

BASECAMP LOFTS + STUDIOS

TBD Lusher Court
Frisco, Colorado 80443

APPRAISAL REPORT

Date of Report: December 1, 2022

Colliers File #: DEN220694

Client File #: 2022-2041



PREPARED FOR
Bridget Clevon
Appraisal Review Officer
MidWestOne Bank
304 Cascade Street
PO Box 188
Osceola, WI 54020

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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December 1, 2022

Bridget Cleven
Appraisal Review Officer
MidWestOne Bank
304 Cascade Street
PO Box 188
Osceola, WI 54020

RE: Basecamp Lofts + Studios
TBD Lusher Court
Frisco, Colorado 80443

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Ms. Cleven:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by MidWestOne Bank and Colliers International Valuation & Advisory Services.

The date of this report is December 1, 2022. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop opinions of the As-Is Market Value, Aggregate Value Upon Completion and Bulk Value Upon Completion of the subject property's leasehold interest. At the request of the client, we have also completed an Insurable Replacement Cost Estimate. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Leasehold	November 16, 2022	-
Bulk Value Upon Completion	Leasehold	November 1, 2023	\$11,570,000
Aggregate Value Upon Completion	Leasehold	November 1, 2023	\$13,700,000
OTHER CONCLUSIONS			AS OF NOVEMBER 16, 2022
Insurable Replacement Cost			\$5,680,000

The subject is a proposed Multifamily (Condominium/PUD Projects) property with 29 units and one office and 15 carports located on a 1.23-acre site at TBD Lusher Court in Frisco, Colorado. The improvements will be

completed in 2023, will be in good condition and have a remaining economic life of 50 years based on our estimate.

The subject is currently vacant land. It is part of a larger property known as Alpine Inn that is located on a 2.46-acre parcel. There will be a land lease in place for the subject land. The land associated with the lease is the footprint of the proposed building, according to the developer. A copy of the pending lease was available to the appraisers. The ground lease base rate is \$1,200 per year per unit constructed. The developer indicated that the HOA at the subject property will be responsible for the ground lease with the residential condominiums paying a prorated share, or \$200/month, \$1,200 annually. Each year the base rate will increase based on CPI. The land lease has not been executed as of the effective date of this report. Upon commencement of the lease, it will create a leasehold for the tenant. The land lease is reported to be at a market rate and as such, there is no value, either positive or negative to the leasehold interest. According to the developer, the land lease would most likely be renegotiated prior to the end of the 99-year term; however, if it were not renegotiated, the condominiums would revert to the ground lessor.

The units will provide locals with first right of refusal to purchase the units. There is no restriction on income level. Based on the market analysis and comparables sales in the area, the deed restricted units are at market levels.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of MidWestOne Bank.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption 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". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

The Prospective Market Value at Completion is based on current market conditions and assumes that the subject will complete construction according to the plans and cost schedules provided. It is assumed that the ground lease will be executed as described to the appraisers. The appraiser reserves the right to change their value conclusion should any new information be discovered.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International

Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



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CERTIFICATION**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Insurable Replacement Cost
Engagement Letter
Cost Budget
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	Basecamp Lofts + Studios
Property Type	Multifamily - Condominium/PUD Projects
Address	TBD Lusher Court
City	Frisco
State	Colorado
Zip Code	80443
County	Summit
Market	Colorado
Submarket	Summit County
Longitude	-106.099765
Latitude	39.589851
Number Of Parcels	1
Assessor Parcel	2097-2620-09-002
Total Taxable Value	\$232,708
Census Tract Number	3.01

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	1.23	53,557
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	1.23	53,557
Topography	Sloping at street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Appeal	Average	
Current Zoning	Gateway (GW)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Medium Risk	

IMPROVEMENT INFORMATION

Number Of Units	29
Average Unit Size	441 SF
Net Rentable Area SF (NRA)	13,125 SF
Gross Building Area SF (GBA)	13,950 SF
Development Density	23.6 Units/Acre (29 Units / 1.23 Acres)
Number Of Apartment Buildings	2
Number Of Non-Residential Buildings	<u>0</u>
Total Number Of Buildings	2
Number Of Stories	3
Year Built	2023
Quality	Good
Condition	Good
Marketability	Average
Type Of Construction	Wood frame
Parking Type	Carports & Surface
Number Of Parking Spaces	36
Parking Spaces/Unit	1.2
Property Amenities	The subject's common amenities will include: courtyard, covered parking, .

HIGHEST & BEST USE

As Vacant	Development of a multi-family residential property as market conditions warrant
As Proposed	Development of proposed improvements

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE	BULK VALUE UPON COMPLETION	AGGREGATE VALUE UPON COMPLETION
INTEREST APPRAISED	LEASEHOLD	LEASEHOLD	LEASEHOLD
DATE OF VALUE	NOVEMBER 16, 2022	NOVEMBER 1, 2023	NOVEMBER 1, 2023

SALES COMPARISON APPROACH

SALES CONCLUSION	-	\$11,570,000	\$13,700,000
Sales Conclusion \$/Unit	-	\$398,966/Unit	\$472,414/Unit
Sales Conclusion \$/SF	-	\$881.52/SF	\$1,043.81/SF

COST APPROACH

COST CONCLUSION	-	\$8,380,000	-
Cost Conclusion \$/Unit	-	\$288,966/Unit	-
Cost Conclusion \$/SF (GBA)	-	\$600.72/SF	-

FINAL VALUE CONCLUSION

FINAL VALUE	-	\$11,570,000	\$13,700,000
Final \$/Unit	-	\$398,966/Unit	\$472,414/Unit
Final \$/SF (NRA)	-	\$881.52/SF	\$1,043.81/SF

OTHER CONCLUSIONS

Insurable Replacement Cost	\$5,680,000
Insurable Replacement Cost/Unit	\$195,862/Unit
Insurable Replacement Cost/SF (GBA)	\$407.17/SF

SWOT ANALYSIS

SWOT is an acronym for the internal strengths and weaknesses of an asset and the environmental (external) opportunities and threats facing that property. Based on our analysis of the subject property we have identified the following strengths, weaknesses, opportunities and threats.

Strengths

- › The subject is located in Frisco within proximity to several ski resorts in a highly desirable mountain community within proximity to Interstate 70 and near a center that is anchored by Whole Foods.
- › There are 15 carport units that will be available to purchase.

Weaknesses

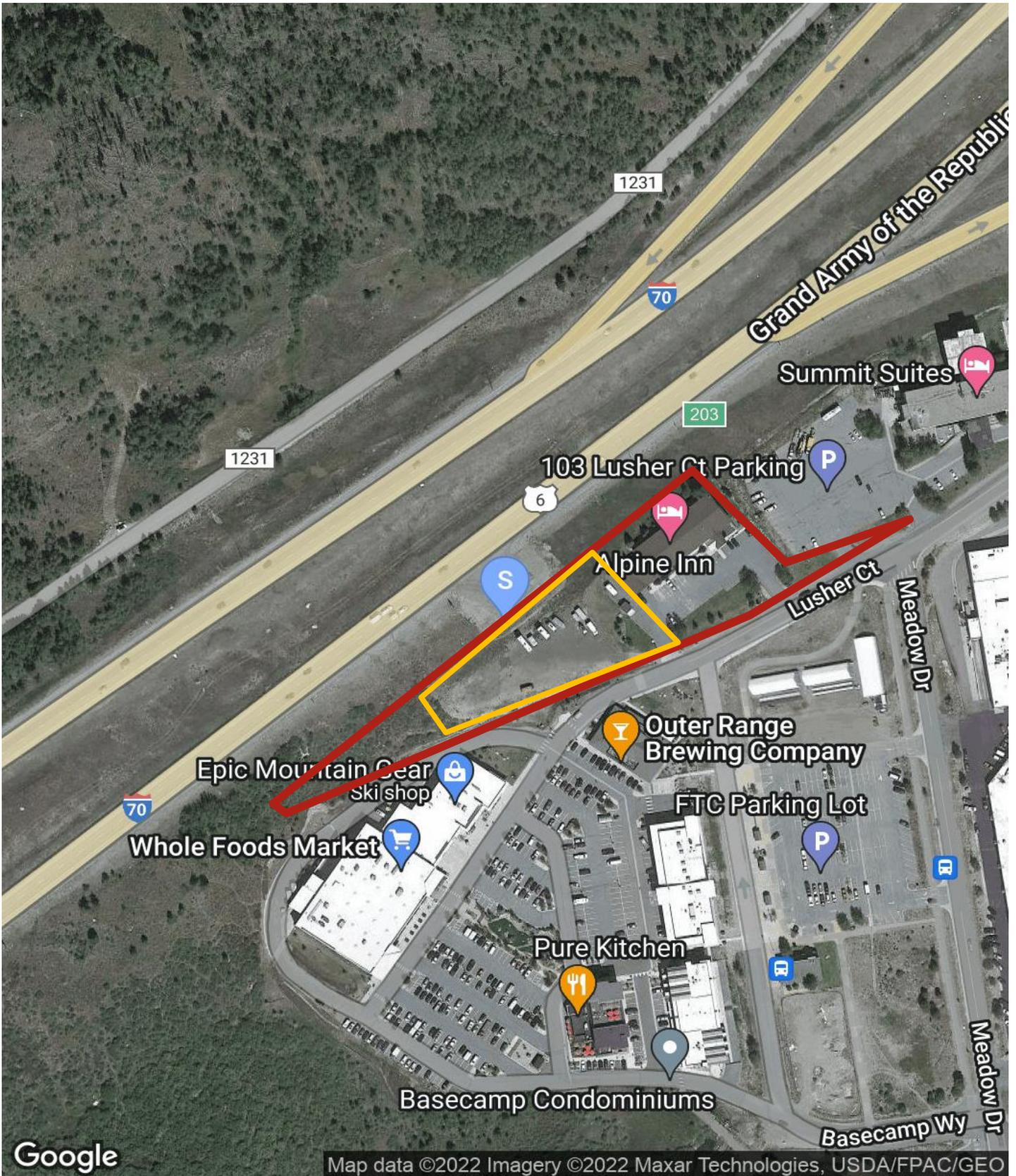
- › The ground lease may shallow the pool of potential buyers.

Opportunities

- › The median price of homes currently listed in Frisco is \$976,632. The subject's pricing is reasonably within the ranges as a new development. Further upward trending values could result in sale prices above the projected sale prices for subject units.
- › The subject is located adjacent to the Frisco Transit Center which is a 6-acre property is utilized by many transportation services, including the county's Summit Stage public transit system, regional bus services provided by Greyhound and CDOT's Bustang, four airport/resort shuttle services and Hertz car rental.

Threats

- › Should construction of the subject stall for an extended period of time, rising interest rates could cause housing prices to stagnate or even decline, making the subject not cost feasible, however this appears unlikely based on current and anticipated market conditions.
- › Construction defect law in Colorado increases litigation risk to a developer for five years after completion of the project.



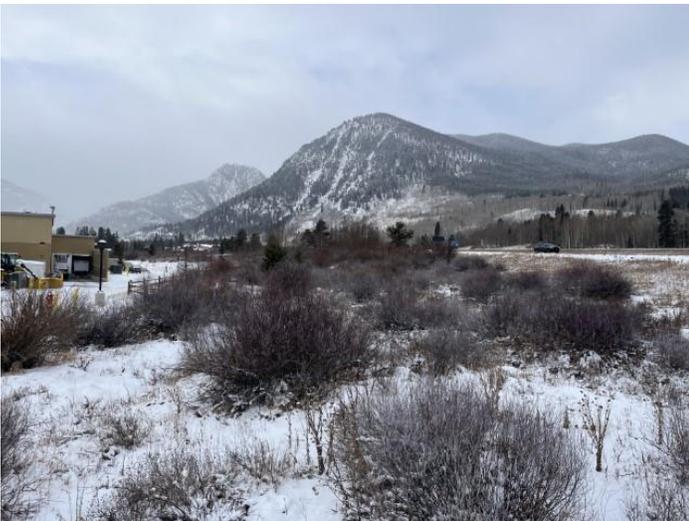
The overall land parcel is outlined in red and the subject's land lease is outlined in yellow.



SOUTHEAST CORNER FACING WEST



NORTHEAST CORNER FACING SOUTH



CENTER OF PARCEL FACING WEST



NORTHWEST CORNER FACING EAST



LUSHER CT FACING NORTHEAST



LUSHER CT FACING SOUTHWEST



NORTHEAST CORNER FACING WEST



SOUTH SIDE FACING NORTH

PROPERTY IDENTIFICATION

The subject is a proposed Multifamily (Condominium/PUD Projects) property totaling 29 units. It is located on a 1.23-acre site at TBD Lusher Court in Frisco, Summit County, Colorado. The assessor's parcel number is: 2097-2620-09-002. The subject is proposed construction on a land lease and does not have a parcel number associated with it yet. Additionally, the following legal description is from the overall current land parcel. The land lease has not been executed as of the effective date of this report.

he legal description of the subject property is as follows: A Leasehold interest in the following property: LOT 1 BLOCK A DISCOVERY INTERCHANGE WEST SUB

CLIENT IDENTIFICATION

The client of this specific assignment is MidWestOne Bank.

PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value, Aggregate Value Upon Completion and Bulk Value Upon Completion of the subject property's leasehold interest. At the request of the client, we have also completed an Insurable Replacement Cost Estimate

INTENDED USE

The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset.

INTENDED USERS

MidWestOne Bank is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	December 8, 2022
Date of Inspection	November 16, 2022
Valuation Date – As-Is	November 16, 2022
Valuation Date – Prospective Upon Completion	November 1, 2023

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation. Removable fixtures such as the kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included; which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of Alpine Inn LLC who acquired title to the property on December 3, 1998 as improved for \$2,450,000, as recorded in (Book/Page) 583714 of the Summit County Deed Records.

The subject is currently vacant land. It is part of a larger property known as Alpine Inn that is located on a 2.46-acre parcel. There will be a land lease in place for the subject land. The land associated with the lease is the

footprint of the proposed building, according to the developer. A copy of the pending lease was available to the appraisers. The ground lease base rate is \$1,200 per year per unit constructed. The developer indicated that the HOA at the subject property will be responsible for the ground lease with the residential condominiums paying a prorated share, or \$200/month, \$1,200 annually. Each year the base rate will increase based on CPI. The land lease has not been executed as of the effective date of this report. Upon commencement of the lease, it will create a leasehold for the tenant. The land lease is reported to be at a market rate and as such, there is no value, either positive or negative to the leasehold interest. According to the developer, the land lease would most likely be renegotiated prior to the end of the 99-year term; however, if it were not renegotiated, the condominiums would revert to the ground lessor.

Three-Year Sales History

Research of the applicable public records, private data services and an interview of the current owner and/or broker revealed that the subject property has not transferred during the past three years of the effective date of value stated in this report.

Subject Sale Status

The subject as a whole is not currently listed for sale. The listing prices range from \$332,500 to \$525,000 depending on the size and location of the unit within the building.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

Market Value

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

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

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the leasehold interest.

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value, Aggregate Value Upon Completion and Bulk Value Upon Completion of the subject property's leasehold interest. At the request of the client, we have also completed an Insurable Replacement Cost Estimate.

INTRODUCTION

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

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed an apartment market analysis that included market and sub-market overviews. The Colorado market and Summit County sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The appraisers confirmed and analyzed financial features of the subject property including cost budgets and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- › Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. As a result, this appraisal developed the Sales Comparison and Cost approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops opinions of the As-Is Market Value, Prospective Value Upon Completion and Prospective Value Upon Stabilization of the subject property's leasehold interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.
- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- › No one provided significant real property appraisal assistance to appraisers signing this certification.

SOURCES OF INFORMATION

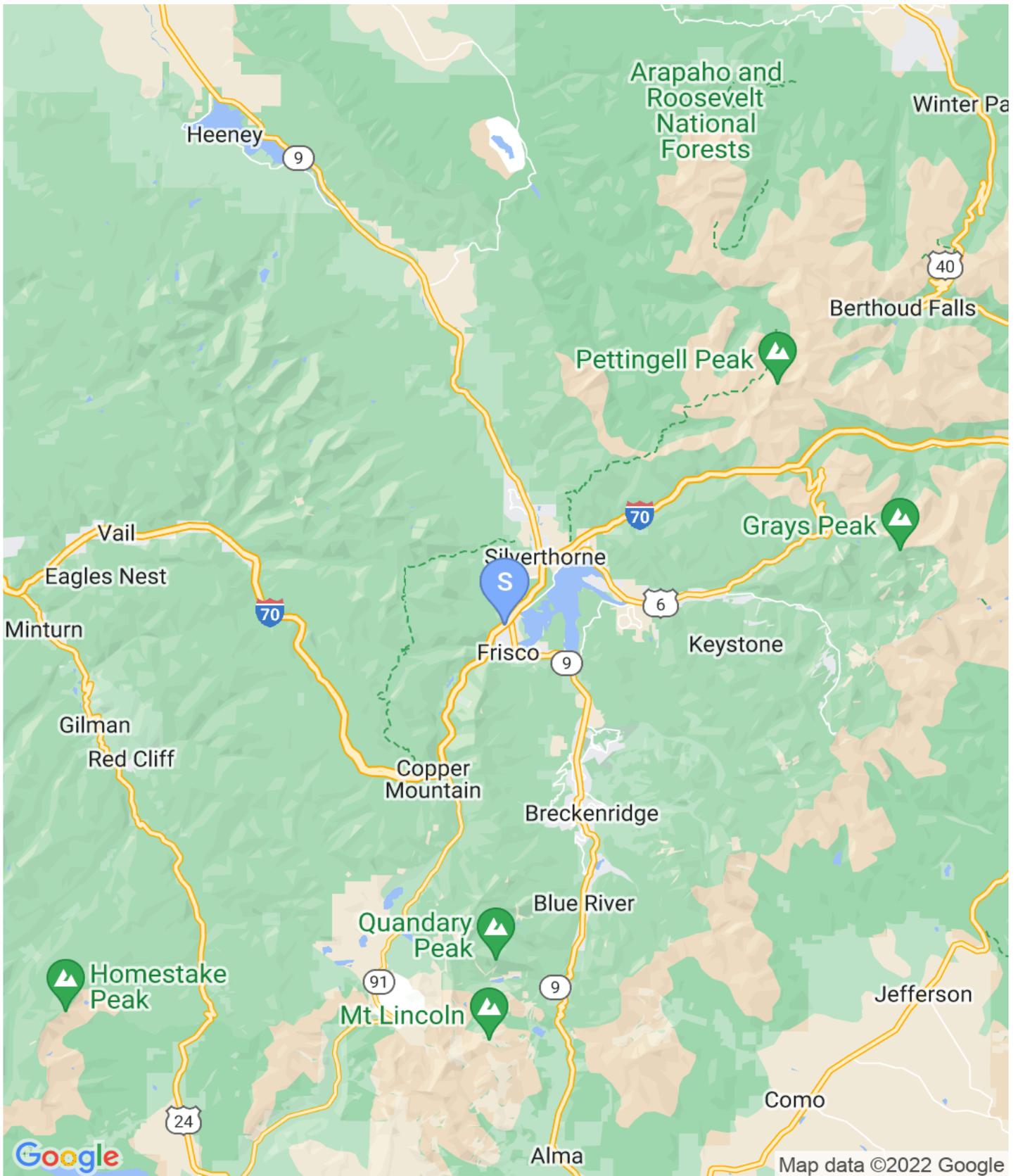
The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Summit County Tax Assessor
Zoning Information	City of Frisco Zoning Code
Site Size Information	Summit County Tax Assessor
Building Size Information	Summit County Tax Assessor
New Construction	City of Frisco / Summit County
Flood Map	InterFlood
Demographics	Pitney Bow es/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Summit County Property Records
Other Property Data	Summit County Property Records
Cost Budget	Property Contact

SUBJECT PROPERTY INSPECTION

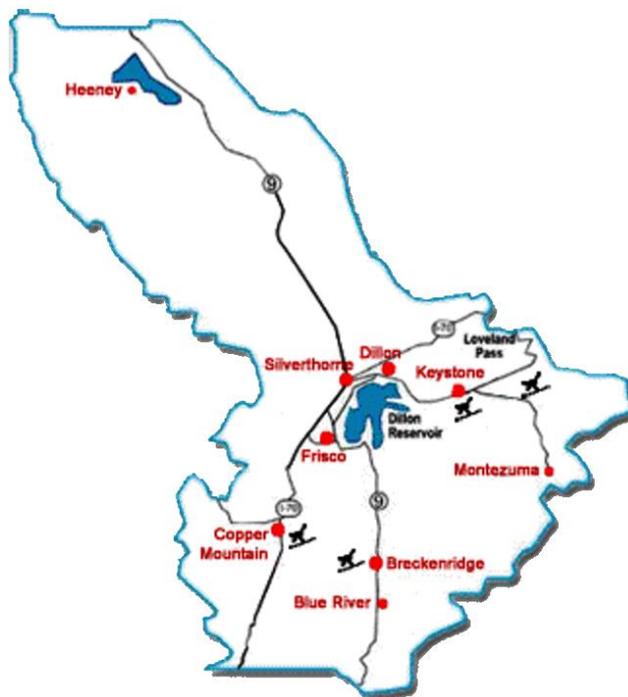
The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Andrew Irland	Yes	Site Only	November 16, 2022
Jacie Ottersberg	No	-	-
Jonathan Fletcher, MAI	No	-	-



REGIONAL ANALYSIS

The subject is located in the Town of Frisco in Summit County. Summit County is located among the high peaks of the Colorado Rockies, immediately west of the Continental Divide. The elevation ranges from a low of 7,947 feet above sea level at Green Mountain Reservoir to 14,270 feet at Gray's Peak. Summit County is centrally located in Colorado, only an hour's drive from the Denver metropolitan area via Interstate 70, the state's main east-west transportation corridor. Included within the county are: six municipalities (Blue River, Breckenridge, Dillon, Frisco, Montezuma, and Silverthorne); four major ski areas (Arapahoe Basin, Breckenridge, Copper Mountain, and Keystone); portions of the White River National Forest; some Bureau of Land Management lands; and two Congressionally-designated wilderness areas (Eagles Nest and Ptarmigan Peak). Approximately 80% of the land in the county is federal public land.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

REGIONAL AREA DEMOGRAPHICS							
YEAR	US	CO	COUNTY	YEAR	US	CO	COUNTY
POPULATION				NUMBER OF HOUSEHOLDS			
2010 Total Population	308,745,538	5,029,196	27,994	2021	125,920,087	2,251,259	11,870
2021 Total Population	331,582,303	5,887,393	30,967	2026	130,248,641	2,382,173	11,918
2026 Total Population	342,006,764	6,284,699	32,639	CAGR	0.7%	1.1%	0.1%
2010 - 2021 CAGR	0.7%	1.4%	0.9%	AVERAGE HOUSEHOLD SIZE			
2021 - 2026 CAGR	0.6%	1.3%	1.1%	2021	2.57	2.56	2.59
POPULATION DENSITY				2026	2.56	2.59	2.72
2021 Per Square Mile	92	57	50	CAGR	(0.04%)	0.19%	0.98%
2026 Per Square Mile	95	60	53	HOUSING UNITS			
MEDIAN AGE				Owner Occupied	81,634,787	1,477,481	7,736
2021	38.61	37.32	39.87	Renter Occupied	44,285,300	773,778	4,134
2026	39.39	37.94	40.33	AVERAGE HOUSEHOLD INCOME			
CAGR	0.40%	0.33%	0.23%	2021	\$94,862	\$105,427	\$109,991
MEDIAN HOME VALUE				2026	\$114,245	\$128,271	\$129,747
2021	\$216,425	\$346,165	\$578,194	CAGR	3.8%	4.0%	3.4%
PER CAPITA INCOME				MEDIAN HOUSEHOLD INCOME			
2021	\$36,918	\$41,141	\$42,536	2021	\$66,358	\$77,024	\$85,537
2026	\$44,556	\$49,576	\$47,776	2026	\$80,318	\$93,942	\$102,461
CAGR	3.8%	3.8%	2.4%	CAGR	3.9%	4.1%	3.7%

Source: Pitney Bowes/Gadberry Group - GroundView®

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, Summit County had a 2021 total population of 30,967 and experienced an annual growth rate of 0.9%, which was lower than the Colorado annual growth rate of 1.4%. The county accounted for 0.5% of the total Colorado population (5,887,393). Within the county the population density was 50 people per square mile compared to the higher Colorado population density of 57 people per square mile and the higher United States population density of 92 people per square mile. The 2021 median age for the county was 39.87, which was 3.16% older than the United States median age of 38.61 for 2021. The median age in the county is anticipated to grow by 0.23% annually, increasing the median age to 40.33 by 2026.

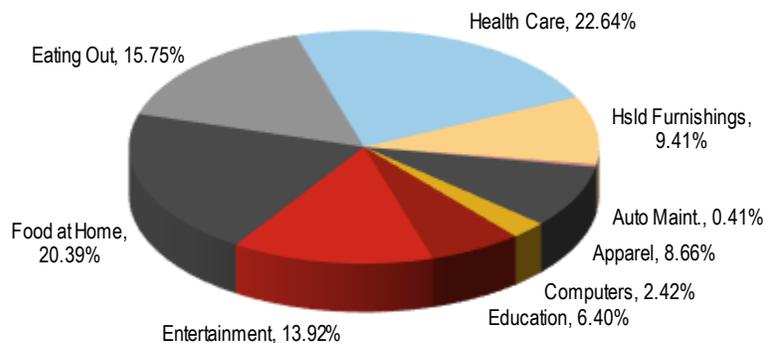
Household Trends

The 2021 number of households in the county was 11,870. The number of households in the county is projected to grow by 0.1% annually, increasing the number of households to 11,918 by 2026. The 2021 average household size for the county was 2.59, which was 0.63% larger than the United States average household size of 2.57 for 2021. The average household size in the county is anticipated to grow by 0.98% annually, raising the average household size to 2.72 by 2026. Summit County had 34.83% renter occupied units, compared to the lower 34.37% in Colorado and the higher 35.17% in the United States.

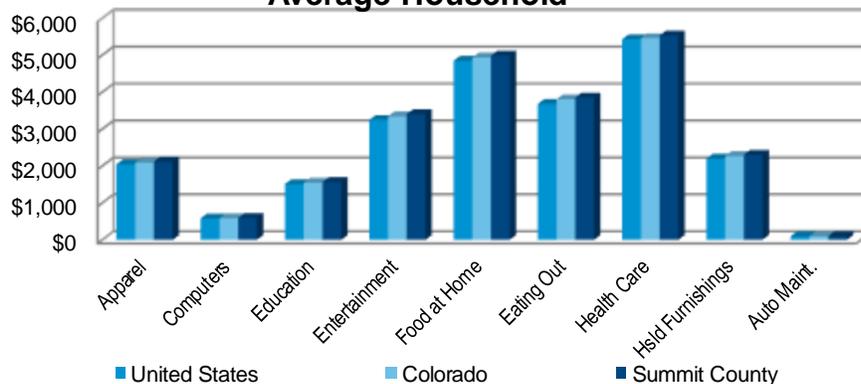
Income Trends

The 2021 median household income for the county was \$85,537, which was 28.9% higher than the United States median household income of \$66,358. The median household income for the county is projected to grow by 3.7% annually, increasing the median household income to \$102,461 by 2026. As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the cost of living for Summit County is 101.0 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

Consumer Spending Summit County



**Consumer Spending Comparison
Average Household**



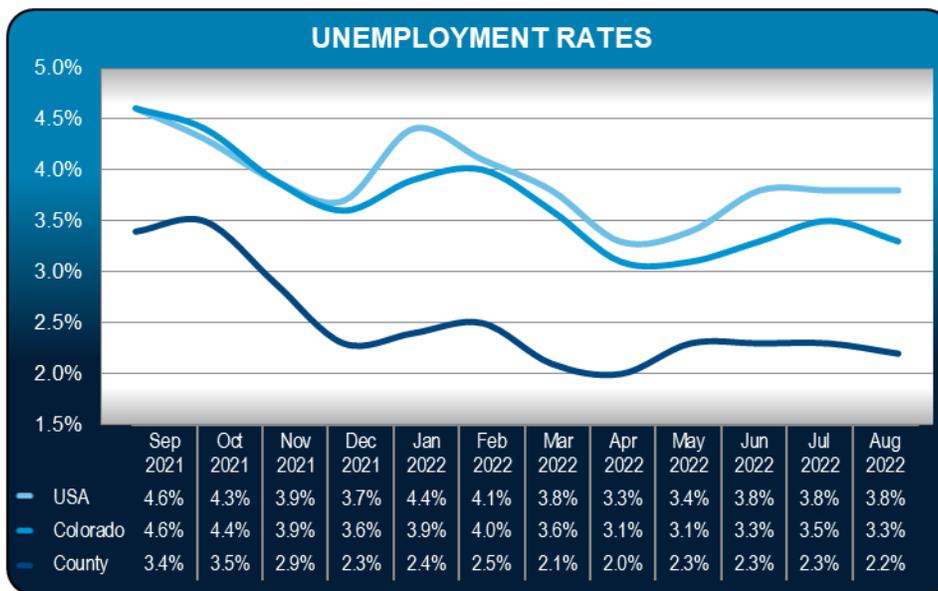
EMPLOYMENT

Total employment has increased annually over the past decade in the state of Colorado by 1.9% and increased annually by 2.1% in the county. From 2020 to 2021 unemployment decreased in Colorado by 1.5% and decreased by 5.3% in the county. In the state of Colorado unemployment has decreased over the previous month by 0.2% and decreased by 0.1% in the county.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2012 - 2021

Year	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Colorado		Summit County, CO		United States*	Colorado	Summit County, CO
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2012	2,529,785	1.5%	18,085	1.0%	8.1%	8.0%	6.1%
2013	2,579,568	2.0%	18,394	1.7%	7.4%	6.7%	4.9%
2014	2,661,070	3.2%	19,398	5.5%	6.2%	5.0%	3.4%
2015	2,719,997	2.2%	20,070	3.5%	5.3%	3.7%	2.4%
2016	2,803,504	3.1%	20,722	3.2%	4.9%	3.1%	2.0%
2017	2,885,980	2.9%	21,287	2.7%	4.4%	2.6%	1.7%
2018	2,957,690	2.5%	21,841	2.6%	3.9%	3.0%	2.0%
2019	3,019,934	2.1%	22,383	2.5%	3.7%	2.6%	1.7%
2020	2,874,857	(4.8%)	19,912	(11.0%)	8.1%	6.9%	9.3%
2021	2,986,711	3.9%	21,818	9.6%	5.3%	5.4%	4.0%
CAGR	1.9%	-	2.1%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



Unemployment has historically been low due to strong demand for employment from businesses that serve the tourism and recreational opportunities in the county.

NATIONAL SKI & SNOWBOARD RESORTS MARKET OVERVIEW

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property. The National Ski Areas Association (NSAA) released their report on skier visits and other metrics for the Winter 2020-2021 season. Highlights include:

- National skier visits totaled 59 MM, the 5th best season on record
- This was a record season for skier visits in the Pacific Northwest region, and second best in the Rocky Mountain region
- Skier visits were up over last season in all six geographic regions
- Technology assisted ski areas in altering their operations to align with public health best practices

- Small and mid-sized ski areas performed well with skiers opting to stay close to home rather than travel.

Ultimately, the pandemic season didn't end up being as bad as anticipated for most ski areas and resorts. Some larger resorts that rely on tourism may have suffered, but the smaller resorts welcomed an influx of people staying closer to home. The following table summarizes total US skier visits since the 1978/1979 season.

Table 2
Estimated U.S. Snowsports Visits by Region, 1978/79 – 2018/19 (in millions)
(Extrapolated Data*)

SEASON	Northeast	Southeast	Midwest	Rocky Mtn.	Pacific Southwest	Pacific Northwest	Pacific West (total)	National Total	National Rank
2018/19	12.514	4.262	6.498	24.408	7.585	4.075	11.660	59.343	4
2017/18	11.987	4.161	6.257	20.792	6.227	3.850	10.081	53.273	24
2016/17	11.936	4.184	5.421	21.736	7.385	4.098	11.483	54.761	14
2015/16	9.346	3.957	5.516	22.287	7.480	4.206	11.686	52.792	25
2014/15	13.332	5.673	6.982	20.768	4.822	2.000	6.823	53.578	22
2013/14	13.386	5.769	7.695	21.100	5.154	3.387	8.541	56.491	12
2012/13	13.334	5.155	7.273	19.800	7.140	4.202	11.342	56.904	10
2011/12	11.021	4.405	6.382	19.130	6.066	3.962	10.028	50.966	32
2010/11	13.887	5.789	7.811	20.900	8.111	4.042	12.153	60.540	1
2009/10	13.411	6.016	7.718	20.378	8.411	3.853	12.264	59.787	3
2008/09	13.730	5.664	7.247	19.974	7.091	3.647	10.738	57.354	7
2007/08	14.261	5.204	8.099	21.324	7.617	3.998	11.615	60.502	2
2006/07	11.801	4.888	7.200	20.849	6.536	3.794	10.330	55.068	13
2006/07	12.505	5.839	7.787	20.717	7.916	4.133	12.049	58.897	5
2004/05	13.661	5.504	7.533	19.606	8.888	1.690	10.579	56.882	11
2003/04	12.892	5.588	7.773	18.868	8.033	3.912	11.946	57.067	9
2002/03	13.991	5.833	8.129	18.728	7.885	3.027	10.913	57.594	6
2001/02	12.188	4.994	6.980	18.123	7.947	4.179	12.126	54.411	16
2000/01	13.697	5.458	7.580	19.324	7.836	3.442	11.278	57.337	8
1999/00	12.025	5.191	6.422	18.109	6.651	3.800	10.451	52.198	28
1998/99	12.299	4.261	6.005	18.440	7.485	3.599	11.084	52.089	29
1997/98	12.712	4.343	6.707	19.191	7.918	3.251	11.169	54.122	17
1996/97	12.407	4.231	7.137	18.904	6.359	3.482	9.841	52.520	27
1995/96	13.825	5.693	7.284	18.148	6.012	3.022	9.034	53.983	19
1994/95	11.265	4.746	6.907	18.412	Not avail.	Not avail.	11.346	52.677	26
1993/94	13.718	5.808	7.364	17.503	Not avail.	Not avail.	10.244	54.637	15
1992/93	13.217	4.660	6.978	18.602	Not avail.	Not avail.	10.575	54.032	18
1991/92	12.252	4.425	6.535	17.687	Not avail.	Not avail.	9.936	50.835	33
1990/91	11.157	4.257	6.486	16.706	Not avail.	Not avail.	8.115	46.722	40
1989/90	13.299	4.447	6.915	16.048	Not avail.	Not avail.	9.311	50.020	37
1988/89	12.741	5.424	7.013	16.601	Not avail.	Not avail.	11.556	53.335	23
1987/88	14.421	5.885	6.783	16.564	Not avail.	Not avail.	10.255	53.908	20
1986/87	14.745	5.816	6.944	16.680	Not avail.	Not avail.	9.564	53.749	21
1985/86	12.836	5.218	7.201	16.869	Not avail.	Not avail.	9.797	51.921	30
1984/85	11.083	4.394	6.899	17.626	Not avail.	Not avail.	11.352	51.354	31
1983/84	12.087	5.175	6.961	16.801	Not avail.	Not avail.	9.606	50.630	35
1982/83	9.523	4.256	6.213	14.808	Not avail.	Not avail.	12.061	46.861	39
1981/82	11.467	5.064	7.846	15.337	Not avail.	Not avail.	11.004	50.718	34
1980/81	8.953	4.172	7.688	10.486	Not avail.	Not avail.	8.401	39.700	41
1979/80	8.655	4.230	8.682	17.160	Not avail.	Not avail.	9.473	48.200	38
1978/79	11.294	3.763	9.743	15.837	Not avail.	Not avail.	9.560	50.197	36

Note: Pacific West visits are segmented by sub region (Pacific Southwest and Pacific Northwest) from 1995/96 – 2018/19. Pacific West visits are reported in aggregate total for 1978/79 – 1994/95 (sub regional breakouts unavailable).

