed upon hourly rate established prior to the Board meeting.

Should you have any questions, you may contact me by phone at 602-364-2684 or by email at ssherwood@azland.gov.

Sincerely,



R. Scott Sherwood
Appraisal Section Manager

Addendum D

QUALIFICATIONS

Steve E. Porter, MAI

Vice President, Phoenix

CBRE



T + 602 735 5116
M +480 259 9781
steve.porter2@cbre.com

2575 E. Camelback Rd.,
Suite 500
Phoenix, Arizona 85016

Clients Represented

- U.S. Dept. of Interior
- Trust for Public Lands
- Conservation Fund
- State of UT School Trust Lands
- State of Arizona
- Mutual of Omaha Bank
- California Bank & Trust
- Western Alliance Bank
- U.S. Bancorp
- National Bank of Arizona
- Zions First National Bank
- City of Henderson, NV
- Bank of Hope
- Academy Bank
- Celtic Bank
- Northern Arizona University
- First Horizon

This represents only a partial list of the clients served.

Experience

Steve Porter is a Vice President of the Valuation & Advisory Services within the Pacific Southwest Region in the Phoenix Office. Mr. Porter has over 25 years of real estate appraisal and consulting experience throughout the inter-mountain and southwest region, with primary experience in Arizona and Nevada. Mr. Porter is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the state of Arizona. He has also held licenses in the states of Nevada and Utah for over 20 years, along with temporary licenses in California, New Mexico and Colorado.

Prior to joining CBRE in January 2018, Mr. Porter was manager of the Phoenix Office for RCS Appraisal Inc. from 2014 to 2017 providing valuation services for multiple commercial property types, specializing in going concerns, hospitality, senior housing facilities, and federal land valuations under the guidelines of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA – Yellow Book). Mr. Porter has been an appointed Hearing Officer with the Washington County Board of Equalization in St. George, Utah, where he had served from 2003 to 2014. From 1994 to 2014, primary emphasis in appraisal services was in multiple family projects, subdivisions, master planned developments, and federal land acquisitions and exchanges. Current emphasis at CBRE has been the valuation of going concerns (fuel stations, car washes, restaurants, etc.), RV/mobile home parks, agribusiness, land and natural resource properties.

Representative Assignments

Last Stop Adventure Travel Center – White Hills, AZ
ARCO Am/Pm -Phoenix, AZ
TA Travel Center – White Hills, AZ
Chevron Chandler – Chandler, AZ
Kwik Corner Mobil – Phoenix, AZ
Chevron Food Mart & Dairy Queen – Overgaard, AZ
Terrible Herbst – Quartzsite, AZ

Shell Food Mart – Apache Jct., AZ
Road Trip Auto & Fuel – LHC, AZ
Dunlap Chevron – Phoenix, AZ
USA Gas – Parker, AZ
Biltmore Chevron, Phoenix, AZ
Shell Food Mart – Mesa, AZ
AZ Travel Plaza – Ehrenberg, AZ

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI), Certificate No. 494206
- Certified General Appraiser, State of Arizona, #31677

Education

- Brigham Young University, Provo, UT - Bachelors of Arts in Economics - 1994
- Utah State University, Logan, UT - Master of Business Administration - 1998

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31677

This document is evidence that:

has complied with the provisions of

Steve E. Porter

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

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

Steve E. Porter

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

Expiration Date : **October 31, 2024**

Thomas Raynak, MAI

Director, Phoenix, Arizona

CBRE



T + 602-735-1744
M + 602-516-8352
thomas.raynak@cbre.com

2575 East Camelback Road
Suite 500
Phoenix, Arizona 85016

Clients Represented

- Alliance Bank
- AZ State Land Dept.
- Bank of America
- Banner Bank
- BNC National Bank
- Central Bank
- Commencement Bank
- Comerica Bank
- CIBC World Markets
- Developers
- Homebuilders
- Farmers Merchant Bank
- First Bank
- GTIs Partners
- Metro Phoenix Bank
- National Bank Of AZ
- NY Community Bank
- Pacific Western Bank
- Parkway Bank & Trust
- Talmer Bank & Trust
- The Resmark Cos.
- Tricon Capital Group
- US Bank
- Unison Bank

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Experience

Thomas Raynak, MAI, is a Director with CBRE's Valuation & Advisory Services. Thomas Raynak has experience with a broad spectrum of property types, but specializes in the valuation of vacant land, master planned communities, residential subdivisions (single-family, townhomes and condominiums), and apartments. He also provides review services to several lending institutions. He also has experience completing appraisals and consulting assignments on office and medical office buildings, retail properties, industrial properties, mobile home/RV parks, mini storage facilities, private/charter schools, restaurants, automotive facilities, and a variety of special use properties.

