



Appraisal Report Of
Elephant Rock Property
290 CO-105
Palmer Lake, CO 80133

Property Class/Type
Land/Planned Development (PUD)

As Of
May 23, 2022

Prepared For
Town of Palmer Lake

Prepared by
Opteon Appraisal, Inc

Opteon Appraisal, Inc File Number
22-04-0263



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July 8, 2022

Ms. Dawn A. Collins
Town Administrator/Clerk
Town of Palmer Lake

Re: Appraisal Report
Elephant Rock Property
290 CO-105
Palmer Lake, El Paso County, CO 80133

Dear Ms. Collins:

At your request, we have prepared an appraisal for the above referenced property, which is briefly described as follows: The subject consists of approximately 28.64 acres with aged various structures; cabins, garage, gymnasium, hall with lodging and/or office space that is accessible from Hwy 105.

This valuation contains analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed herein. It was prepared solely for the intended use and intended user(s) explicitly identified in the attached report. This appraisal report is intended to conform with Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

Based on the appraisal described in the accompanying report, subject to the limiting conditions and assumptions, extraordinary assumptions and hypothetical conditions (if any), the following value conclusion(s) are as follows:

<i>Appraisal Premise</i>	<i>Interest Appraised</i>	<i>Date of Value</i>	<i>Value Conclusion</i>	<i>Exposure Time</i>
Current As Is	Fee Simple	May 23, 2022	\$1,550,000	12 months

Please reference Scope of Work section (page 24) of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology. We also direct your attention to the impacts of COVID-19 Pandemic section (page 23) and Limiting Conditions and Assumptions section (page 79). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Extraordinary Assumptions:

There are no extraordinary assumptions for this appraisal.

Hypothetical Conditions:

There are no hypothetical conditions for this appraisal.

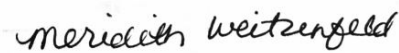
Thank you for your business. If you have any specific questions or concerns regarding the attached appraisal report, or if we can be of additional assistance, please let us know.

Respectfully submitted,

Opteon Appraisal, Inc



Christopher E. Kokott
Certified Residential Appraiser
CO#CR200000887
Exp: December 31, 2022



Meredith Weitzenfeld
Certified General Real Estate Appraiser
CO #Pending
Exp: Pending