* Users of the regional data in this table are cautioned that prior to 1982 no estimate of industry-wide snowsports visits was made for the "End of Season" studies. Therefore, for 1978/79 to 1980/81 the estimates were derived by applying the NSAA Members' Skier Visit Index. Since 1982, the estimates have been obtained by applying a statistical extrapolation procedure using regional mathematical equations derived from the NSAA survey respondent data. The procedure is reported in "An Estimate of the U.S. Ski Industry Business Volume and Lift Capacity for 1981/82," unpublished NSAA report (November 1982), by Marvin Kottke.

The market share of each region is calculated by dividing the 10-year historical average of visitors by the 10-year national average. The visitor's index is based against the first recorded season, 1978-79 at 50.2 Million or 100.

The subject is located within the Rocky Mountain region which contains Colorado, Idaho, Montana, New Mexico, Utah and Wyoming. This region dominates the national market with well over one third of skier visits at 41.1% of

the total market. From the 1980s to 1990s, volume increased by 2.39 Million visitors on average or 15.1%. From the 1990s to the average of the last 10 years, visitors increased by 2.21 Million or 12.1%. The Rocky Mountain region had its highest visitor count in 2018/2019 with 24.408 million visitors. The market bottomed out in 2011-12 at 19.13 million visitors due to poor snowfall. The 2013-14 season was just shy of the record setting year in 2007-08.

Real Estate Values and Skier Visits do not share a perfect correlation due to a variety of factors; however visits do reflect demand for resort areas. Based on the data above, there should be continued favorable demand generated by skier visits to resort areas into the foreseeable future. The following table presents SKI Magazine's annual ranking of the top 30 resorts in North America as ranked by their staff and readership.

2021 SKI MAGAZINE TOP 30 NORTH AMERICA RESORTS					
Rank	Resort	State / Province	Lifts / Trails	Skiable Acres	Avg. Snowfall (in.)
1	Sun Valley	ID	18 / 121	2,154	220
2	Deer Valley	UT	21 / 101	2,026	300
3	Whitefish	MT	14 / 105	3,000	300
4	Taos Ski Valley	NM	13 / 110	1,294	305
5	Aspen Snow mass	CO	20 / 94	3,332	300
6	Telluride	CO	18 / 147	2,000+	309
7	Whistler / Blackcomb	BC	37 / 200+	8,171	458
8	Steamboat	CO	25 / 150	1,832	325
9	Beaver Creek	CO	25 / 150	1,832	325
10	Crested Butte	CO	15 / 121	1,547	300
11	Park City	UT	41 / 314	7,300	360
12	Breckenridge	CO	34 / 187	3,444	350
13	Jackson Hole	WY	12 / 133	2,500	459
14	Vail	CO	33 / 193	5,289	354
15	Lake Louise	Alberta, Canada	10 / 160	4,200	179
16	Banff Sunshine	Alberta, Canada	12 / 145	3,358	364
17	Winter Park	CO	25 / 143	3,081	348
18	Arapahoe Basin	CO	9 / 145	1,428	350
19	Keystone	CO	20 / 121	3,148	235
20	Mammoth	CA	28 / 150+	3,500	400
21	Heavenly	CA	29 / 170+	3,600	450
22	Big Sky	MT	34 / 300	5,800	400+
23	Alta	UT	11 / 116+	2,200	551
24	Copper Mountain	CO	23 / 140+	2,465	305
25	Squaw Valley-Alpine Meadow s	CA	42 / 270+	6,000	450
26	Revelstoke Mountain	BC	5 / 59	3,120	413
27	Snowbird	UT	11 / 169	2,500	500
28	Grand Targhee	WY	5 / 98	2,602	500+
29	Solitude	UT	8 / 77	1,200	500+
30	Loveland Ski Area	CO	11 / 94	1,800	422

Source: <https://www.skimag.com/ski-resort-life/best-ski-resorts-in-the-west-2021/>

Colorado resorts dominate the list with 12 areas accounting for approximately 31,198+ skiable acres. Eleven of the top 25 resorts are located within this state making it the premiere destination for skiing in the country. Utah follows with five areas on the list with one in the top 10 totaling 19,106 acres in the ranking. California is the third most ranked state with three areas totaling 13,100 acres. Overall, the Colorado Ski and Snowboard industry have a significant impact on jobs and overall achievable revenue not only in ski towns, but for the state of Colorado as a whole.

Colorado Ski Industry - According to the NSAA, the United States recorded the highest number of skier visits in the 2017-18 ski season, surpassing the 59 million mark (as noted on the prior table). Colorado resorts accounted for more of these visits than any other state in the nation, with more than one in five skiers choosing

to ski at a Colorado resort and as previously shown makes up 60% of the top 15 resorts in North America. The following table shows major resort ownership in Colorado according to the NSAA.

Colorado Major Resort Ownership	
Aspen Skiing Company	Vail Resorts, Inc.
Aspen Highlands	Beaver Creek
Aspen Mountain	Breckenridge
Buttermilk	Keystone
Snowmass	Vail

Overall, the Colorado market is dominated by two main resort groups. To boost the skiing experience and draw more skiers, Colorado resorts continue their dedication to maintaining the highest standard in ski vacations.

Ski Industry Conclusions - Rocky Mountain real estate resort markets experienced second best ever skier visits in 2020-21. Real Estate Values and Skier Visits do not share a perfect correlation due to a variety of factors; however visits do reflect demand for resort areas and the potential for retail sales. Based on the data above, there should be continued favorable demand generated by skier visits to resort areas such as Snowmass/Aspen into the foreseeable future, which will fuel demand for commercial, office and multi-family uses that support these resorts.

Tourism and Recreation

Colorado has an incredible outdoor recreation system that is anchored by four premier national parks: Rocky Mountain National Park, Mesa Verde National Park, the Great Sand Dunes National Park and Preserve, and Black Canyon of The Gunnison National Park. The following table found in the 2019 Colorado Business Outlook (most recent available) summarizes statewide visits (in thousands) to national parks.

COLORADO PUBLIC LAND VISITS 2009-2019 (In Thousands)												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^a	2019 ^b	
Colorado State Parks ^c	12,000.0	12,300.0	12,300.0	12,200.0	11,500.0	11,900.0	13,200.0	14,296.0	15,398.0	15,096.0	16,597.6	
National Parks and Sites												
Bent's Old Fort NHS	28.1	29.1	26.8	25.8	23.3	24.6	26.2	31.9	26.4	25.4	27.6	
Black Canyon of the Gunnison NP	171.5	176.3	168.3	192.6	175.9	183.0	209.2	238.0	307.1	321.9	359.0	
Colorado NM	400.3	433.6	435.5	454.5	409.4	419.9	588.0	391.1	375.0	376.6	347.3	
Curecanti NRA	953.2	969.5	924.5	862.6	814.2	931.4	944.7	982.5	1,041.4	851.7	938.7	
Dinosaur NM ^d	150.9	146.4	158.0	224.1	203.1	185.4	215.9	225.2	233.8	228.3	259.1	
Florissant Fossil Beds NM	64.3	65.4	61.3	62.6	58.0	63.3	69.1	73.6	71.8	83.4	84.5	
Great Sand Dunes NP	290.0	283.3	280.1	254.7	242.8	271.8	299.5	388.3	486.9	445.3	549.3	
Hovenweep NM ^e	12.3	12.1	11.4	11.7	11.0	11.8	15.4	18.9	17.6	18.4	20.7	
Mesa Verde NP	550.4	559.7	572.3	488.9	460.2	501.6	547.3	583.5	613.8	574.5	614.9	
Rocky Mountain NP	2,822.3	2,955.8	3,176.9	3,229.6	2,991.1	3,434.8	4,155.9	4,517.6	4,437.2	4,631.2	4,954.6	
Sand Creek Massacre NHS ^g		4.1	3.9	4.4	4.8	7.4	5.9	6.8	6.5	6.1	5.6	
Total Visitors to Parks and Sites	5,443.3	5,635.3	5,819.0	5,811.5	5,393.8	6,035.0	7,077.1	7,457.4	7,617.5	7,562.8	8,161.3	
Bureau of Land Management	5,576.0	6,448.0	6,844.0	7,310.0	6,963.0	7,536.0	7,694.0	7,739.0	8,310.0	8,403.1	8,662.4	
National Forest ^f	24,000.0	27,000.0	27,000.0	27,000.0	27,000.0	27,000.0	27,000.0	27,000.0	26,100.0	31,000.0	31,000.0	
Total Public Land Visitation ^g	47,019.3	51,383.3	51,963.0	52,321.5	50,856.8	52,471.0	54,971.1	56,492.4	57,425.5	62,061.9	64,421.3	

Visits to national parks in Colorado are projected to rise approximately 3.4% (64,421 visits) in 2019. The state's outdoor recreation system also includes national forests and Bureau of Land Management lands; state, county, and city parks; and open-space areas. Historically, these areas have attracted more visitors than the state's national parks. Colorado's state parks alone attract more than 11 million visitors each year.

In addition, there are many other recreational activities in the Roaring Forks area including ballooning, biking, camping, cultural events, fishing, sightseeing, golfing, hiking, shopping, kayaking, snowshoeing, paragliding,

rodeo, spas and athletic clubs. Due to the abundance of recreational activities and the prestige of the area, there is a large population of second homebuyers in the county, which includes condos, townhouses, single-family homes, and high-end development such as multi-million-dollar condominiums and houses.

AIRPORT STATISTICS

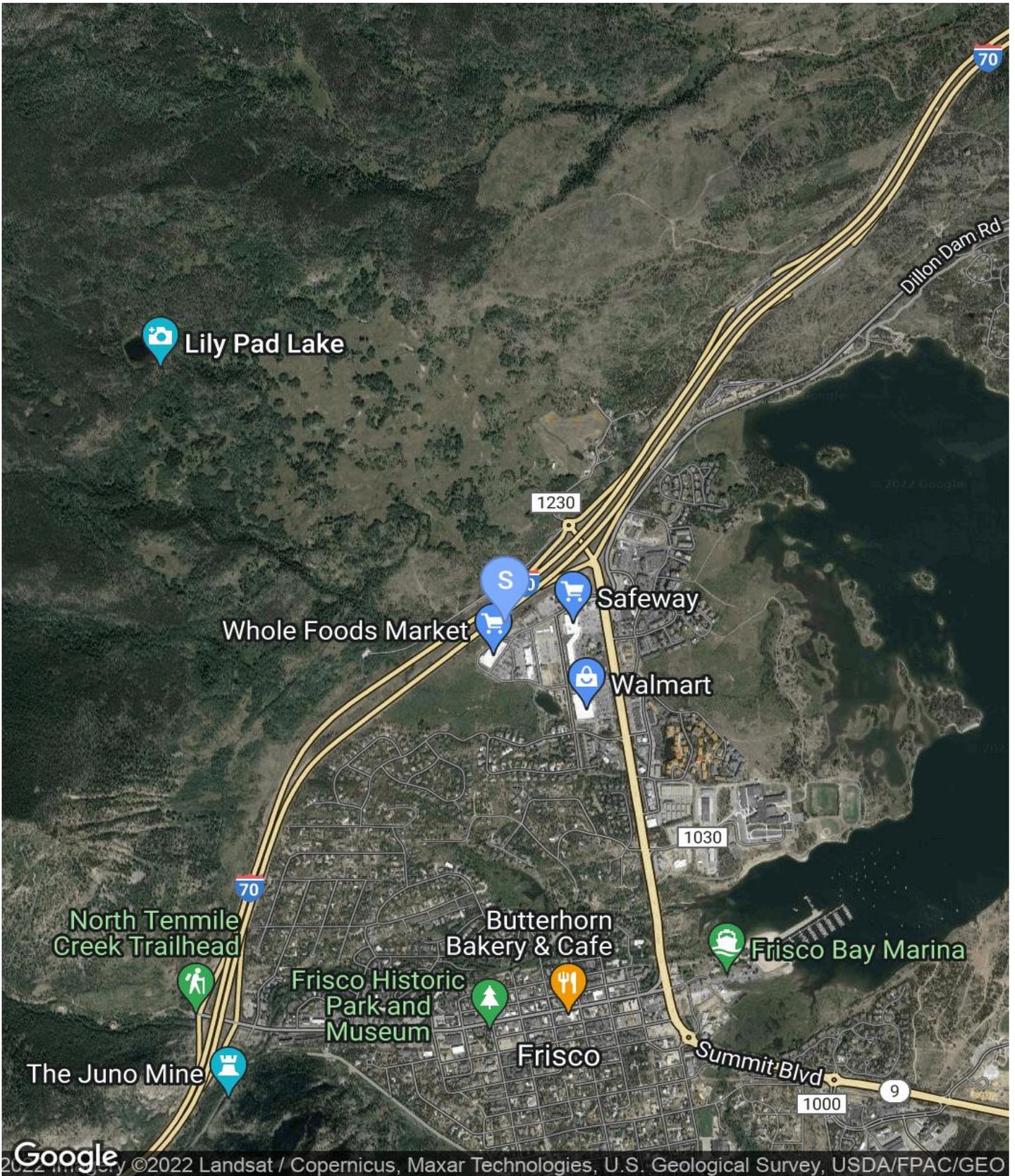
The following chart summarizes the local airport statistics.

EAGLE COUNTY REGIONAL AIRPORT (EGE)		
YEAR	ENPLANED PASSENGERS	% CHG
2011	189,276	-
2012	167,914	(11.3%)
2013	167,166	(0.4%)
2014	165,004	(1.3%)
2015	156,927	(4.9%)
2016	163,840	4.4%
2017	154,577	(5.7%)
2018	173,863	12.5%
2019	191,377	10.1%
2020	143,124	(25.2%)
2021	201,752	41.0%

Source: U.S. Department of Transportation

SUMMARY

Summit County is a growing resort community in north-central Colorado. A large percentage of homeowners in the county are seasonal residents with second homes in the area. Most of the towns in this region were originally founded to support the mining industries in the late 1800s but they have primarily been converted to ski resorts and restaurants aimed at attracting the tourists that frequent the area. These factors have resulted in a relatively stable population base and economy for this region.



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DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	1,686	4,712	13,013	2021	\$96,267	\$92,122	\$102,773
2010 Population	1,873	5,508	14,877	2026	\$105,894	\$100,824	\$120,559
2021 Population	2,098	6,035	16,602	Change 2021-2026	10.00%	9.45%	17.31%
2026 Population	2,213	6,371	17,496	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	11.09%	16.89%	14.32%	2021	\$71,412	\$73,168	\$79,854
Change 2010-2021	12.01%	9.57%	11.60%	2026	\$72,721	\$77,505	\$93,140
Change 2021-2026	5.48%	5.57%	5.38%	Change 2021-2026	1.83%	5.93%	16.64%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	278	550	1,224	2021	\$40,874	\$38,547	\$38,936
2021 Population	356	1,099	2,717	2026	\$42,624	\$40,023	\$43,537
2026 Population	419	1,291	3,185	Change 2021-2026	4.28%	3.83%	11.82%
Change 2010-2021	28.06%	99.82%	121.98%	2021 HOUSEHOLDS BY INCOME			
Change 2021-2026	17.70%	17.47%	17.22%	<\$15,000	3.9%	4.6%	4.5%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	3.5%	2.4%	1.8%
2000 Households	711	2,002	4,912	\$25,000-\$34,999	14.8%	14.5%	13.0%
2010 Households	898	2,529	6,171	\$35,000-\$49,999	13.4%	8.9%	7.9%
2021 Households	898	2,529	6,234	\$50,000-\$74,999	17.5%	20.8%	19.2%
2026 Households	898	2,533	6,263	\$75,000-\$99,999	13.8%	22.0%	18.8%
Change 2000-2010	26.30%	26.32%	25.63%	\$100,000-\$149,999	21.4%	14.1%	18.2%
Change 2010-2021	0.00%	0.00%	1.02%	\$150,000-\$199,999	2.9%	5.6%	8.2%
Change 2021-2026	0.00%	0.16%	0.47%	\$200,000 or greater	8.8%	7.1%	8.4%
HOUSING UNITS (2021)				MEDIAN HOME VALUE			
Owner Occupied	607	1,721	4,087	AVERAGE HOME VALUE	\$548,611	\$489,071	\$553,004
Renter Occupied	301	807	2,105	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	314	935	2,901
Built 2010 or later	0	0	85	1, attached	75	305	707
Built 2000 to 2009	80	230	611	2	9	183	295
Built 1990 to 1999	206	691	1,803	3 or 4	164	192	307
Built 1980 to 1989	317	772	1,725	5 to 9	150	209	570
Built 1970 to 1979	262	676	1,516	10 to 19	94	346	761
Built 1960 to 1969	16	128	376	20 to 49	100	276	504
Built 1950 to 1959	0	13	58	50 or more	0	82	92
Built 1940 to 1949	0	0	13	Mobile home	0	0	55
Built 1939 or earlier	18	18	47	Boat, RV, van, etc.	0	0	0

Source: Pitney Bowes/Gadberry Group - GroundView®

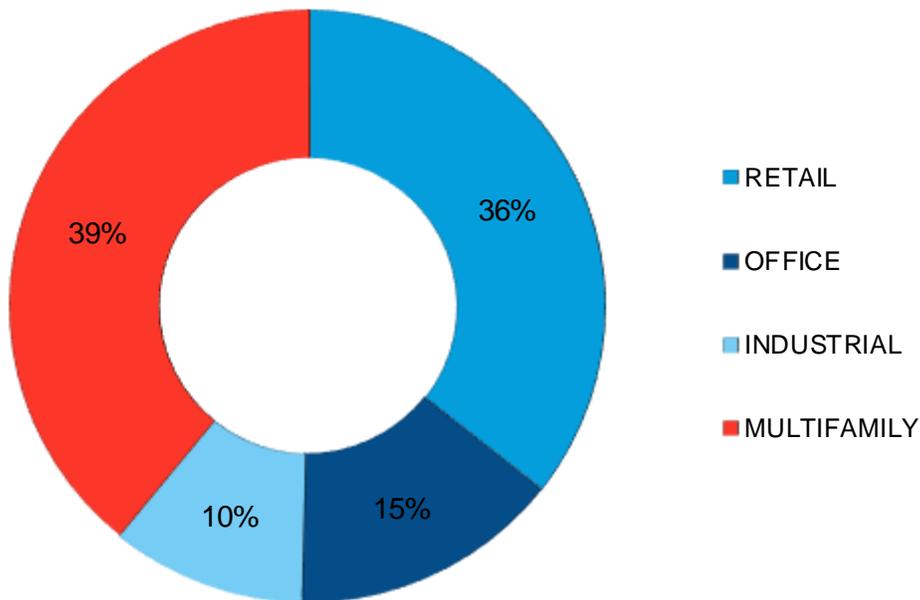
Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Summit School District.

Predominant Land Uses

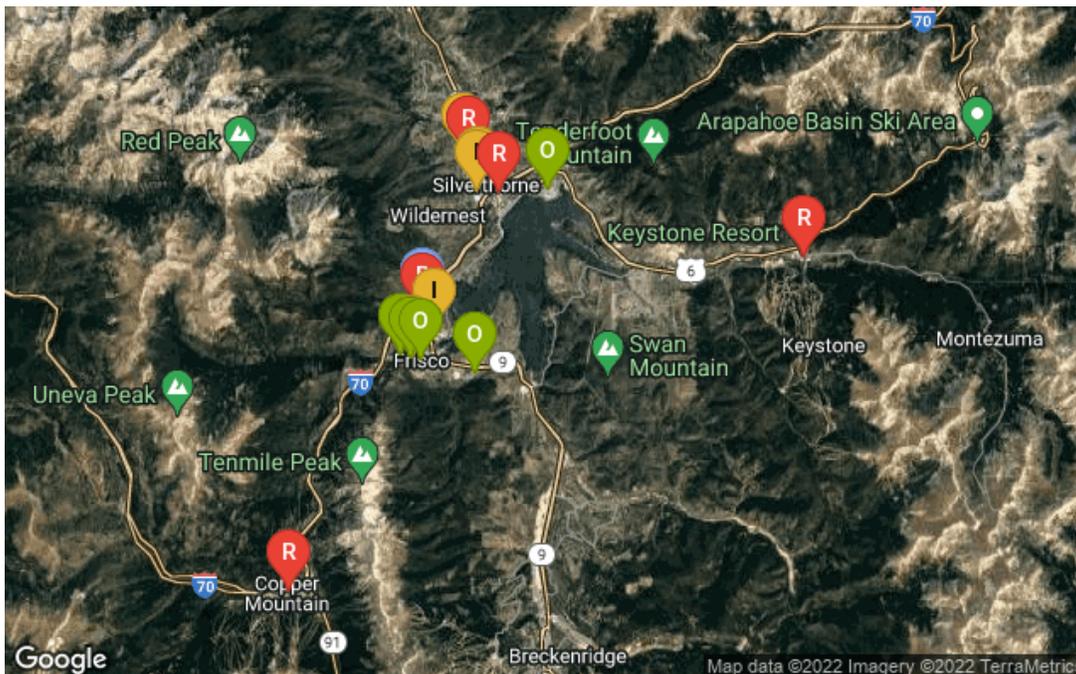
Significant development in the immediate area consists of office, retail, industrial, mixed-use and auto dealership uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials. The local area has a mix of commercial uses nearby. The composition of retail, office, and industrial is shown in the following graph.

COMMERCIAL AREA COMPOSITION



©CoStar

The following map shows the subject property and the five largest retail, office, and industrial properties in the immediate area from CoStar.



RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	153	1,590,427	1978	100.0	\$45.00
TOTAL	153	1,590,427	1978	100.0	\$45.00

Source: CoStar

The largest three retail properties are at 145 Stephens Way, 129 River Run Road and 715 Blue River Parkway with an NRA of 262,273 SF, 235,000 SF and 127,387 SF that were built in 1988, 1997 and 2003, respectively. The closest large retail property in proximity to the subject is at 842 North Summit Boulevard with an NRA of 106,781 SF that was built in 1988. The majority of properties were constructed before 2000.

OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	0	0	-	-	-
B	52	471,456	1991	99.4	\$31.33
C	32	187,598	1978	99.8	\$22.50
TOTAL	84	659,054	1986	99.6	\$27.97

Source: CoStar

The largest three office properties are at 360 Peak One Drive, 68 School Street and 60 Main Street with an NRA of 41,260 SF, 31,068 SF and 23,824 SF that were built in 2007, 2020 and 1997, respectively. The closest large office property in proximity to the subject is at 60 Main Street. The majority of properties were constructed before 2000.

INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	28	330,790	1987	100.0	-
Flex	10	138,382	1993	100.0	-
TOTAL	38	469,172	1989	100.0	\$0.00

Source: CoStar

The largest three industrial properties are at 699 Ten Mile Drive, 220 Buffalo Mountain Drive and 101 East Main Street with an NRA of 45,260 SF, 34,228 SF and 31,716 SF that were built in 1979, 2004 and 2004, respectively. The closest large industrial property in proximity to the subject is at 699 Ten Mile Drive. The majority of properties were constructed before 2000.

MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	1	144,000	-
B	29	1,088,207	1997
C	29	514,333	1988
TOTAL	59	1,746,540	1992

Source: CoStar

The largest three multi-family properties are at 1360 Airport Road, 140 Ida Belle Drive and 0065 Tennis Club Road with an NRA of 219,879 SF, 150,346 SF and 148,000 SF that were built in 1999 and 1987, respectively. The closest large multi-family property in proximity to the subject is at 1081 Adams Avenue with an NRA of 59,060 SF that was built in 1993. The majority of properties were constructed before 2000.

SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - I-70 then vacant land
- › **South** - Retail and residential
- › **East** - Hospitality, retail and Summit Blvd
- › **West** - I-70 then vacant land

Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence for the subject, which is concluded to have an average position in context of competing properties.

General Description The subject site consists of 1 parcel. As noted below, the subject site has 53,557 SF (1.23 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

The subject is proposed construction on a land lease and does not have a parcel number associated with it yet. The land lease has not been executed as of the effective date of this report. The parcel number below is for the current larger parcel of 2.46 acres.

Assessor Parcel 2097-2620-09-002

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	1.23	53,557
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	1.23	53,557

Shape Irregular - See Plat Map For Exact Shape

Topography Sloping at street grade

Adjacent Use North I-70 then vacant land

Adjacent Use South Retail and residential

Adjacent Use East Hospitality, retail and Summit Blvd

Adjacent Use West I-70 then vacant land

Zoning Gateway (GW)

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetslights	Center Lane	Gutters
Lusher Court	Primary Street	two-way	two-lane	connector street	✓	✓			

Accessibility Average - The accessibility of the subject is rated as average. The subject is accessed from one street, with the main entrance and primary point of ingress/egress being Lusher Court. Summit Boulevard is a major transportation arterial within proximity to the subject, providing linkage to the surrounding area.

Exposure Average - The subject has average exposure, as it is located along a connector street. The project's exposure rating takes into account its average visibility and its average traffic count.

Seismic	The subject is in a medium risk zone.
Flood Zone	<p>The subject site falls within the Zone X (Unshaded) flood zone. This is referenced by Community Number 08117C, Panel Number 0353F, dated November 16, 2018. The flood zone is defined as follows:</p> <p>Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)</p>
Easements	A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
Conclusion	Overall, the subject's location is rated as average. This location rating considers the subject's general market area (Colorado), its submarket (Summit County) and the surrounding uses and immediate neighborhood. It also takes into account the subject's exposure and access to employment centers, educational facilities, and shopping centers. All of these characteristics provide supporting uses for the subject site making it desirable for multifamily development. Overall, there are no known factors that would limit the site's development according to its highest and best use.

PLAT MAP

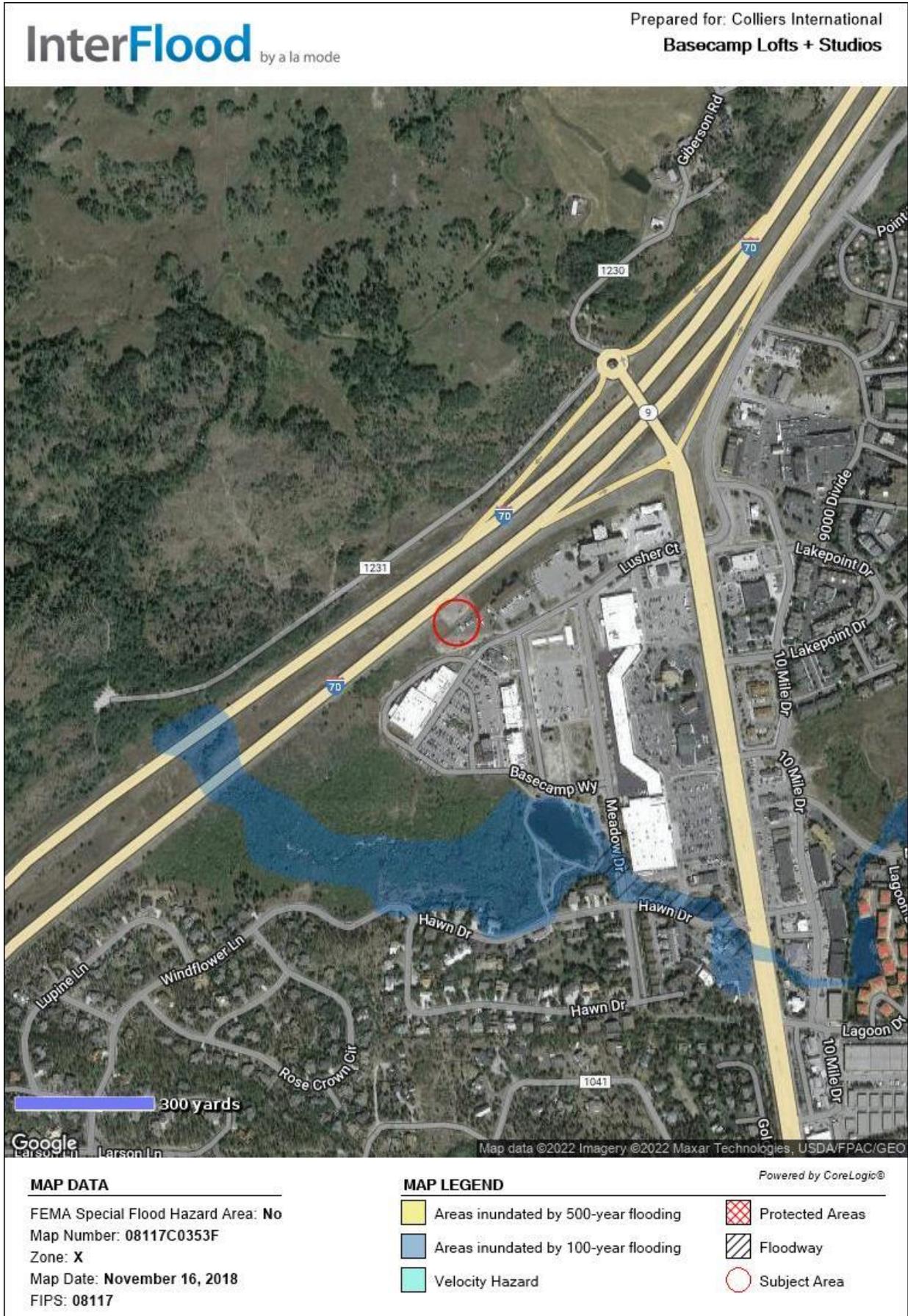


ZONING MAP

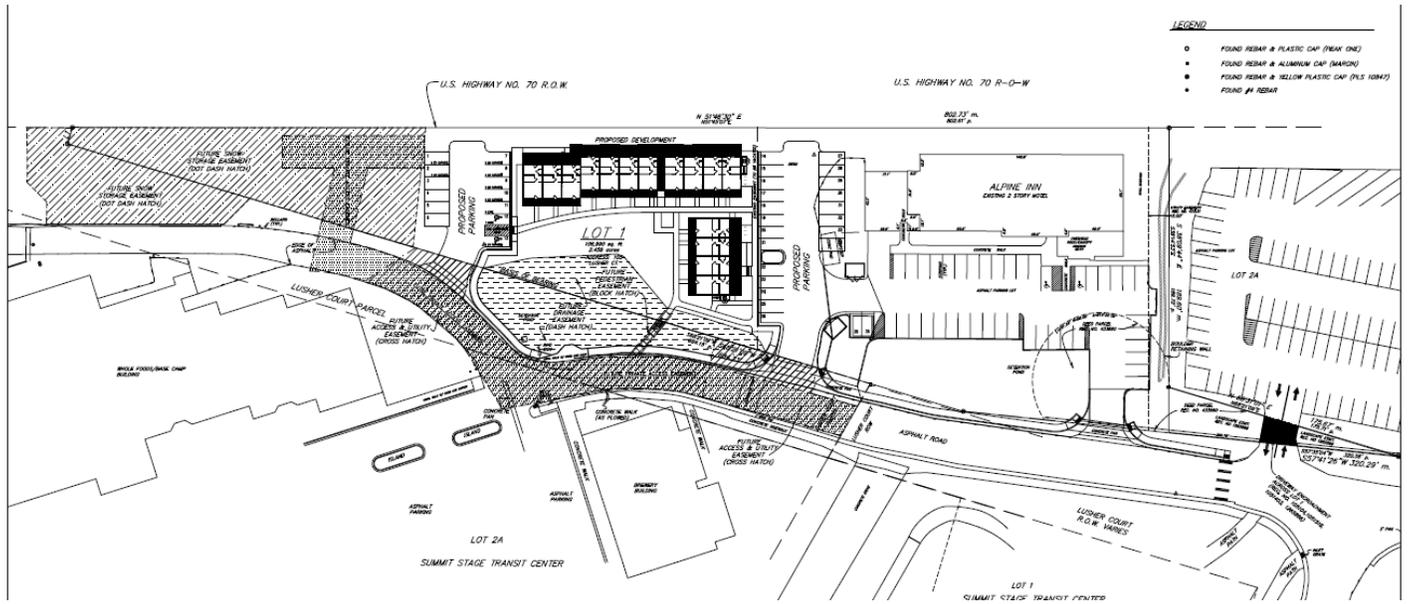


- GW - Gateway
- CC - Central Core
- CO - Commercial-Oriented
- LI - Light Industrial
- MU - Mixed Use
- OS - Open Space
- PF - Public Facilities
- PR - Parks & Recreation
- RS - Residential Single-Household
- RN - Residential Traditional Neighborhood
- RL - Residential Low Density
- RM - Residential Medium Density
- RH - Residential High Density