Thomas Raynak has completed over 2,500 assignments throughout the state of Arizona. Additionally, he has extensive experience as a qualified expert in Federal Bankruptcy Court. As a member of the Appraisal Institute, he held several positions including serving as a member of an experience review committee, a regional disciplinary panel, and as a mentor to candidates for membership. Thomas Raynak has been a partner in a private real estate development venture since 2007.

Thomas Raynak works in the Western Region which covers the western portion of the United States.

Professional Affiliations / Accreditations

- Appraisal Institute, Designated Member (MAI)
- Arizona Certified General Real Estate Appraiser, No 30413

Education

- Master of Arts Degree, Geography (Land Use Analysis)
 - Arizona State University, Tempe, Arizona 1985
- Bachelor of Science Degree, Geography (Urban Planning)
 - Pennsylvania State University, University Park, Pennsylvania 1981

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30413

THOMAS A. RAYNAK

This document is evidence that:

has complied with the provisions of

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

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

THOMAS A. RAYNAK

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

Expiration Date : **September 30, 2024**

Byron Bridges, MAI, MRICS

Director, Tucson

CBRE



T + 520 323 5163
M +520 903 8962
Byron.bridges@cbre.com

3719 North Campbell Avenue
Tucson, Arizona 85719

Clients Represented

- Caliber Companies
- Capital Source Bank
- Cargill /CarVal Investors
- CEMEX
- Citibank
- Compass Bank
- Exclusive Resorts
- Freddie Mac
- Fortress Investment Group
- Four Seasons Resorts
- Goldman Sachs
- Grupo Presidente
- ING
- Kerzner International
- Lewis & Roca
- Merrill Lynch
- MIRA Companies
- Morgan Stanley
- Ohana Real Estate
- PriceWaterhouseCoopers
- Promecap
- Snell & Wilmer
- State Farm Insurance
- U.S. Army Corps of Engineers
- Walton Street Capital
- Western Alliance Bank

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Experience

Mr. Bridges is the director of the Valuation & Advisory Services Group's Tucson office in the Intermountain Region and has over 22 years of real estate appraisal and consulting experience. Mr. Bridges is a designated Member of the Appraisal Institute (MAI). Mr. Bridges primary geographical location is Southern Arizona. Mr. Bridges is also a member of CBRE's Latin America Valuation & Advisory Team and has performed numerous international valuation assignments.

His appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, demand and absorption studies, and feasibility studies for a variety of clients, including numerous financial institutions, government agencies, Fortune 500 corporations, insurance companies, and private organizations. Experience involves a wide variety of property types as well as conservation easements, special purpose real estate holdings, agriculture properties, among others. Mr. Bridges has considerable experience with litigation cases.

Mr. Bridges has conducted many appraisals, market studies and feasibility analyses of master-planned communities, condominium projects, land, hospitality resort properties, residential properties, and commercial properties within and around the major beach front communities in Mexico, Costa Rica, and Belize. Mr. Bridges has extensive knowledge of the Mexico and Latin America real estate marketplace and since 2001 has performed valuation and consultation assignments in Latin America countries in excess of over 800 individual assignments.

Mr. Bridges areas of concentration include the oceanfront beach resorts of Mexico, Costa Rica, and Belize, and other Latin America countries. Within Baja California Sur resort areas, he has completed extensive valuation and consultation work in Los Cabos (Cabo San Lucas, San Jose del Cabo), East Cape, Todos Santos, the Pacific Ocean area, La Paz, and Loreto; in Quintana Roo, Riviera Maya, Playa del Carmen, Cancun, Tulum, Cozumel, Isla Mujeres, and Riviera Maya; in Jalisco and Nayarit, Puerto Vallarta, Punta Mita, Nuevo Vallarta, Sayulita, and the Riviera Vallarta; in Baja California, Rosarito, Ensenada, and San Felipe; in Sonora, Puerto Peñasco (Rocky Point) and San Carlos/Guaymas; in Costa Rica, Guanacaste, and Jaco.

The assignments prepared were done for various clients for many reasons such as financial transactions, business decisions, investment speculation, estates, litigation, partnership disputes, easements, and others.

Professional Affiliations / Accreditations

- State Certified General Real Estate Appraiser-State of Arizona, No. 31173
- Appraisal Institute, Designated Member (MAI), No. 534642
- Member of the Royal Institution of Chartered Surveyors (MRICS)

Education

- University of Arizona
- Bachelor of Science; Regional Development/Planning
- Bachelor of Science in Business Administration; Entrepreneurship
- Appraisal Institute and other appraisal-related coursework

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31173

BYRON LLOYD BRIDGES

has complied with the provisions of

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Certified General Real Estate Appraiser

BYRON LLOYD BRIDGES

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Expiration Date : **September 30, 2025**