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Subject Photographs



Subject street view



Street alt view



Main entry



Front of Main building



Fire Hydrant on the property



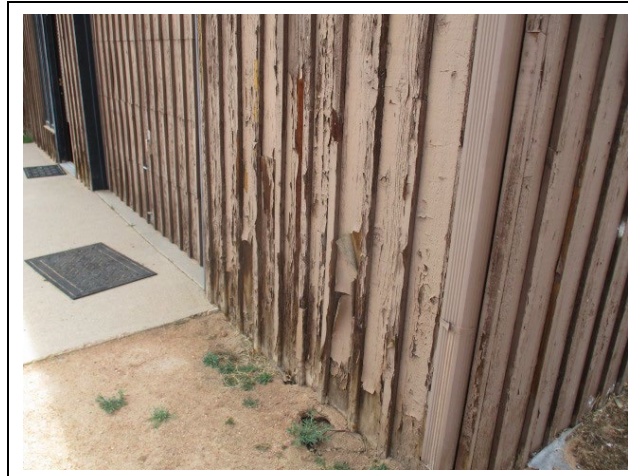
Access to accessory buildings



Peeling paint



Peeling paint



Peeling paint



Peeling paint



Front of building peeling paint



Front, main entry



Rear



Rear, side



Front, side



Front of main building alt view



Main building photos: Garage



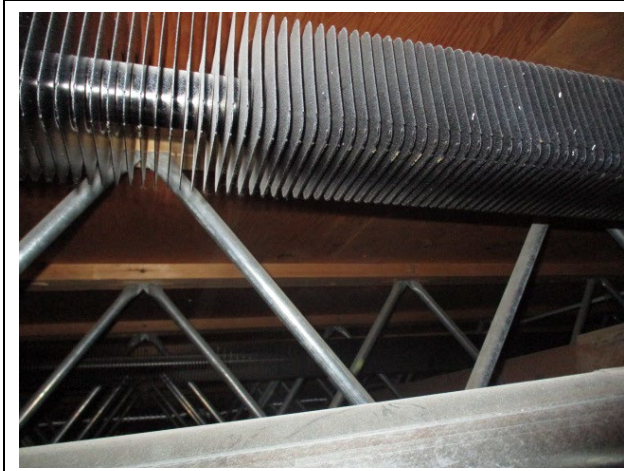
Office 1



Office 2



Attic construction



Attic construction alt view



Electrical panels



Electrical panels



Boiler heaters



Heating pipes



Access to crawl space



Crawl space



Rear deck



Congregation room



Meeting room



Meeting room, fireplace



Hallway, glass boarded prevent break-in



Suite 1 Family room



Kitchen 1



Kitchen 2



Suite 2 family room



Eating area



Second floor, bedroom



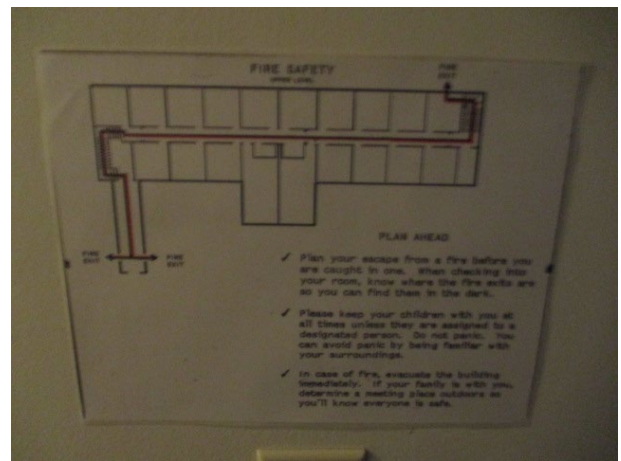
Bedroom



Bedroom



Hallway



Second floor layout



Second floor: Woman's bathroom



Stalls/Showers



Bathtub



Men's bathroom



Urinals



Shower stalls



Kitchen



Kitchen



Kitchen



Supplies



Walk-in freezer



Walk-in refrigerator



Preachers cabin



Air view



Family room



Kitchen



Laundry



Separate water heater



Bedroom



Full bath



Full bath alt view



Rear view from Preachers cabin



Sewer



View from Preachers cabin



Inground pool



Pool changing room



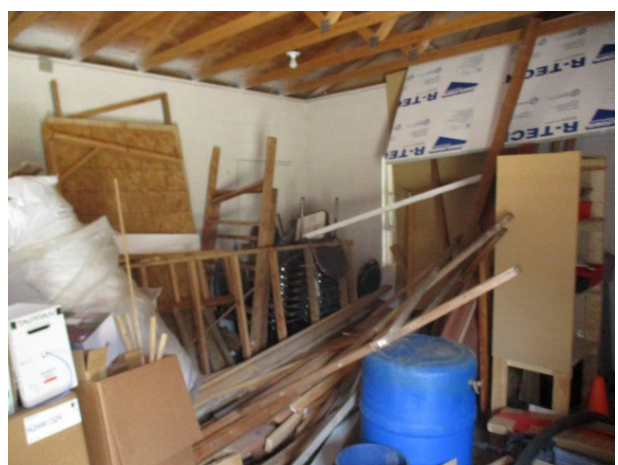
Maintenance building



Side



Work shop 1



Workshop 2



Ceiling detail



Garage, equipment



Tractor



Gymnasium



Side



Front



Inside of gymnasium



Alt view



Cabin section of photos



Exterior peeling paint, broken windows and screens



Bedroom



Bedroom



Cabin details



Bedroom



Roof and interior damage (2) cabins



Damage,



Full bath area



Hallway



Second cabin ceiling damage



Full bath



Cabin



Bedroom



Paneled off door to the full bath



Cabin layout



Another view of cabin layout



Meeting / social hall



Interior view



Ceiling detail



Exterior detail



Covered picnic area

Executive Summary

Salient Information

Subject:	Elephant Rock Property 290 CO-105, Palmer Lake, El Paso County, CO 80133	
	The subject consists of approximately 28.64 acres with aged various structures; cabins, garage, gymnasium, hall with lodging and/or office space that is accessible from Hwy 105.	
GPS Coordinates:	39.115047 -104.906481	
Site Size:	28.64 acres	
Building Size:	31,243 SF	
Owner:	Town of Palmer Lake	
Report Preparation Date:	July 8, 2022	
Effective Value Date:	May 23, 2022	
Zoning:	PUD & R-3	
Highest and Best Use:	As Though Vacant: As Improved:	Mixed Use Redevelopment consistent with the highest and best use as though vacant

Value Indications

Land Value: \$1,550,000

Appraisal Premise:	Value Conclusion(s)	Effective Date(s)	Property Rights
As Is	\$1,550,000	May 23, 2022	Fee Simple

Impact of COVID-19

The impact of the COVID-19 pandemic continues to unfold globally. The rapid pace at which the pandemic spread and global actions to curtail it are having an unprecedented impact on the way we live and do business. The following discussion provides insight and analysis to the current health crisis and macroeconomic market trends.

The coronavirus pandemic caused severe economic disruptions last year as households, governments, and businesses adopted a variety of mandatory and voluntary measures (social distancing) to limit in-person interactions that could spread the virus. The impact was focused on particular sectors of the economy, such as travel and hospitality. Job losses were concentrated mostly among lower-wage workers. However, over the course of the coming year, vaccination is expected to greatly reduce the number of new cases of COVID-19. As a result, the extent of social distancing is expected to decline.

In its new economic forecast, which covers the period from 2021 to 2031, the Congressional Budget Office (CBO) projects that the economic expansion that began in mid-2020 will continue for the foreseeable future. Specifically, real gross domestic product (GDP) is projected to return to its pre-pandemic level this year and projected to grow by 3.7% in 2021. In CBO's projections, the unemployment rate gradually declines through 2026, and the number of people employed returns to its pre-pandemic level in 2024.

In the meantime, however, the economy is following a two-track path. Those parts of the economy that require in-person interactions and face-to-face contact remain well below pre-pandemic levels due to risks of infection. The commercial real estate sectors that are associated with these activities, such as lodging/resorts, restaurants, retail, skilled nursing, and senior living, have also experienced more significant weakening during the pandemic, and face a longer, slower recovery in the months and years ahead.

There are also sectors of commercial real estate that show sustained activity during the pandemic. These include warehouses for e-commerce, self-storage facilities, and certain retail spaces for grocery stores and pharmacies. Consequently, many investors have remained active in the market throughout the pandemic, even though issues around site visits, appraisals and document signing can sometimes slow the process down.

As of the date of this report, the nation, region, and market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real estate varies based on several factors including asset class, use, tenancy, and location. Our analysis and conclusions consider any perceived risk associated with the coronavirus pandemic as of the effective date of the report.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s).

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report

Scope of Work	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Client	Town of Palmer Lake
Intended Use	To assist the client with internal planning purposes.
Intended User(s)	Client
Other Intended User(s)	None
Property Identification:	The subject has been identified by the assessor's parcel identification number(s), legal description, and its common and civic address.
Inspection:	An adequate interior and exterior observation of the subject property was performed by one or more appraisers signing this report.
Analysis:	A review of the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included, but was not limited to, interviews with regional and/or local market participants, available published data, and other various resources. Also researched the regional and/or local market with respect to applicable real estate tax data, zoning requirements, flood zone status, demographics, income and expense data, comparable listing, sale, and rental information, as

applicable. Information gathered was analyzed through the use of appropriate and accepted appraisal methodology to arrive at a probable market value indication via each applicable approach to value.

Highest and Best Use Analysis: An inferred highest and best use analysis of the subject as though vacant and as improved has been made. An inferred analysis uses local trends and patterns to infer a general highest and best use for the subject. For this analysis, market dynamics that are considered include prices, market exposure times, rents, vacancy, and listings of similar real estate.

Type of Value: Market Value

Valuation Analyses

Cost Approach: A cost approach was not applied based on the highest and best use of the property as determined within. Alternative methods of valuation would be used.

Sales Comparison Approach: A sales comparison approach was applied as there is adequate market data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach: An income approach was not applied based on the highest and best use of the property as determined within. Alternative methods of valuation would be used.

Reporting Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- Applicable state appraisal regulations
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994 v) Interagency Appraisal and Evaluation Guidelines
- Appraisal guidelines of the client/lender

Extraordinary Assumptions

An extraordinary assumption is defined by the USPAP to be "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusions." Extraordinary assumptions presume as fact otherwise uncertain information. In other words, this type of assumption involves uncertainty about an underlying premise. An example is new construction. If the improvements are built to different standards or with different materials, then the value conclusion may be negatively affected.

USPAP Standard Rule 1-2(f) requires the identification of all extraordinary assumptions that are necessary for credible assignment results.

There are no extraordinary assumptions for this appraisal.

This appraisal does not address unforeseeable events that could alter the proposed subject property and/or the market conditions reflected in these analyses

Hypothetical Conditions

USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis."

Hypothetical conditions assume conditions that are contrary to known fact. An illustration is the current valuation of a proposed home. For the purpose of a rational analysis, it is assumed the home exists on the effective as is value date, but it is known the home is nonexistent. Another example is a new zoning classification, that a property does not have today, but the new zoning is assumed for the purpose of a logical current valuation. Uncertainty is not involved with a hypothetical condition. An essential premise underlying the valuation is known not to exist on the effective value date.

USPAP Standard Rule 1-2(g) requires the identification of all Hypothetical Conditions that are necessary for a credible value opinion.

There are no hypothetical conditions for this appraisal.