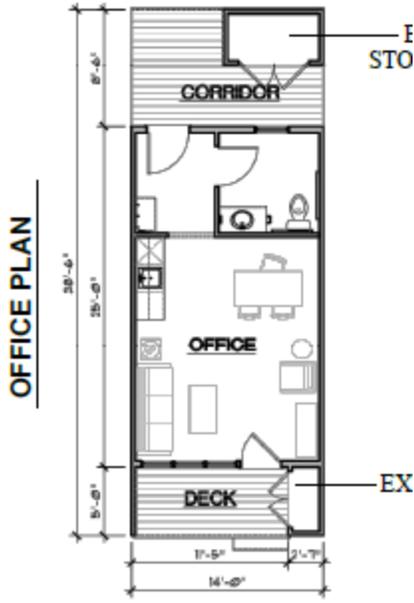
FLOOD MAP



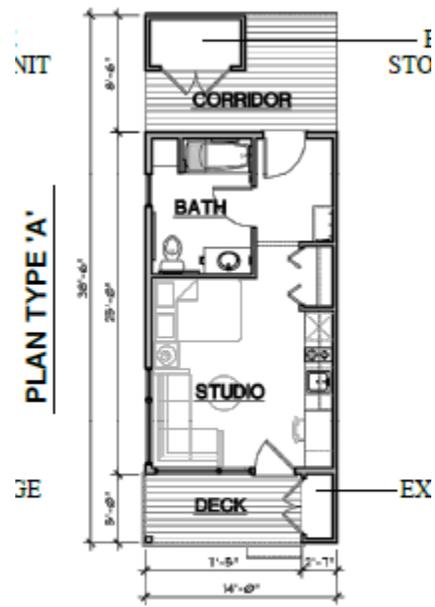
SITE PLAN



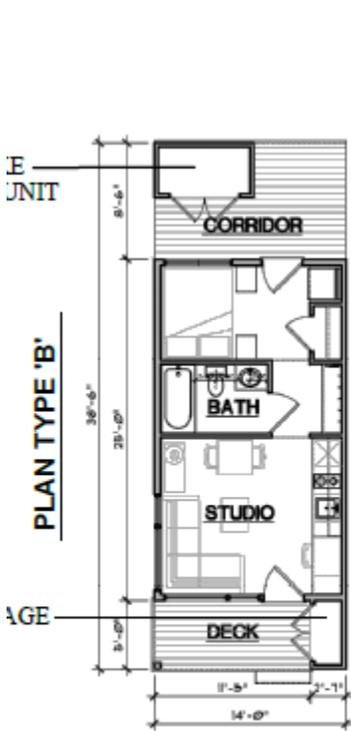
FLOOR PLANS



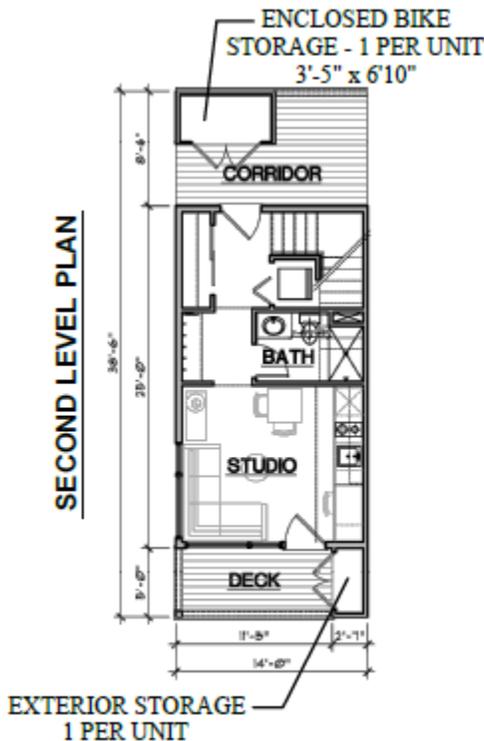
GROUND LEVEL UNIT



GROUND LEVEL UNIT



GROUND LEVEL UNIT

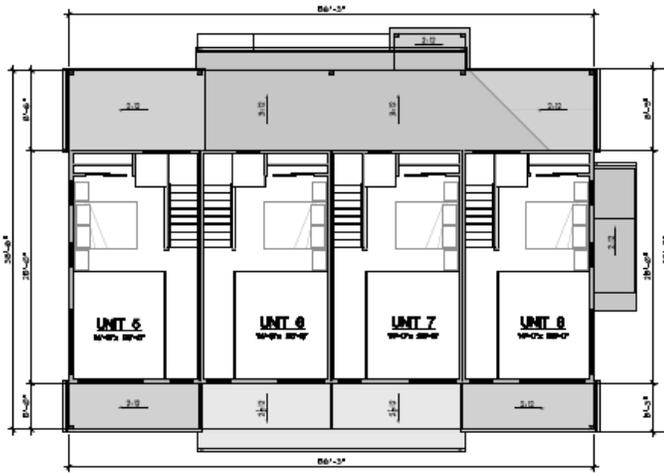


UPPER LEVEL UNIT



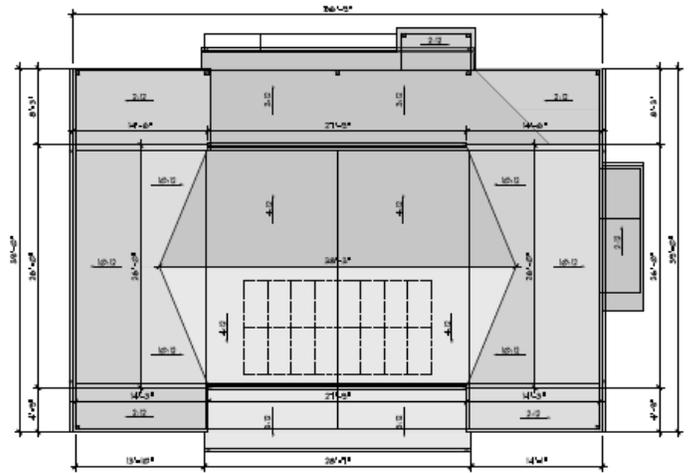
BUILDING PLAN

8-Unit Building



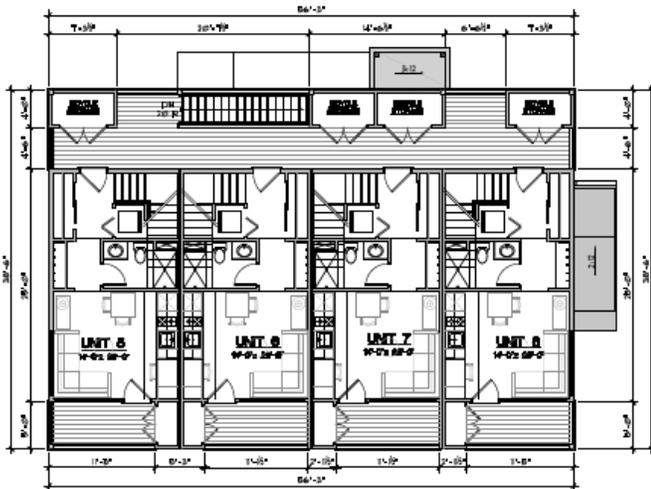
UPPER LEVEL LOFT PLAN

SCALE: 1/8" = 1'-0"



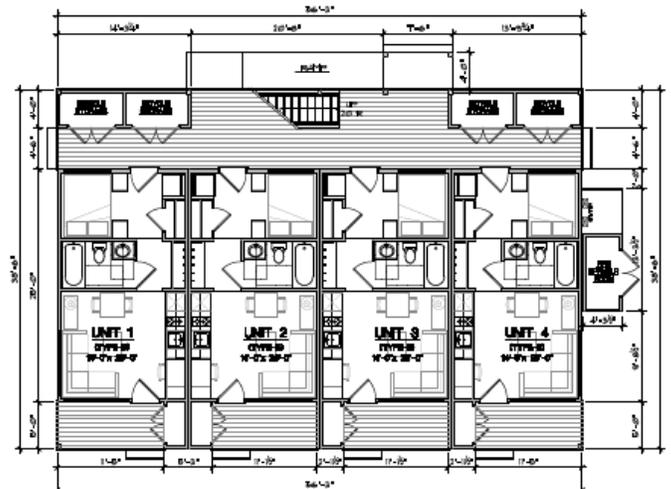
ROOF PLAN

SCALE: 1/8" = 1'-0"



UPPER LEVEL PLAN

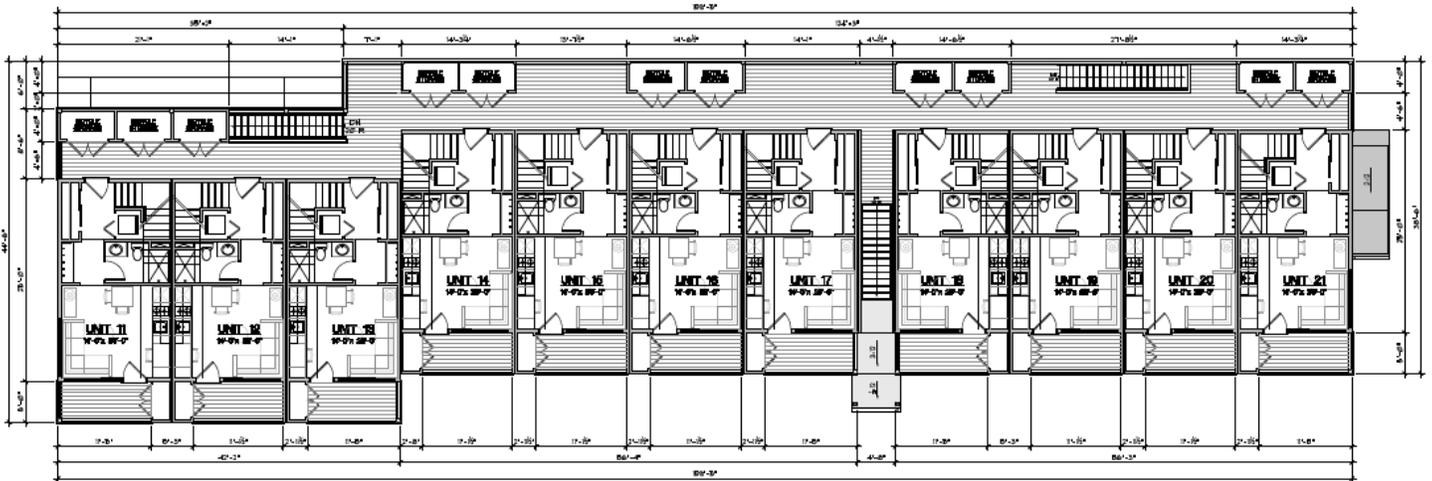
SCALE: 1/8" = 1'-0"



GROUND LEVEL PLAN

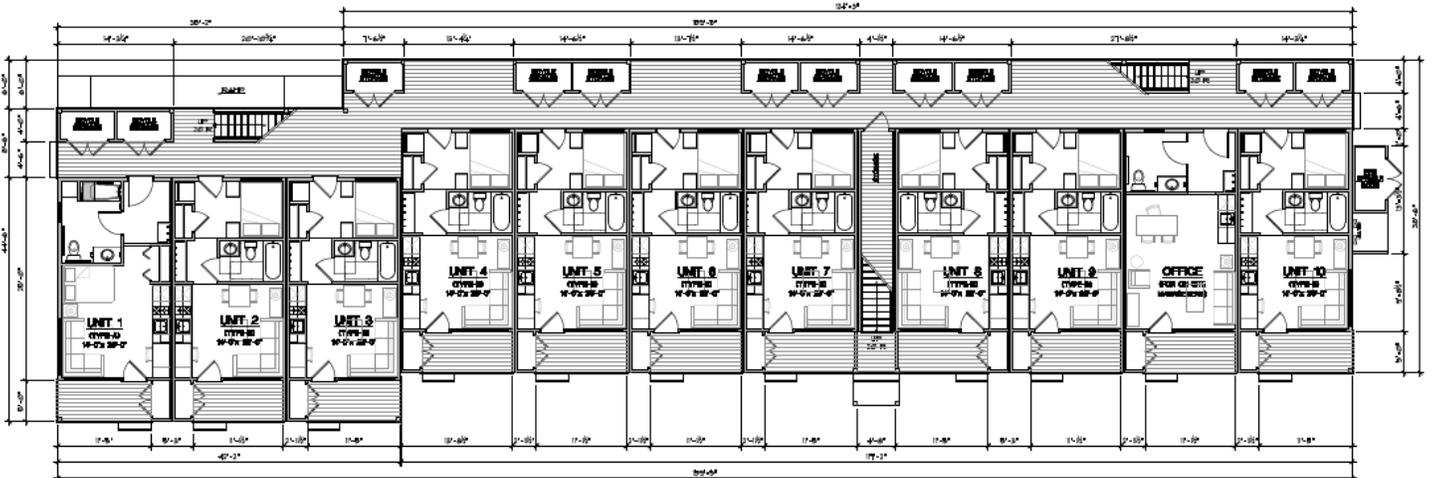
SCALE: 1/8" = 1'-0"

21-Unit + 1 Office Building



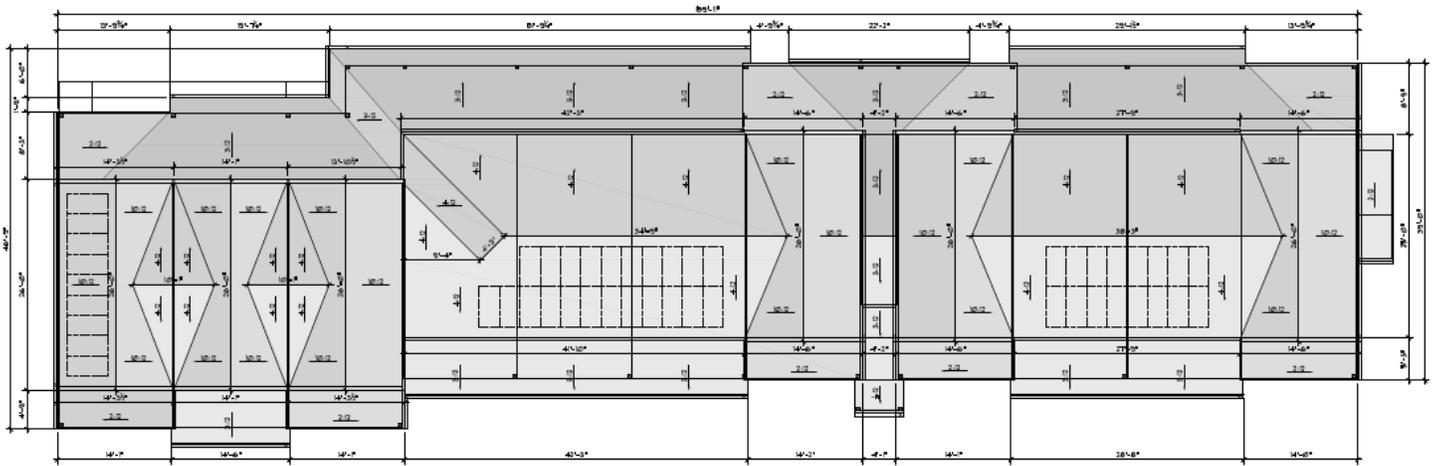
UPPER LEVEL PLAN

SCALE: 1/8" = 1'-0"



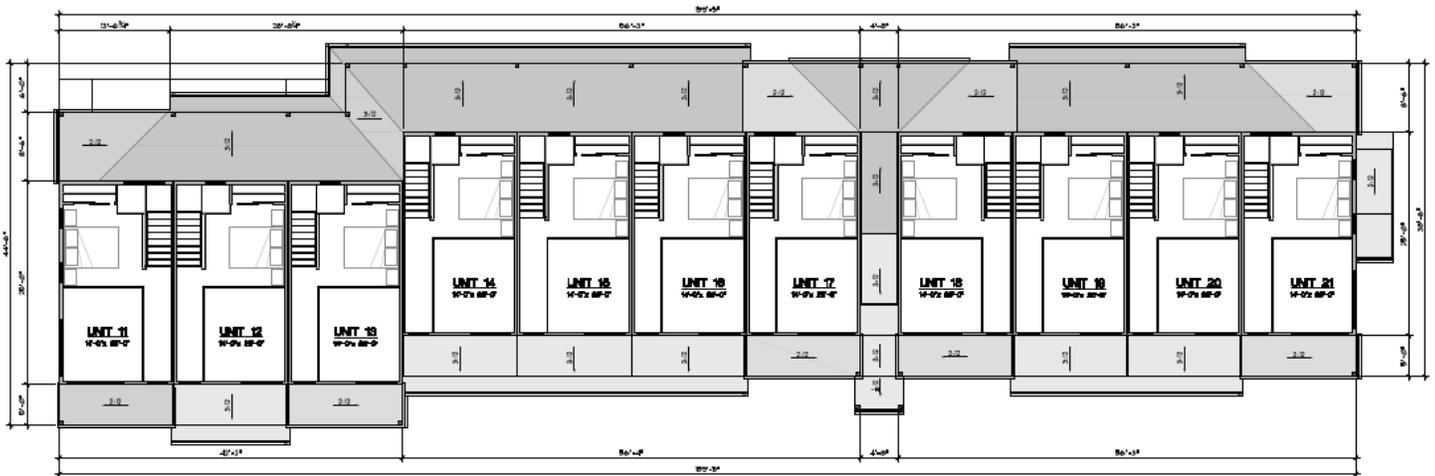
GROUND LEVEL PLAN

SCALE: 1/8" = 1'-0"



ROOF PLAN

SCALE: 1/8" = 1'-0"



UPPER LEVEL LOFT PLAN

SCALE: 1/8" = 1'-0"

ELEVATIONS

8-Unit Building



Introduction The information presented below is a basic description of the existing improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Property Type	Multifamily - Condominium/PUD Projects
Number of Units	29
Average Unit Size	441 SF
Total Number of Buildings	2
Number of Stories	3
Development Density	23.6 Units/Acre (29 Units / 1.23 Acres)
Net Rentable Area (NRA)	13,125 SF
Gross Building Area (GBA)	13,950 SF
Parking Total	36 (Carports & Surface)
Open Parking Spaces	21
Covered Parking Spaces	15
Parking Comment	Parking is adequate and is consistent with the other projects in the market
Parking Spaces/Unit	1.2
Year Built	2023
Age/Life Analysis	
Actual Age	Proposed
Effective Age	0 Years
Economic Life	50 Years
Remaining Life	50 Years
Quality	Good
Condition	Good
Marketability	Average

The subject is a proposed condominium property with 29 residential condominiums, an office and 15 carports/charging stations. There are two buildings, one of which is 8 units building and the other has 21 units and one office. The residential units are studios and studios with lofts and range in size from 350 SF to 525 SF with an average of 441 SF. This is comparable to other residential condominium units within Frisco and Summit County. The following table is a break-out of each unit with their gross square footages based on information provided to the appraisers from the developer.

Unit Types/SF				
Unit	Type	NRA	BEDS	BATHS
Unit 1	Law n	350	Studio	1
Unit 2	Law n	350	Studio	1
Unit 3	Law n	350	Studio	1
Unit 4	Law n	350	Studio	1
Unit 5	Loft	525	Studio	1
Unit 6	Loft	525	Studio	1
Unit 7	Loft	525	Studio	1
Unit 8	Loft	525	Studio	1
Unit 1	Law n	350	Studio	1
Unit 2	Law n	350	Studio	1
Unit 3	Law n	350	Studio	1
Unit 4	Law n	350	Studio	1
Unit 5	Law n	350	Studio	1
Unit 6	Law n	350	Studio	1
Unit 7	Law n	350	Studio	1
Unit 8	Law n	350	Studio	1
Unit 9	Law n	350	Studio	1
Unit 10	Law n	350	Studio	1
Unit 11	Loft	525	Studio	1
Unit 12	Loft	525	Studio	1
Unit 13	Loft	525	Studio	1
Unit 14	Loft	525	Studio	1
Unit 15	Loft	525	Studio	1
Unit 16	Loft	525	Studio	1
Unit 17	Loft	525	Studio	1
Unit 18	Loft	525	Studio	1
Unit 19	Loft	525	Studio	1
Unit 20	Loft	525	Studio	1
Unit 21	Loft	525	Studio	1
Total		12775		

Office

The subject will have a 350 SF office/maintenance facility unit in the 21-unit building that will house a centralized management structure for the overall parcel.

Basic Construction

Wood frame

Foundation

Reinforced concrete slab

Framing

Wood post and beam

Exterior Walls

Hardiplank siding

Roof Type

Gabled

Roof Cover

Shingle

Insulation

Exact type unknown, assumed adequate (R-type) and to code for both walls and ceilings.

Plumbing

Each bathroom will include a toilet, sink, and a shower/tub kit with wall-mounted showerhead. Kitchens will include a sink, dishwasher, and garbage disposal.

Heating

Forced Air

Hot Water

Each unit will include a hot water heater with a capacity of 30 gallons.



Lighting	LED
Electrical	Each unit will be separately metered
Interior Walls	Painted and medium textured finish on gypsum board.
Ceilings	Painted and medium textured finish on gypsum board.
Windows	Windows will be double pane vinyl sliders with horizontal mini-blinds.
Doors	Exterior doors will be metal with peepholes. Interior doors will be hollow, painted wood.
Flooring	Vinyl and carpet.
Elevators	None
Project Amenities	The subject's common amenities will include: courtyard, covered parking
Unit Amenities	Each unit features: storage space, balcony/patio.
Appliances	Each unit will be equipped with an electric oven/range combination, garbage disposal, dishwasher, microwave, and refrigerator/freezer. The age and condition of appliances will be new.
Laundry	Washer/Dryer Hook-ups
Cabinets	New wood cabinetry
Security	Each unit will have a natural gas detector, fire/smoke detector, and dead bolt.
Fire Protection	The subject has a fire sprinkler system and smoke alarms.
Landscaping	The subject has a typical amount of landscaping. There are mature plantings surrounding the property. Plantings throughout the property include trees, flowers, mowed lawn, shrubs and hedges. There is a sprinkler system.
Deferred Maintenance	Deferred maintenance is measured as the cost of repairing or restoring the item to new or reasonably new condition. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Hazardous Materials	This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
ADA Compliance	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

In Colorado, all property is subject to ad valorem taxation by local districts. The state government does not levy a property tax. The amount of tax is determined by the product of the tax rate/mill levy (dollars to tax per \$1,000 of assessed valuation) and the assessed valuation of the property. The mill levy is set each year by the governing bodies of local taxing entities such as county commissioners, school boards, cities and special districts, usually in December. Valuation of property is set by the county assessor via mass appraisal methodology and the following key amendments to the Colorado Constitution:

- The Gallagher Amendment, passed in 1982, was designed to maintain a constant ratio between the property tax revenue that comes from residential property (55%) and from business property (45%). However, it was recently repealed by Colorado Amendment B in the November 2020 election. The following summarizes the impact of Amendment B:
 - The Colorado State Legislature has frozen property tax assessment rates (6.80% for residential property and 29% for non-residential property)
 - It allows the state legislature to provide for future property tax assessment rate decreases through state law; and
 - It will continue to require voter approval for rate increases due to the TABOR amendment below.
 - Ultimately, Amendment B keeps assessment ratios at their most recent levels and allows for ongoing flexibility for the legislature to modify the assessment ratios as needed, but no longer requires an automatic decrease of the residential assessment ratio to maintain a 55/45 split on tax revenue. Multifamily buyers have not historically underwritten taxes on the assumption that the residential ratio would decrease, which is still the case. As the key determinants in developing assessed value have not changed, this amendment places no unusual pressure on capitalization rate selection or anticipated taxes in the forthcoming analysis.
- The 1992 TABOR Amendment limits taxing authority budget increases at 5.5%, unless voters approve a higher rate. Further, if property values rise dramatically, the overall mill levy must decrease unless a referendum is passed by a community vote. Overall, this amendment protects taxpayers from large swings in payments due to budget increases; however, it does not prevent swings in payments due to changes in market value.

The county assessor revalues real estate in Colorado every two years (odd years only). Counties are allowed to reassess new construction every six months in Colorado, under new growth initiatives. Sale or transfer of a property does not trigger a new assessment and due to mass appraisal methodology; recent or pending sales do not directly correlate to the next assessed value.

Subject Property Analysis

The subject property is located within Summit County. The assessed values below reflect the current valuation. The subject is part of a larger 2.46-acre parcel and has not been split off. Below are the taxes for the 2.46-acre parcel. The subject will be responsible for a proportionate share of the land taxes based on the other improvements that are also located on the parcel under a similar land lease scenario.

ASSESSMENT & TAXES

Tax Year	2022	Mill Levy	56.8220
Tax Rate Area	11	Taxes Current	Yes

APN	LAND	IMPV	PERSONAL	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
2097-2620-09-002	\$626,134	\$194,268	\$0	\$820,402	\$0	\$232,708	\$13,223
Totals	\$626,134	\$194,268	\$0	\$820,402	\$0	\$232,708	\$13,223
Total/Unit	\$21,591	\$6,699	\$0	\$28,290	\$0	\$8,024	\$456

Source: Summit County Assessment & Taxation

The subject property is not encumbered by bonds. According to the Summit County Assessor’s Office, real estate taxes for the subject property are current as of the date of this report. Because the subject’s assessment is based on essentially vacant land, owners of individual units can expect higher taxes than are reflected in the analysis above.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Frisco Planning & Zoning Department
Current Zoning	Gateway (GW)
Permitted Uses	Permitted uses within this zoning district primarily include fractional ownership unit, art and entertainment center, community center, institutional use, open space, farmers' market, produce stands, restaurant, bar, microbrewery, distillery, lodging facility, condominium hotel, motel, office, parking facility, personal service, laundromat, health and exercise establishment, retail and auto service or wash.
Current Use	Multi-Family Apartments
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

ZONING REQUIREMENTS	
Conforming Use	The subject's improvements represent a legal, conforming use.
Maximum Site Coverage	60%
Minimum Yard Setbacks	
Front (Feet)	20
Rear (Feet)	10
Side (Feet)	10
Subject Density (Units/Acre)	23.6
Maximum Density (Units/Acre)	16.0
Maximum Building Height	50 Feet

SUBJECT PARKING REQUIREMENT			
FLOOR PLAN	UNITS	REQUIRED SPACES/UNIT	REQUIRED SPACES
STUDIO / 1 BA	29	1.00	29
Required Parking Spaces			29
Parking Spaces Provided			36

Source: City of Frisco Planning & Zoning Department

ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

INTRODUCTION

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject's competitive position within the marketplace. Below is a list of the various sections covered in the following Apartment Market Analysis:

- › Residential Market Analysis
- › Subject Property Analysis

The following analysis was provided by Wells Fargo Economics as of September 9, 2022:

Investment: Residential

- We have steepened the dropoff in residential investment in 2022. Higher mortgage rates are likely to weigh further on housing activity. The recent downturn in new home sales has translated to declines in home builder confidence and single-family housing starts. Building permits have taken a similar trajectory, indicating further weakness in residential spending ahead.

The housing market is facing mounting challenges. Against a backdrop of higher mortgage rates, sales have cooled and builder confidence has soured. Existing home sales fell for the sixth straight month in July, marking the slowest pace since June 2020. New home sales plummeted in July, following another sharp drop in home builder sentiment. Home builders have become increasingly pessimistic about future sales and buyer traffic. Despite some recent moderation in home prices, higher financing costs have significantly worsened affordability. Home builders have scaled back production in response to the slowdown in buyer demand. Judging by the continued weakness in building permits, starts likely have further to fall. Spending on single-family homes in July fell the most since the onset of the pandemic, although multifamily spending is still trending close to the record pace hit last year. Home buying and residential spending are likely to slow further amid rising interest rates, slower growth in real incomes and a cooling labor market.

Investment: Nonresidential Structures

- We have reduced our forecast for structures investment for the remainder of 2022. Despite upward revisions to private nonresidential construction spending during Q2, building material costs continue to rise at a pronounced rate and remain a significant headwind. Higher interest rates and rising recession risks are likely to weigh on structures investment in the near term.

We have reduced our outlook for nonresidential structures investment in Q3 and Q4 of this year. Private nonresidential spending has expanded for three consecutive months through July. The recent upshift has likely been boosted by rising building material prices, however. Although price growth for materials such as steel, copper and oil are slowing, overall inputs into construction are more than 12% higher than a year ago. With this in mind, real nonresidential spending has most likely fallen after adjusting for inflation. Manufacturing spending continues to stand out, with the global shortage of semiconductors and the shift to electric vehicle production driving a remarkable rise in manufacturing projects across the country. Growth in oil and gas projects has also helped offset slowdowns in other nonresidential categories, although with oil prices falling recently, a moderation in oil and gas investment over the forecast horizon seems likely.

DENVER RESIDENTIAL MARKET

The following information comes from the November 3, 2022 Denver Metro Association of Realtors Real Estate Trends Report, for the entire residential market, which includes attached and detached properties:

“As the Denver market normalizes, active inventory declined slightly to 7,290 homes on the market at month’s end. However, this is an increase of 115.94 percent year-over-year. While this number reads as a jump, the current inventory is still less than the pre-pandemic inventory numbers of 8,557 active listings in October 2019.

Rising inflation and interest rates are undoubtedly changing the landscape of the market, showcased in new listings, which declined 26.73 percent from last month and 27.92 year-over-year. As a result, Denver Metro saw its first small decline in average and median sales prices this month. However, sale prices skyrocketed over the last two years so as a result, the market is well ahead of historical appreciation metrics of where the Denver market should be had it not experienced a pandemic-fueled buying frenzy. Overall, while prices flatten out, the historical appreciation that sellers have seen cannot be ignored.

“There are opportunities to look at the silver lining of every scenario,” commented Libby Levinson-Katz, Chair of the DMAR Market Trends Committee and Metro Denver Realtor®. “This evolving marketplace allows buyers more options and the gift of time to decide on a home while negotiating terms that suit their needs. Meanwhile, sellers can analyze the marketplace to position their homes correctly while being able to experience a great return on investment due to rising prices over the last years. While the market changes, the past two years continue to represent the exception and not the rule. If one was to remove 2020 and 2021, the Denver Metro market trajectory is on pace with where it was predicted to be, had COVID-19 not happened.”

As prices adjust, the median days in the MLS continues to increase, up 240 percent from five days last year to 17 days this year. While this number continues to grow, many homes on the market are priced based on peak market activity, and are thus incorrectly priced for the current market. These homes have inflated prices which the market has rejected, and are thus increasing days in MLS. These properties were either finally withdrawn from the market or the prices were adjusted before ultimately selling.

There has always been seasonality in the market and a decrease in active listings is consistent with the past. The value of houses is about the relationship between supply and demand. While supply did drop dramatically, the amount of closed properties decreased by 31.52 percent compared to September.

The market shift changed the dynamic between sellers and buyers. Months of inventory for single-family detached properties is 3.43 and for attached properties is 3.08. The Luxury Market has the highest months of inventory out of any price point. This change shows that the demand for this type of property has proportionally decreased more than the supply. The increased months of inventory translated to buyers having more negotiation power with appraisal and inspection disagreements.”

OCTOBER DATA YTD 2022 to 2018

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
Active Listings at Month End	7,290	3,376	4,821	8,557	8,539	115.94%	-29.97%	-43.66%	0.21%
New Listings	55,718	59,926	63,254	64,942	62,182	-7.02%	-5.26%	-2.60%	4.44%
Closed	44,676	53,973	52,877	50,010	48,524	-17.23%	2.07%	5.73%	3.06%
Close Price - Average	\$ 684,985	\$ 609,430	\$ 521,083	\$ 486,943	\$ 475,302	12.40%	16.95%	7.01%	2.45%
Close Price - Median	\$ 592,000	\$ 525,000	\$ 450,000	\$ 420,000	\$ 410,000	12.76%	16.67%	7.14%	2.44%
Sales Volume	\$ 30,602,407,151	\$ 32,892,789,547	\$ 27,553,288,513	\$ 24,352,030,583	\$ 23,063,543,690	-6.96%	19.38%	13.15%	5.59%
Days in MLS - Average	15	14	27	30	24	7.14%	-48.15%	-10.00%	25.00%
Days in MLS - Median	5	4	7	12	7	25.00%	-42.86%	-41.67%	71.43%
Close Price/List Price	102.87%	103.30%	99.87%	99.26%	100.05%	-0.42%	3.43%	0.61%	-0.79%
Detached									
Active Listings at Month End	5,444	2,351	2,643	5,844	6,188	131.56%	-11.05%	-54.77%	-5.56%
New Listings	39,998	42,193	43,815	45,951	44,618	-5.20%	-3.70%	-4.65%	2.99%
Closed	31,104	37,428	37,780	35,617	34,476	-16.90%	-0.93%	6.07%	3.31%
Close Price - Average	\$ 773,822	\$ 687,888	\$ 578,385	\$ 536,455	\$ 525,719	12.49%	18.93%	7.82%	2.04%
Close Price - Median	\$ 650,000	\$ 576,000	\$ 490,000	\$ 455,000	\$ 445,000	12.85%	17.55%	7.69%	2.25%
Sales Volume	\$ 24,068,966,316	\$ 25,746,289,976	\$ 21,851,378,060	\$ 19,106,916,439	\$ 18,124,685,731	-6.51%	17.82%	14.36%	5.42%
Days in MLS - Average	15	12	26	30	26	25.00%	-53.85%	-13.33%	15.38%
Days in MLS - Median	5	4	7	12	8	25.00%	-42.86%	-41.67%	50.00%
Close Price/List Price	102.87%	103.78%	100.00%	99.28%	99.95%	-0.88%	3.78%	0.73%	-0.67%
Attached									
Active Listings at Month End	1,846	1,025	2,178	2,713	2,351	80.10%	-52.94%	-19.72%	15.40%
New Listings	15,720	17,733	19,439	18,991	17,564	-11.35%	-8.78%	2.36%	8.12%
Closed	13,572	16,545	15,097	14,393	14,048	-17.97%	9.59%	4.89%	2.46%
Close Price - Average	\$ 481,391	\$ 431,943	\$ 377,685	\$ 364,421	\$ 351,570	11.45%	14.37%	3.64%	3.66%
Close Price - Median	\$ 417,500	\$ 370,000	\$ 326,000	\$ 308,000	\$ 300,000	12.84%	13.50%	5.84%	2.67%
Sales Volume	\$ 6,533,440,835	\$ 7,146,499,571	\$ 5,701,910,453	\$ 5,245,114,144	\$ 4,938,857,959	-8.58%	25.34%	8.71%	6.20%
Days in MLS - Average	14	19	29	31	22	-26.32%	-34.48%	-6.45%	40.91%
Days in MLS - Median	5	5	10	13	7	0.00%	-50.00%	-23.08%	85.71%
Close Price/List Price	102.88%	102.20%	99.55%	99.24%	100.30%	0.67%	2.66%	0.31%	-1.06%

Overall, the data above shows positive trends in the market with some headwinds from affordability, however the outlook for the residential market in the Denver Metro area remains optimistic as long as current economic trends continue.

Summit County Market

The following analysis was provided by the Summit County MLS as of October 2022. The number of listings are down overall since October 2021, however, overall average sale price is up 19.3% year to date for Townhomes/Condos.

Single Family	October			Year to Date		
	2021	2022	Percent Change from Previous Year	Thru 10-2021	Thru 10-2022	Percent Change from Previous Year
Key Metrics						
New Listings	52	24	- 53.8%	659	545	- 17.3%
Sold Listings	76	41	- 46.1%	541	354	- 34.6%
Median Sales Price*	\$1,820,000	\$1,650,000	- 9.3%	\$1,600,000	\$1,847,710	+ 15.5%
Average Sales Price*	\$2,221,544	\$2,006,225	- 9.7%	\$1,925,108	\$2,111,216	+ 9.7%
Percent of List Price Received*	99.5%	96.1%	- 3.4%	100.6%	98.5%	- 2.1%
Days on Market Until Sale	39	56	+ 43.6%	34	33	- 2.9%
Inventory of Homes for Sale	85	145	+ 70.6%	--	--	--
Months Supply of Inventory	1.6	3.8	+ 137.5%	--	--	--

* Does not account for seller concessions and/or down payment assistance. | Activity for one month can sometimes look extreme due to small sample size.

Townhouse/Condo	October			Year to Date		
	2021	2022	Percent Change from Previous Year	Thru 10-2021	Thru 10-2022	Percent Change from Previous Year
Key Metrics						
New Listings	88	67	- 23.9%	1,519	1,129	- 25.7%
Sold Listings	168	91	- 45.8%	1,246	772	- 38.0%
Median Sales Price*	\$700,500	\$679,000	- 3.1%	\$630,000	\$725,000	+ 15.1%
Average Sales Price*	\$776,830	\$805,181	+ 3.6%	\$678,558	\$809,610	+ 19.3%
Percent of List Price Received*	100.9%	97.2%	- 3.7%	100.8%	99.8%	- 1.0%
Days on Market Until Sale	24	44	+ 83.3%	36	23	- 36.1%
Inventory of Homes for Sale	252	329	+ 30.6%	--	--	--
Months Supply of Inventory	2.0	4.2	+ 110.0%	--	--	--

TOWN OF FRISCO RESIDENTIAL MARKET

The subject is located within the Town of Frisco Residential Market. The following tables are from the Summit County Metro List Service (MLS) and are condominium sales that have sold in the Town of Frisco since January 2010.

TOWN OF FRISCO				
Year	# of Sales	DOM	Avg Sale Price	Med Sale Price
2017	46	50	\$535,841	\$513,750
2018	45	46	\$724,521	\$607,000
2019	52	48	\$775,659	\$607,500
2020	72	52	\$714,592	\$605,000
2021	75	12	\$972,202	\$865,000
2022	58	18	\$1,163,662	\$1,035,000

The subject is located within the Town of Frisco Residential Market. The following table is of residential condominium sales in the Town of Frisco that have sold within 90 days of the effective date of this report.

FRISCO CONDOMINIUM SALES								
Address	Sale Date	Sale Price	Price/SF	SF	Beds	Baths	DOM	Yr Built
307 Teller St	October 7, 2022	\$1,874,000	\$1,213	1545	3	4	1	2018
416 Galena St	November 17, 2022	\$1,650,000	\$1,211	1362	3	3	43	2002
120 7th Ave	September 14, 2022	\$1,625,000	\$582	2793	3	4	90	1996
1516 Pint Drive	October 17, 2022	\$1,225,000	\$653	1875	3	3	91	1982
352 Main St	September 16, 2022	\$975,000	\$937	1041	2	2	29	1994
620 Lakew view Terrac	October 13, 2022	\$975,000	\$933	1045	2	2	1	1981
336 Main St	October 3, 2022	\$910,000	\$863	1054	2	2	57	2000
801 Lakepoint Dr	September 13, 2022	\$890,000	\$775	1148	2	3	26	1984
601 Galena St	October 28, 2022	\$875,000	\$770	1136	2	2	13	1995
1503 Point Dr	September 21, 2022	\$750,000	\$721	1040	2	2	33	1994
412 Bayview Dr	September 30, 2022	\$699,000	\$758	922	0	0	4	1970
220 Galena St	October 14, 2022	\$450,000	\$779	578	1	1	121	1984
400 Main St	October 27, 2022	\$449,000	\$945	475	0	1	6	1984
Min		\$449,000	\$582	475				
Max		\$1,874,000	\$1,213	2793				
Average		\$1,026,692	\$857	1232				
Median		\$910,000	\$779	1054				

The home sales indicated above range in sold price from \$449,000 to \$1,874,000 with an average of \$1,026,692 and a median of \$910,000. On a price per square foot basis, the sales range from \$582/SF to \$1,213/SF with an average and median of \$857/SF and \$779/SF, respectively.

There are currently only 7 active listings in the Town of Frisco for residential condominiums. They range in list price from \$299,000 to \$1,695,000. None of the listings below were built after 2010.

ACTIVE LISTINGS							
Address	Sale Price	Price/SF	SF	Beds	Baths	DOM	Yr Built
62 Haw n Dr	\$1,695,000	\$941	1802	4	4	54	1984
8 Larson Lane	\$1,399,000	\$613	2284	3	3	82	1981
110 BeaverLodge Rd	\$1,100,000	\$679	1621	3	3	7	1998
111 Forest Dr	\$849,900	\$977	870	2	2	96	1981
160 Creekside Dr	\$750,000	\$882	850	2	2	69	1983
56 Uneva Place	\$595,000	\$995	598	1	1	148	1974
45 Beeler Place	\$299,000	\$623	480	1	0	134	1984
Min	\$299,000	\$613	480				
Max	\$1,695,000	\$995	2284				
Average	\$955,414	\$816	1215				
Median	\$849,900	\$882	870				

Residential prices continue to increase in the Town of Frisco for condominiums with continuing residential development. Overall, it is anticipated that continued recovery in the market and declining inventory of existing homes will continue to create demand for new homes that could be placed on the subject's site.

Home prices are continuing to increase or are steady in the area for single-family homes with continuing residential development. Overall, it is anticipated that continued recovery in the market and low inventory of existing homes will continue to create demand for new homes that could be placed on the subject's site.

Regarding a potential bubble in the housing market, the following article from Forbes "Will The Housing Market Crash? Experts Give 5-Year Predictions: by Natalie Campsis, published July 10, 2022 offers helpful perspective on the relationship of home prices to income:

If you were hoping for a major downturn to snag a cheaper home, think again. Most housing experts are predicting the market to remain strong for a while for several reasons.

› **Millennial Demand for Housing is Up, with Gen Z Right Behind**

The number of potential homebuyers is plentiful, with Americans who are either Millennial-aged or younger making up half of the U.S. population, or 166 million as of July 2019. This is significant because first-time homebuyers represent the largest share (31%) of people purchasing homes, according to data from the National Association of Realtors (NAR). And most first-time buyers are younger than 40, which means the buyer pool is deep—a good indication that demand will remain strong, especially since housing inventory is at historical lows.

"We won't see a downturn because the housing market saw little increase in inventory for the past ten years. In a few years, Gen Z will be turning 30, and more financially ready to become homeowners than Millennials were at their age," says Polina Ryshakov, senior director of research and lead economist at Sundae, a real estate marketplace for distressed properties. "This means that the demand for homes will be as high, if not higher, while inventory will still be behind in the demand."

Homebuyer generation	% of 2021 buyers	Median age in group
Gen Zers: 21 years and younger	2	21
Younger Gen Y/Millennials: 22 to 30 years	14	27
Older Gen Y/Millennials: 31 to 40 years	23	35
Gen Xers: 41 to 55 years	24	48
Younger Boomers: 56 to 65 years	18	61
Older Boomers: 66 to 74 years	14	69
Silent Generation: 75 to 95 years	5	78

Source: National Association of Realtors

› Supply can't keep up with Demand

The severely low supply is also helping fuel demand, and higher home prices, which is another reason why housing experts say the market will remain strong for years to come.

“The supply-demand imbalance is the primary reason home prices have escalated so rapidly,” says Rick Sharga, executive vice president at RealtyTrac. “And after not building nearly enough houses for the last decade, homebuilders will take several years at least to add enough new supply to balance the market.”

In a balanced market, the months of supply would be around six months—the time it would take to deplete all homes for sale at the current sales pace. But today's market has only 1.7 months of supply, showing a drastic imbalance in favor of sellers.

It is a helpful sign that new home construction climbed at an annual rate of 6.8% in February, the fastest growth since 2006. But the nearly 1.8 million new homes starts are unlikely to put a dent in home prices.

“It will take time to reduce the housing stock debt we have accumulated,” says Odeta Kushi, deputy chief economist at First American Financial Corp. “The imbalance will continue to put upward pressure on house prices, even if they moderate from the peak pace of growth in 2021.”

› Borrowers are less likely to Default on Their Mortgages

Among the differences between today's housing market and that of the 2008 housing crash is that lending standards are tighter due to lessons learned and new regulations enacted after the last crisis. Essentially, that means those approved for a mortgage nowadays are less likely to default than those who were approved in the pre-crisis lending period.

It's rare today to come across a lender offering so-called “no-doc loans” where the applicant did not have to provide documentation of income—a common practice before the housing crash. Also, many loans backed by the government have a certain set of standards, like minimum credit score and down payment requirements. And regulators now expect lenders to verify a borrower's ability to repay the loan, among other standards.

There was more than \$1 trillion in new mortgage originations in the fourth quarter of 2021 with 67% of those mortgages going to borrowers with credit scores exceeding 760. This score is considered “very good,” according to FICO.

“Lending standards have gotten tighter and credit scores for new mortgages are much higher on average now than they were in the early 2000s,” says Nicole Bachaud, an economist at Zillow. “What's much

more likely is a gradual slowdown in the pace of price appreciation where home prices continue growing, just not as fast as they are now.”

› **Warning Signs that Could Dampen the Housing Market**

Murmurs of a recession have breached the surface of what’s otherwise been described by many observers as a “strengthening economy.” Inflation started rising last year, setting off alarm bells as consumer prices began to climb.

In response to the inflation hike, the Federal Reserve raised its federal funds rate in March—the first Fed rate hike in three years—a sign there could be a slowdown. While the federal funds rate does not directly impact long-term mortgage rates, it does have an effect on short-term rates like credit cards and adjustable-rate mortgages (ARMs). Higher interest rates could trigger a slowdown in consumer spending.

Goldman Sachs projects U.S. GDP for the end of 2022 to expand by a mere 1.75%. Additionally, economists at Goldman Sachs Group estimate up to a 35% chance that the economy will go into recession, which would impact the housing market.

Ultimately it is difficult to forecast future economic conditions however, the general consensus of publications researched is for prices to cool if wage growth does not catch up with demand along with potentially rising interest rates and deliveries of new supply to bring more equilibrium to the market.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2022). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property’s exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The following information was taken into consideration to develop estimates of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD			
SOURCE	QUARTER	RANGE	AVG
Market Participant	3Q 22	0.0 to 12.0	6.0
Comparable Sales Dataset		0.0 to 3.0	1.0
AVERAGE		0.0 to 7.5	3.5

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

The preceding information generally supports an exposure time range from 0 to 7.5 months for Multifamily (Condominium/PUD Projects) properties. The subject property is of good quality and is in good condition. Based on its overall physical and locational characteristics, the subject has average to above average overall appeal to

investors. Considering these factors, a reasonable estimate of exposure time for the subject property is six months or less.

Marketing Period Conclusion

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of six months or less is supported for the subject's marketing period.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's GW (Gateway) zoning were listed in the Zoning Analysis section. The potential use that meets the requirements of the legal permissibility test is multi-family development.

Physical & Locational Factors

Regarding physical characteristics, the subject site is irregular in shape and has sloping topography with average access and average exposure. The subject is surrounded by commercial development, multifamily development and a retail center. Given the subject's location and surrounding uses, the subject site is desirable for multifamily development. Of the outright permitted uses, physical and locational features best support development of a multi-family residential property as market conditions warrant for the site's highest and best use as-vacant.

Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. Although there has been a limited amount of new apartment development throughout the region, the demand for multifamily is high, as rent levels have been increasing over the past several quarters. Financial feasibility factors generally support immediate development of subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be development of a multi-family residential property as market conditions warrant.

AS-PROPOSED ANALYSIS

Legal Factors

The subject property, as-proposed, is a multifamily condominium/pud project that is zoned GW (Gateway). The subject's improvements represent a legal, conforming use. The legal factors influencing the highest and best use of the property support the subject's use as-proposed.

Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. In summary, the subject's improvements will be constructed in 2023 and have a remaining economic life of 50 years based on our estimate. The project is of good quality construction and in good condition, with adequate service amenities. The subject improvements as-proposed are sufficiently supported by site features including its irregular, sloping topography, average access and average exposure. Further, the subject's location supports the subject improvements as-proposed with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-proposed.

Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- › **Demolition** The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- › **Expansion** The subject property comprises approximately 1.23 acres (53,557 SF) and is improved with a condominium/pud projects multifamily development. The subject site does not contain additional site area for expansion. Therefore, expansion of the subject is not considered a viable option.
- › **Renovation** The subject property is proposed and will be in good condition. Renovation, in the form of capital expenditures, would not increase the rent levels or value appreciably. For this reason, renovation is not appropriate.
- › **Conversion** is neither appropriate nor applicable to this property.
- › **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." This is legal, physically possible, and financially feasible. Therefore, continued use, a multifamily (condominium/pud projects) development is considered appropriate.

Among the five alternative uses, the subject's use as-proposed is supported to be its Highest and Best Use.

Marketability Factors

As previously indicated in the Market Analysis, the subject property has average marketability. The condition of the property reflects average maintenance and appeal. In general apartment supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved.

As-Proposed Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be development of proposed improvements.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

- **Direct Capitalization**

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

- **Effective Gross Income Multiplier**

Also known as the EGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The EGIM is derived by dividing the effective gross annual income of each comparable into the sales price. The EGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The EGIM is typically used without adjustments. The final selection of an effective income multiplier is based upon the applicability of each comparable and a range is established.

Development of the Income Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. Based on the preceding information, the Income Approach will not be presented.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

LAND VALUATION

Development land in the subject marketplace is most often valued utilizing the Sales Comparison Approach. Development of the subject site value is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that a site value is developed. The site value is required to be developed for use

within the Cost Approach. Within the Site Valuation section, the subject is valued as one marketable economic site.

COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

Development of the Cost Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. The subject property is proposed construction, which makes the Cost Approach particularly useful as a test of financial feasibility. Based on the preceding information, the Cost Approach will be presented.

RECONCILIATION OF VALUE CONCLUSIONS

The Sales Comparison and Cost approaches are used to value the subject property, which will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

INTRODUCTION

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per net rentable area (NRA). This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

COMPARABLE SELECTION

A thorough search was made for similar condo sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of attached homes that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis. A search was also made for bulk sales of attached homes with no success that would allow for a reliable approach to value. Therefore, sole reliance will be placed on analysis of individual retail values and a DCF analysis.

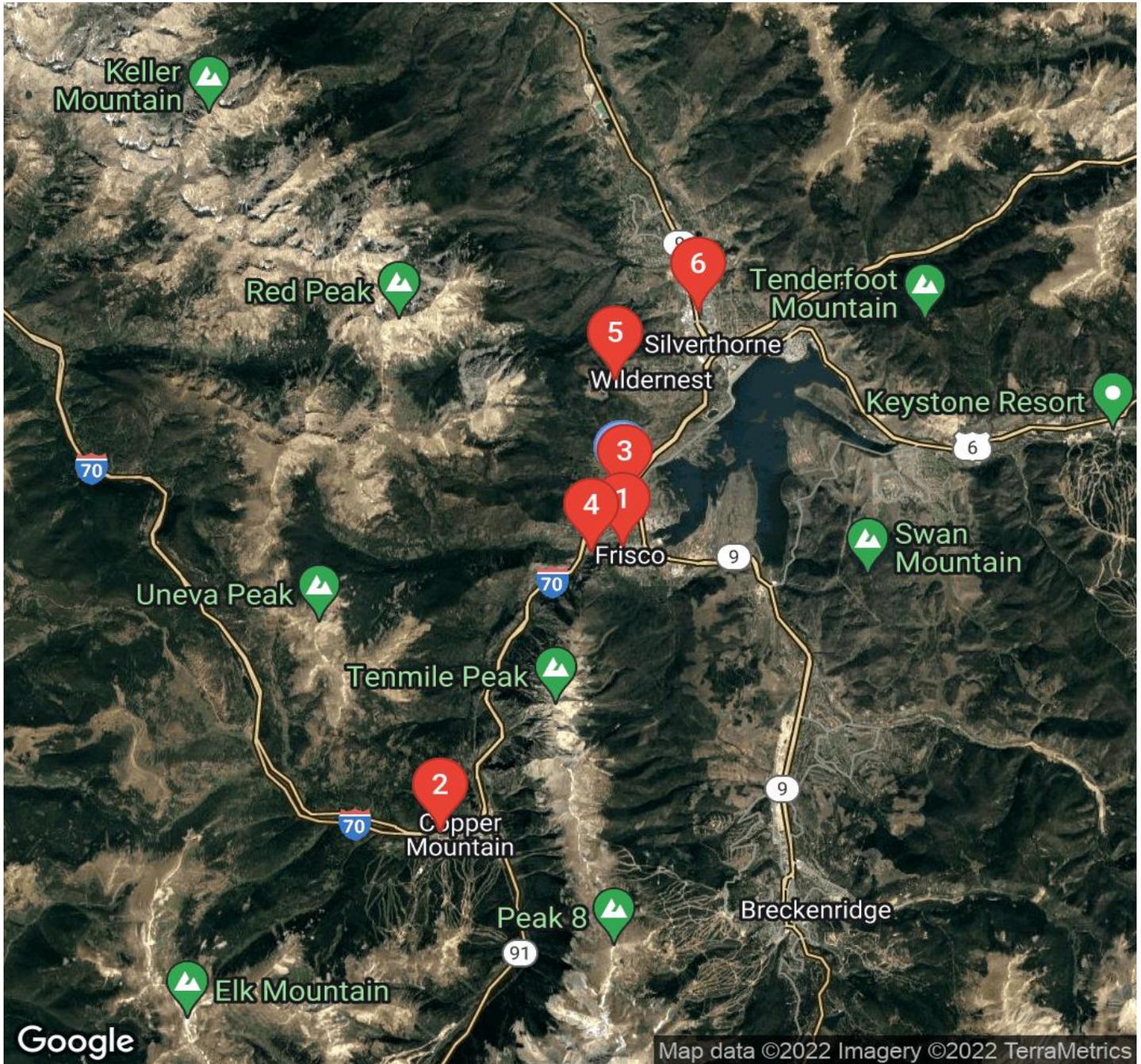
The subject units are studio and studio lofts. Due to the limited number of studio units that have sold, one bedroom units were also used due to the similar layout to the subject's units.

PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Basecamp Lofts + Studios	Galena Place Condos	Passage Point	Basecamp Condos	Woodbridge Inn Condo	Wilderness Condos	Apres Shores Condos
Address	TBD Lusher Court	220 Galena Street, #7	910 Copper Road, #521	100 Basecamp Way, #R209	400 W Main St, #206	89410 Ryan Gulch Rd, Unit 104E	740 Blue River Parkway, #C12
City	Frisco	Frisco	Frisco	Frisco	Frisco	Silverthorne	Silverthorne
State	CO	CO	CO	CO	CO	CO	CO
Zip	80443	80443	80443	80443	80443	80498	80498
County	Summit	Summit	Summit	Summit	Summit	Summit	Summit
PHYSICAL INFORMATION							
NRA (SF)	13,125	578	591	569	475	370	619
Year Built	2023	1970	2000	2017	1984	1984	2022
Beds	0	1	1	1	0	0	1
Baths	1	1	1	1	1	1	1
SALE INFORMATION							
Date		10/14/2022	3/24/2022	Under Contract	10/27/2022	Under Contract	Under Contract
Status		Recorded	Recorded	Under Contract	Recorded	Under Contract	Under Contract
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$450,000	\$600,000	\$520,000	\$449,000	\$385,000	\$800,000
Transaction \$/SF NRA		\$779	\$1,015	\$914	\$945	\$1,041	\$1,292

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	SALE DATE	\$/UNIT
SUBJECT	-	Basecamp Lofts + Studios	TBD Lusher Court, Frisco, CO	-	
No. 1	0.9 Miles	Galena Place Condos	220 Galena Street, #7, Frisco, CO	10/14/2022	\$779
No. 2	6.8 Miles	Passage Point	910 Copper Road, #521, Frisco, CO	3/24/2022	\$1,015
No. 3	0.1 Miles	Basecamp Condos	100 Basecamp Way, #R209, Frisco, CO	Under Contract	\$914
No. 4	1.2 Miles	Woodbridge Inn Condo	400 W Main St, #206, Frisco, CO	10/27/2022	\$945
No. 5	2.1 Miles	Wilderness Condos	89410 Ryan Gulch Rd, Unit 104E, Silverthorne, CO	Under Contract	\$1,041
No. 6	3.6 Miles	Apres Shores Condos	740 Blue River Parkway, #C12, Silverthorne, CO	Under Contract	\$1,292

COMPARABLE 1

LOCATION INFORMATION

Name Galena Place Condos
 Address 220 Galena Street, #7
 City, State, Zip Code Frisco, CO, 80443
 County Summit
 APN 6512552

SALE INFORMATION

Transaction Date 10/14/2022
 Transaction Status Recorded
 Transaction Price \$450,000
 Analysis Price \$450,000
 Recording Number 3943561
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Project Type Residential
 Project Size NRA 578 SF
 Units 1
 Beds 1
 Beds/Unit Ratio 1.
 Year Built 1970
 Quality / Condition Average / Average
 Appeal Average
 Zoning Residential
 Shape Rectangular
 Average Unit Size 578 SF



GALENA PLACE CONDOS



ANALYSIS INFORMATION

Price/SF \$778.55
 Adjusted Price/SF \$973.19
 Capitalization Rate -
 Equity Div. / PGIM / EGIM - - -

CONFIRMATION

Name Derrick Fowler
 Company Colorado Mountain Homes
 Source Seller's Broker
 Date / Phone Number 11/25/2022 +1 970 409 8439

REMARKS

This is a 1-bed, 1-bath condo located in Frisco. Washer and Dryer in unit. Includes 2 off-street parking spaces.

COMPARABLE 2

LOCATION INFORMATION

Name Passage Point
 Address 910 Copper Road, #521
 City, State, Zip Code Frisco, CO, 80443
 County Summit
 APN 6508994

SALE INFORMATION

Seller 2
 Transaction Date 03/24/2022
 Transaction Status Recorded
 Transaction Price \$600,000
 Analysis Price \$600,000
 Recording Number 3975048
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Project Type Residential
 Project Size NRA 591 SF
 Units 1
 Beds 1
 Beds/Unit Ratio 1.
 Year Built 2000
 Quality / Condition Good / Good
 Appeal Average
 Zoning Residential
 Shape Rectangular
 Average Unit Size 591 SF
 Density -
 Topography Level



PASSAGE POINT



ANALYSIS INFORMATION

Price/SF \$1,015.23
 Adjusted Price/SF \$1,035.53
 Capitalization Rate -
 Equity Div. / PGIM / EGIM - - -

CONFIRMATION

Name Kaycee Tolmie
 Company Cornerstone Real Estate
 Source Seller's Broker
 Date / Phone Number 11/25/2022 +1 970 389 1678

REMARKS

1 bed 1 bath condo. Includes 1 heated underground parking space.

COMPARABLE 3

LOCATION INFORMATION

Name Basecamp Condos
 Address 100 Basecamp Way, #R209
 City, State, Zip Code Frisco, CO, 80443
 County Summit
 APN 6518081

SALE INFORMATION

Seller 1
 Transaction Date Under Contract
 Transaction Status Under Contract
 Transaction Price \$520,000
 Analysis Price \$520,000
 Recording Number Nav
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Project Type Residential
 Project Size NRA 569 SF
 Units 1
 Beds 1
 Beds/Unit Ratio 1.
 Year Built 2017
 Quality / Condition Good / Good
 Appeal Average
 Zoning Residential
 Shape Rectangular
 Average Unit Size 569 SF

 Topography Level



BASECAMP CONDOS



CONFIRMATION

Name Emily Lawless
 Company Cornerstone Real Estate
 Source Seller's Broker
 Date / Phone Number 11/25/2022 +1 970 389 1678

REMARKS

1 bed/1bath condo located in frisco. HOA fees are \$533/monthly. This includes insurance, ground maintenance, sewer, trash, and water. Includes 2 off-street spaces and 1 detached garage.

COMPARABLE 4

LOCATION INFORMATION

Name Woodbridge Inn Condo
 Address 400 W Main St, #206
 City, State, Zip Code Frisco, CO, 80443
 County Summit
 APN 1101899

SALE INFORMATION

Transaction Date 10/27/2022
 Transaction Status Recorded
 Transaction Price \$449,000
 Analysis Price \$449,000
 Recording Number 03977546
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Project Type Residential
 Project Size NRA 475 SF
 Units 1
 Year Built 1984
 Quality / Condition Average / Average
 Appeal Average
 Zoning Residential
 Shape Rectangular
 Average Unit Size 475 SF
 Density -
 Topography Level



WOODBIDGE INN CONDO



ANALYSIS INFORMATION

Price/SF \$945.26
 Adjusted Price/SF \$1,134.31

CONFIRMATION

Name Wes Parsons
 Company Equity Colorado Real Estate
 Source Seller's Broker
 Date / Phone Number 11/25/2022 +1 303 808 4534

REMARKS

Studio condo w ith one garage parking space. HOA is \$361/Month.

COMPARABLE 5

LOCATION INFORMATION

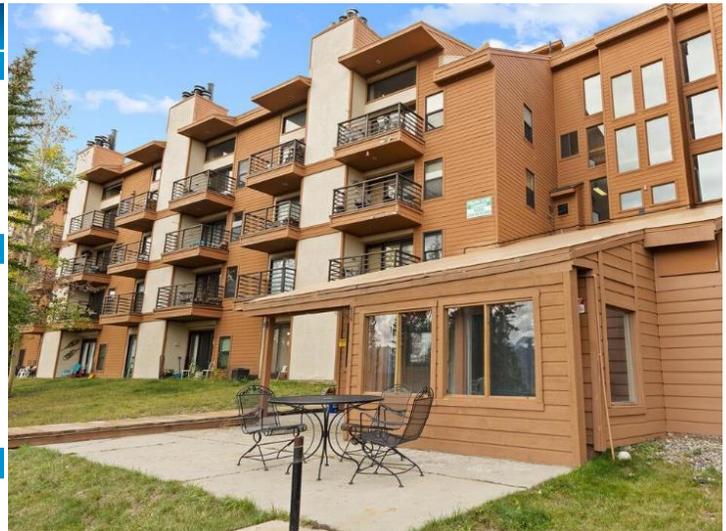
Name	Wilderness Condos
Address	89410 Ryan Gulch Rd, Unit 104E
City, State, Zip Code	Silverthorne, CO, 80498
County	Summit
APN	601961

SALE INFORMATION

Transaction Date	Under Contract
Transaction Status	Under Contract
Transaction Price	\$385,000
Analysis Price	\$385,000
Recording Number	Nav
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Project Type	Residential
Project Size NRA	370 SF
Units	1
Year Built	1984
Quality / Condition	Average/Good / Average/Good
Appeal	Average
Zoning	Residential
Shape	Rectangular
Average Unit Size	370 SF



WILDERNESS CONDOS



ANALYSIS INFORMATION

Price/SF	\$1,040.54
Adjusted Price/SF	\$1,196.62

CONFIRMATION

Name	Steward Voutour	
Company	Slifer Smith & Frampton	
Source	Seller's Broker	
Date / Phone Number	11/25/2022	+1 970 547 7958

REMARKS

Studio condo located in Silverthorne. HOA is \$257/month. Includes 1 off-street parking space.

COMPARABLE 6

LOCATION INFORMATION

Name	Apres Shores Condos
Address	740 Blue River Parkway, #C12
City, State, Zip Code	Silverthorne, CO, 80498
County	Summit
APN	ND06202127

SALE INFORMATION

Transaction Date	Under Contract
Transaction Status	Under Contract
Transaction Price	\$800,000
Analysis Price	\$800,000
Recording Number	Nav
Rights Transferred	Fee Simple

PHYSICAL INFORMATION

Project Type	Residential
Project Size NRA	619 SF
Units	1
Year Built	2022
Quality / Condition	Good / Good
Appeal	Average
Zoning	Residential
Shape	Rectangular
Average Unit Size	619 SF



APRES SHORES CONDOS



ANALYSIS INFORMATION

Price/SF	\$1,292.41
Adjusted Price/SF	\$1,227.79

CONFIRMATION

Name	Kelly Hepburn		
Company	Colorado Craft Brokers		
Source	Seller's Broker		
Date / Phone Number	11/25/2022	+1 970 368 4074	

REMARKS

New one bed one bath condo. HOA fees are \$200/month. Includes tandem carports

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a leasehold basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales. Comparables 3, 5 and 6 are under contract. The contract prices were not available to the appraisers and the prices show are the current listing prices. Based on our research the variance of closing to listing price in the market is approximately – 3%. To account for any extra deductions due to higher interest rates, we have adjust these comparables downward 5%.
Expenditures After Purchase	Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT

Per Year As Of November 2023 (Prospective) 3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date. This is based on the Summit County data of a 3.6% increase from 2021 to 2022 as of October 2022. Although interest rates are increasing, market appreciation is still happening especially with the limited supply in the subject's market.

Townhouse/Condo Key Metrics	October		
	2021	2022	Percent Change from Previous Year
New Listings	88	67	- 23.9%
Sold Listings	168	91	- 45.8%
Median Sales Price*	\$700,500	\$679,000	- 3.1%
Average Sales Price*	\$776,830	\$805,181	+ 3.6%
Percent of List Price Received*	100.9%	97.2%	- 3.7%
Days on Market Until Sale	24	44	+ 83.3%
Inventory of Homes for Sale	252	329	+ 30.6%
Months Supply of Inventory	2.0	4.2	+ 110.0%

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject property.

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Basecamp Lofts + Studios	Galena Place Condos	Passage Point	Basecamp Condos	Woodbridge Inn Condo	Wilderness Condos	Apres Shores Condos
Address	TBD Lusher Court	220 Galena Street, #7	910 Copper Road, #521	100 Basecamp Way, #R209	400 W Main St, #206	89410 Ryan Gulch Rd, Unit 104E	740 Blue River Parkway, #C12
City, State	Frisco, CO	Frisco, CO	Frisco, CO	Frisco, CO	Frisco, CO	Silverthorne, CO	Silverthorne, CO
Average Unit SF	441	578	591	569	475	370	619
Year Built	2023	1970	2000	2017	1984	1984	2022
Location	Average	Average	Average	Average	Average	Average	Average
Quality	Good	Average	Good	Good	Average	Average/Good	Good
Condition	Good	Average	Good	Good	Average	Average/Good	Good
SALE INFORMATION							
Date		10/14/2022	3/24/2022	Under Contract	10/27/2022	Under Contract	Under Contract
Status		Recorded	Recorded	Under Contract	Recorded	Under Contract	Under Contract
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
\$/SF NRA		\$778.55	\$1,015.23	\$913.88	\$945.26	\$1,040.54	\$1,292.41
Transaction Price		\$450,000	\$600,000	\$520,000	\$449,000	\$385,000	\$800,000
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	-5%	0%	-5%	-5%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		3%	5%	0%	3%	0%	0%
Subtotal Transactional Adj Price		\$801.90	\$1,066	\$868.19	\$973.62	\$988.51	\$1,228
PROPERTY ADJUSTMENTS							
Location		0%	0%	0%	0%	0%	0%
Quality		10%	0%	0%	10%	5%	0%
Condition		10%	0%	0%	10%	5%	0%
Unit Size		0%	0%	0%	0%	0%	0%
Age		5%	5%	0%	5%	5%	0%
Garage Spaces		0%	-5%	-5%	-5%	0%	-5%
Beds/Baths		0%	0%	0%	0%	0%	0%
Subtotal Property Adjustment		25%	0%	-5%	20%	15%	-5%
TOTAL ADJUSTED PRICE		\$1,002	\$1,066	\$824.78	\$1,168	\$1,137	\$1,166
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$778.55	\$824.78					
HIGH	\$1,292	\$1,168					
MEDIAN	\$980.25	\$1,101					
AVERAGE	\$997.65	\$1,061					

¹ Market Conditions Adjustment - Compound annual change in market conditions: 3%

Date of Value (for adjustment calculations): 11/01/23

Comparables 1, 4, and 5 have inferior quality to the subject and are adjusted upward. This takes into account the overall quality of construction (countertops, flooring, appliances, etc.).

Comparables 1, 4, and 5 are also in inferior condition to the subject and are adjusted upward. This takes into account the overall condition of the subject (wear and tear).

Comparables 1, 2, 4, and 5 are adjusted upward for older age.

Comparables 2, 3, 4, and 6 have garages and are adjusted downward.

AGGREGATE RETAIL VALUE CONCLUSION

The comparable sales indicate an adjusted value range from \$824.78 to \$1,168.34/SF, with a median of \$1,101.39/SF and an average of \$1,060.78/SF. Based on the results of the preceding analysis, Comparable 1 (\$1,002.38/SF adjusted), Comparable 2 (\$1,065.99/SF adjusted), Comparable 3 (\$824.78/SF adjusted), Comparable 4 (\$1,168.34/SF adjusted), Comparable 5 (\$1,136.79/SF adjusted) and Comparable 6 (\$1,166.40/SF adjusted) are given primary consideration for the subject's opinion of value.

The following table summarizes the analysis of the comparables, reports the reconciled price per net rentable area (NRA) value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (SF)								
COMP	TRANSACTION		ADJUSTMENT			NET ADJ %	GROSS ADJ %	WEIGHT GIVEN
	PRICE	TRANSACTIONAL¹	ADJUSTED	PROPERTY²	FINAL			
1	\$778.55	3%	\$801.90	25%	\$1,002	29%	28%	PRIMARY
2	\$1,015	5%	\$1,066	0%	\$1,066	5%	15%	PRIMARY
3	\$913.88	-5%	\$868.19	-5%	\$824.78	-10%	10%	PRIMARY
4	\$945.26	3%	\$973.62	20%	\$1,168	24%	33%	PRIMARY
5	\$1,041	-5%	\$988.51	15%	\$1,137	9%	20%	PRIMARY
6	\$1,292	-5%	\$1,228	-5%	\$1,166	-10%	10%	PRIMARY
LOW	\$824.78					AVERAGE		\$1,061
HIGH	\$1,168					MEDIAN		\$1,101

The adjusted primary comparables range from \$825 to \$1,168 with an average of \$1,061/SF. The subject's units will be listed at \$950-\$1,000/SF which is within this range and below the average. Taking into consideration the current market and increase in interest rates, a conclusion near the average and median for the subject's units is considered appropriate and supported by the market.

The subject also will have 15 carports/charging stations. The developer indicated that they will be available for sale at \$75,000 per space. Sales of individual garages are extremely limited, with none found in the Summit County area. Along the front range, there are individual garage condominium sales that range from \$50,000 to \$80,000.

Based on comparable information in the market and the scarcity of carport space near resort areas, the current asking prices of \$75,000 garage units appears reasonable and supportable and is utilized in the DCF on the following page. As carports units are highly coveted in the area, it is assumed that the garages will most likely sell with the residential condominiums.

SUBJECT PRICING						
Unit	NRA	BEDS	BATHS	PRICE/SF	VALUE	VALUE(ROUNDED)
Unit 1	350	Studio	1	\$950	\$332,500	\$330,000
Unit 2	350	Studio	1	\$950	\$332,500	\$330,000
Unit 3	350	Studio	1	\$950	\$332,500	\$330,000
Unit 4	350	Studio	1	\$950	\$332,500	\$330,000
Unit 5 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 6 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 7 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 8 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 1	350	Studio	1	\$950	\$332,500	\$330,000
Unit 2	350	Studio	1	\$950	\$332,500	\$330,000
Unit 3	350	Studio	1	\$950	\$332,500	\$330,000
Unit 4	350	Studio	1	\$950	\$332,500	\$330,000
Unit 5	350	Studio	1	\$950	\$332,500	\$330,000
Unit 6	350	Studio	1	\$950	\$332,500	\$330,000
Unit 7	350	Studio	1	\$950	\$332,500	\$330,000
Unit 8	350	Studio	1	\$950	\$332,500	\$330,000
Unit 9	350	Studio	1	\$950	\$332,500	\$330,000
Unit 10	350	Studio	1	\$950	\$332,500	\$330,000
Unit 11- Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 12- Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 13 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 14 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 15 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 16 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 17 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 18 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 19 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 20 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Unit 21 - Loft	525	Studio	1	\$1,000	\$525,000	\$530,000
Total	12775					\$12,570,000
Price/SF						\$984
Price/Unit						\$433,448
PLUS: 15 CARPORTS @ \$75,000						\$1,125,000
TOTAL AGGREGATE RETAIL VALUE (ROUNDED)						\$13,700,000

BULK VALUATION

Due to a lack of bulk sales of townhomes in the area, a discounted cash flow of the sales of the individual homes is made to determine a bulk value for the subject's units. The assumptions of the analysis are summarized in the subsequent spreadsheet, and the rationale for each assumption is discussed as follows.

Assumptions of the Analysis

Average Sales Price - The average sales price is concluded to be \$433,448 per unit as indicated in the table above. Within the DCF analysis, the sell-out is with 5 periods, and no market condition adjustments are warranted.