The above Extraordinary Assumptions and/or Hypothetical Conditions as well as other assumptions anywhere herein are integral premises upon which the conclusions in this document are based. If any of these assumptions are later found to be materially untrue or inaccurate, then this report's assignment results may or may not be affected.

Personal Property and Intangibles

Personal property is movable and not permanently affixed to the real estate. Examples of personal property are freestanding ranges, refrigerators, tables, desks, chairs, beds, linen, silverware, hand tools, and small utensils. An intangible is a nonphysical asset like franchises, trademarks, patents, goodwill, and mineral rights. Personal and intangible property included in this appraisal's value opinion, if any, is considered typical for this type of real estate, yet insignificant to the value opinion. Therefore, non-realty is not itemized or valued herein. Moreover, this report's final value conclusion(s) excludes unaffixed equipment, detached trade fixtures, and chattel unless specifically stated to the contrary.

Competency

The persons signing this report are licensed to appraise real property in the state in which the subject is located. They affirm they have the experience, knowledge, and education to value this type of property sufficient to produce a credible report. They have previously appraised similar real estate.

Definition of Market Value

The definition of *market value* is used in all federally regulated transactions that exceed a minimum amount. This definition is mandated by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. The exact same definition was published in the Federal Register several times by different federal agencies. (Some printings are: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; and 59 Federal Register 29499, June 7, 1994.)

Market Value is defined as:

“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:

- buyer and seller are both 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.”*

Virtually the same definition is also cited in the most recent version of the USPAP.

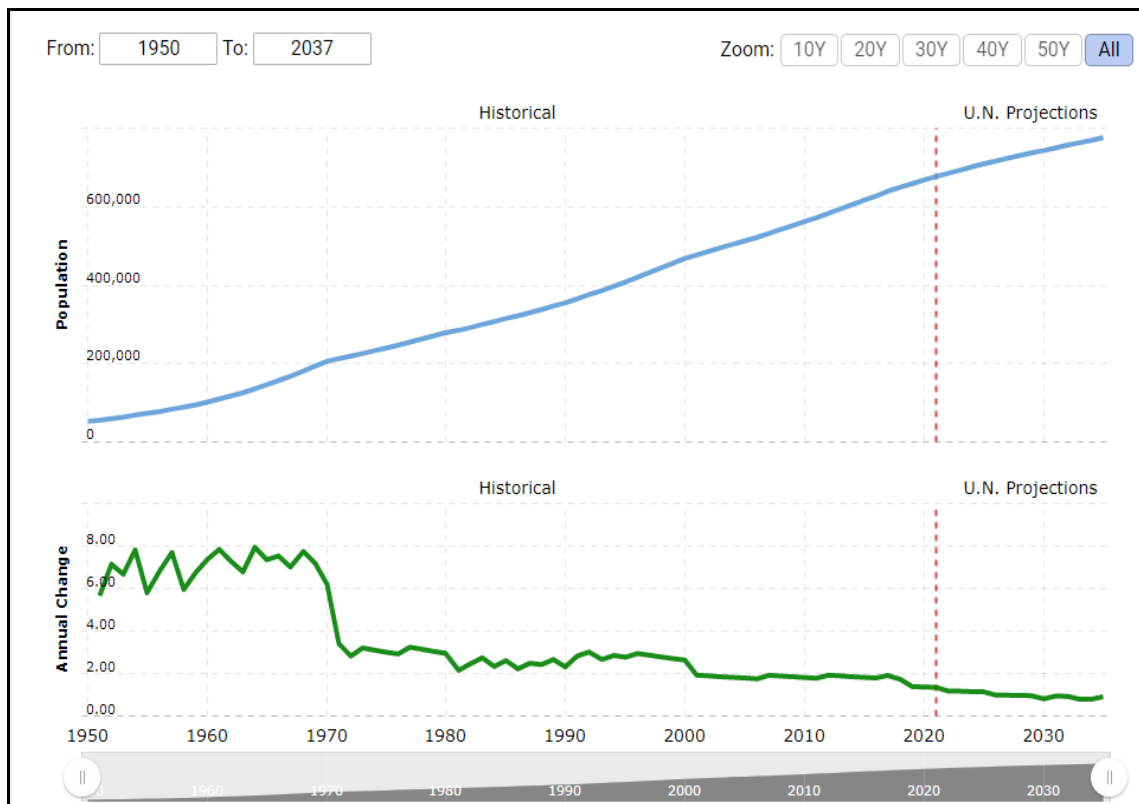
Market Analysis

Geographical Location

The Colorado Springs, Metropolitan Statistical Area (MSA) is located in the Colorado Springs region of the State of Colorado. It is located just east of the geographic center of the state and 61 miles south of the Denver. Colorado Springs is situated near the base of one of the most famous American mountains, Pikes Peak, at the eastern edge of the southern Rocky Mountains.

Population

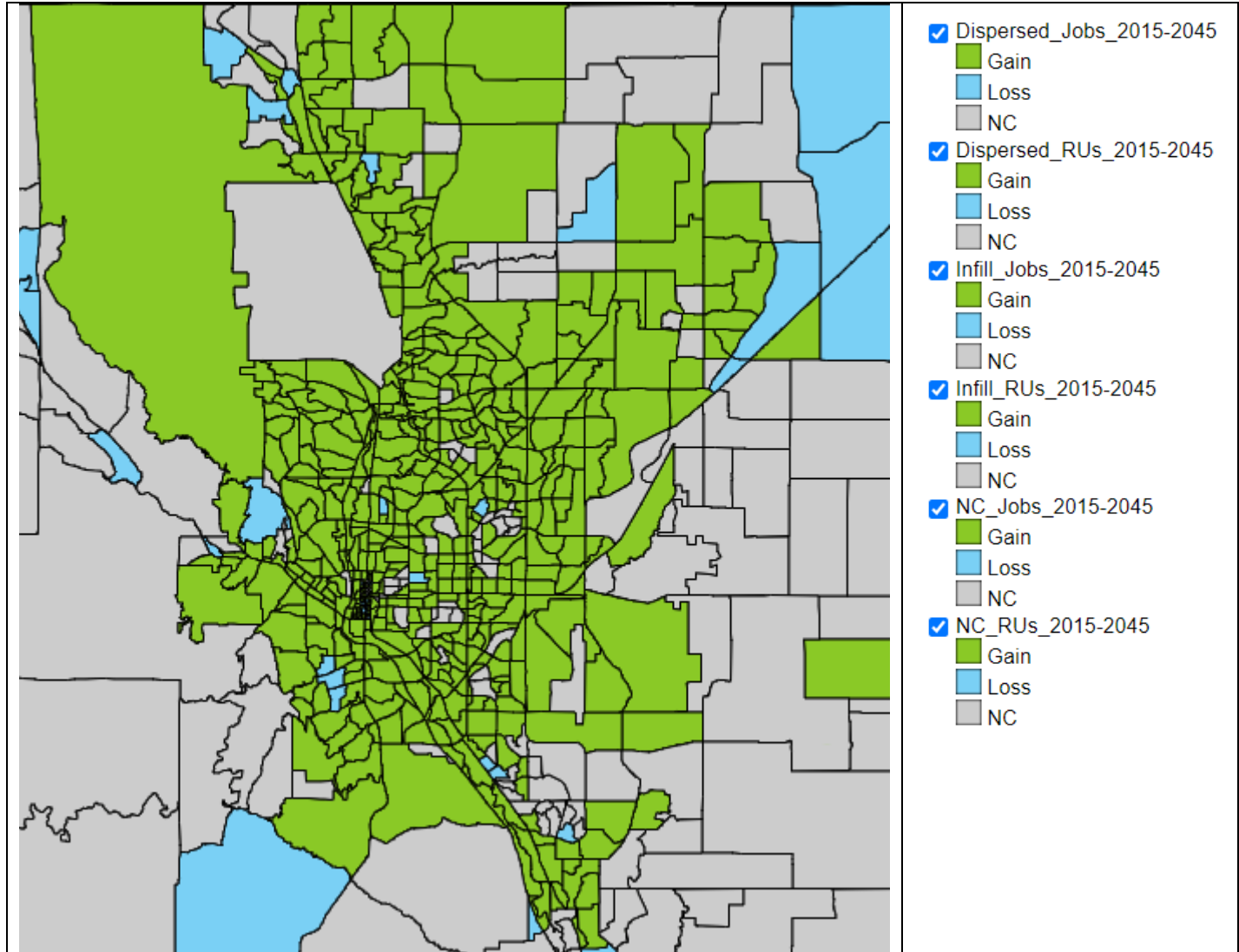
The Colorado Springs MSA is the 79th most populous MSA in the United States. The Colorado Springs MSA encompasses El Paso County and Teller County, Colorado. The below chart and table of population show the level and growth rate for the Colorado Springs metro area from 1950 to 2021. United Nations population projections are also included through the year 2035. The current metro area population of Colorado Springs in 2021 is 677,000, a 1.35% increase from 2020. The metro area population of Colorado Springs in 2020 was 668,000, a 1.37% increase from 2019. The metro area population of Colorado Springs in 2019 was 659,000, a 1.38% increase from 2018. The metro area population of Colorado Springs in 2018 was 650,000, a 1.72% increase from 2017.



Data Source: United Nations - World Population Prospects

Pikes Peak Area Council of Governments developed a socioeconomic forecast used to model the location of population and employment within El Paso and Teller counties from

2015-2045. We note tha majority of the area is expected to increase jobs during that time period. Looking closer at the local area of Palmer lake and surrounding communities, some pickets west of I-25 including portions of Palmer Lake are forecast to lose jobs over the time period.



El Paso County expects 250,000 people to move in during the next 30 years. The projected growth -- most of it on the eastern side of the county -- will settle in just 10% of the county but could bring countywide implications.

Transportation

Mountain Metropolitan Transit operates more than 20 local bus routes throughout Colorado Springs. Over the past several years, Colorado Springs has become a more bike-friendly city with more than 100 miles of on-street bike lanes, 120 miles of paved urban bike paths and more than 60 miles of mountain bike trails. The city's bike-share program, called PikeRide, rents bike. There are 28 stations scattered throughout the city, with the highest concentration in the downtown area. Denver International Airport (DEN) is located 85 miles

south to Colorado Springs. Colorado Springs is primarily served by two interstate highways, I-25 and US-24. The city is also served by multiple state which are: State Highway 21, Highway 83, State Highway 94 and State Highway 115.

Education

In Colorado, school district boundaries are independent of city or other political boundaries. For K-12 education, there are 17 public school districts within El Paso County. Some of these districts extend outside the city limits into rural areas. Nine of the school districts located within the city of Colorado Springs or in close proximity. Colorado Springs has numerous private, parochial and charter schools.

Employment

In Colorado jobless rate fell to 3.7% in May as employment grew faster than the labor force, the agency's data showed. More than 700 people jumped into the area's job market in June, and the number holding jobs grew by more than 1,300 during the same period, reducing the number looking for work by nearly 600. The area's unemployment rate has declined a full percentage point since January. There were 293,900 jobs in Colorado Springs, Colorado in March 2021 according to the CES (Consumer Effort Score) survey of employers. The CPS (Current Population Survey) of households showed 339,682 employed persons for the month. Colorado Springs added 1,400 jobs in March 2021 according to the CES survey while the broader CPS measure of employment rose by 278.

The charts below show the monthly job growth for Colorado Springs as measured by the CES and CPS surveys. To illustrate the trend, the 3-month moving average change in employment is shown in green.

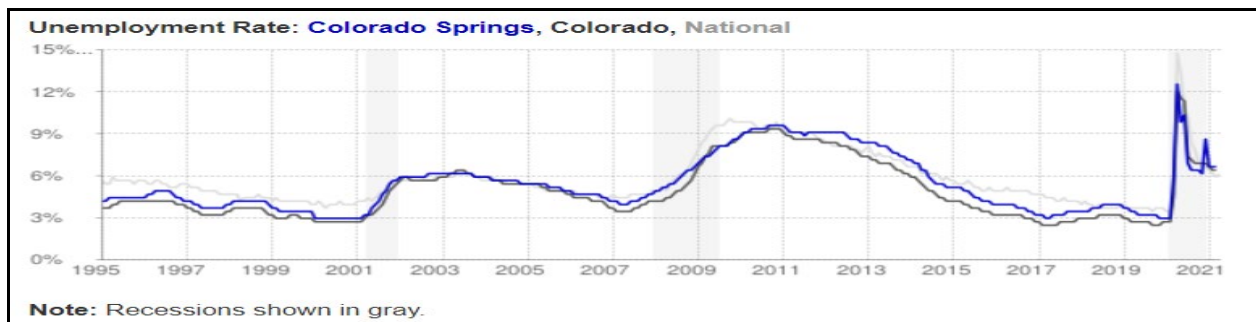




Colorado Springs' culture and economy are heavily influenced by the military, with a significant number of defense corporations and bases located in the area. The metro area is home to Fort Carson, Peterson Air Force Base, Schriever Air Force Base, North American Aerospace Defense Command, or NORAD, and the U.S. Air Force Academy. Higher education institutions include Colorado College, the University of Colorado – Colorado Springs and Pikes Peak Community College.

Unemployment

In the Colorado Springs Metropolitan Statistical Area, which includes El Paso and Teller counties, above-average concentrations of employment were found in many of the occupations within the computer and mathematical group. For instance, information security analysts were employed at 4.0 times the national rate in Colorado Springs, and systems software developers, at 2.9 times the U.S. average. On the other hand, computer systems analysts had a location quotient of 0.9 in Colorado Springs, indicating that this particular occupation's local and national employment shares were similar. These statistics are from the Occupational Employment Statistics (OES) survey, a federal-state cooperative program between BLS and State Workforce Agencies, in this case, the Colorado Department of Labor & Employment, that measures nonfarm employment, hours and earnings by industry.