Absorption Rate - The cash flow model is designed to discount the cash flows on a periodic basis with each period in the cash flow model being equivalent to 1 quarter. The following are absorption comparables:

The following table is of residential sales within a 2-mile radius of the subject that have sold in the past 180 days.

CONDO SALES											
Address		Sold Date	Sold Price	List Price	% Diff	DOM	Yr Built	Beds	Baths	SF	\$/SF
739 Lagoon Drive		July 22, 2022	\$1,905,000	\$1,999,999	-5%	5	2014	3	3	2283	\$834
90 Riverside Place		July 12, 2022	\$1,900,000	\$2,000,000	-5%	8	1992	3	3	2141	\$887
307 Teller Street		October 7, 2022	\$1,874,000	\$1,874,000	0%	1	2005	3	4	2970	\$631
30 Watertown Way		June 3, 2022	\$1,825,000	\$1,850,000	-1%	4	2008	0	0	1716	\$1,064
416 Galena Street		November 17, 2022	\$1,650,000	\$1,845,000	-11%	43	2018	3	3	1964	\$840
120 7th Avenue		September 14, 2022	\$1,625,000	\$1,750,000	-7%	90	2002	3	4	2793	\$582
106 Alpine Drive		August 8, 2022	\$1,225,000	\$1,225,000	0%	21	2001	3	3	1536	\$798
1516 Point Drive		October 17, 2022	\$1,225,000	\$1,275,000	-4%	91	1996	3	3	1875	\$653
749 Lagoon Drive		July 22, 2022	\$1,225,000	\$1,300,000	-6%	6	1986	3	3	1768	\$693
112 Beaver Lodge Road		August 26, 2022	\$1,200,000	\$1,275,000	-6%	79	1997	3	3	1644	\$730
617 Belford Street		June 17, 2022	\$1,175,000	\$1,150,000	2%	4	1981	3	3	1460	\$805
67 Fox Hollow Lane		September 21, 2022	\$1,150,000	\$1,190,000	-3%	39	1996	3	4	2328	\$494
110 Beaver Lodge Road		June 28, 2022	\$1,100,000	\$1,100,000	0%	3	1998	2	2	1197	\$919
735 Meadow Drive		August 18, 2022	\$1,100,000	\$1,100,000	0%	9	1998	2	3	1559	\$706
352 Main Street		September 16, 2022	\$975,000	\$975,000	0%	29	1982	2	2	1041	\$937
1620 Lakeview Terrace		October 13, 2022	\$975,000	\$975,000	0%	1	1994	2	2	1045	\$933
216 5th Avenue		August 10, 2022	\$950,000	\$945,000	1%	3	1972	3	3	1428	\$665
904 Meadow Creek Drive		June 23, 2022	\$910,000	\$899,000	1%	5	1982	2	2	1107	\$822
336 Main Street		October 3, 2022	\$910,000	\$925,000	-2%	57	1981	2	2	1054	\$863
801 Lakepoint Drive		September 13, 2022	\$890,000	\$890,000	0%	26	2000	2	3	1148	\$775
737 Lagoon Drive		June 22, 2022	\$885,000	\$875,000	1%	3	1994	2	3	1120	\$790
601 Galena Street		October 28, 2022	\$875,000	\$875,000	0%	13	1984	2	2	1136	\$770
900 Meadow Creek Drive		June 15, 2022	\$850,000	\$850,000	0%	2	1972	2	2	1065	\$798
412 Bayview Drive		June 8, 2022	\$775,000	\$775,000	0%	3	1994	3	3	1383	\$560
222 Creekside Drive		June 30, 2022	\$755,000	\$750,000	1%	1	1974	2	2	754	\$1,001
1503 Point Drive		September 21, 2022	\$750,000	\$777,000	-3%	33	1995	2	2	1040	\$721
855 5th Avenue		July 20, 2022	\$740,000	\$750,000	-1%	11	1985	2	2	902	\$820
412 Bayview Drive		September 30, 2022	\$699,000	\$699,000	0%	4	1994	0	0	1383	\$505
140 Wildercrest Court		August 30, 2022	\$625,000	\$625,000	0%	16	1999	1	1	756	\$827
95200 Ryan Gulch Road		July 15, 2022	\$620,000	\$639,900	-3%	13	1983	2	2	886	\$700
801 Lakepoint Drive		June 17, 2022	\$555,000	\$552,000	1%	0	2000	1	2	835	\$665
8300 Ryan Gulch Road		October 17, 2022	\$545,000	\$560,000	-3%	109	1978	2	2	758	\$719
220 Galena Street		October 14, 2022	\$450,000	\$475,000	-5%	121	1970	1	1	578	\$779
400 Main Street		October 27, 2022	\$449,000	\$449,000	0%	6	1984	0	1	475	\$945
MIN			\$449,000	\$449,000	-11%	0					\$494
MAX			\$1,905,000	\$2,000,000	2%	121					\$1,064
AVERAGE			\$1,040,059	\$1,064,556	-2%	25					\$772
MEDIAN			\$930,000	\$935,000	0%	9					\$784

The above table indicates an average of 5.67 units per month (34 sales / 6 months) or 17.01 units per quarter with average days on market of 25 days. There are currently no listings built after 2015 similar to the subject. These sales demonstrate strong demand for attached homes similar to the subject's proposed units. The

appraisers also do not apply any pre-sale activity which is strong in this market. The subject's units are on the smaller end of the market but are at the low end on a per unit basis which increases their demand.

Overall, the appraisers do not believe that the increase in interest rates will affect the sell out of the subject property due to demand in the area and overall lack of supply as well as price points being towards the low end.

A sell-out period of 6 units per quarter should be reasonable. These assumptions are based on recent market performance.

Marketing & Closing Costs - Marketing and closing costs are indicated for each unit. This represents brokerage fees and loan paperwork. Closing costs are typically 1.0% of the gross sale proceeds. The sales commission typical in the area is 4.0% to 6.0%; **we have concluded 3.0% for this analysis due to in house sales that most buyers would employ.** Based on the size of the subject and its location in a developing retail market, closing costs of 1.5% are considered appropriate for purposes of this analysis

Property Taxes – Taxes during the marketing period are based on the current annual taxes (presented earlier in the report), yielding an annual tax of approximately \$110/per unit. This is based on the current taxes as presented earlier in the report. The amount of taxes per period is calculated on the basis of the remaining inventory.

HOA – According to the developer, the subject units will have a monthly HOA fee of \$573.34 which includes \$200/month for the ground lease payments. The remaining \$373.34 is for common area maintenance, water/sewer/trash, administrative fees, and insurance. The comparables above had HOA fees ranging from \$267/month to \$592/Month. The subject's HOA fees are at the high end of the range due to the inclusion of the Ground Lease payments but appear reasonable.

Discount Rate - The discount rate is the factor by which the "Net Sales Proceeds" are discounted in order to calculate the discounted or "Bulk Value." The risk rates for real estate development are generally greater than for other real estate investments. This is due to the volatility of the development process and risk of a project near raising from the ground. The following summarizes discount surveys used in this analysis.

- **PwC** - Based on a recent survey by PwC, average discount rates for the National Development Land Market range from 10% to 20% with an average of 15.9%. *It should be noted the PwC discount rates include developer's profit.* The lowest end of the broker and PwC range is typically for small projects where development risks have been lessened or eliminated.
- **RealtyRates** – The 3rd Quarter 2022 RealtyRates Developer Survey indicates rates for Primary Residential units between 13.30% and 22.61% with an average of 17.24% as indicated in the table below.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2022*						
Mountain - Condominiums & Co-Ops						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Primary Residential	13.30%	23.74%	17.87%	12.59%	22.79%	17.07%
Hi-Rise/Urban Townhouse	13.83%	23.74%	18.41%	13.28%	22.79%	17.67%
Garden/Suburban Townhouse	13.30%	22.61%	17.24%	12.76%	21.71%	16.55%
Mixed Use	13.69%	23.74%	17.97%	12.59%	22.79%	16.99%
Resort & Second Home	14.76%	25.90%	18.88%	14.17%	24.87%	18.13%
Hi-Rise	14.91%	25.90%	20.00%	14.31%	24.87%	19.20%
Garden/Townhouse	14.76%	22.26%	17.77%	14.17%	21.37%	17.06%
Commercial/Industrial	11.75%	24.84%	17.08%	11.28%	23.84%	16.40%
Urban Office	12.76%	22.68%	17.36%	12.25%	21.77%	16.67%
Suburban Office	11.87%	22.45%	16.47%	11.39%	21.55%	15.81%
Retail	12.56%	24.84%	17.95%	12.06%	23.84%	17.23%
Industrial	11.75%	22.71%	16.54%	11.28%	21.80%	15.88%

*2nd Quarter 2022 Data

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The data from PWC is for 100 units or less, which is significantly larger than the subject with 29 units indicating typical to lower risk. Based on the analysis above, emphasis is placed on both survey's and taking into consideration the strong demand of product similar to the subject, a discount rate of 10% (rounded) is applied.

Carports/Charging Stations - The subject also will have 15 carports/charging stations. The developer indicated that they will be available for sale at \$75,000 per space. Sales of individual garages are extremely limited, with none found in the Summit County area. Along the front range, there are individual garage condominium sales that range from \$50,000 to \$80,000.

Based on comparable information in the market and the scarcity of carport space near resort areas, the current asking prices of \$75,000 garage units appears reasonable and supportable and is utilized in the DCF on the following page. As carports units are highly coveted in the area, it is assumed that the garages will most likely sell with the residential condominiums.

DCF Table - Below is a DCF table that summarizes the assumptions, calculations and conclusions of this analysis and the final Bulk Value of the subject.

BULK SELL OUT ANALYSIS							
	QUARTERLY PERIODS	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PROJECT TOTALS
SALES							
TOTAL NUMBER SOLD		6	6	6	6	5	29
REMAINING INVENTORY	29	23	17	11	5	0	6
SALES PRICE	\$433,448						
REVENUES							
SALE OF UNITS		\$2,600,690	\$2,600,690	\$2,600,690	\$2,600,690	\$2,167,241	\$12,570,000
EXPENSES							
COMMISSIONS	3.00%	\$78,021	\$78,021	\$78,021	\$78,021	\$65,017	\$377,100
CLOSING COSTS	1.50%	\$39,010	\$39,010	\$39,010	\$39,010	\$32,509	\$188,550
DEVELOPER'S PROFIT	5.00%	\$130,034	\$130,034	\$130,034	\$130,034	\$108,362	\$260,069
TAXES/HOME/PERIOD	\$110	\$3,196	\$2,534	\$1,873	\$1,212	\$551	\$9,366
HOA FEES/QUARTER	\$1,720	\$49,881	\$39,560	\$29,240	\$18,920	\$8,600	\$146,202
TOTAL EXPENSES		\$300,142	\$289,160	\$278,179	\$267,198	\$215,039	\$1,349,718
NET SALE PROCEEDS							
		\$2,300,548	\$2,311,529	\$2,322,511	\$2,333,492	\$1,952,202	\$11,220,282
Discount Rate	10.00%						
PV Factor		0.976	0.952	0.929	0.906	0.884	
NET SALE PROCEEDS		\$2,244,437	\$2,200,147	\$2,156,682	\$2,114,028	\$1,725,462	\$10,440,757
BULK VALUE OF UNITS	\$10,440,757						
BULK VALUE PER UNIT	\$360,026						
TOTAL BULK VALUE (ROUNDED)	\$10,440,000						
PLUS: CARPORT VALUE	\$1,125,000						
TOTAL VALUE AT COMPLETION	\$11,570,000						

INTRODUCTION

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised.²

LAND VALUE

The subject has no land associated with it as it is on a land lease. As such, there is no land value associated with the subject property.

REPLACEMENT COST ANALYSIS

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.³

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Replacement Cost New (Building)

This section calculates the replacement cost new of the subject building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. Three sources were selected to support direct and indirect costs: Marshall Valuation Service, the developer's cost schedule and cost comparables. This selection is appropriate considering the scope and intended use of the appraisal, and given that the subject improvements are proposed construction.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service. First, the subject components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

² The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

³ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

REPLACEMENT COST NEW (BUILDING)			
MARSHALL VALUATION SERVICE DIRECT COST			
Number of Buildings	2		
Gross Building Area	13,950 SF		1
M/S Building Type			Multi-Family
Number of Stories			3
Component Description			Condos
M/S Section/Page/Class			12/27/C
M/S Publication Date			Aug-22
Quality Rating			Good
Component SF (Gross)			13,950
Base Cost (Per SF)			\$335.00
SQUARE FOOT REFINEMENTS			
Carports			\$53.76
Subtotal			\$388.76
COST MULTIPLIERS			
Current Cost Multiplier			1.02
Local Multiplier			1.14
DIRECT COSTS PER SF			\$452.05
Indirect Cost (% of Direct) ¹	15%		15%
INDIRECT COST PER SF			\$67.81
DIRECT & INDIRECT TOTAL PER SF			\$519.86
CALCULATION OF REPLACEMENT COST NEW WITH INCENTIVE			
Component SF (Gross)			13,950
Direct & Indirect Total			\$7,252,078
ENTREPRENEURIAL INCENTIVE % ¹	10%		10%
Entrepreneurial Incentive \$			\$725,208
FINAL TOTAL REPLACEMENT COST NEW			\$7,977,286

¹Colliers International Estimate

Based on our research, indirect costs are typically 10% to 20% of direct cost for this type of development in the marketplace. This range is generally supported by the cost comparables presented ahead that indicate a range for indirect costs from 10% to 26% of direct costs. Considering the size and project characteristics, we have estimated indirect costs at 15% of direct costs.

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on anecdotal evidence provided by developers of similar Condominium/PUD Projects projects, profit is typically based on a percentage of replacement cost, generally 5% to 15%, depending upon project size, location, marketability and risk. An entrepreneurial profit and overhead allocation of 10% was used in this analysis.

The replacement cost new as developed with Marshall Valuation Service is summarized in the following table.

REPLACEMENT COST NEW SUMMARY (BUILDING)			
MARSHALL VALUATION SERVICE			
Direct & Indirect Costs		\$7,252,078	\$519.86/SF
Entrepreneurial Incentive	@10%	\$725,208	\$51.99/SF
TOTAL REPLACEMENT COST NEW (RCN)		\$7,977,286	\$571.85/SF

Developer's Cost Schedule

We reviewed a cost schedule prepared by Developer dated April 1, 2022, as summarized in the table below.

DEVELOPER'S COST SCHEDULE	
Direct Costs	1
Total Direct Costs	\$5,498,052
Indirect Costs	1
Total Indirect Costs	\$1,563,805
Subtotal Costs	\$7,061,857
Incentive @ 10%	\$706,186
Total Costs	\$7,768,043
Total Costs/SF	\$556.85

The preceding developer's costs reflect the most recent detailed cost budget for the subject's proposed construction. All costs associated with site improvements were excluded, as they are analyzed separately ahead. The developer did not include an allocation for incentive; therefore, our estimate within the Marshall Valuation Service section of 10% is carried over to this analysis.

Cost Comparables

The cost comparables selected for this analysis are summarized in the following table.

COST COMPARABLES			
COMPARABLE	1	2	3
Cost Year Built	2022	2022	2017
Property Type	Multi-Family	Multi-Family	Multi-Family
City	Boulder	Winter Park	Frisco
State	CO	CO	CO
Units	6	87	25
Gross Building Area	16,416 SF	157,437 SF	25,365 SF
Direct Cost	\$5,164,838	\$57,320,322	\$8,310,534
Indirect Cost	\$1,191,576	\$5,597,798	\$2,133,906
Subtotal	\$6,356,414	\$62,918,120	\$10,444,440
Incentive %	10.0%	20.0%	10.0%
Incentive \$	\$635,641	\$12,583,624	\$1,044,444
Total Costs	\$6,992,055	\$75,501,744	\$11,488,884
Per Unit	\$1,165,343	\$867,836	\$459,555
Per Square Foot	\$425.93	\$479.57	\$452.94
LOW	\$459,555/Unit	\$426/SF	
HIGH	\$1,165,343/Unit	\$480/SF	
AVERAGE	\$830,911/Unit	\$453/SF	

The cost comparables ranged in size from 16,416 to 157,437 SF, with an average of 66,406 SF. The comparable buildings were built between 2017 and 2022. Included in the cost breakdown for each comparable are direct costs, indirect costs and profit. The replacement cost new (excluding site improvements) of the cost comparables ranged from \$426/SF to \$480/SF, and averaged \$453/SF.

Building Replacement Cost New Conclusion (Building)

The following table summarizes the indicators that were used to estimate the replace cost new of the subject building improvements and the reconciled conclusion.

REPLACEMENT COST NEW ESTIMATES CONCLUSION (BUILDING)			
APPROACH	TOTAL	\$/UNIT	\$/SF
Marshall Valuation Service Cost Estimate	\$7,977,286	\$275,079	\$572
Developer's Cost Schedule	\$7,768,043	\$267,864	\$557
Cost Comparables	\$6,316,745	\$217,819	\$453
CONCLUDED REPLACEMENT COST NEW (BUILDING)	\$7,768,043	\$267,864	\$557

The analysis supports a range for replacement cost new of the building improvements from \$452.81 to \$571.85/SF. Primary weight was placed on the developer's cost estimate in the reconciled conclusion of \$557.

Site Improvements Replacement Cost

The replacement cost new of the subject site improvements is presented in the following table.

SITE IMPROVEMENTS REPLACEMENT COST NEW									
ITEM	UNITS	AREA	RCN	TOTAL RCN	INDIRECT 15%	ADJUSTED RCN	INCENTIVE 10%	TOTAL RCN	TOTAL RCN
Site Improvements	SF	53,557	\$9.00	\$482,013	\$72,302	\$554,315	\$55,431	\$609,746	\$609,746

The site improvements area was calculated based on the subject useable land area less the footprint of the building, or 53,557 SF. The replacement cost new was estimated at \$9.00/SF with support from Marshall Valuation Service, the developer's cost schedule and cost comparables. Allocations for indirect costs of 15% and profit of 10% were carried forward from the conclusions made within the analysis of building improvements.

COST APPROACH CONCLUSION

The Cost Approach analysis and conclusion are presented in the following table.

COST APPROACH VALUE CONCLUSION			
IMPROVEMENTS (BUILDING)			
Direct & Indirect Costs			\$7,061,857
PLUS: Entrepreneurial Incentive			\$706,186
LESS: Total Depreciation			\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDING)			\$7,768,043
IMPROVEMENTS (SITE)			
Direct & Indirect Costs			\$554,315
PLUS: Entrepreneurial Incentive			\$55,431
LESS: Total Depreciation			\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)			\$609,746
SUMMARY (ALL IMPROVEMENTS)			
Adjusted Costs/Cost New			\$7,616,172
PLUS: Total Entrepreneurial Incentive			\$761,617
TOTAL REPLACEMENT COST NEW			\$8,377,789
LESS: Total Depreciation			\$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS			\$8,377,789
PLUS: Land Value (Primary Site)			\$0
PROSPECTIVE VALUE UPON COMPLETION		\$288,966/Unit	\$601/SF
			\$8,380,000

Rounded to nearest \$10,000

INTRODUCTION

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

It should be noted that the subject's Cost Approach is well below the Bulk Value Upon Completion, showing financial feasibility of the project.

The following table summarizes the opinions of the As-Is Market Value, Bulk Value Upon Completion and Aggregate Value Upon Completion of the subject property's leasehold interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate. Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset, primary emphasis was placed on the Income Approach, which is reflected in our final opinions of market value below.

ANALYSIS OF VALUE CONCLUSIONS			
VALUATION INDICES	AS-IS MARKET VALUE	BULK VALUE UPON COMPLETION	AGGREGATE VALUE UPON COMPLETION
INTEREST APPRAISED	LEASEHOLD	LEASEHOLD	LEASEHOLD
DATE OF VALUE	NOVEMBER 16, 2022	NOVEMBER 1, 2023	NOVEMBER 1, 2023
Cost Approach	-	\$8,380,000	-
Sales Comparison Approach	-	\$11,570,000	\$13,700,000
FINAL VALUE CONCLUSION	-	\$11,570,000	\$13,700,000
\$/Unit	-	\$398,966/Unit	\$472,414/Unit
\$/SF (NRA)	-	\$881.52/SF	\$1,043.81/SF
Exposure Time	Six Months or Less		
Marketing Period	Six Months or Less		
OTHER CONCLUSIONS	AS OF NOVEMBER 16, 2022		
Insurable Replacement Cost	\$5,680,000		

We certify that, to the best of our knowledge and belief:

- › The statements of fact contained in this report are true and correct.
- › The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- › Andrew Irland has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Jacie Ottersberg has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Jonathan Fletcher, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The 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.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › Andrew Irland inspected the property that is the subject of this report. Jacie Ottersberg did not inspect the property that is the subject of this report. Jonathan Fletcher, MAI did not inspect the property that is the subject of this report.
- › No one provided significant real property appraisal assistance to appraisers signing this certification.

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

As of the date of this report Jonathan Fletcher, MAI completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report Andrew Irland and Jacie Ottersberg have completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.



December 8, 2022

Andrew Irland
 Valuation Analyst
 Certified General Real Estate Appraiser
 State of Colorado License #CG.200002747
 andrew.irland@colliers.com

Date



December 8, 2022

Jacie Ottersberg
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 jacie.ottersberg@colliers.com

Date



December 8, 2022

Jonathan Fletcher, MAI
 Managing Director
 Certified General Real Estate Appraiser
 State of Colorado License #CG.100013881
 +1 303 779 5503
 jon.fletcher@colliers.com

Date

This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value,

property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Insurable Replacement Cost

Engagement Letter

Cost Budget

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

INSURABLE REPLACEMENT COST

At the client's request, we have included an estimate of the insurable replacement cost estimate of the subject improvements, which represents the replacement cost new of the subject improvements, exclusive of land value and profit, and the costs associated with excavation, site work, foundations and architects' fees. Insurance coverage is usually specific to a given project. We have not been provided with the specific policy requirements, which limit the reliability of the conclusion. Insurable replacement cost is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value. The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required.

The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST		
MARSHALL VALUATION SERVICE DIRECT COST		
Number of Buildings	2	
Gross Building Area	13,950 SF	1
MVS Building Type		Multi-Family
Number of Stories		1
Height per Story		18'
Component Description		Condos
MVS Section/Page/Class		12 / 16 / D
MVS Publication Date		Aug-20
Quality Rating		Good
Component SF (Gross)		13,950
Base Cost (Per SF)		\$335.00
SQUARE FOOT REFINEMENTS		
Carports		\$53.76
Subtotal		\$388.76
COST MULTIPLIERS		
Current Cost Multiplier		1.02
Local Multiplier		1.14
DIRECT COSTS PER SF		\$452.05
Component SF (Gross)		13,950
TOTAL REPLACEMENT COST NEW		\$6,306,155

¹Colliers International Estimate

INSURABLE REPLACEMENT COST CONCLUSION

Base Improvement Cost		\$6,306,155
Demolition	0%	\$0
Insurable Rplcmnt Cost Exclusions	10%	(\$630,616)
INSURABLE REPLACEMENT COST		\$5,680,000

Rounded to nearest \$10,000



Jonathan Fletcher
Colliers International
7200 S Alton Way, Suite A 240
Centennial, CO 80112

November 9, 2022

Dear Mr. Jonathan Fletcher:

This letter is to confirm your assignment to provide an independent appraisal for the real estate described below, in compliance with FIRREA guidelines, USPAP as required by 12 CFR 323.1 (FDIC), and the additional terms and conditions set forth in this letter. The subject property information is as follows:

Internal Request Title:	Basecamp Residences, LLC
Property Type:	Proposed Condos
Property Address:	XXX
City and State:	Frisco, CO
Components to be appraised:	Land & Improvements
Legal Description:	Summit County, PID(s)
Type of Value Requested:	Market Value: As Is & As Complete, Bulk Discount Value, Insurable Value (if improved)
Report Format:	Appraisal Report (Summary)
Interest Appraised:	Leasehold
Intended Use of Appraisal:	Collateral Evaluation for New Money purposes NOTE: If Intended Use is for Workout/OREO, please include a Liquidation Value
MidWestOne Bank File #:	2022-2041
Contact Information:	David O'Neil: 970-261-7700

The initial correspondence with the above contact should be made within five business days of receiving this letter. Should you experience any delays in obtaining necessary information, please notify us in writing no less than five business days prior to the due date.

Expected Due Date: **12/01/2022**

Unless otherwise agreed, a late penalty may be assessed of up to \$50.00 per day beyond the agreed delivery date at the discretion of the Appraisal Review Department. Deadline may be extended by Appraisal Review Department, if circumstances beyond your control arise. Please notify us no less than five business days prior to the due date.

Appraisal Fee: **\$4,250.00**

Payment will be made upon our review and acceptance of your report. Payment may be delayed if information is incomplete or if major revisions are needed to comply with these terms. Payment may be withheld if the report does not comply with all requirements.

Report Distribution: Upon completion of the appraisal report, you will provide **one (1) digital copy of both the report AND the invoice** via Appraisal Scope, which will be reviewed.

Special Instructions: None noted.

Following are the specific appraisal requirements of MidWestOne Bank:

- The person indicated on this engagement letter must sign the appraisal report.
- Include a clear listing of the subject's Flood Zone (if applicable)
- Include adequate research and discussion regarding current zoning conformance and any anticipated changes to zoning or land use
- Include a signed copy of the engagement letter in the addenda
- Include copies of professional qualifications and appropriate state certifications in addenda
- Include actual historical income and expense statements in addenda when available
- Include a separate invoice for the appraisal fee with the appraisal

Please refer to the attached Exhibits A, B and C for additional detailed requirements regarding the Scope of Work for the appraisal assignment.

The Client(s) and Intended User(s) of the appraisal assignment are as follows:

Bridget Cleven
Appraisal Review Officer
MidWestOne Bank
304 Cascade St., PO Box 188
Osceola, WI 54020

Value conclusions or other information concerning this assignment may not be released without the written consent of MidWestOne Bank. Prior written consent from MidWestOne Bank is requested for appraisals of the subject property for other lenders within a period of one year of this engagement letter.

By signing this letter, you agree MidWestOne Bank may discuss the results with and provide a copy of the report to the borrower and any loan participants at our discretion.

We ask that you acknowledge your acceptance of the terms outlined in this letter by signing below and uploading a copy to us immediately via Appraisal Scope. Please call me at 715-294-5975 or email me at bcleven@midwestone.com with any questions you may have.

Sincerely,

Bridget Cleven

Agreed and Accepted

Bridget Cleven
MN Certified General License # 40713368
Appraisal Services Analyst
MidWestOne Bank – Osceola
Phone: 715-294-5975
Email: bcleven@midwestone.com

Appraiser: *John M. Fletcher*

Accepted By: Jonathan Fletcher

Date: 11/9/2022

EXHIBIT A - Regulatory Appraisal Standards

Excerpted portions from: **Interagency Appraisal and Evaluation Guidelines, December, 2010, pages 24-27.**

The Agencies' appraisal regulations include minimum standards for the preparation of an appraisal. (See Appendix D, Glossary of Terms, for terminology used in these Guidelines.) The appraisal must:

- **Conform to generally accepted appraisal standards as evidenced by the USPAP promulgated by the Appraisal Standards Board of the Appraisal Foundation unless principles of safe and sound banking require compliance with stricter standards.**
 - Although allowed by USPAP, the Agencies' appraisal regulations do not permit an appraiser to appraise any property in which the appraiser has an interest, direct or indirect, financial or otherwise in the property or transaction.
 - Further, the appraisal must contain an opinion of market value as defined in the Agencies' appraisal regulations. (See discussion on the definition of market value below.) Under USPAP, the appraisal must contain a certification that the appraiser has complied with USPAP.
- **Be written and contain sufficient information and analysis to support the institution's decision to engage in the transaction.**
 - The level of detail should be sufficient for the institution to understand the appraiser's analysis and opinion of the property's market value. As provided by the USPAP Scope of Work Rule, appraisers are responsible for establishing the scope of work to be performed in rendering an opinion of the property's market value. An institution should ensure that the scope of work is appropriate for the assignment.
 - The appraiser's scope of work should be consistent with the extent of the research and analyses employed for similar property types, market conditions, and transactions. Therefore, an institution should be cautious in limiting the scope of the appraiser's inspection, research, or other information used to determine the property's condition and relevant market factors, which could affect the credibility of the appraisal.
- **Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.**
- **Be based upon the definition of market value set forth in the appraisal regulation.**
 - Each appraisal must contain an estimate of market value, as defined by the Agencies' appraisal regulations. The definition of market value assumes that the price is not affected by undue stimulus, which would allow the value of the real property to be increased by favorable financing or seller concessions.
 - Value opinions such as —going concern value, value in use, or a special value to a specific property user may not be used as market value for federally related transactions. An appraisal may contain separate opinions of such values so long as they are clearly identified and disclosed.
 - The estimate of market value should consider the real property's actual physical condition, use, and zoning as of the effective date of the appraiser's opinion of value.
 - For a transaction financing construction or renovation of a building, an institution would generally request an appraiser to provide the property's current market value in its as is condition, and, as applicable, its prospective market value upon completion and/or prospective market value upon stabilization. Prospective market value opinions should be based upon current and reasonably expected market conditions.
- **Be performed by state certified or licensed appraisers in accordance with requirements set forth in the appraisal regulation.**

EXHIBIT B – Additional Scope of Work Considerations

In addition to the FIRREA and USPAP requirements, the report must also detail:

- A clear listing of the actual Flood Zone the subject property is located in (if applicable).
- Adequate research and discussion regarding any issues with current Zoning conformance, and/or any anticipated changes to the Zoning or Land Use.
- A copy of the Professional Qualifications and License for each appraiser signing the report.
- **A detailed discussion of the subject’s sale/listing history, even beyond the prior 3 years, and the applicability and relevance to the appraiser’s conclusion of value.**

Also, the following guidelines are given in regards to the actual analysis:

- A clear discussion of the income and expense reconstruction is required. Specifically, a discussion of contract rents (if applicable) and how they relate to market rent is required. The same for operating expenses. **Any substantial differences between contract and market rents/expenses must be adequately addressed in the appraisal.** The intention is for the appraiser to analyze and report current revenues, expenses and vacancies on income-producing properties rather than upon estimated or projected figures that may not be supported by current market conditions.
- For non-owner occupied properties, issues regarding occupancy or absorption of vacant space must be well-supported, especially in the case of large vacancy or even properties that are partially rented with a substantial owner-occupied portion of the building.
- **As much as possible, especially for tenant-occupied properties, historical income and expense statements must be considered and included in the appraisal (ideally three plus years historical, and a current year-to-date statement).**
- **The actual (unmodified) statements used as the basis for the information in the appraisal must also be attached to the report in the addendum.**
- In regards to the Interest Appraised (Fee Simple/Leased Fee/Leasehold), as well as different valuation scenarios (“As-Completed/Stabilized” versus “As-Is”), **the appraiser is expected to discuss the implications of each with the Appraisal Review Officer at the beginning of the assignment**, as it relates to the Bank’s collateral risk position.
- Extraordinary Assumptions and Hypothetical Conditions are **NOT** to be used to avoid substantial issues that may impact the value of the subject property. **If, at any time during the course of completing the appraisal, an assumption or limiting condition is identified, the appraiser is expected to discuss the implications of each with the Appraisal Review Officer immediately.**

Finally, it is **strongly** suggested that the appraiser conduct a self-audit of the appraisal report such as that provided by the Appraisal Institute (“Self Audit for Appraisals – Standards 1 & 2,” Appraisal Institute, 2009).

EXHIBIT C - Definitions

Excerpted from: Interagency Appraisal and Evaluation Guidelines, December 2012

Federally Related Transaction – As defined in the Agencies’ appraisal regulations, any real estate-related financial transaction in which the Agencies or any regulated institution engages or contracts for, and that requires the services of an appraiser.

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

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

Tract Development – As defined in the Agencies’ appraisal regulations, a project of five units or more that is constructed or is to be constructed as a single development. For purposes of these Guidelines, —unitl refers to: a residential or commercial building lot, a detached single-family home, an attached single-family home, and a residence in a condominium, cooperative, or timeshare building.

Excerpted from: The Dictionary of Real Estate Appraisal, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

EXPOSURE TIME

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also Marketing Time.

HYPOTHETICAL CONDITIONS

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

LIQUIDATION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.
2. The property is subject to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

MARKETING TIME

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

PROSPECTIVE OPINION OF VALUE

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

PROSPECTIVE VALUE UPON REACHING STABILIZED OCCUPANCY

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

SPECIAL, UNUSUAL, OR EXTRAORDINARY ASSUMPTIONS

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

GROUND LEASE
(Basecamp Studios)

THIS LEASE, dated effective _____, 2022, (the "Effective Date") made by and between ALPINE INN LLC, a Colorado limited liability company ("Landlord"), and BASECAMP RESIDENCES LLC, a Colorado limited liability company ("Tenant"), Landlord and Tenant having the following addresses on the date of this Lease:

Landlord:

Alpine Inn LLC
211 Marksberry Way
Breckenridge, Colorado 80424
Attention: Lester Warpecha
(970) 389-2729

Email: warpecha@gmail.com

With copies of all notices to:

Isabel Rawson
Email: isabel@summitrealestate.com
(970) 389-0397

Tenant:

Basecamp Residences LLC
777 Pearl Street, Suite 200
Boulder, Colorado 80302
Attention: David G. O'Neil
(303) 443-5600 Ext 711

With copies of all notices to:

Richard C. Nehls
Packard and Dierking, LLC
Suite 200
2595 Canyon Blvd
Boulder, Colorado
(303) 447-0450

In consideration of the premises, the mutual covenants herein contained, and each act to be performed hereunder by the parties, Landlord and Tenant enter into the following lease agreement (this "Lease").

ARTICLE 1. FUNDAMENTAL LEASE PROVISIONS, EXHIBITS AND MEMORANDUM OF LEASE

1.1 Fundamental Lease Provisions. Certain fundamental lease provisions (the "Fundamental Lease Provisions") are set forth below:

- | | |
|----------------------|--|
| (a) Demised Premises | The area described and depicted on Exhibit A. |
| (b) Development | Lot 1, Block A, Discovery Interchange West, according to the Plat filed May 14, 1973 at Reception No. 133802, County |

of Summit, State of Colorado.

(c) Term: Ninety-Nine (99) Lease Years.
.....(See Section 3.1)

(d) Base Rent Per Sold Unit: The initial annual Base Rent shall be \$1,200 or such additional Base Rent as the parties shall agree for each Unit that has been sold by Tenant (the "Base Rent Per Sold Unit"). As additional Units are sold by Tenant (each, a "Sold Unit"), the Base Rent shall increase on the date of sale of each Sold Unit so that at any given time, the Base Rent is equal to the number of Sold Units times the Base Rent Per Sold Unit.
Each year the Base Rent Per Sold Unit shall increase in accordance with Section 4.2;
.....(See Sections 4.1 and 4.2)

(e) Percentage Rent: None.

References appearing in this Section 1.1 designate some of the other places in the Lease where additional provisions applicable to the particular Fundamental Lease Provisions appear. Each reference in this Lease to any of the foregoing Fundamental Lease Provisions shall be construed to incorporate all of the terms provided for under such additional provisions, and the Fundamental Lease Provision shall be read in conjunction with all other provisions of this Lease applicable thereto. Unless the context otherwise requires, all terms contained in this Section shall have the same meaning when used in this Section as when they are used or defined elsewhere in this Lease.