Note: Recessions shown in gray.

Unemployment Rate	March 2021	Month/Month	Year/Year
National	6.0%	-0.2	+1.6
Colorado	6.4%	0.0	+1.7
Colorado Springs	6.7%	0.0	+0.9

Note: Metro level data is now seasonally adjusted. All comparisons are made with March 2021 data as April metro level unemployment data has not yet been released.

Date	National Unemployment Rate	Colorado Unemployment Rate	Colorado Springs Unemployment Rate	Colorado Springs Unemployed
April 2021	6.1%	—	—	—
March 2021	6.0%	6.4%	6.7%	24,225
February 2021	6.2%	6.4%	6.7%	24,455
January 2021	6.3%	6.6%	6.7%	24,174
December 2020	6.7%	6.9%	8.7%	31,879
November 2020	6.7%	6.9%	6.2%	22,426
October 2020	6.9%	6.9%	6.3%	22,445
September 2020	7.8%	7.0%	6.3%	22,372
August 2020	8.4%	7.1%	6.3%	22,409
July 2020	10.2%	7.4%	6.8%	24,064
June 2020	11.1%	11.3%	10.3%	37,067
May 2020	13.3%	11.6%	9.9%	34,151

The number of people unemployed in Colorado Springs decreased from April 2020, when it was 43,328, to 24,225, in March of 2021. There are now 19,103 fewer people unemployed in the metropolitan area. So, the unemployment suggests that there may be more slack in the labor market than evident in the unemployment rate.

Economy

Colorado Springs has seen the job market increase by 4.1% over the last year. Future job growth over the next ten years is predicted to be 48.4%, which is higher than the US average of 33.5%. The city's economy is driven primarily by the military, the high-tech industry, and tourism, in that order. The city is experiencing growth in the service sectors. Its unemployment rate as of October 2015 was 3.9%, a decrease from 4.8% in October 2014 and 7.3% in November 2013, compared to 3.8% for the state and 5.0% for the nation.

The defense industry forms a significant part of the Colorado Springs economy, with some of the city's largest employers being defense contractors.¹ A large segment of this industry is dedicated to the development and operation of various projects for space and missile defense. With its close ties to defense, the aerospace industry has also influenced Colorado Springs's economy. On January 13, 2021, the Air Force announced a new permanent home for Space Command, moving it from Colorado Springs to Huntsville, Alabama. Political leaders in Colorado plan to ask President Biden's administration to review the merits of the decision. Huntsville also has to pass an environmental review before the decision is final. Air Force documents show Alabama ranked higher than Colorado in 11 of 21 comparisons used by the government in seeking the best site for the new U.S. Space Command's permanent headquarters. In the Space Command headquarters comparison, Alabama ranks in top third in nine of the 21 categories.

Colorado ranks in the top third in five categories. Alabama ranks in bottom third in three of the 21 categories and Colorado ranks in bottom third in 10 of the 21 categories.

A large percentage of Colorado Springs's economy is still based on manufacturing high-tech and complex electronic equipment. The high-tech sector in the Colorado Springs area has decreased its overall presence from 2000 to 2006 (from around 21,000 to around 8,000), with notable reductions in information technology and complex electronic equipment. Current trends project the high-tech employment ratio will continue to decrease.

High-tech corporations with connections to the city include: Verizon Business, a telecommunications firm, at its height had nearly 1300 employees in 2008. Hewlett-Packard still has some sales, support, and SAN storage engineering center for the computer industry. Storage Networking Industry Association is the home of the SNIA Technology Center. Keysight Technologies, spun off in 2014 from Agilent, which was itself spun off from HP in 1999 as an independent, publicly traded company has its oscilloscope research and development division based in Colorado Springs. Intel had 250 employees in 2009. The Intel facility is now used for the centralized unemployment offices, social services, El Paso county offices, and a bitcoin mining facility. Microchip Technology (formerly Atmel), is a chip fabrication organization. Cypress Semiconductor Colorado Design Center is a chip fabrication research and development site. The Apple Inc. facility was sold to Sanmina-SCI in 1996.

The National Cybersecurity Center(NCC) was established in Colorado Springs in March 2016. Its core purpose is to provides collaborative cybersecurity knowledge and services to the United States. Currently, the NCC has four active collaboration initiatives: Secure the Vote, NCC Student Alliance, Space ISAC Operations, and its annual Cyber Symposium.

Commercial Property Price Index (CPPI)

The Moody's/REAL commercial property index (CPPI) is a periodic same-property round-trip investment price change index of the U.S. commercial investment property market based on data from MIT Center for Real Estate industry partner Real Capital Analytics, Inc. (RCA). The methodology for index construction has been developed by the MIT/CRE through a project undertaken in cooperation with a consortium of firms including RCA and *Real Estate Analytics, LLC* (REAL). The index has been developed with the objective of supporting the trading of commercial property price derivatives. The index is designed to track same property realized round-trip price changes based purely on the documented prices in completed, contemporary property transactions. The index uses no appraisal valuations.

The RCA CPPI National All-Property Index climbed 20.3% in January from a year earlier, extending a rally of accelerating double-digit price growth. The index rose 1.6% from December.

The price index for industrial properties rose a record 28.1% from a year ago, the fastest annual rate among the major property sectors.

Apartment sector prices posted annual gains of 22.5%, the ninth consecutive month of double-digit price growth and the highest rate for this sector in RCA history. Apartment property prices in January were 136% higher than the peak set ahead of the Global Financial Crisis, far outpacing industrial, the next highest sector index.

The retail index posted a 20.4% annual increase in January. This index has registered a double-digit pace of price growth since August. Like the industrial and apartment sectors, retail prices are growing at a record pace.

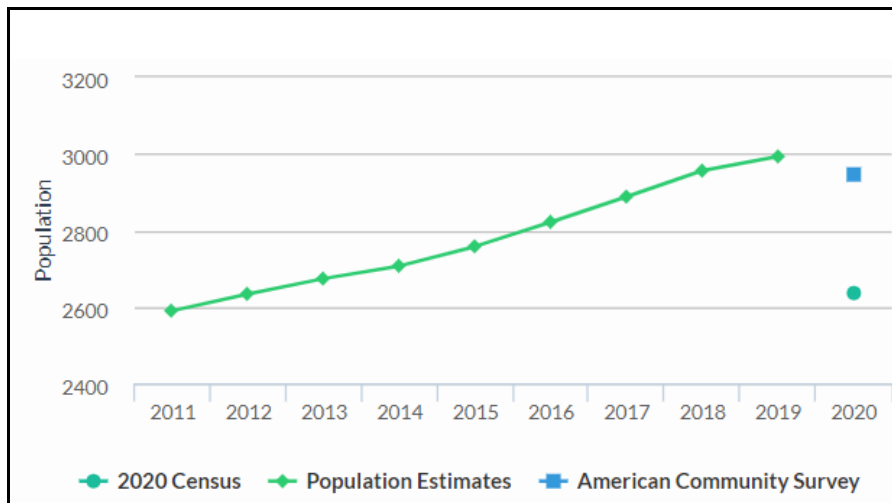
The office index increased 11.8% YOY in January, a fourth consecutive month of ebbing annual price growth. CBD office prices grew at a pace below the general rate of inflation in January. The RCA CPPI for CBD office assets was up 5.0% in January from a year earlier while the consumer price index was up 7.5%.