1.2 Exhibits. The following exhibits are attached to and made a part of this Lease for all purposes:

- (a) Exhibit A Metes and Bounds Description of the Demised Premises together with a schematic depiction of the Demised Premises

1.3 Recordation of Lease. This Lease (or an amended and restated version hereof) shall be recorded in the real estate records of the Summit County Clerk and Records office (the "Records") at or about the time that the Demised Premises are subjected to a condominium regime as provided in Section 5.3(c) hereof. Upon termination of this Lease by expiration or

otherwise, Landlord and Tenant shall execute, acknowledge and deliver the necessary documents to release of record any this Lease. Tenant shall be responsible for the payment of all transfer and/or recording taxes (or taxes of a similar nature) that may be imposed by reason of the recordation of this Lease.

1.4 Definitions. The following words shall have the following meanings when used in this Lease:

(a) "Additional Notice" means an additional written notice of default after the non-performing party fails to cure a default within the Applicable Grace Period.

(b) "Additional Rent" means all charges payable under this Lease by Tenant on account of Real Estate Taxes or otherwise (including but not limited to late fees), whether or not denominated herein as rent or as additional rent.

(c) "Additional Rent Commencement Date" means the date that a building permit is issued for the Tenant construction described in Section 5.3 below.

(d) "Applicable Grace Period" has the meaning set forth in Section 10.3.

(e) "Base Rent" means the amount set forth in Sections 1.1(d) and 4.2 hereof.

(f) "Base Rent Commencement Date" has the meaning set forth in Section 5.1.

(g) "Base Rent Per Sold Unit" has the meaning given it in Section 1.1(d).

(h) "Buildings" means the buildings containing the Units to be constructed by Tenant on the Demised Premises.

(i) "CPI Adjustment" is calculated on each Date of Increase and is a variable by which the Base Rent in effect immediately prior to the corresponding Date of Increase is multiplied to determine the Base Rent on the corresponding Date of Increase. The CPI Adjustment shall be equal to one (1) plus a fraction, the numerator of which is the latest Price Index that is published and available prior to the Date of Increase (the "*Ending Price Index*") minus the Price Index as of a date 12 months prior to the date of the Ending Price Index (the "*Beginning Price Index*"), and the denominator of which is the Beginning Price Index. In the event that such fraction is a negative number, then the CPI Adjustment shall equal one (1).

(j) "Condominium Declaration" means the condominium declaration to be filed with the Summit County Clerk and Recorder when the Units are converted into condominium units and all subsequent amendments thereto.

(k) "Date of Increase" is the first day of each Lease Year beginning with the first day of the second Lease Year. Such date is the day in each year that Base Rent increases as provided in Section 4.2.

- (l) “Demised Premises” has the meaning given it in Section 1.1(a).
- (m) “Development” has the meaning given it in Sections 1.1(b).
- (n) “Development Agreement” means the Development Agreement between Landlord and Tenant dated May 21, 2021.
- (o) “Development Period” means the period between the Effective Date and the Base Rent Commencement Date.
- (p) “Effective Date” means the first date by which this Lease has been executed by both Tenant and Landlord.
- (q) “Event of Default” has the meaning set forth in Section 10.1(a).
- (r) “Force Majeure Events” has the meaning set forth in Section 15.9.
- (s) “Fundamental Lease Provisions” means the lease provisions set forth in Section 1.1 of this Lease.
- (t) “Hazardous Substance” means any petroleum product, asbestos product, lead, lead paint, mold or mold conditions, or any other material, substance or waste that is recognized as being hazardous or dangerous to health or the environment by any federal, state or local agency having environmental protection jurisdiction over the Demised Premises.
- (u) “Homeowner’s Association” means the homeowner’s association that will be described in the Condominium Declaration.
- (v) “Interest Rate” means an annual rate of interest equal to the lesser of (i) the prime interest rate from time to time contained in *The Wall Street Journal* (or its successor or reasonable equivalent) plus five percent (5%), or (ii) the highest interest rate permitted by applicable Law.
- (w) “Law” means any and all applicable present or future federal, state or municipal laws, rules, orders or regulations (collectively “Laws”).
- (x) “Lease” means this lease.
- (y) “Lease Year” shall mean a period of twelve (12) consecutive calendar months, the first Lease Year to commence on (i) the Base Rent Commencement Date, if the Base Rent Commencement Date is the first day of a calendar month, or (ii) the first day of the calendar month following the Base Rent Commencement Date, if the Base Rent Commencement Date is not the first day of a calendar month. The portion of the Term following the Base Rent Commencement Date and prior to the end of the first Lease Year shall be treated for all purposes hereunder as part of the first Lease Year.
- (z) “Price Index” is the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, All Items for All Urban Consumers

Denver-Boulder-Greeley metropolitan area (1982-84=100) (the “*CPI-U*”). If the CPI-U (or a successor or substitute index) is not available, a reliable governmental or other nonpartisan publication evaluating the information used in determining the CPI-U shall be used as the Price Index.

(aa) “Real Estate Taxes” has the meaning set forth in Section 9.4(a).

(bb) “Reference Date” has the meaning set forth in Section 15.22.

(cc) “Site Plan” means the depiction of the Demised Premises and the improvements to be constructed thereon as set forth on Exhibit A attached hereto.

(dd) “Snow Stack Easement” means the Easement Grant recorded with the Summit County Clerk and Recorder’s office on June 13, 1986 at Reception No. 318707.

(ee) “Sold Unit” has the meaning given it in Section 1.1(d).

(ff) “Taking” has the meaning set forth in Section ARTICLE 12.

(gg) “Taking Impacting Tenant” has the meaning set forth in Section 12.3.

(hh) “Tenant” means Basecamp Residences LLC so long as it remains the tenant under this Lease. Thereafter, upon an assignment or other transfer, “Tenant” means the successor or assign that is the then current tenant under this Lease.

(ii) “Tenant’s Furniture, Fixtures and Equipment” shall mean any and all furniture and other items of personal property, but excluding building fixtures such as HVAC, equipment.

(jj) “Tenant’s Invitees” means Tenant’s or its subtenant’s respective suppliers, employees, agents, customers, contractors, business invitees, subtenants, licensees and concessionaires.

(kk) “Tenant’s Restoration” means the repair, restoration, or rebuilding that Tenant is required by Section 11.1(a) to perform to the Buildings and the leasehold improvements constructed by Tenant following a casualty.

(ll) “Term” means the Term as set forth in Section 1.1(d) and Section 3.1.

(mm) “Town Approval” means compliance with all the Laws of the Town of Frisco and if necessary, for the particular proposed action, the express consent and approval of the Town of Frisco.

(nn) “Units” means the approximately twenty-nine (29) approximately 350 square foot to 525 square foot residential units and one approximately 350 square foot office unit to be constructed on the Demised Premises by Tenant as provided in Section 5.3(a).

1.5 Snow Stack Easement. If the Snow Stack Easement has not been terminated or

relocated, so that none of the Easement Premises (as defined in the Snow Stack Easement) is located on the Demised Premises within one year of the Effective Date, then either party may terminate this Lease.

1.6 Development Agreement. In the event of any inconsistency between the Development Agreement and this Lease, this Lease shall govern. Nothing in the Development Agreement shall affect the rights and obligations of Tenant under this Lease after this Lease has been assigned to a Homeowner's Association.

ARTICLE 2. PREMISES

Subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, Landlord hereby demises and leases to Tenant, and Tenant hereby takes and leases from Landlord, the Demised Premises, to have and to hold during the Term.

ARTICLE 3. TERM

3.1 Term. The "Term" of this Lease shall begin on the Effective Date and extend through the Development Period and after the Development Period, ninety-nine (99) Lease Years past the Base Rent Commencement Date.

3.2 Extensions. No options to extend the Term are granted.

3.3 Holding Over. If Tenant remains in possession of the Demised Premises after the expiration of the Term, it shall be deemed to be occupying the Demised Premises as a tenant from month to month at 125% of the Base Rent payable during the last month of the Demised Term (150% of the Base Rent payable during the last month of the Demised Term if Tenant holds over for more than one (1) month after receipt of written demand from Landlord that Tenant vacate the Demised Premises) and 100% of the Additional Rent payable hereunder during the hold over period (prorated and paid on a monthly basis), subject to all conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

ARTICLE 4. RENT

4.1 Base Rent. Commencing on the Base Rent Commencement Date, and on the first day of every month thereafter throughout the Term, Tenant shall pay to Landlord, without any prior demand therefor and, except as may be otherwise expressly set forth herein, without offset or abatement, one twelfth (1/12th) of the Base Rent. Notwithstanding the foregoing, if the Base Rent Commencement Date is not the first day of a calendar month, Tenant shall, on the first day of the calendar month immediately following the Base Rent Commencement Date, pay Landlord with the first full monthly payment an amount equal to the pro rata portion of Base Rent for the number of days from the Base Rent Commencement Date to the end of such fractional month. Base Rent for any fractional month at the end of the Term shall also be prorated. Prorations for any fractional month shall be made on the basis of a 365-day year and the actual number of days

in such fractional month.

4.2 Base Rent Adjustments. The Base Rent Per Sold Unit shall be increased annually, but not decreased, during the Demised Term. On each Date of Increase, Base Rent Per Sold Unit shall be determined by multiplying the Base Rent per Unit in effect immediately prior to the Date of Increase by the CPI Adjustment.

4.3 Payments. Rent shall be paid in United States currency by check, direct deposit, or such other method as Landlord may reasonably prescribe. Rent checks shall be made payable to Landlord and mailed to its address on page 1 hereof, or elsewhere as designated by Landlord from time to time in a written notice delivered to Tenant at least one (1) month prior to the effective date of such address change. In the event that Landlord prescribes another method of payment, payment shall be made in the manner set forth in Landlord's notice delivered to Tenant at least one (1) month prior to the effective date of such change.

4.4 Additional Rent. All Additional Rent, whether or not denominated herein as rent or as additional rent, shall be considered to be rent for all purposes under this Lease. Additional Rent shall begin to accrue on the Additional Rent Commencement Date.

ARTICLE 5. BASE RENT COMMENCEMENT DATE

5.1 Base Rent Commencement Date. The Base Rent Commencement Date shall be the date on which the first Unit is sold by Tenant.

5.2 Acceptance of the Demised Premises AS IS. Tenant accepts the Demised Premises in their current As Is condition. Tenant shall be responsible at its sole cost and expense to bring in utilities and perform all site work for the construction of the Buildings on the Demised Premises.

5.3 Tenant Construction.

(a) Tenant has submitted a sketch plan to the Town for the approximately twenty-nine (29) approximately 350 square foot to 525 square foot residential Units and one approximately 350 square foot office Unit to be constructed on the Demised Premises as set forth on the Site Plan. The parties acknowledge and agree that the Site Plan may change pursuant to the entitlement process with the Town. If the Town has not approved a Major Site Plan acceptable to Tenant within twelve (12) months after the execution of this Ground Lease, then either party may terminate this Ground Lease. If the Town approves the Major Site Plan, Tenant shall construct the Units. The design for the Units shall be in accordance with the Town's approval. Tenant shall cause its general contractor to waive any mechanic lien rights as against Landlord's interest in the Demised Premises and indemnify Landlord for any mechanic liens that may be filed by its subcontractors or suppliers. Such waiver and indemnification shall be included in the contract between Tenant and its general contractor for the benefit of Landlord as a third-party beneficiary. Tenant shall be responsible for (1) obtaining any required licenses and permits issuable by applicable governmental authorities for the construction of the Units and (2) complying with all Laws concerning the cleanliness, safety and construction of the Demised Premises, including but not limited to the Americans with Disabilities Act and all regulations

thereunder as they may be amended from time to time.

(b) As part of the improvements Tenant must make, Tenant shall construct a detention pond adjacent to and west of the Demised Premises in the place labeled on the Site Plan as "Western Detention Pond" for water drainage from the Demised Premises. Subject to the Snow Stack Easement, Tenant shall have the use of such Western Detention Pond for water drainage from the Demised Premises.

(c) When the Units are sufficiently completed for Tenant to file a Condominium Declaration, Tenant shall subject the Units to a condominium regime based upon this Ground Lease as a common element (the condominium project being a leasehold condominium project) and assign this Ground Lease to the Homeowner's Association, subject to the rights of the owners of the Units. After such assignment, (i) Basecamp Residences LLC (which shall no longer be the tenant hereunder) shall continue to own all the Units subject to this Ground Lease and the Condominium Declaration; (ii) the Homeowner's Association shall be obligated to pay Base Rent and Additional Rent hereunder; and the Homeowner's Association shall be the tenant hereunder subject to the rights of the Unit Owners.

(d) Upon assignment of this Ground Lease to the Homeowner's Association, Basecamp Residences LLC shall be released of any further obligation under this Ground Lease except for payments due prior to the assignment of the Ground Lease.

ARTICLE 6. CONSTRUCTION, MAINTENANCE AND EQUIPMENT

6.1 Ownership and Depreciation of Improvements and Fixtures.

(a) Fixtures and Equipment. Tenant shall own all Tenant's Furniture, Fixtures and Equipment to the exclusion of Landlord but subject to the rights of the Unit owners. Within ten (10) days following the expiration or earlier termination of this Lease, Tenant shall have the right to remove all of Tenant's Furniture, Fixtures and Equipment from the Demised Premises. Tenant shall repair any damage to the Demised Premises (other than minor, cosmetic damage) caused by such removal.

(b) Improvements. Subject to the rights of the Unit owners, improvements constructed or installed in the Demised Premises which are constructed and funded by Tenant (and not reimbursed by Landlord) are the property of Tenant for and during the Term, but upon the termination of this Lease shall vest in Landlord. Accordingly, in recognition of which party bears the economic burden of the improvements constructed on the Demised Premises, it is agreed and understood that, during the Term, Tenant retains the right to the depreciation deductions of all such alterations, additions, and improvements made at Tenant's expense and not reimbursed by Landlord.

6.2 Demised Premises Maintenance. Tenant, at its sole cost and expense, shall keep the Demised Premises, including the foundation, floor, roof, exterior walls, of the other common elements of the condominium project in good condition and repair throughout the Term, reasonable wear and tear and the effects of time excepted. However, Landlord expressly agrees that Tenant shall have no obligation to replace the HVAC system (or any other mechanical

equipment located in or serving the Units) serving the Units upon the expiration or any earlier termination of this Lease or to otherwise deliver the HVAC system (or any other mechanical equipment located in or serving the Units) in working order.

6.3 Alterations by Tenant. Any alterations and additions to the Demised Premises that Tenant may deem necessary during the Term may be made by Tenant, at Tenant's sole cost and expense except that after the original construction of the Buildings, Tenant shall not have the right to (i) expand the area of any Building or construct additional mezzanine areas within any Building or (ii) change the exterior façade without Landlord's consent which may be denied or conditioned in Landlord's absolute discretion. In addition, any alteration construction shall be subject to the same provisions as the original construction as provided in Section 5.3.

6.4 Entry by Landlord. Subject to the rights of Unit owners, Landlord may enter the Demised Premises during normal business hours to inspect same and, beginning six (6) months before the end of the Term, to exhibit same to prospective tenants, so long any such entry does not interfere with occupants' business activities.

6.5 Signage.

(a) Permanent Signage. Tenant's signage shall be subject to Landlord's approval, such approval not to be unreasonably withheld, conditioned or delayed.

(b) Temporary Signage. Subject to applicable Laws and Town Approval, Tenant may install temporary advertising signs in the Demised Premises on the exterior of the Buildings and shall remove them within a reasonable time after sale of the Units.

ARTICLE 7. USE

Except for one office Unit, the Demised Premises shall only be used for residential purposes.

ARTICLE 8. UTILITY SERVICES

Throughout the Term, Tenant (or persons claiming through Tenant, such as Unit owners shall directly contract with utility providers for the supply of utility services to the Demised Premises.

ARTICLE 9. INSURANCE, LIABILITY AND TAXES

9.1 Insurance.

(a) Liability Insurance. From and after the date of this Lease, Tenant shall maintain a policy of commercial general liability insurance on the Demised Premises and all buildings and improvements located thereon, protecting Landlord and Tenant against loss, cost or expense by reason of injury to or death of persons or damage to or destruction of property by reason of the use and occupancy of the Demised Premises by Tenant and Tenant's Invitees. Such insurance shall have limits of at least \$2,000,000.00 for each occurrence, bodily injury and

property damage combined, subject to Tenant's deductible.

(b) Property Insurance - Improvements. From and after the date of this Lease, Tenant shall maintain Causes of Loss – Special Form property damage insurance on the Buildings and all leasehold improvements constructed by Tenant within the Buildings and on Tenant’s Furniture, Fixtures and Equipment in amounts equal to one hundred percent (100%) of their full replacement cost, subject to Tenant's deductible. In the event the property damage insurance known as of the date of this Lease as “Causes of Loss – Special Form” ceases to exist in the future, Tenant shall maintain that form of property damage insurance that provides the nearest coverage as the “Causes of Loss – Special Form” property damage insurance does as of the date of this Lease.

(c) Certificates of Insurance. All insurance required to be carried by Tenant pursuant to this Lease shall be carried with reputable companies licensed to do business in the State in which the Demised Premises are located and having an A.M. Best Rating of not less than A:XI. Tenant shall, upon written request by the Landlord, furnish a certificate from its insurance carrier certifying that the insurance coverage that Tenant is required to maintain is in force. Tenant may satisfy the requirement to provide a certificate of insurance with respect to Tenant’s commercial general liability insurance and/or property insurance by providing Landlord with a web site link to a Memorandum of Insurance (located on the website of the issuer of Tenant’s commercial general liability insurance and/or property insurance) evidencing that the commercial general liability insurance and/or property insurance coverage that Tenant is required to maintain is in force.

(d) Blanket Policies. The insurance required to be carried pursuant to this Lease may be carried under policies of blanket insurance that may cover other liabilities and locations; provided, however, in all other respects each of such policies shall comply with the provisions of this Section 9.1.

9.2 Indemnification.

(a) TENANT. TENANT COVENANTS TO DEFEND AND SAVE LANDLORD HARMLESS FROM ANY AND ALL LOSSES WHICH MAY OCCUR WITH RESPECT TO ANY PERSON OR PERSONS, CORPORATION, PROPERTY OR CHATTELS ON THE DEMISED PREMISES RESULTING FROM ACTS OR OMISSIONS OF TENANT OR ANY PERSONS CLAIMING ANY RIGHT TO THE DEMISED PREMISES THROUGH TENANT, EXCEPT

(I) TO THE EXTENT SUCH LOSS RESULTS FROM A DEFAULT BY LANDLORD UNDER THIS LEASE OR THE WILLFUL MISCONDUCT OR NEGLIGENT ACT OR OMISSION OF LANDLORD, ITS SUBTENANTS, AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR INVITEES, OR

(II) TO THE EXTENT OF ANY INSURANCE PROCEEDS RECEIVED (OR RECEIVABLE) BY LANDLORD OR PAYABLE UNDER LANDLORD'S INSURANCE AS A RESULT OF LANDLORD'S CONTRIBUTORY

CULPABILITY, OR

(III) TO THE EXTENT THE LOSS OR DAMAGE IS TO PROPERTY AND LANDLORD HAS WAIVED ITS RIGHT TO RECOVER THE COST OF SUCH LOSS OR DAMAGE TO PROPERTY FROM TENANT BY VIRTUE OF LANDLORD'S WAIVER OF CLAIMS UNDER SECTION 9.3(a) BELOW.

WITH RESPECT TO ANY LOSS FROM WHICH LANDLORD CLAIMS TENANT IS REQUIRED TO HOLD LANDLORD HARMLESS, LANDLORD SHALL PROMPTLY NOTIFY TENANT OF (A) ANY ACTS OR OMISSIONS CAUSING SUCH LOSS, AND (B) ANY PROCEEDINGS INITIATED IN CONNECTION WITH SUCH ACTS OR OMISSIONS. TENANT'S OBLIGATIONS UNDER THIS SECTION SHALL BE REDUCED TO THE EXTENT THAT TENANT IS NOT PROMPTLY NOTIFIED AS AFORESAID AND SUCH FAILURE PREJUDICES TENANT.

(b) LANDLORD. LANDLORD COVENANTS TO DEFEND AND SAVE TENANT HARMLESS FROM ANY AND ALL LOSSES WHICH MAY OCCUR WITH RESPECT TO ANY PERSON OR PERSONS, CORPORATION, PROPERTY OR CHATTELS ON THE DEMISED PREMISES RESULTING FROM LANDLORD'S ACTS OR OMISSIONS, EXCEPT

(I) TO THE EXTENT SUCH LOSS RESULTS FROM A DEFAULT BY TENANT UNDER THIS LEASE OR THE WILLFUL MISCONDUCT OR NEGLIGENT ACT OR OMISSION OF TENANT, ITS SUBTENANTS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR INVITEES, OR

(II) TO THE EXTENT OF ANY INSURANCE PROCEEDS RECEIVED (OR RECEIVABLE) BY TENANT OR PAYABLE UNDER TENANT'S INSURANCE (OR WHICH WOULD HAVE BEEN RECEIVED OR RECEIVABLE HAD TENANT MAINTAINED THE INSURANCE REQUIRED TO BE CARRIED BY TENANT UNDER THIS LEASE) AS A RESULT OF TENANT'S CONTRIBUTORY CULPABILITY, OR

(III) TO THE EXTENT THE LOSS OR DAMAGE IS TO PROPERTY AND TENANT HAS WAIVED ITS RIGHT TO RECOVER THE COST OF SUCH LOSS OR DAMAGE TO PROPERTY FROM LANDLORD BY VIRTUE OF TENANT'S WAIVER OF CLAIMS UNDER SECTION 9.3(b) BELOW.

WITH RESPECT TO ANY LOSS FROM WHICH TENANT CLAIMS LANDLORD IS REQUIRED TO HOLD TENANT HARMLESS, TENANT SHALL PROMPTLY NOTIFY LANDLORD OF (A) ANY ACTS OR OMISSIONS CAUSING SUCH LOSS, AND (B) ANY PROCEEDINGS INITIATED IN CONNECTION WITH SUCH ACTS OR OMISSIONS. LANDLORD'S OBLIGATIONS UNDER THIS SECTION SHALL BE REDUCED TO THE EXTENT THAT LANDLORD IS NOT PROMPTLY NOTIFIED AS AFORESAID AND SUCH FAILURE PREJUDICES LANDLORD.

9.3 Mutual Waiver of Claims and Subrogation.

(a) WAIVER OF CLAIMS - LANDLORD. NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, LANDLORD HEREBY WAIVES ANY CLAIM IT MAY HAVE AGAINST TENANT, ITS AGENTS OR EMPLOYEES FOR LOSS OR DAMAGE TO PROPERTY TO THE EXTENT (I) SUCH LOSS OR DAMAGE TO PROPERTY RESULTED FROM A CAUSE OF LOSS THAT IS COVERED BY THE PROPERTY DAMAGE INSURANCE CARRIED BY LANDLORD AND (II) THE AMOUNT OF SUCH LOSS OR DAMAGE TO PROPERTY EXCEEDS THE LESSER OF (A) THE DEDUCTIBLE AMOUNT UNDER LANDLORD'S PROPERTY DAMAGE INSURANCE POLICY, AND (B) FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00).

(b) WAIVER OF CLAIMS - TENANT. NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, TENANT HEREBY WAIVES ANY CLAIM IT MAY HAVE AGAINST LANDLORD, ITS AGENTS OR EMPLOYEES FOR LOSS OR DAMAGE TO PROPERTY TO THE EXTENT (I) SUCH LOSS OR DAMAGE TO PROPERTY RESULTED FROM A CAUSE OF LOSS THAT IS COVERED BY THE PROPERTY DAMAGE INSURANCE CARRIED BY TENANT (OR A CAUSE OF LOSS WHICH WOULD HAVE BEEN COVERED HAD TENANT MAINTAINED THE PROPERTY DAMAGE INSURANCE REQUIRED UNDER SECTION 9.1(b) ABOVE, AND (II) THE AMOUNT OF SUCH LOSS OR DAMAGE TO PROPERTY EXCEEDS THE LESSER OF (A) THE DEDUCTIBLE AMOUNT UNDER TENANT'S PROPERTY DAMAGE INSURANCE POLICY (WHICH AMOUNT SHALL BE DEEMED TO BE FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00).

(c) Waiver of Subrogation. Landlord and Tenant shall cause each property damage insurance policy carried by either of them insuring the Demised Premises, the contents thereof, or all or part of the Development to provide that the insurer waives all rights of recovery by way of subrogation or otherwise against the other party hereto (and all of such other party's affiliates) in connection with any loss or damage which is covered by such policy or that such policy shall otherwise permit, and shall not be voided by the waivers provided above. Notwithstanding the foregoing, if a waiver of an insurer's right of subrogation is not permitted by the Laws of the state in which the Demised Premises is located, the parties shall only waive their claims and their insurers' rights of subrogation to the extent allowed by Law.

9.4 Real Estate Taxes.

(a) Definition. As used herein, the term "Real Estate Taxes" shall mean all general, *ad valorem* real estate taxes, and assessments (general or special) for betterments and improvements that are levied or assessed on the Development by any lawful authority, including any substitution therefor, in whole or in part, due to a future change in the method of taxation. Real Estate Taxes shall be reduced by (i) any deferral, abatement, exemption, or other tax-lowering adjustment of Real Estate Taxes received by Landlord from the taxing authorities, and (ii) any amounts paid toward Real Estate Taxes by any third parties (excluding tenants) who may use all or any portion of the Development. For purposes of computing Tenant's pro rata share of Real Estate Taxes, Real Estate Taxes shall not include any: (1) income, excise, profits, estate, inheritance, succession, gift, transfer, franchise, capital, or other tax or assessment upon

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Landlord or upon the rentals payable under this Lease, except to the extent that such taxes are a substitution for the taxes listed in the first sentence of this Section 9.4(a); (2) taxes on rents, gross receipts or revenues of Landlord from the Demised Premises, except to the extent that such taxes are a substitution for the taxes listed in the first sentence of this Section 9.4(a); or (3) any fine, penalty, cost or interest for any tax or assessment, or part thereof, which Landlord or its lender failed to timely pay (except if same are caused by an Event of Default). All assessments imposed during the Demised Term which are permitted to be included within Real Estate Taxes hereunder shall, for the purposes of computing Tenant's pro rata share thereof, be deemed to have been paid in the maximum number of installments permitted by the applicable taxing authority).

(b) Tenant's Obligation. Tenant (or if the Demised Premises is converted to condominiums, members of the Tenant) shall pay all of the taxes assessed against its improvements, including the Buildings, and Tenant shall be obligated to pay Tenant's pro rata share of the Real Estate Taxes that accrue on the land portion of the Development during the Demised Term. As to the Real Estate Taxes on the land portion of the Development, Tenant shall pay the product of (A) the amount of Real Estate Taxes assessed against the land portion of the Development, multiplied by (B) a fraction, the numerator of which shall be the area of the Demised Premises and the denominator of which shall be the total area of the Development. Notwithstanding the foregoing, if, after conversion of the Units to condominiums, real estate taxes imposed on the Units cover the land portion of the Demised Premises designated as common elements, the Tenant shall have no obligation to reimburse Landlord for real estate taxes.

(c) Landlord's Obligation. Subject to reimbursement as provided herein from Tenant or reimbursement from other tenants of the Development and except for amounts billed directly to and paid by occupants of the Development, Landlord shall cause to be paid all Real Estate Taxes and the like as may be imposed or become a lien on any land portion of the Development. Landlord represents and warrants that, as of the date hereof, there are no special assessments that are proposed, pending, laid, levied, assessed, imposed or due on the Development.

(d) Timing.

(i) Payment of Real Estate Taxes and the like as required hereunder shall be deemed to be timely if made within the period in which payment is permitted without penalty (whether or not interest accrues on the unpaid balance). Landlord or Tenant shall, within one (1) month after written request from the other, provide satisfactory evidence of such payment. Landlord and Tenant may take the benefit of any Law allowing Real Estate Taxes to be paid in installments.

(ii) Tenant shall pay its obligations to Landlord for Real Estate Taxes to Landlord within one (1) month after delivery to Tenant by Landlord of the actual tax bill for which payment is being requested and a statement indicating Tenant's obligations hereunder for Real Estate Taxes reflected on such tax bill. However, if Landlord is required by the holder of any fee mortgage secured by the Development to escrow any amounts for Real Estate Taxes, then so long as such escrow shall be so required and all other tenants and occupants of the

Development are similarly required to make monthly payments to Landlord with respect to Real Estate Taxes, upon written notice from Landlord to Tenant, Tenant agrees that in addition to the monthly payment of Base Rent hereunder, Tenant shall pay to Landlord with such monthly Base Rent payment an amount equal to Tenant's obligations hereunder divided by twelve. Upon Landlord's receipt of the actual tax bills for the Development, Landlord will deliver a copy of same to Tenant, and thereupon there shall be adjustment between Landlord and Tenant with payment to or repayment by Landlord, as the case may require, to the end that Landlord shall receive from Tenant only Tenant's actual obligation hereunder for Real Estate Taxes.

(e) Proration; Reimbursement. Real Estate Taxes for which Tenant is responsible shall be prorated between Landlord and Tenant as of the Effective Date and the end of the Demised Term. For the calendar year in which the Demised Term ends, Real Estate Taxes shall be prorated on the basis of one hundred percent (100%) of the previous calendar year's Real Estate Taxes and shall be paid by Tenant prior to the end of the Demised Term. Upon final assessment of Real Estate Taxes for the year of termination, the tax proration will be adjusted to reflect the tax obligation of Tenant. If an assessment that is payable in periodic installments is levied on the Demised Premises, Tenant shall pay only those installments that are attributable to the Demised Term. If the Lease terminates prior to its normal expiration and Tenant has prepaid any Real Estate Taxes, Landlord shall reimburse Tenant, on demand, for the portion for which Tenant is not responsible hereunder.

(f) Right to Contest.

(i) Notices of Assessment/Valuation. Landlord shall provide Tenant with copies of all notices of assessment and/or valuation received by Landlord with respect to the Development within five (5) business days following Landlord's receipt of same. Landlord shall include with such copies of assessment and/or valuation a statement as to whether Landlord intends to contest the assessment or valuation, as applicable, but (as assessments are publicly available) failure to provide such notice or statement shall not be a default by Landlord or a violation of this Lease by Landlord.

(ii) Contest of Real Estate Taxes. At Tenant's request, Landlord shall contest the amount or validity of any assessment, valuation and/or Real Estate Taxes, failing which, Tenant shall have (as its sole remedy for such failure) the right to contest the assessment, valuation and/or Real Estate Taxes by appropriate proceedings conducted in good faith, whereupon Landlord shall cooperate with Tenant, execute any and all documents required in connection therewith and, if required by any governmental authority having jurisdiction, join with Tenant in the prosecution thereof. If, as a result of any contest or otherwise, any rebate or refund of Real Estate Taxes is received, Tenant shall be entitled to Tenant's pro rata share thereof (after reasonable and customary expenses incurred by Landlord and/or Tenant in connection with such contest are paid to the party which incurred such expense).

(iii) Liens. If any lien is filed against the Demised Premises or the Development on account of labor or materials furnished in connection with any construction, maintenance, repairs or alterations either Landlord or Tenant shall undertake, the party contracting for such work (the "Contracting Party") shall cause such lien to be released within one (1) month after actual notice of the filing thereof or shall furnish to the other party a bond or

other security reasonably satisfactory to the other, conditioned to indemnify the other against the foreclosure of such lien. The Contracting Party shall have the right, after notice to the other, to contest in good faith and with all due diligence any such lien and shall not be required to pay any claim secured by such lien; provided that (i) such lien would not impair the rights or be satisfied out of the interest of the other in the Demised Premises and/or the Development by reason of such delay, and (ii) the Contracting Party will at its expense defend the other and pay all costs reasonably incurred by the other relating to the contest if the other is joined in any suit pertaining thereto or if any such lien is placed upon the other's interest in the Demised Premises and/or the Development.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Default by Tenant.

(a) Landlord's Remedies. If (i) default shall be made in the payment of any Base Rent or any Additional Rent or any installment thereof or in the payment of any other sum required to be paid by Tenant under this Lease, or if default shall be made in the observance or performance of any of the other agreements, covenants or conditions in this Lease which Tenant is required to observe and perform, (ii) Tenant shall fail to cure such default within the Applicable Grace Period (as defined in Section 10.3), and (iii) Tenant's failure to cure such default continues for more than ten (10) additional days after Landlord delivers to Tenant an Additional Notice of Tenant's default, Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this Lease (an "Event of Default"), and thereupon at its option may, without any additional notice or demand of any kind to Tenant or any other person, have its rights and remedies at law or in equity, subject only to the limitations thereon set forth in Section 10.1(b) below.

(b) Limitations on Landlord's Remedies. Anything in Section 10.1(a) above to the contrary notwithstanding, Landlord's exercise of its rights and remedies at law or in equity upon the occurrence of an Event of Default shall be subject to the following limitations:

(i) No Acceleration of Rent. Landlord shall not be entitled to an acceleration of the Base Rent and/or any other rent due hereunder for the balance of the Demised Term unless there is offset against such accelerated amount the fair market rental value of the Demised Premises for the same period.

(ii) Duty to Mitigate. Landlord shall exercise commercially reasonable efforts to mitigate its damages resulting from Tenant's default; provided, however, so long as Landlord has exercised commercially reasonable efforts to mitigate its damages, Landlord shall not be liable to Tenant for, nor shall Tenant's liability to Landlord be diminished by, Landlord's inability to relet the Demised Premises and further provided, however, that Landlord shall not be required to incur redecorating costs in any effort to mitigate its damages. Expenditures made by Landlord in reasonable attempts to mitigate its damages shall be part of the damages awarded to Landlord.

(c) CCIOA Limitations. When the Demised Premises are converted to condominiums and this Lease is assigned (subject to the rights of Unit owners) to a

Homeowner's Association, then so long as Landlord's termination remedy is limited by Colorado Revised Statutes Section 38-33.3-206(2), instead of terminating this Lease as to the entire Homeowner's Association (and accordingly, all Unit owners), Landlord may terminate the Lease with respect to a Unit owner that fails to make timely payment of a Unit owner's share of the Rent to the Homeowner's Association or fails to otherwise comply with covenants herein (an "Association Defaulting Owner"). In connection with such remedy:

(i) Effect of Termination upon Unit. If this Lease is terminated by Landlord as to an Association Defaulting Owner pursuant to this subsection (c), then the Association Defaulting Owner's Unit shall continue to exist (i.e., the ground leasehold interest of the Association Defaulting Owner does not merge with the Landlord's fee simple interest) but all rights of such Association Defaulting Owner shall revert to Landlord.

(ii) Notice to Mortgagees and Association. Landlord does not subordinate its interests herein to holders of deeds of trust on the Units but at least thirty (30) days prior to a termination with respect to an Association Defaulting Owner, Landlord shall give the Homeowner's Association and any holder of a deed of trust on the Association Defaulting Owner's Unit, notice of the default and an opportunity to cure the default prior to the termination.

(iii) Liability of Association. The Homeowner's Association (as successor to Tenant) shall in all events, be liable to Landlord for the Rent and compliance with all covenants hereunder by Unit owners, and Landlord shall be entitled to a judgment for damages against the Homeowner's Association for the failure to pay Rent or otherwise comply with the provisions of this Lease, without respect as to whether or not the Unit owners fail to pay their respective shares of the Rent.