The spread between suburban office and CBD office prices has narrowed since its peak in Q3'20. Suburban office price growth eased again in January, posting an 11.5% annual increase.

Prices in the 6 Major Metros accelerated to a 14.6% YOY rate of growth, a far cry from the 3.2% gain seen in January of 2021. Still, prices in the Non-Major Metros outpaced the 6 Major Metros, rising 21.9% from a year ago.

Vicinity Description – Palmer Lake

Palmer Lake is a Statutory Town in El Paso County, Colorado. It is about 30 miles north of Colorado Springs and 50 miles south of Denver. The population was 3,104 at the 2020 census. In 2020, the median household income of Palmer Lake households was \$89,671 with 1.6% of families below poverty. Palmer Lake was incorporated in 1889.



Palmer Lake is one of three communities in the Tri-Lakes region between Denver and Colorado Springs. The three lakes are Palmer Lake, Monument Lake,

and Lake Woodmoor. Located off Interstate 25 near two major metropolitan centers, Palmer Lake is a growing community on the Front Range of the Rocky Mountains.

Downtown Palmer Lake, though small, features restaurants and coffee shops on Colorado Highway 105. There is also a library, town hall, and a historical museum. The Tri-Lakes Center for the Arts, a nonprofit fine arts venue, features rotating art exhibitions and concert events with nationally recognized artists. Library services for the city are provided by the Palmer Lake Branch Library, located at 66 Lower Glenway in Palmer Lake.

Palmer Lake is adjacent to the 15-mile (24 km) Santa Fe Regional Trail, which runs south through Monument to the southern boundary of the Air Force Academy and follows part of the old Atchison, Topeka and Santa Fe Railway. One of the largest continuous trails in El Paso County, the graveled route supports a wide variety of activities such as biking, hiking and horseback riding.

The town's water comes from two reservoirs in the mountains behind the town and from wells. The town is bordered by the Greenland Open Space Preserve to the north, Pike National Forest to the west, Monument to the south, and Ben Lomond and the I-25 corridor to the east. Palmer Lake sits at the north edge of El Paso County.

Market Conditions

Introduction

The market area is the physical area where similar properties effectively compete. It can also be envisioned as the area that contains the all the primary competition, and in certain cases, some secondary competition. Market areas may contain one or more neighborhoods, districts, cities, counties, or states.

General Market Area Boundaries

North	Cook Creek
East	Interstate 25
West	Cook Creek
South	County Road 320

Demographics

Physical Area	Palmer Lake
Recent Population Level	2,701
Household Income	\$89,671

Local Unemployment

Physical Area	Palmer Lake
Recent Pattern	About stable
Approx. Current Percent	6.1%

Financing **(for real estate like subject)**

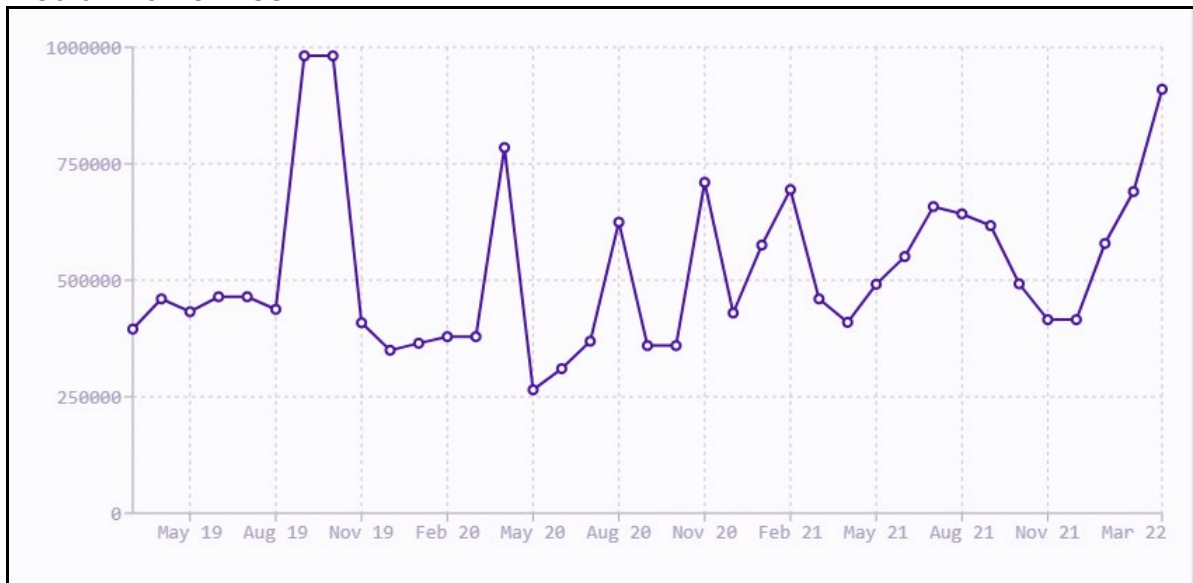
General Loan Availability	Ample availability; reasonable requirements
Interest Rate Range	4.50% to 6.50%
Typical Loan-to-Value Ratio	70% to 75%
Typical Amortization Years	25 to 30 years
Loan Maturity / Balloon	5 years

Local housing is a good barometer of general consumer confidence, and often influences activity in non-residential real estate and the larger economy. Non-residential real estate often experiences price movement in the same direction.