(iv) Association Obligation to Collect Assessments. The Homeowner's Association shall use commercially reasonable efforts to require each Unit owner to pay its pro rata share of the Rent hereunder in the shares specified in the Condominium Declaration, and shall enforce its rights under the Condominium Declaration in the event a Unit owner fails to do so, including but not limited to foreclosure of its lien against an Association Defaulting Owner's Unit pursuant to the procedure specified in Condominium Declaration.

(v) Association's Books and Records. The Homeowner's Association shall, upon request of Landlord, allow Landlord to inspect its books and records with regard to assessments to Unit owners, payment of assessments, and all correspondence and other documents related to the Homeowner's Association's efforts to require Unit owners to pay their respective shares of the Rents and otherwise comply with the provisions of this Lease.

(d) No Other Limitations. Subject to the limitations set forth in Section 10.1(b) and (c) above, nothing in this Section 10.1 shall be deemed to limit any additional remedies for a Tenant default set forth elsewhere in this Lease or provided by law or equity, nor shall any such additional remedies be deemed to limit any remedies for a Tenant default set forth in this Section 10.1.

10.2 Default by Landlord.

(a) Tenant's Remedies. If (i) Landlord shall fail to perform any of its obligations as required by this Lease or if Landlord fails to pay to Tenant any amounts owed by Landlord to Tenant, (ii) Landlord shall fail to cure such failure within the Applicable Grace Period (or such other applicable grace period expressly provided herein), and (iii) Landlord's failure to cure such default continues for more than ten (10) additional days after Tenant delivers to Landlord an Additional Notice of Landlord's default, then Tenant shall have its rights and remedies at law or in equity and Tenant may also elect to: (A) take such steps as may be necessary to cure Landlord's default, in which event Tenant shall be entitled to recover from Landlord all amounts expended by Tenant for said purposes, together with attorneys' fees and interest thereon from the date expended by Tenant until the date paid at the Interest Rate, (B) offset any amounts owing to Tenant (including but not limited to any costs or expenses incurred by Tenant as described in the preceding clause (A) which are not disputed by Landlord or if disputed by Landlord, after Tenant has obtained a judgment against Landlord for such amount which have not been paid as and when due (and with respect to amounts pursuant to the preceding clause (A), such amounts shall be deemed to be due thirty (30) days after demand therefore by Tenant to Landlord) against Rent, and/or (C) terminate this Lease; provided, however, that Tenant shall not exercise its right to terminate this Lease until (a) Tenant has given written notice of Landlord's default to any mortgagee of Landlord of whom Tenant has been notified in writing at the last address of such mortgagee furnished to Tenant in writing, and (b) such mortgagee has had a reasonable period of time following such notice (but in no event in excess of two (2) months) to remedy such default.

(b) Limitations on Tenant's Remedies. Anything in Section 10.2(a) above to the contrary notwithstanding, Tenant's exercise of its rights and remedies at law or in equity upon the occurrence of a Landlord default shall be subject to the following limitations:

(i) Condition Precedent. If the Demised Premises are converted to condominiums and this Lease is assigned to a Homeowner's Association, then Tenant shall prior to giving any Additional Notice or initiating any legal proceedings against the Landlord, have an affirmative vote of Unit owners owning at least 66.66% of the space in the Buildings affirming the following: a) Landlord has failed to perform a specifically set forth material obligation or make a material payment; b) that the matter has not been cured within the Applicable Grace Period; c) the Additional Notice is warranted; and d) that the Tenant should pursue its rights and remedies at law or equity.

(ii) Duty to Mitigate. Tenant shall exercise commercially reasonable efforts to mitigate its damages resulting from Landlord's default. Expenditures made by Tenant in reasonable attempts to mitigate its damages shall be part of the damages awarded to Tenant.

(iii) No Consequential Damages. In no event shall Landlord be liable to Tenant for any indirect or consequential damages.

(iv) Limitation of Landlord Liability. If Tenant obtains a money judgment against Landlord or its successors or assigns under any provision of or with respect to this Lease or on account of any matter, condition or circumstances arising out of the relationship of the

parties under this Lease, Tenant's occupancy of the Demised Premises or Landlord's ownership of the Demised Premises and/or Development, the execution of such judgment shall be limited only to Landlord's interest in the Development, including the rents, profits, income or proceeds therefrom, and not out of any other assets of Landlord or its members, partners, shareholders, heirs, successors or assigns. In such event, Landlord shall be entitled to have any such judgment so qualified as to constitute a lien only on the Development, including the rents, profits, income or proceeds therefrom, subject to any liens antedating such judgment. The foregoing exculpation shall not be applicable in the event of fraud or misappropriation of payment made by Tenant to Landlord. Further, the foregoing shall not be deemed to limit Tenant's right to obtain injunctive relief including, without limitation, specific performance or to avail itself of any other right or remedy which may be available to Tenant by law or in equity, or under the terms of this Lease.

(c) No Other Limitations. Subject to the limitations set forth in Section 10.2(b) above, nothing in this Section 10.2 shall be deemed to limit any additional remedies for a Landlord default set forth elsewhere in this Lease, nor shall any such additional remedies be deemed to limit any remedies for a Landlord default set forth in this Section 10.2.

10.3 Applicable Grace Period. As used in this Lease, the term "Applicable Grace Period" shall be one of the following time periods:

(a) for failure of either party to perform any covenant to pay money, ten (10) days after the non-performing party's receipt of notice from the other party specifying such non-performance or breach; and

(b) for failure to perform any other obligation under this Lease, one (1) month after the non-performing party's receipt of notice specifying such non-performance; provided, however, failure to perform any such obligation which may not reasonably be cured within one (1) month shall not be considered a default if the non-performing party, within said one (1) month period, institutes efforts to cure said non-performance and thereafter diligently and in good faith prosecutes said efforts to completion.

10.4 Attorneys' Fees. Should any litigation arising out of or related to this Lease, be commenced between the parties to this Lease, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorneys' fees actually incurred, which shall be determined by the court in such litigation, or in a separate action brought for that purpose.

10.5 Interest. Except where a different rate of interest is expressly provided for elsewhere in this Lease, whenever any interest is payable by Tenant to Landlord or Landlord to Tenant under this Lease, such interest shall be paid at the Interest Rate. All monetary obligations owed by Tenant to Landlord or Landlord to Tenant shall bear interest at the Interest Rate (except where a different rate of interest is expressly provided for elsewhere in this Lease) from the date due until paid. The payment of interest on such amounts shall not excuse or cure any default by Landlord or Tenant under this Lease.

10.6 Late Charge. Landlord and Tenant acknowledge that the late payment by Tenant or Landlord (the "Obligated Party") to the other (the "Recipient Party") of any sums due under

this Lease will cause the Recipient Party to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Therefore, if the Obligated Party fails for any reason to pay any Rent or other sum due from the Obligated Party to the Recipient Party within ten (10) days of the due date under this Lease, then in addition to interest on the unpaid amount at the Interest Rate as provided in Section 10.5 above, the Obligated Party shall pay to the Recipient Party an amount (the "Late Charge") equal to the greater of (a) \$250.00, and (b) five percent (5%) of the overdue amount as a late charge. The Recipient Party's acceptance of any late charge or interest shall not constitute a waiver of the Obligated Party's default with respect to the overdue amount or prevent the Recipient Party from exercising any of the other rights and remedies available to the Recipient Party under this Lease, at law or in equity.

ARTICLE 11. CASUALTY DAMAGE

11.1 Obligation to Restore.

(a) If the whole or any part of the Demised Premises is damaged or destroyed from and after the date of this Lease through and including the Term by any cause whatsoever, then, except as otherwise provided in Section 11.1(c) below, Tenant, at its sole cost and expense, shall repair, restore or rebuild the Buildings and improvements constructed by Tenant in the Demised Premises to substantially the condition they were in immediately prior to such damage or destruction ("Tenant's Restoration").

(b) All Tenant's Restoration shall be promptly commenced and performed with due diligence in a good and workmanlike manner and in accordance with applicable Law and plans and specifications for such work reasonably approved by Landlord and Tenant.

(c) Notwithstanding the foregoing, if such damage or destruction to the Demised Premises shall occur during the last three (3) years of the Term, and the cost of Tenant's Restoration equals or exceeds twenty-five percent (25%) of the total replacement cost of the improvements constructed by Tenant within the Demised Premises from time to time (including any additions, replacements or renovations thereto), then this Lease may be terminated at Tenant's election, provided that Tenant gives Landlord written notice of such election within two (2) months after the occurrence of such damage or destruction.

11.2 Disposition of Insurance Proceeds on Termination. Upon termination as aforesaid, this Lease and the term hereof shall cease and come to an end, any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant, Landlord shall be entitled to receive any and all insurance proceeds paid with respect to the property damage insurance maintained by Tenant and all insurance proceeds paid with respect to the property damage insurance maintained by Landlord, and the parties shall be released hereunder, each to the other, from all liability and obligations thereafter arising.

11.3 Disbursement of Insurance Proceeds. In the event of damage or destruction and this Lease is not terminated pursuant Section 11.1(c) above, all proceeds of Tenant's property insurance collected as a result of any casualty damage to the Demised Premises shall be held by the insurance carrier or, at either Landlord or Tenant's election exercised by notice to such

insurance carrier and to the other party, by an independent insurance trustee who is mutually acceptable to Landlord and Tenant, and such proceeds shall be disbursed by such insurance company or escrow agent, as the case may be, in progress payments for the restoration of the Buildings and other improvements constructed by Tenant. Notwithstanding the foregoing, any such proceeds of Tenant's insurance in an amount less than One Hundred Thousand Dollars (\$100,000.00) shall be disbursed directly to Tenant for the purpose of making its repairs. Further, proceeds payable for loss of or damage to Tenant's personal property, furniture, trade fixtures, machinery and equipment shall be payable directly to Tenant, and neither Landlord nor any Landlord lender shall have any claim therefor. Except as provided in Section 11.2 above, the proceeds of the property insurance policy relating to the Buildings' shell and the leasehold improvements maintained by Tenant, shall be used solely for restoration and rebuilding of the Demised Premises in accordance with the terms of this Lease.

ARTICLE 12. EMINENT DOMAIN

12.1 The Taking. If Landlord receives notice of the intention of any authority to appropriate, take or condemn any portion of the Demised Premises for public or quasi-public use under any right of eminent domain, condemnation or other Law (collectively, "Taking"), Landlord shall promptly notify Tenant thereof. In the event of any Taking or sale under the threat or proposal of a Taking with respect to the Demised Premises, then any award, settlement or proceeds shall be distributed to the parties in proportion to the value of their respective interests in the Demised Premises. In the event of such Taking or like proceeding, the parties shall represent their own interests and shall present and prosecute their own claims for damages insofar as possible. If the parties are not permitted to proceed as separate parties, they shall jointly select counsel to present and prosecute their claim, and all costs thereof shall be paid by the parties in proportion to the amount of the award, settlement or sale proceeds that each receives. In the event of any Taking or sale under threat or proposal of a Taking with respect to any other portion of the Development (other than the Demised Premises), then any award, settlement or proceeds shall be distributed solely to Landlord.

12.2 Settlement. Any apportionment of the final award or settlement of damages entered into by Landlord and Tenant with the authority over a Taking shall be binding upon the parties. If no such apportionment is made, then the parties shall agree on the value of their respective interests and distribution shall be made in accordance with such agreement.

12.3 Tenant's Option. Tenant shall have the right to receive an award or settlement of damages as aforesaid and the option to terminate this Lease upon three (3) months' notice to Landlord if such Taking or sale results in loss of all of the Demised Premises or an exterior wall of a Building. Any such Taking is referred to herein as a "Taking Impacting Tenant". The foregoing option to terminate may only be exercised within three months following the Taking. If a Taking Impacting Tenant occurs and if Tenant shall exercise its option to terminate this Lease, then this Lease and Tenant's obligation to pay rent and other charges shall terminate as of the later of the date set forth in Tenant's termination notice or the date of such taking, condemnation or sale (with the unearned portion of the rent and other charges theretofore paid being returned to Tenant), except that such action shall not be deemed to terminate this Lease for purposes of Tenant's prosecuting and receiving an award or settlement for damages.

12.4 Partial Taking. If any such Taking is not a Taking Impacting Tenant or if Tenant does not elect to terminate this Lease in accordance with Section 12.3 hereof, this Lease shall continue and Tenant, at its sole cost and expense, shall repair, restore or rebuild the Buildings and the leasehold improvements constructed by Tenant. If, for any reason, Tenant shall fail to perform its foregoing restoration, the Landlord shall have the right to terminate this Lease without further obligation. Base Rent shall be abated or equitably reduced during any period in which residential occupation of the Demised Premises are ceased or partially ceased for restoration and thereafter equitably reduced based on any reduction in the ground floor area of the Demised Premises as a result of such Taking, and any unearned rent and other charges theretofore paid shall be returned to Tenant.

12.5 Temporary Taking. If the period of any Taking Impacting Tenant shall be less than six (6) months, this Lease shall continue in full force and effect, the rent and other charges shall not abate, and all awards for damages pertaining to the Demised Premises (as opposed to the remainder of the Development) shall belong solely to Tenant.

ARTICLE 13. ASSIGNMENT AND SUBLETTING

13.1 Assignment by Tenant. Tenant shall be entitled to assign this Lease to a Homeowner's Association without the prior written consent of Landlord. Any other assignment of the Lease shall require the written consent of Landlord, not to be unreasonably withheld.

13.2 Assignment by Landlord.

(a) Landlord shall have the right to sell (or otherwise transfer title to) all or any portion of the Development without the consent of Tenant but shall give or cause the transferee to give Tenant prompt written notice of any such sale or transfer, including the identity of the transferee and any change in the address for giving notices or paying rent hereunder.

(b) In the event Landlord sells (or otherwise transfers title to) the Development to another party, then in connection with such sale or other transfer of title, Landlord shall be entitled to assign its interest in this Lease to the party acquiring title to the Development. In the event of a transfer and assignment by Landlord of its interest in this Lease to a person or other entity expressly assuming Landlord's obligations under this Lease, Landlord shall thereby be released from any liability hereunder which thereafter accrues, and Tenant agrees to look solely to such successor in interest of Landlord for performance of such subsequently accruing obligations. Any security given by Tenant to Landlord to secure performance of Tenant's obligation hereunder may be assigned and transferred by Landlord to such successor in interest of Landlord, and upon acknowledgment by such successor of receipt of such security and its express assumption of the obligation to account to Tenant for such security in accordance with the terms of this Lease, Landlord shall thereby be discharged of any subsequent obligation relating thereto.

13.3 Rights of Leasehold Mortgagee. Tenant may mortgage its interest in the Lease but only with the written consent of Landlord, not to be unreasonably withheld. In that event the leasehold mortgagee shall have the following rights:

(a) Notice of Default. Landlord, when giving notice to Tenant in respect of any default, shall also give a copy of such notice to any mortgagee of Tenant of whom Landlord has been notified in writing at the last address of such mortgagee furnished to Landlord in writing, and no notice of default shall be effective until a copy thereof is so given to such mortgagee.

(b) Right to Cure. In the event that Tenant fails to cure a default within the Applicable Cure Period, any leasehold mortgagee shall have an additional cure period after the expiration of Tenant's Applicable Cure Period to cure such default. The length of such additional cure period shall equal the number of days in Tenant's Applicable Cure Period.

(c) Foreclosure. If any mortgagee of Tenant's leasehold interest succeeds to Tenant's position through foreclosure, an assignment in lieu of foreclosure, or other mechanism, then provided such mortgagee cures all then outstanding defaults by Tenant under this Lease, Landlord shall not object to such mortgagee taking Tenant's position as tenant under this Lease if the mortgagee assumes all of the Tenant's obligations under this Lease, by a written document reasonably acceptable to Landlord. A leasehold mortgagee shall not be liable for performance of Tenant's obligations under this Lease unless and until the leasehold mortgagee succeeds to Tenant's position through foreclosure, or an assignment in lieu of foreclosure, or other mechanism, and, if the leasehold mortgagee assigns this Lease to a third party, any such liability shall terminate at the time of such assignment as to obligations accruing after the leasehold mortgagee assigns this Lease to a third party.

(d) Lender Consent to Termination. This Lease may not be cancelled or otherwise terminated by agreement unless the leasehold mortgagee has expressly consented to the cancellation or termination and any cancellation or termination purported to have been effected without that consent is voidable by the leasehold mortgagee's interests.

(e) Non-merger. Notwithstanding any other provision of this Lease, any conveyance uniting the interests of the parties to this Lease will not, without the written consent of the leasehold mortgagee, merge the interests so as to cause a collapse of this Lease as to the leasehold mortgagee's interests.

(f) Tenant Bankruptcy. The bankruptcy of Tenant is not grounds for termination of the Lease so long as there is no default beyond Applicable Cure Periods (including the additional cure period provided above for the benefit of the leasehold mortgagee). If this Lease is rejected in connection with a bankruptcy proceeding by Tenant, or a trustee or similar party to such proceeding on behalf of a Tenant, such rejection shall be deemed an assignment by Tenant to the leasehold mortgagee of all of Tenant's right, title, and interest in and to the Demised Premises and this Lease and the Lease shall not terminate. In connection therewith, the leasehold mortgagee shall have all of the right, title and interest of Tenant as if such bankruptcy proceeding had not occurred, unless the leasehold mortgagee shall reject such deemed assignment by notice in writing to Landlord within thirty (30) days following the

bankruptcy-related rejection. If any court of competent jurisdiction shall determine that, notwithstanding the terms of the preceding sentences, this Lease shall have been terminated as a result of such rejection, Landlord shall, on the leasehold mortgagee's written election within thirty (30) days after such court's determination, promptly enter into a direct new lease with the leasehold mortgagee or its designee for the Demised Premises on the same terms and conditions as those contained in this Lease, it being the intention of the parties to preserve this Lease and the leasehold estate created by this Lease for the benefit of the leasehold mortgagee without interruption.

(g) Estoppel Certificates. From time to time at the request of a leasehold mortgagee or a prospective leasehold mortgagee, Landlord shall provide estoppel certificates confirming such facts and such terms and provisions of this Lease as the leasehold mortgagee or prospective leasehold mortgagee may reasonably request and containing such direct agreements between the Landlord and leasehold mortgagee consistent with this Section 13.3 as to notice, rights to cure and the like as may be reasonably acceptable to Landlord and the leasehold mortgagee.

(h) Additional Insured. The leasehold mortgagee shall be made an additional insured on any and all insurance policies required under the provisions of this Lease to be held by Tenant and any and all insurance policies in which Landlord is required to make Tenant an additional insured.

(i) Mortgages on Landlord's Interest. Notwithstanding any other provision in the Lease (including Section 14.1), no future mortgage or deed of trust upon Landlord's interest in the Demised Premises shall extend to Tenant's interest in the Lease.

(j) Conversion to Condominiums. In the event that the Demised Premises are converted to condominiums and this Lease is assigned to a Homeowner's Association the leasehold mortgage shall automatically be released as to the Homeowner's Association but shall automatically extend to each Unit and released as to each Unit upon a sale of such Unit and payment to the mortgagee of the partial release price set forth in the loan documents.

ARTICLE 14. SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT

14.1 Subordination. Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust that are now, or may hereafter be placed upon the Demised Premises or the Buildings and to any and all advances made or to be made thereunder, and to the interest thereon and all renewals, replacements and extensions thereof, provided, that (a) subject to commercially reasonable provisions in a customary Subordination, Nondisturbance and Attornment Agreement ("SNDA"), no default by Landlord under any such deeds of trust, mortgages or other security instruments shall affect Tenant's rights under this Lease, so long as Tenant pays all monetary obligations and performs all material nonmonetary obligations imposed upon it hereunder, and (b) any mortgagee of a mortgage or holder of any other security instrument encumbering Landlord's interest in the Demised Premises shall execute a commercially reasonable SNDA. Within ten (10) days after written request by Landlord, Tenant shall execute any commercially reasonable documents which may be desirable to confirm subordination of the Lease. As to any deeds of trust or similar encumbrances granted by

Landlord after the date of this Lease, Landlord shall at the time of granting such encumbrance, cause to be delivered to Tenant a separate commercially reasonable SNDA for each such deed of trust or similar encumbrance affecting the Buildings and Demised Premises, duly executed by the holder thereof.

14.2 Attornment by Tenant. In the event any proceedings are brought for foreclosure or in the event of the exercise of the power of sale under any mortgage or deed of trust, Tenant shall (at the election of the purchaser or other party succeeding to the Landlord's rights) attorn to the purchaser or other party succeeding to the Landlord's rights upon any such foreclosure, sale, termination or eviction, and recognize such purchaser or other party succeeding to the Landlord's rights as Landlord under the Lease.

ARTICLE 15. MISCELLANEOUS

15.1 Waivers.

(a) No waiver of any condition or covenant in this Lease by either party shall be effective unless it is in writing and signed by the party waiving its rights, nor shall any waiver of any condition or covenant in this Lease by either party be deemed to imply or constitute a future waiver of the same or any other condition or covenant of this Lease. Failure by either party to complain of any action, nonaction or default of the other party shall not constitute a waiver of any of Tenant's or Landlord's rights hereunder.

(b) LANDLORD HEREBY WAIVES ALL RIGHTS TO ANY LIENS (COMMON LAW AND STATUTORY) THAT COULD EXIST OR MAY BE DEEMED TO BE CREATED ON TENANT'S EQUIPMENT, TRADE FIXTURES AND INVENTORY, AND AGREES THAT LANDLORD SHALL HAVE NO RIGHTS TO ANY OF TENANT'S FURNITURE, FIXTURES, INVENTORY, EQUIPMENT OR PERSONAL PROPERTY EVEN IF TENANT IS IN DEFAULT HEREUNDER.

15.2 Notices. Unless expressly otherwise provided in this Lease, all notices required under this Lease to Landlord or Tenant shall be in writing and shall be addressed to the addresses and parties indicated in the preamble of this Lease on page 1 hereof or to any subsequent address or party which Landlord or Tenant may designate in writing delivered at least one (1) month in advance to the other party for such purpose. All notices shall be deemed to be properly served if delivered to the appropriate address and party by hand delivery, registered or certified mail (with postage prepaid and return receipt requested), or nationally recognized overnight courier. The date of delivery of a notice served in accordance with this Section shall be (a) the date of receipt or refusal of receipt if delivered by hand, (b) the date of receipt or refusal of receipt, whichever is earlier, if delivered by registered or certified mail (with postage prepaid and return receipt requested), and (c) one (1) business day after deposit with a nationally recognized overnight courier or the date of refusal of receipt, whichever is earlier, if delivered by a nationally recognized overnight courier.

15.3 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent, partnership, joint venture, or any relationship between the parties hereto other than that of

landlord and tenant.

15.4 Construction. Whenever a word appears herein in its singular form, such word shall include the plural; and the masculine gender shall include the feminine and neuter genders. This Lease shall be construed without reference to titles of Articles, Sections or Clauses, which titles are inserted for convenient reference only. This Lease shall be construed without regard to any presumption or other rule permitting construction against the party causing this Lease to be drafted and shall not be construed more strictly in favor of or against either of the parties hereto.

15.5 Consent. Except as otherwise expressly provided to the contrary elsewhere in this Lease, whenever it is necessary under the terms of this Lease for either party to obtain the consent or approval of the other party, such consent or approval shall not be unreasonably withheld or delayed, and all such determinations shall be made on a reasonable basis and in a reasonable manner.

15.6 Estoppel Certificate. At any time, either party shall, within twenty (20) days after receipt of a written request from the other, execute, acknowledge and deliver a statement in writing certifying whether this Lease is unmodified and in full force and effect (or if modified, whether the same is in full force and effect as so modified), whether any conditions to the full enforceability of this Lease remain unsatisfied, the Base Rent then payable under this Lease, the dates to which rent, charges or other performances have been paid or completed, and, if applicable, the nature of any claim of default on the part of the other.

15.7 Governing Law; Compliance with Law. This Lease shall be construed and enforced in accordance with the laws of the State in which the Demised Premises is located. Tenant shall observe and comply with all Laws relating to or affecting the Demised Premises and shall not use, occupy, suffer or permit the Demised Premises, or any part thereof, to be used or occupied in violation of any Laws.

15.8 Invalidity or Inapplicability of Clause. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by Law.

15.9 Force Majeure. Except for the payment of sums of money due from one party to the other, if either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, acts of war, terrorism or bioterrorism, terrorist activities, strikes, lockouts, labor troubles, civil commotions, governmental actions, plan approval delay, inability to procure materials, restrictive Laws or regulations, unusually adverse weather for the Town of Frisco area, unusual delay in transportation, delay by the other party hereto or other cause without fault and beyond the control of the party obligated to perform (financial inability excepted) ("Force Majeure Events"), the performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equal to the period of such delay; provided, however, the party so delayed or prevented from performing shall exercise good faith efforts to remedy any such cause of delay

or cause preventing performance.

15.10 Successors or Assigns. Except as otherwise specified in this Lease, the provisions contained in this Lease (including without limitation those applicable to the Demised Premises and the Development) shall run with the land and bind and inure to the benefit of Landlord and Tenant and their respective successors and assigns. Any references in this Lease to Landlord and Tenant shall be deemed to include their respective successors and assigns.

15.11 Disputes. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other or any work to be performed by either of them under the provisions hereof, the party against whom the obligation to pay or to perform is asserted shall have the right to make payment or perform such work and pay the cost thereof "under protest," and such payment or performance shall not be regarded as a voluntary payment or performance and the right of said party to institute suit to recover the amount paid "under protest" shall survive. If it shall be adjudged or mutually agreed by Landlord and Tenant that there was no legal obligation on the part of said party to pay such sum or any part thereof or that said party was not legally obligated to perform, said party shall be entitled to recover the amount paid "under protest" or so much thereof as it was not legally required to pay under the provisions of this Lease, plus interest thereon at the Interest Rate, from the date on which such payment was made until the date on which reimbursement is received.

15.12 Entire Agreement; Representations. This Lease embodies the entire agreement between Landlord and Tenant with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral. Landlord and Tenant have neither made nor relied upon any promises, representations or warranties in connection with this Lease that are not expressly set forth in this Lease. In entering into this Lease, Landlord and Tenant have relied on the representations and warranties contained in this Lease.

15.13 Modification. This Lease may not be modified except by a written agreement signed by all of the parties.

15.14 No Broker. Landlord and Tenant represent and warrant that they have not dealt with any real estate agent or broker in connection with this transaction and each agrees to indemnify and save the other harmless from and against all liability, damage, loss, cost and expense incurred by reason of the indemnitor's breach of said representation, warranty and covenant.

15.15 Hazardous Substances.

(a) LANDLORD INDEMNITY.

(i) LANDLORD REPRESENTS AND WARRANTS THAT TO THE BEST OF THE ACTUAL CURRENT KNOWLEDGE OF ITS MANAGER, LESTER WARPECHA, IT HAS NEVER PLACED, GENERATED, STORED, HANDLED OR DISPOSED OF ANY HAZARDOUS SUBSTANCE IN OR ABOUT THE DEMISED PREMISES. LANDLORD FURTHER REPRESENTS, TO THE BEST OF ITS KNOWLEDGE, THAT LANDLORD IS NOT AWARE OF THE EXISTENCE, GENERATION, STORAGE, HANDLING OR

DISPOSAL OF ANY HAZARDOUS SUBSTANCE IN OR UPON THE DEMISED PREMISES AT ANY TIME.

(ii) LANDLORD SHALL INDEMNIFY AND HOLD TENANT HARMLESS FROM AND AGAINST ANY AND ALL DEMANDS, CLAIMS, ENFORCEMENT ACTIONS, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, ARISING OUT OF (A) ANY MISREPRESENTATION OR BREACH OF WARRANTY MADE IN SUBSECTION (i) ABOVE OR (B) THE RELEASE OR PLACEMENT BY LANDLORD OF HAZARDOUS SUBSTANCES TO, IN, OR UPON THE DEMISED PREMISES, AFTER THE EFFECTIVE DATE.

(b) TENANT INDEMNITY. TENANT AGREES NOT TO (AND AGREES THAT ANY SUBLEASE SHALL REQUIRE SUBTENANT NOT TO) GENERATE, STORE, HANDLE OR DISPOSE OF ANY HAZARDOUS SUBSTANCE IN OR UPON THE DEMISED PREMISES OR THE DEVELOPMENT DURING THE DEMISED TERM OF THE LEASE, EXCEPT IN A MANNER CONSISTENT WITH ALL STANDARDS AND REGULATIONS FOR THE SAFE USE OF SUCH HAZARDOUS SUBSTANCE PROMULGATED BY GOVERNMENTAL AGENCIES HAVING JURISDICTION. TENANT SHALL INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL DEMANDS, CLAIMS, ENFORCEMENT ACTIONS, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, ARISING OUT OF THE PLACEMENT BY TENANT (OR ANY OF ITS SUBTENANTS OR UNIT OWNERS OR CONTRACTORS OF ANY OF THEM) OF HAZARDOUS SUBSTANCES IN OR UPON THE DEMISED PREMISES OR DEVELOPMENT.

15.16 Date of Lease. All references to the "date of this Lease," the "date hereof," the "date upon which this Lease is fully executed" and the like shall be deemed to be the date this Lease is executed by both Landlord and Tenant without regard to when this Lease becomes effective under Section 1.5.

15.17 No Offer. The mailing, delivery or negotiation of this Lease shall not be deemed an offer to enter into any transaction or to enter into any relationship, whether on the terms contained herein or on any other terms. Neither party will be bound by this Lease nor shall either party have any obligations or liabilities or any rights hereunder or with respect to the Demised Premises unless and until both Landlord and Tenant have duly executed and delivered at least facsimile counterparts (e.g., pdf copies delivered by e-mail) of original signature versions of this Lease to each other in compliance with Section 15.24 below.

15.18 Time of Essence. Time is of the essence of this Lease and the performance of the respective obligations of Landlord and Tenant hereunder including, without limitation, the delivery of notices hereunder.

15.19 Tenant's Representations. In order to induce Landlord to enter into this Lease, Tenant represents and warrants that Tenant has full right, power and lawful authority to execute, deliver and perform its obligations under this Lease, in the manner and upon the terms contained herein, with no other person needing to join in the execution hereof in order for this Lease to be

binding on Tenant.

15.20 Landlord's Representations. In order to induce Tenant to enter into this Lease, Landlord represents and warrants that Landlord has full right, power and lawful authority to execute, deliver and perform its obligations under this Lease, in the manner and upon the terms contained herein, with no other person needing to join in the execution hereof in order for this Lease to be binding on Landlord.

15.21 Survival of Obligations. The obligation to pay any sums due to either party from the other that by the terms herein would not be payable, or are incapable of calculation, until after the expiration or sooner termination of this Lease shall survive and remain a continuing obligation until paid. All indemnity obligations under this Lease shall survive the expiration or earlier termination of this Lease.

15.22 Definition of "Month". Whenever in this Lease a deadline or other period of time is determined by measuring one or more months from a particular date (the "Reference Date"), the applicable deadline or ending of such other period of time shall be the date in the ending month that corresponds to the Reference Date. For example, if a deadline is to be two (2) months from a particular Reference Date and the Reference Date is August 6, the deadline would be October 6. If the ending month does not have such a corresponding date, the deadline for ending of the period shall be the date in the ending month that is the last day of the ending month (for example, if the deadline is one month from a Reference Date of May 31, such deadline will be June 30).

15.23 Waiver of Jury Trial. LANDLORD AND TENANT WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY LANDLORD OR TENANT AGAINST THE OTHER WITH RESPECT TO ANY MATTER ARISING OUT OF OR RELATED TO THIS LEASE OR THE DEMISED PREMISES.

15.24 Counterpart Execution. This Lease may be executed in duplicate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Any PDF or facsimile transmittal of original signature versions of this Lease shall be considered to have the same legal effect as execution and delivery of the original document and shall be treated in all manner and respects as the original document. The parties also agree to promptly exchange counterparts with original signatures.

ARTICLE 16. LANDLORD'S OPTIONS TO PURCHASE UNITS

16.1 Options to Purchase. In the event that Tenant converts the Demised Premises or any part thereof to condominiums, then with regard to each Unit, Landlord shall have the option to purchase such Unit at any time after the end of the 45th Lease Year at the Fair Market Value (defined in Section 16.2 below) of the Unit.

16.2 Definition of Fair Market Value. "Fair Market Value" means the market value of a Unit, based upon what a knowledgeable, willing, and unpressured buyer would pay to a knowledgeable willing and unpressured seller in the market.

16.3 Exercise of Option. Landlord may exercise its option to purchase with respect to one or more Units at one time and from time to time later exercise its option on another or other Units. The exercise of the option with respect to a particular Unit may be accomplished by notice to the owner of the Unit (the "Exercise Notice"). The exercise Notice shall specify Landlord's opinion of the Fair Market Value of the Unit.

16.4 Determination of Fair Market Value. If the owner of the Unit disagrees with Landlord's opinion of Fair Market Value as expressed in the Exercise Notice, the Unit owner shall within thirty (30) days of the Unit owner's receipt of the Exercise Notice, so notify Landlord specifying the Unit owner's opinion of the Fair Market Value of the Unit ("Objection Notice"). If the Unit owner does not serve Landlord with an Objection Notice within said thirty-day period, then Landlord's opinion of Fair Market Value as expressed in the Exercise Notice shall be deemed the Fair Market Value. In the event that the Unit owner serves Landlord with an Objection Notice within the said thirty-day period, then Landlord and the Unit owner shall confer and attempt to arrive at a compromise as to the Fair Market Value. In the event that Landlord and the Unit owner have not agreed upon a compromise determination of Fair Market Value within thirty days after Landlord's receipt of the Unit owner's Objection Notice, then the Fair Market Value shall be either the Fair Market Value specified by Landlord in its Exercise Notice or the Fair Market Value specified in the Objection Notice, determined by a licensed Colorado residential appraiser with experience in the Summit County market selected by Landlord and the Unit owner or if Landlord and then Unit owner are unable to mutually agree, then the appraiser shall be selected by the chair of the Real Estate Section of the Colorado Bar Association as set forth below. The appraiser so selected is referred to herein as the "Appraiser". Within 30 days after the selection of the Appraiser, the Appraiser shall appraise the Unit and arrive at his own opinion as to Fair Market Value and announce such opinion to the Landlord and Unit owner. The Fair Market Value shall be deemed to be the opinion of Fair Market Value (as set forth in the Exercise Notice or Objection Notice) which is closest to the Appraiser's opinion of Fair Market Value.

16.5 Closing. Within twenty (20) days after Fair Market Value is determined, the closing of Landlord's purchase of the Unit (the "Closing") shall take place. At the closing, the Landlord shall pay the Fair Market Value as determined pursuant to Section 16.4 above and the Unit owner shall convey marketable, indefeasible and insurable title to the Unit in fee simple and convey by good and sufficient special warranty deed, free from all monetary encumbrances whatsoever. In addition, all monies shall be placed with an escrowee of Landlord's designation, and the settlement of the purchase price and the conveyance to Landlord shall take place in escrow. At closing, Unit owner will furnish to Landlord an ALTA title insurance policy, with extended coverage issued by a title insurance company acceptable to Landlord, in its usual form, brought down to the date of the closing, insuring Landlord against loss or damage to the extent of the purchase price by reason of nonexcepted defects in or liens upon Landlord's title. Taxes, utilities, rents and other current expenses shall be adjusted as of the date of the closing date, if necessary.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the day set forth in the introduction hereof.