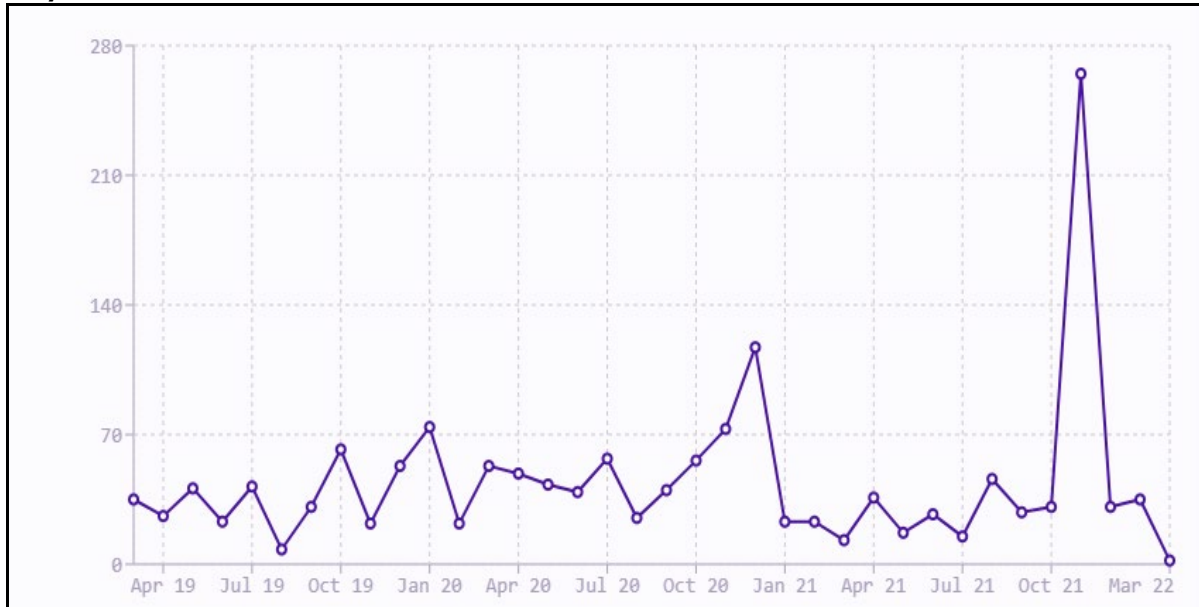
County records show the average lot area in the Tri-Lakes region is 6 acres, considered large lot of ranchette style. The majority of housing is owner occupied.

Detached Single-Family Housing Statistics (Palmer Lake, CO)

Median Home Price



Days on Market



Source: Zerodown

The data indicates the median sale price for detached single-family homes increased 65.53% from 2019 through 2021, indicating a 28.80% annual average increase. The table also indicates that the average marketing times ranged from 31 to 117 days with an average of 67 days. The data suggests significantly improved market conditions in recent years for detached single-family housing in the subject market.

Expected Near Future Price Change	Expected to increase to stable
Overall Supply and Demand of Housing	Near Equilibrium

Real Estate Like Subject

Rental Market

Inventory of Competing Property for Rent	Near Equilibrium
Rent Controls	None
Rent Concessions	Not Prevalent
Expected Near Future Rent Change	Expected to mildly increase

Sales Market

New Construction	Some
Inventory of Competing Property For Sale	Near Equilibrium
Expected Near Future Price Change	Expected to remain about stable

Marketing Times

About stable

Overall Market Conditions

Stable

Real Estate Cycles

Real estate markets are characterized by cycles. Real estate cycles typically involve successive periods of expansion, peak levels of activity, contraction, and troughs. Factors that cause markets to change are distinctly different from symptoms of change. Examples of symptoms of change include changes in vacancy rates (a leading indicator), falling or rising property prices, increases in the frequency of concessions and seller financing, sales prices exceeding listing price, and other conditions symptomatic of larger, more basic problems. Factors that cause markets to change are generally the product of macro-level forces. They influence market psychology and drive behavior in profound, sometimes dramatic ways. Such causative factors can involve a single defining event or a slower moving series of events that are evolutionary in nature and sometimes not readily apparent to real time observers. Whether they consist of a single defining event or series of related events, these causative factors are indicative of shifts in underlying political and social as well as economic conditions. The subject's market, as of the effective date of the report, is considered to be in an 'expansion', which is characterized by growing demand, increasing rental rates, decreasing vacancy, and profit potential, which stimulates new construction. However, we refer back to the COVID-19 discussion earlier in the report which discusses the current crisis & potential for disrupting the current market trends.

Subject Property

Site Details

Location: 290 CO-105, Palmer Lake, El Paso County, CO 80133

Site Size: Total: 28.64 acres

Parcel ID	Land Acres
7108101001	0.90
7105400005	6.23
7108100016	21.12
<u>7108126009</u>	<u>0.39</u>
Total	28.64

Shape: Irregular

Frontage/Access: The subject property has average access with frontage as follows:

- CO-105: 290 feet

Visibility: Average

Topography: The subject has gently downward sloping topography from north to south and no known areas of wetlands.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: Sewer: Public
Water: Public
Overall Utilities: The subject's utilities are typical and adequate for the market area. Public water and sewer lines are adjacent to property lines.

Site Improvements:

- Streetlights
- Sidewalks
- Curbs and Gutters
- Typical Landscaping

Encumbrance/
Easement Issues: Representatives of the Town report that stipulations of the sale require a portion be set aside for community use and that the property may not be sold for ten years. Please reference the Limiting Conditions and Assumptions section of this report.

Environmental: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and

Assumptions.

Surrounding Uses: The subject is located on CO-105, and is surrounding uses include commercial, residential, and vacant land.

Site Comments: The subject site has typical physical features and locational attributes relative to competitive parcels.

Legal Description

A professional surveyor and / or legal counsel should verify the following legal description before relying upon, or using it as part of any conveyance, or any other document. This legal description was obtained from sources deemed reliable and is assumed accurate.

THAT PART OF NE4NE4 LY NELY OF PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 SEC 8-11-67 EX THOSE POR CONV TO TOWN OF PALMER LAKE BY REC #209128930