ALPINE INN LLC

By: DocuSigned by:
Lester Warpecha
3A3FD9A87BD44B0
Lester Warpecha, Manager

BASECAMP RESIDENCES LLC

By: DocuSigned by:
David G. O'Neil
9643434EC5E4430
David G. O'Neil, Manager

Exhibit A
DEMISED PREMISES AND DEVELOPMENT

LEGAL DESCRIPTION
DEMISE PREMISES
DISCOVERY INTERCHANGE WEST, LOT 1, BLOCK A

A PARCEL OF LAND BEING A PORTION OF LOT 1, BLOCK A, DISCOVERY INTERCHANGE WEST, ACCORDING TO THE PLAT RECORDED AT RECEPTION NO. 133802, TOWN OF FRISCO, COUNTY OF SUMMIT, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERLY ANGLE POINT OF SAID LOT 1; THENCE S68°21'09" ALONG THE SOUTHERLY PROPERTY LINE OF SAID LOT 1 A DISTANCE OF 89.21 FEET TO THE POINT OF BEGINNING; THENCE S68°21'09"W ALONG THE SAID SOUTHERLY PROPERTY LINE OF LOT 1 A DISTANCE OF 331.04 FEET; THENCE N32°14'05"W A DISTANCE OF 87.78 FEET TO A POINT ON THE NORTHERLY PROPERTY LINE OF SAID LOT 1; THENCE N51°46'30"E ALONG THE NORTHERLY PROPERTY LINE OF SAID LOT 1 A DISTANCE OF 307.75 FEET; THENCE S38°20'32"E A DISTANCE OF 181.75 FEET TO THE POINT OF BEGINNING, CONTAINING 42,248 SQUARE FEET OR 0.970 ACRE MORE OR LESS.

Robert R. Johns
ROBERT R. JOHNS
COLORADO PLS NO. 26292

May 4, 2022

DATE



PROJECT NO. 20178-411
PREPARED FOR: BRYNN GREY X 6691/22/152

PO box 589
Silverthorne, CO 80498



(970) 468-6281
www.rangewestinc.com

Basecamp Lofts + Studios
Preliminary Proforma, Assuming Units Sold
as of April 24, 2022

SOURCES AND USES	2022		2023			Total	Cost Per Unit
	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr		
Sources							
Construction Financing (3)							
Private Equity Construction Financing	\$ 350,000	\$ 1,100,000	\$ 550,000	\$ -	\$ -	\$ 2,000,000	\$ 66,667
Conventional Construction Financing	\$ -		\$ 3,000,000	\$ 1,900,000	\$ 500,000	5,400,000	180,000
Financing Subtotal	\$ 350,000	\$ 1,100,000	\$ 3,550,000	\$ 1,900,000	\$ 500,000	\$ 7,400,000	
Revenue (3)							
Loft Unit Sales					7,783,125	7,783,125	259,438
Lawn Unit Sales					4,996,250	4,996,250	166,542
Carport / EV Charging Station Sales					1,125,000	1,125,000	37,500
Gross Sales					13,904,375	13,904,375	204,042
Less Commisions & Closing Costs	7.00%				(973,306)	(973,306)	(32,444)
Net Sale Proceeds					12,931,069	12,931,069	431,036
Total Sources	\$350,000	\$1,100,000	\$3,550,000	\$1,900,000	\$13,431,069	\$20,331,069	677,702
Uses							
Construction & Development Cost Estimates (4)							
Horizontal Construction		\$585,436	\$585,436			1,170,872	39,029
Vertical Construction	315,593	315,593	2,524,743	1,577,964	1,577,964	6,311,857	210,395
Carport / EV Charging Stations			250,000	250,000	250,000	750,000	25,000
Total Construction Cost	\$315,593	\$901,029	\$3,360,179	\$1,827,964	\$1,827,964	8,232,729	274,424
Private Equity Construction Financing Expense (5)							
Loan Origination	20,000					20,000	667
Financing Fee					300,000	300,000	10,000
Conventional Financing Expense							
Loan Origination		60,000				60,000	2,000
Interest		-	33,750	55,125	-	88,875	2,963
Construction Financing Repayment							
Private Equity Construction Financing Payoff					2,000,000	2,000,000	66,667
Conventional Construction Financing Payoff					5,400,000	5,400,000	180,000
Total Uses	\$ 335,593	\$ 961,029	\$ 3,393,929	\$ 1,883,089	\$ 9,527,964	\$ 16,101,604	\$ 536,720
Cash Flow	\$ 14,407	\$ 138,971	\$ 156,071	\$ 16,911	\$ 3,903,104	\$ 4,229,465	

Total Increase (Decrease) In Cash

Beginning of Period	\$10,000	\$24,407	\$163,378	\$319,450	\$336,360
Cashflow	14,407	138,971	156,071	16,911	3,903,104
Distributions					4,000,000
End of Period	\$24,407	\$163,378	\$319,450	\$336,360	\$4,239,465

Notes:

This proforma is preliminary in nature and based upon certain assumptions which may or may not be correct. As a result, it should be viewed as a place to begin a process to verify the assumptions and test the numbers, such verification and testing to be done by independent parties including appraiser, lender and financial advisors.

1. Summary Project Data

Number of Units		30
Net Salable SF		13,125
Project		
Gross Sales Revenue		\$ 13,904,375
Less:		
Construction & Dev Cost	8,232,729	
Financing Expense	468,875	
Commissions & Closing Costs	973,306	(9,674,910)
Profit		\$ 4,229,465
Square Feet		
Gross Sales Revenue / SF		\$ 1,059
Construction & Dev, Financing, Commish & Closing Costs / SF		\$ 737
Profit / SF		\$ 322
Units		
Avg Sales Price / Unit		\$ 463,479
Construction & Dev, Financing, Commish & Closing Costs/Unit		\$ (322,497)
Avg Profit / Unit		\$ 140,982

2. Construction Financing Total Costs

Equity*	\$ 2,000,000	25%
Constr Loan	6,000,000	75%
Total	\$ 8,000,000	100%

Key Lending Ratios

Gross Sales Revenue	13,904,375
LTV	43%

*Private Equity Construction Loan Secured by 2nd DOT (subordinate to Conventional Construction Loan 1st DOT).

3. Units / Sales Prices

	<u># Units</u>	<u>Sq. Ft.</u>	<u>Sales PPSF</u>	<u>Price / Unit</u>	<u>Total Sales</u>	<u>Total Sq. Ft.</u>
Lofts Premium	8	525	\$ 1,000	\$525,000	\$ 4,200,000	4,200
Lofts	7	525	\$ 975	\$511,875	\$ 3,583,125	3,675
Subtotal Loft Units/Sales	15				\$ 7,783,125	7,875
Lawn Premium	1	350	\$ 975	\$341,250	\$ 341,250	350
Lawn	13	350	\$ 950	\$332,500	\$ 4,322,500	4,550
ADA	1	350	\$ 950	\$332,500	\$ 332,500	350
Subtotal Lawn Units/Sales	15				\$ 4,996,250	5,250
Total Units/Sales	30				\$ 12,779,375	13,125
Carport / EV Charging Station Sales	15			\$75,000	\$ 1,125,000	
Project Gross Sales					\$ 13,904,375	

4. Construction & Development Costs

Horizontal Cost Estimate	\$	1,170,872
Vertical Stick Build Cost Estimate		6,311,857
Car Port / EV Charging Stations		
Cost Per Port & Station	\$	50,000
		750,000
Total Construction & Development Cost		8,232,729

Cashflow Projection

2022

	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	Total
		\$ 585,436	\$ 585,436			\$ 1,170,872
	315,593	315,593	2,524,743	1,577,964	1,577,964	6,311,857
			250,000	250,000	250,000	750,000
	\$ 315,593	\$ 901,029	\$ 3,360,179	\$ 1,827,964	\$ 1,827,964	\$ 8,232,729

5. Construction Financing Expense

Private Equity Construction Loan
 Beginning Balance
 Draws
 Payoff
 Ending Balance
 PE Interest fee 15%

2022

	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	Total
	\$ -	\$ 350,000	\$ 1,450,000	\$ 2,000,000	\$ 2,000,000	\$ -
	350,000	1,100,000	550,000	-	-	2,000,000
	-	-	-	-	- 2,000,000	- 2,000,000
	\$ 350,000	\$ 1,450,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
					\$ 300,000	\$ 300,000

Conventional Construction Financing
 Beginning Balance
 Draws
 Payoff
 Ending Balance
 Loan Interest 4.50%

	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 4,900,000	# \$ -
	-	-	3,000,000	1,900,000	500,000	5,400,000
	-	-	-	-	- 5,400,000	- 5,400,000
	\$ -	\$ -	\$ 3,000,000	\$ 4,900,000	\$ -	#
	\$ -	\$ -	\$ 33,750	\$ 55,125	\$ -	\$ 88,875

Horizontal Expense

as of

April 24, 2022

	100%		70%		Estimated Cashflow Requirements assuming ground breaking 7/1/2020									
	37 Units	Per Unit	30 Units	2022				2023				Total	Cost Per Unit	
				2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr				
Hardcosts														
RA Nelson Horizontal (1)	\$ 847,813		\$ 593,469	\$ -	\$ 296,735	\$ 296,735	\$ -	\$ -				\$ 593,469	#REF!	
Survey	25,000		17,500		8,750	8,750						17,500	#REF!	
Electric Dist Xcel	115,000		80,500		80,500							80,500	#REF!	
GL & Builder's Risk	8,000		5,600		5,600							5,600	#REF!	
Project Mgmt / Admin	9,000		6,300	1,260	1,260	1,260	1,260	1,260				6,300	#REF!	
General Conditions Developer	9,000		6,300	1,260	1,260	1,260	1,260	1,260				6,300	#REF!	
Water & Sewer PIFS	255,000		178,500		178,500							178,500	#REF!	
	<u>\$ 1,268,813</u>		<u>\$ 888,169</u>	<u>\$ 2,520</u>	<u>\$ 572,605</u>	<u>\$ 308,005</u>	<u>\$ 2,520</u>	<u>\$ 2,520</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 888,169</u>	<u>#REF!</u>	
Contingency	5% \$ 63,441		\$ 44,408	\$ 126	\$ 28,630	\$ 15,400	\$ 126	\$ 126	\$ -	\$ -		44,408	#REF!	
Subtotal Horizontal	<u>\$ 1,332,254</u>		<u>\$ 932,578</u>	<u>\$ 2,646</u>	<u>\$ 601,235</u>	<u>\$ 323,405</u>	<u>\$ 2,646</u>	<u>\$ 2,646</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 932,578</u>	<u>#REF!</u>	
Soft Costs		100%											#REF!	
Civil Engineering	\$ 63,350		\$ 63,350	\$ 31,675	\$ 31,675							\$ 63,350	#REF!	
Soils Engineering	\$ 50,000		\$ 50,000	\$ 15,000	\$ 15,000	\$ 20,000						50,000	#REF!	
Legal & Acctg	\$ 18,500		\$ 18,500	\$ 5,550	\$ 5,550	\$ 7,400	\$ -					18,500	#REF!	
Total Soft Costs	<u>\$ 131,851</u>		<u>\$ 131,851</u>	<u>\$ 52,225</u>	<u>\$ 52,225</u>	<u>\$ 27,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 131,850</u>	<u>#REF!</u>	
Horizontal Hard & Soft Costs	\$ 1,464,105		\$ 1,064,429	\$ 54,871	\$ 653,460	\$ 350,805	\$ 2,646	\$ 2,646	\$ -	\$ -		\$ 1,064,428	#REF!	
Developer Fee	10% \$ 146,410		\$ 106,443	\$ 5,487	\$ 65,346	\$ 35,080	\$ 265	\$ 265	\$ -	\$ -		\$ 106,443	#REF!	
Total Horizontal Cost	<u>\$ 1,610,515</u>		<u>\$ 1,170,872</u>	<u>\$ 60,358</u>	<u>\$ 718,806</u>	<u>\$ 385,885</u>	<u>\$ 2,911</u>	<u>\$ 2,911</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 1,170,871</u>	<u>#REF!</u>	

Notes:

1. RA Nelson Horizontal Site & Infrastructure - Revised 5/10/2021

		Adjusted**
Mobe	\$ 2,898	\$ 2,898
Demo & Hazmat	\$ 60,020	\$ 60,020
Site Prep	\$ 25,802	\$ 25,802
Earthwork	\$ 61,778	\$ 61,778
Utilities	\$ 184,613	\$ 184,613
Drainage & Containment	\$ 102,937	\$ 102,937
Parking Lot Const.	\$ -	\$ 100,000
Sidewalks / Paths	\$ -	\$ 45,000
Dumpster	\$ -	\$ 40,000
Landscaping	\$ -	\$ 75,000
Subtotal	<u>\$ 438,048</u>	<u>\$ 698,048</u>
General Conditions 10%	\$ 43,805	\$ 69,805
General Liability (1% of all costs)	\$ 5,444	\$ 8,675
Contingency 3% (all costs above)	\$ 14,619	\$ 23,296
GC Fee 6% all costs	\$ 30,115	\$ 47,989
TOTAL HORIZONTAL	<u>\$ 532,031</u>	<u>\$ 847,813</u>

** Adjusted Budget including placeholder items, pending final quantity and estimate

Centura Studios
Permit Infrastructure (Phase 2) Estimate Update
Cost Estimate Summary

DESCRIPTION	TAKEOFF QNTY	UNIT PRICE	TOTAL
Sitework & Infrastructure			
Mobilization	1 LS	\$ 2,898.00	\$2,898
Site Preparation	1 LS	\$ 22,904.00	\$22,904
Demo Remaining Parking Lot	1 LS	\$ 60,020.00	\$60,020
Site Earthwork	1 LS	\$ 61,778.00	\$61,778
Utilities	1 LS	\$ 184,613.00	\$184,613
Drainage & Containment	1 LS	\$ 102,937.00	\$102,937
SUBTOTAL			\$435,150
General Conditions			\$45,003
SUBTOTAL (DIRECT COST OF WORK)			\$480,153
Builder's Risk Insurance			By Owner
General Liability Insurance (1%)			\$5,282
SUBTOTAL			\$485,435
0.00% Design Contingency			By Owner
3.00% Construction Contingency			\$14,563
SUBTOTAL			\$499,998
6.00% G.C. Construction Fee			\$30,000
ESTIMATED CONSTRUCTION COST			\$529,998

OTHER COST CONSIDERATIONS

Preconstruction Services	By Separate Agreement
Architectural Design and Engineering Fees	By Owner
Civil Engineer Design Fees	By Owner
Landscape Architect Design Fees	By Owner
Structural Engineering Fees	By Owner
Mechanical / Electrical Engineering Fees	By Owner
Geotechnical & Materials Testing	By Owner
Building Permit Fees	By Owner
Plan Review Fees	By Owner
Construction Use Tax	By Owner
Water & Sewer Tap Fees	By Owner
DRB Review Fees	By Owner
Platting & Recordation Fees	By Owner
Design Contingency	By Owner
Owner Contingency	By Owner

Item	Description	Takeoff Qty	Total		
			Unit Cost	Amount	
001-0000 GENERAL REQUIREMENTS					
001-3000 Admin. Requirements					
3100	Project Manager	259.50	HRS	95.00 /HRS	24,653
3200	Project Superintendent	0.00	NIC		
<i>To be included in Phase 3, once foundations start</i>					
3400	Project Coordinator	160.00	HRS	60.00 /HRS	9,600
Admin. Requirements					
					34,253
001-5000 Temporary Facilities					
5200	Temp Water Meter Consumption Fees	4.00	MO	250.00 /MO	1,000
5300	Field Trailer	0.00	NIC		
<i>To be included in Phase 3 GC's</i>					
5400	Field Equipment & Supplies	4.00	MO	250.00 /MO	1,000
5500	Temporary Sanitary Facilities	4.00	MO	175.00 /MO	700
5600	Dumpster Charges	2.00	EA	900.00 /EA	1,800
5700	Internet Set Up & Usage Fees	0.00	NIC		
<i>To be included in Phase 3 GC's</i>					
5800	Temporary Barriers & Signs	1.00	LS	2,000.00 /LS	2,000
Temporary Facilities					
					6,500
001-7000 Execution Requirements					
7100	Postage / UPS / Federal Express	1.00	LS	50.00 /LS	50
7200	Safety Inspections	4.00	EA	650.00 /EA	2,600
7200	Safety / First Aid / OSHA Supplied	4.00	MO	400.00 /MO	1,600
7300	GC Mobilize & Demobilize	0.00	NIC		
<i>To be included in Phase 3 GC's</i>					
Execution Requirements					
					4,250
GENERAL REQUIREMENTS					
					45,003
002-0000 SITE WORK					
002-1000 Demolition & Hazmat					
<i>Closer to 30,000 sf</i>					
1100	Demo Parking Lot (Remaining from Original Demo Contract)	16,615.00	SF	3.00 /SF	49,845
<i>Cost to demo remaining asphalt parking lot that is to remain during building demolition for erosion control</i>					
1100	Demo Asphalt and Ramp (Wasteline)	630.00	SF	6.285 /SF	3,947
1100	Trees Removal	16.00	EA	389.222 /EA	6,228
Demolition & Hazmat					
					60,020
002-2000 Site Preparation					
2100	Excavator Mobilize / Demobilize	1.00	LS	2,898.00 /LS	2,898
2200	Construction Surveying	1.00	LS	10,000.00 /LS	10,000
2300	Temporary Access Driveway & Gravel	1.00	LS	3,377.75 /LS	3,378
2500	Rock Excavation	0.00	NIC		
<i>Assumed none</i>					
2700	Construction Fences (Rental fees during construction)	1,059.00	LF	2.00 /LF	2,118
2900	Erosion / Sediment Control	1,642.00	LF	4.512 /LF	7,408
<i>This should be lump sum, or broken out a little better.</i>					
Site Preparation					
					25,802
002-3000 Building Earthwork					
3400	Building Footing Excavatio, Compaction, Backfill	0.00	NIC		
<i>Excluded from Phase 2</i>					

Item	Description	Takeoff Qty	Total			
			Unit Cost	Amount		
002-3000 Building Earthwork						
3500	Final Grading	36,600.00	SF			
<i>Excluded from Phase 2</i>						
002-4000 Site Earthwork						
4100	Clear/Grub & Site Grading Cut	1.00	LS	25,250.00 /LS	25,250	
4300	Site Grading Fill	1.00	LS	26,294.00 /LS	26,294	
4300	Import Allowance	150.00	YD	68,293 /YD	10,244	
<i>Assumes reuse of existing bldg / parking sub base. Assumes existing material suitable for backfill. Assumes material generated from excavation of the crawlspace will be used for site fill.</i>						
Site Earthwork						
					61,778	
002-5000 Utility Extensions						
<i>Traffic Control</i>						
5100	Remove Domestic Water Service	231.00	LF	4,536.00 /LF	4,536	
<i>Cap & Abandon in place</i>						
5100	Main Water Line (8")	385.00	LF	128,484 /LF	48,696	
5100	Domestic Water Service (4" & 6" Hydrant)	155.00	LF	169,028 /LF	26,199	
5300	Sanitary Sewer Service (4" & 8")	427.00	LF	390 /LF	133,539 /LF	57,021
5500	Remove Natural Gas Service	120	LF	By Xcel?	31,758 /LF	3,493
5600	Remove Electrical Service	592.00	LF	8,745 /LF	5,177	
5600	Primary Electrical Service	459.00	LF			
<i>Assumed owner contract direct with Xcel for Primary Service and Transformer, to include road cut and patch.</i>						
5600	Secondary Electrical Service	163.00	LF	180 /LF	45,924 /LF	7,488
5700	Remove Cable TV Service	61.00	LF	27,601 /LF	1,684	
5800	Remove Telephone & Data Service	78.00	LF	23,201 /LF	1,810	
5800	Telephone & Data Service	548.00	LF	44,117 /LF	24,176	
Utility Extensions						
					184,613	
<i>Note: Mike C. indicated that there would be cost savings revising the water lines from 8" to 6", but their unit price for 6" is \$42,544 more than 8". Also, with a pretty minor cost savings (if it were offered) we would not recommend making this change, the overall water system cost is pretty low relative to the overall project, and this is a life/safety issue.</i>						
002-6000 Drainage and Containment						
6100	Foundation Perimeter Drain & Downspout Leaders	0.00	NIC			
<i>Will be needed if crawlspace are designed</i>						
<i>Excluded from Phase 2</i>						
6300	Cut & Cap Existing Storm Sewer	96.00	LF	65,346 /LF	6,273	
<i>Not sure where this is</i>						
6300	Storm Drains	600.00	LF	161,107 /LF	96,664	
Drainage and Containment						
					102,937	
<i>Would like more of a breakout. There is 741 LF of various storm which does not account for the roof drain connections. Three type R inlets, a storm manhole and 6 area drains.</i>						
002-7000 Pavement / Curbs						
7100	Parking Lot Construction	0.00	NIC			
<i>Fine Grading, Roadbase & Asphalt Parking Lot Construction are Excluded from Phase 2</i>						
<i>This needs to be priced.</i>						
SITE WORK						
					435,150	
003-0000 CONCRETE						
003-3000 Exterior Concrete Slabs						
3100	Concrete Curb, Gutter & Sidewalk	0.00	NIC			
<i>Fine Grading, Prep, & Concrete excluded from Phase 2</i>						
<i>This needs to be priced.</i>						
CONCRETE						
					0	

Vertical Modular Cost Estimate

as of April 24, 2022

Vertical Construction	Lofts	Lawn	ADA	Total
West Building (2)	\$ 2,806,758	\$ 1,806,904	\$200,767	\$ 4,814,429
East Building (2)	1,403,379	1,003,835	-	2,407,215
Total	\$ 4,210,137	\$ 2,810,739	\$200,767	\$ 7,221,644
Cost / SF	\$ 535	\$ 574	\$ 574	\$ 550
Cost / Unit	\$ 280,676	\$ 200,767	\$200,767	\$ 240,721

Notes:

1. Unit Type Budget

	Lofts	Lawn	ADA	Total
# of Units	15	14	1	30
Net Rentable Square Feet	525	350	350	
Total SF	7,875	4,900	350	13,125
Stick Build On-Site Construction Cost / SF	\$ -	\$ -	\$ -	
Modular On-Site Construction Cost / SF*	\$ 75	\$ 75	\$ 75	

*Excluding Note 3 Items Below

2. Building Unit Allocation

	Lofts	Lawn	ADA	Total
West Building	10	9	1	20
East Building	5	5		10
Total	15	14	1	30

3. Modular Cost Items

	Cost Per Unit		
	Lofts	Lawn	ADA
Modular Units FOB Factory	\$ 148,688	\$ 99,125	\$ 99,125
Transportation	8,360	5,574	5,574
Sales Tax 4.55%	6,765	4,510	4,510
Modular Insurance 1.00%	1,487	991	991
Set & Stich	1,440	960	960
Finishes After Stich	1,200	800	800
Soft Costs			
Design & Engineering	2,746	2,746	2,746
Structural Engineer	400	400	400
MEP / Fire Engineering	1,500	1,500	1,500
Energy Rating	430	430	430
QC / Third Party Reviews	1,000	1,000	1,000
Subtotal Off-Site Construction Costs	\$ 174,016	\$ 118,036	\$118,036

Total Cost						
	Lofts	Lawn	ADA	Total	Cost / SF	Cost / Unit
	\$2,230,320	\$1,387,750	\$ 99,125	\$3,717,195	\$ 283	\$ 123,907
	125,400	78,036	5,574	209,010	16	6,967
	101,480	63,143	4,510	169,132	13	5,638
	22,303	13,878	991	37,172	3	1,239
	21,600	13,440	960	36,000	3	1,200
	18,000	11,200	800	30,000	2	1,000
	41,190	38,444	2,746	82,380	6	2,746
	6,000	5,600	400	12,000	1	400
	22,500	21,000	1,500	45,000	3	1,500
	6,450	6,020	430	12,900	1	430
	15,000	14,000	1,000	30,000	2	1,000
Subtotal Off-Site Construction Costs	\$2,610,243	\$1,652,510	\$ 118,036	\$4,380,789	\$ 334	\$ 146,026

4. Modular On Site Costs

		Cost Per Unit			Total Cost					
		Lofts	Lawn	ADA	Lofts	Lawn	ADA	Total	Cost / SF	Cost / Unit
Hard Costs										
Hardcosts		\$ 39,375	\$ 26,250	\$ 26,250	\$ 590,625	\$ 367,500	\$ 26,250	\$ 984,375	\$ 75.00	\$ 32,813
General Conditions	10%	3,938	2,625	2,625	59,063	36,750	2,625	98,438	7.50	3,281
General Liability	2%	788	525	525	11,813	7,350	525	19,688	1.50	656
Performance Bond - 1 yr	2%	910	607	607	13,655	8,497	607	22,759	1.73	759
Warranty Reserve		500	500	500	7,500	7,000	500	15,000	1.14	500
Contingency	5%	2,205	1,470	1,470	33,075	20,580	1,470	55,125	4.20	1,838
GC Fee 6%	6%	2,778	1,852	1,852	41,675	25,931	1,852	69,458	5.29	2,315
		<u>\$ 50,494</u>	<u>\$ 33,829</u>	<u>\$ 33,829</u>	<u>\$ 757,405</u>	<u>\$ 473,607</u>	<u>\$ 33,829</u>	<u>\$ 1,264,841</u>	<u>\$ 96.37</u>	<u>\$ 42,161</u>
Other Hardcosts										
Building Permits		\$ 2,900	\$ 2,900	\$ 2,900	\$ 43,500	\$ 40,600	\$ 2,900	\$ 87,000	\$ 6.63	\$ 2,900
Fire Fee		500	500	500	7,500	7,000	500	15,000	1.14	500
Impact Fees		1,050	1,050	1,050	15,750	14,700	1,050	31,500	2.40	1,050
Water Tap		3,000	3,000	3,000	45,000	42,000	3,000	90,000	6.86	3,000
Sewer Tap		4,500	4,500	4,500	67,500	63,000	4,500	135,000	10.29	4,500
Xcel Energy		1,800	1,800	1,800	27,000	25,200	1,800	54,000	4.11	1,800
GL & Builder's Risk		600	600	600	9,000	8,400	600	18,000	1.37	600
Project Mgmt / Admin		3,000	3,000	3,000	45,000	42,000	3,000	90,000	6.86	3,000
General Conditions Developer		1,000	1,000	1,000	15,000	14,000	1,000	30,000	2.29	1,000
Contingency		2,000	2,000	2,000	30,000	28,000	2,000	60,000	4.57	2,000
Winter Conditions		3,750	3,750	3,750	56,250	52,500	3,750	112,500	8.57	3,750
		<u>\$ 24,100</u>	<u>\$ 24,100</u>	<u>\$ 24,100</u>	<u>\$ 361,500</u>	<u>\$ 337,400</u>	<u>\$ 24,100</u>	<u>\$ 723,000</u>	<u>\$ 55.09</u>	<u>\$ 24,100</u>
Subtotal On Site Construction Costs		\$ 74,594	\$ 57,929	\$ 57,929	\$ 1,118,905	\$ 811,007	\$ 57,929	\$ 1,987,841	\$ 151.45	\$ 66,261
Soft Costs										
Architectural		\$ 2,300	\$ 2,300	\$ 2,300	\$ 34,500	\$ 32,200	\$ 2,300	\$ 69,000	\$ 5.26	\$ 2,300
Civil Engineering		1,500	1,500	1,500	22,500	21,000	1,500	45,000	3.43	1,500
Soils Engineering		1,000	1,000	1,000	15,000	14,000	1,000	30,000	2.29	1,000
Structural Engineering					-	-	-	-	-	-
MEP / Fire Engineering					-	-	-	-	-	-
Energy Rating					-	-	-	-	-	-
QC / Third Party Reviews		250	250	250	3,750	3,500	250	7,500	0.57	250
Legal & Acctg		1,500	1,500	1,500	22,500	21,000	1,500	45,000	3.43	1,500
		<u>\$ 6,550</u>	<u>\$ 6,550</u>	<u>\$ 6,550</u>	<u>\$ 98,250</u>	<u>\$ 91,700</u>	<u>\$ 6,550</u>	<u>\$ 196,500</u>	<u>\$ 14.97</u>	<u>\$ 6,550</u>
Subtotal Soft Costs		\$ 6,550	\$ 6,550	\$ 6,550	\$ 98,250	\$ 91,700	\$ 6,550	\$ 196,500	\$ 14.97	\$ 6,550
Total Off Site, On Site & Soft Costs		\$ 255,160	\$ 182,516	\$ 182,516	\$ 3,827,398	\$ 2,555,218	\$ 182,516	\$ 6,565,131	\$ 500.20	\$ 218,838
Developer Fee	10.00%	\$ 25,516	\$ 18,252	\$ 18,252	\$ 382,740	\$ 255,522	\$ 18,252	\$ 656,513	50.02	\$ 21,884
Estimated Cost / Unit Type		<u>\$ 280,676</u>	<u>\$ 200,767</u>	<u>\$200,767</u>	<u>\$4,210,137</u>	<u>\$2,810,739</u>	<u>\$ 200,767</u>	<u>\$7,221,644</u>	<u>\$ 550.22</u>	<u>\$ 240,721</u>
Cost PSF		535	574	574	\$ 535	\$ 574	\$ 574	\$ 550		

Valuation Glossary 2022

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2022 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

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

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

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. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

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

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing

costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

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 reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease*. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

- The extent to which the property is identified;

- The extent to which tangible property is inspected;

- The type and extent of data researched; and

- The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



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Education or Qualifications

University of Nebraska-Omaha

State Certifications

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Area of Expertise

Andy Irland joined Colliers Valuation & Advisory Services in March 2019 and became a Certified General Licensed Appraiser in August of 2021. Andy is a Valuation Analyst for the Denver office which provides valuation and advisory services throughout the Rocky Mountain Region. He regularly appraises asset classes including multi-family, office, retail, industrial properties and manufactured home communities.

Andy was born in Nebraska and graduated from the University of Nebraska-Omaha in 2009 with a Bachelor of Science in Business Administration. He's lived and worked in Colorado since 2013.

Affiliations or Memberships

Certified General Real Estate Appraiser

Professional Background

Valuation Analyst, Colliers Valuation & Advisory Services

Appraisal Institute Courses

- Uniform Standards of Professional Appraisal Practice
- General Appraiser Income Approach I & II
- Advanced Income Capitalization
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- Real Estate Finance Statistics and Valuation Modeling
- Market Analysis and Highest & Best Use
- General Appraisal Report Writing
- Basic Appraisal Principles and Procedures



COLORADO

Department of
Regulatory Agencies

Division of Real Estate

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Dear ANDREW SCOTT IRLAND

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 Director: Marcia Waters	 <p>Board of Real Estate Appraisers</p> <p>ANDREW SCOTT IRLAND Certified General Appraiser</p>	License #: CG200002747 Status: Active Expires: 12/31/2023
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<u>CG200002747</u>	<u>11/01/2021</u>
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<u>Active</u>	<u>12/31/2023</u>
License Status	Expiration
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Director: Marcia Waters	Licensee Signature





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Education or Qualifications

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State Certifications

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Nebraska

South Dakota

Area of Expertise

Jacie Ottersberg joined Colliers International Valuation & Advisory Services in December 2013 and became a Certified General Licensed Appraiser in October 2016. Jacie is a Senior Valuation Specialist for the Denver office which provides valuation and advisory services throughout the Rocky Mountain Region. She regularly appraises most major asset classes including multi-family, office, retail, and industrial projects. Jacie is also familiar with valuation of manufactured home communities, hotels, land, and gas stations.

Jacie was born in Nebraska and graduated from the University of Nebraska-Lincoln in 2012 with a Bachelor of Science in Finance. She worked for Great Plains Appraisal as a Clerk after graduation and moved to Colorado in 2013.

Affiliations or Memberships

Certified General Real Estate Appraiser

Professional Background

Senior Valuation Specialist, Colliers International Valuation & Advisory Services

Valuation Analyst I, Colliers International Valuation & Advisory Services

Real Estate Appraisal Clerk, Great Plains Appraisal

Appraisal Institute Courses

- Uniform Standards of Professional Appraisal
- Practices (USPAP)
- Real Estate Finance Statistics and Valuation Modeling
- General Appraiser Income Approach I & II
- Advanced Income Capitalization
- Site Valuation & Cost Approach
- Market Analysis and Highest & Best Use
- Report Writing
- Sales Comparison Approach
- Principals & Procedures

Other Related Courses

- Real Estate Finance
- Advanced Finance



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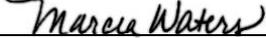
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Jon Fletcher, MAI

Area of Expertise

Jon Fletcher, MAI is a Colorado native and the Managing Director of the Denver office for Colliers International Valuation & Advisory Services. He began his valuation career in 2002; became a Certified General Appraiser in 2006 and later attained the MAI designation from the Appraisal Institute in 2010. Mr. Fletcher has been directly involved in nearly all fields of real estate valuation from portfolio work to single asset valuation including market analysis, highest and best use studies, feasibility studies, eminent domain proceedings, litigation support, rent analysis, bankruptcy and foreclosure support, and discounted cash flow analysis using both MS Excel and Argus.

Jon serves a wide variety of clients from national and local lenders to financial institutions, insurance companies, REITs, pension funds, federal, state and local government agencies, attorneys, developers as well as private individuals. His work has taken him to 29 states and the Denver office primary serves Colorado, but regularly covers Wyoming, New Mexico, Kansas, Nebraska, The Dakotas and Montana.

Mr. Fletcher specializes in the valuation of self-storage facilities, manufactured housing communities as well as hospitality and leisure properties. His practice regularly includes a wide variety of property types including multi-family, office, retail, industrial, raw land, mixed use and condominium development, religious facilities as well as various special purpose properties.

Affiliations or Memberships

Certified General Real Estate Appraiser
Member-Appraisal Institute, April 2010
Colorado Self-Storage Association
Rocky Mountain Home Association
Golden Key Honor Society
Boy Scouts of America
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Professional Background

Managing Director/Senior Valuation
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Real Estate Analyst, CB Richard Ellis

National Practice Groups

Manufactured Housing
Self-storage

Education or Qualifications

Brigham Young University

State Certifications

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Kansas
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New Mexico
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Valuation & Advisory Services

Services Offered

Single Asset Valuation
 Portfolio Valuation
 Institutional Asset Valuation
 Loan Pool Valuation
 Appraisal Review
 Appraisal Management
 Lease and Cost Analysis
 Insurance Valuation
 Arbitration & Consulting
 Feasibility Studies
 Investment Analysis
 Highest and Best Use Studies
 Tax Appeals
 Litigation Support
 Segregated-Cost Analysis

Experience That Counts

Office
 Industrial
 Retail
 Multifamily
 Mixed-Use Properties
 Senior Housing
 Land
 Self-Storage
 Manufactured Housing
 Agriculture
 Net Lease
 Hospitality
 Health Care
 Subdivisions
 Embassies & Consulates
 GSA Properties
 Special Use Properties
 Telecommunications
 Easements
 Life Science

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

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