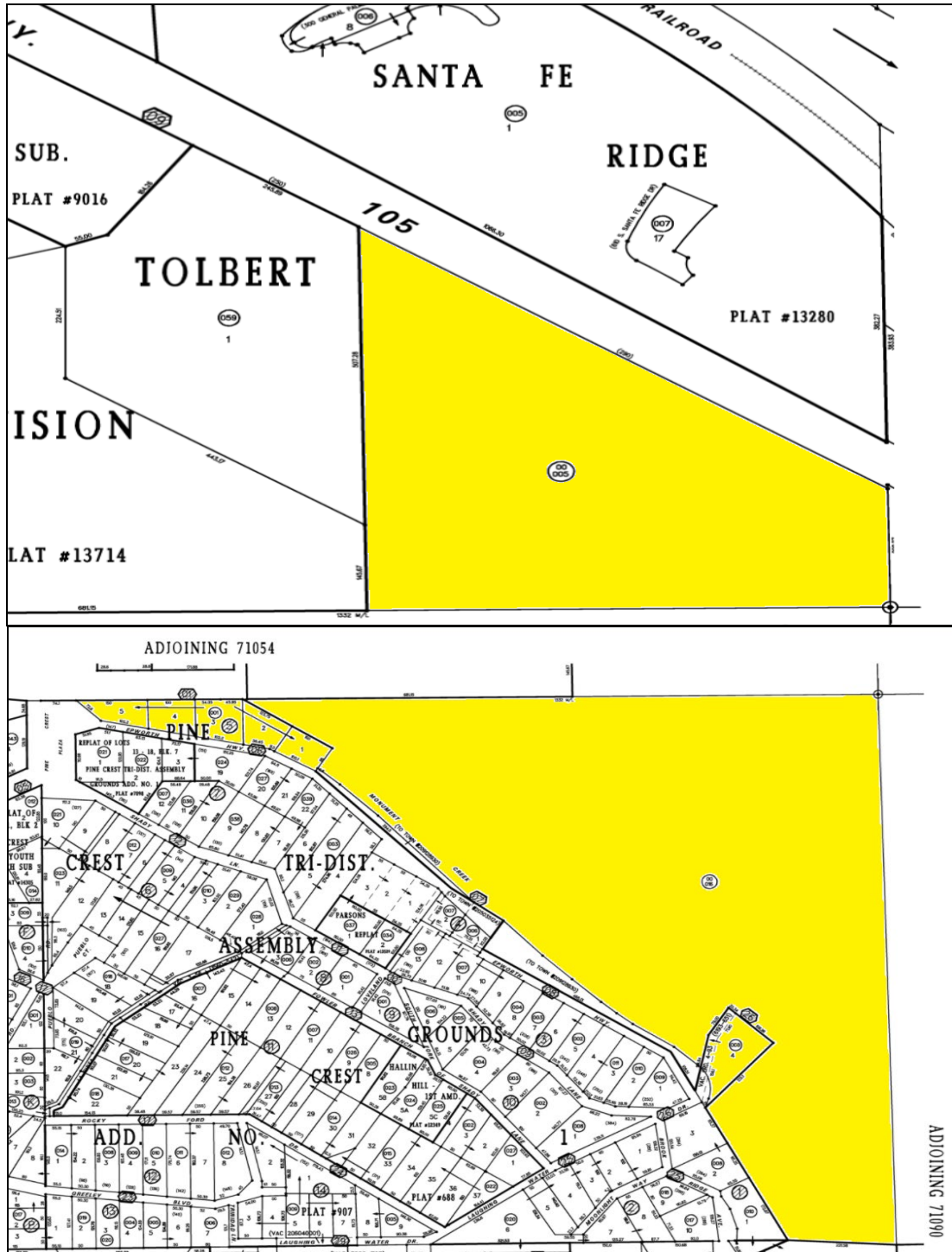
TRACT IN SE4SE4 SEC 5-11-67 AS FOLS, BEG AT SE COR OF SD SEC, TH N 202 FT TO STATE HWY 105, NWLY ALG SLY LN OF SD HWY 775.8 FT, S 646.2 FT TO S LN OF SD SEC, TH E ON SD S LN 640 FT TO POB

ALL OF BLK 5 PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 PALMER LAKE

LOT 4 BLK 1 PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 PALMER LAKE, TOG WITH VAC ORD 4-93 BY BK 6193-651, EX THAT PR CONV TO TOWN OF PALMER LAKE BY REC #209128930

Assessor's Tax Map

The subject is further identified in the El Paso County tax records as 710540005, 7108100016, 7108101001, 7108126009. A copy of the relevant section of the tax map is shown below.



Sales History

On-line public records and / or a private data-reporting service were used to search for prior sales of the subject real estate.

Our research discovered no recorded conveyance of the subject during the three-years preceding this report's effective value date. Moreover, the subject was not offered "For Sale" in the local MLS or other major data-reporting services during this same period. No sale or option agreements are now pending. The subject is currently owned by Town of Palmer Lake. Parcel 7108101001 is owned by the town and has been for almost 30 years, per public records. It is located within a flood plain. All of other parcels were transferred in a non-arm's length transaction on July 22, 2021. Instrument number 221139680. Representatives of the Town report that stipulations of the sale require a portion be set aside for community use and that the property may not be sold for ten years.

The town reports multiple interested parties and they are currently deciding what to do with the property based on community input.

Flood Zone

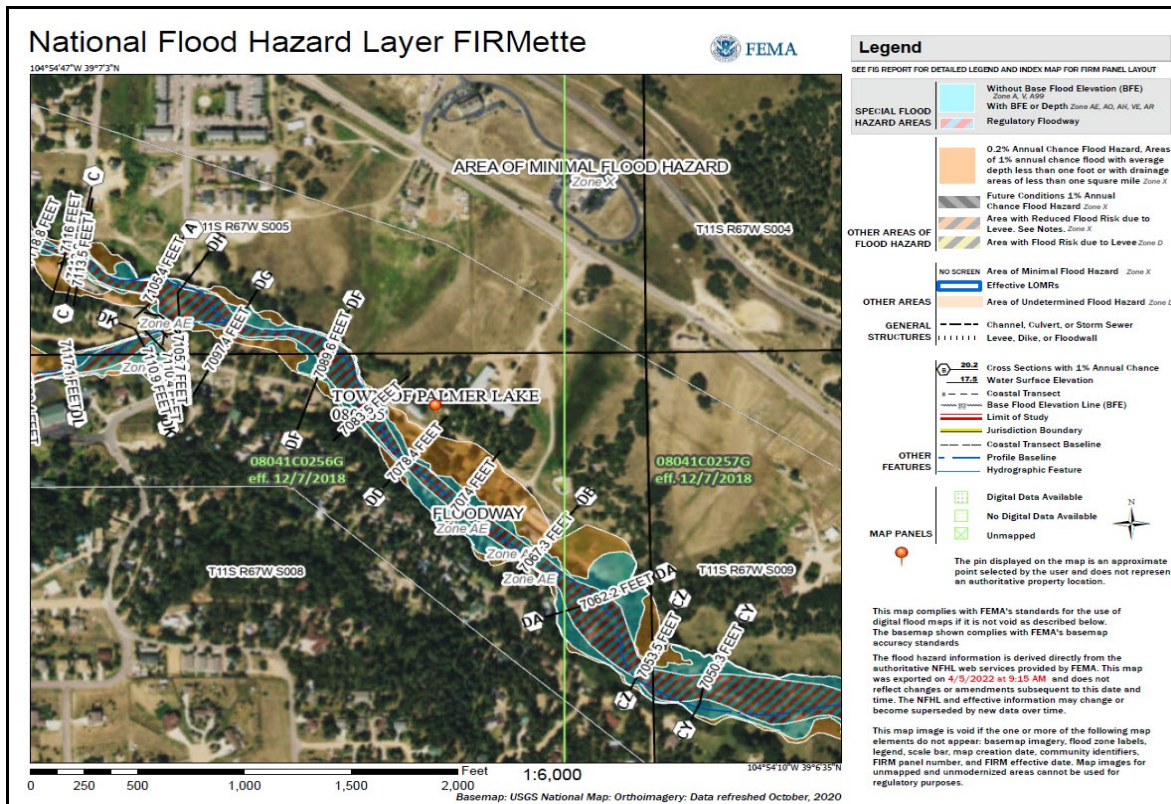
The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). According to the appropriate flood map, which is identified below, the subject is located in FEMA flood zone X, which is not classified as a flood hazard area, and AE, which is a flood zone.

FEMA Flood Map Number 08041C0256G
FEMA Flood Map Date December 7, 2018

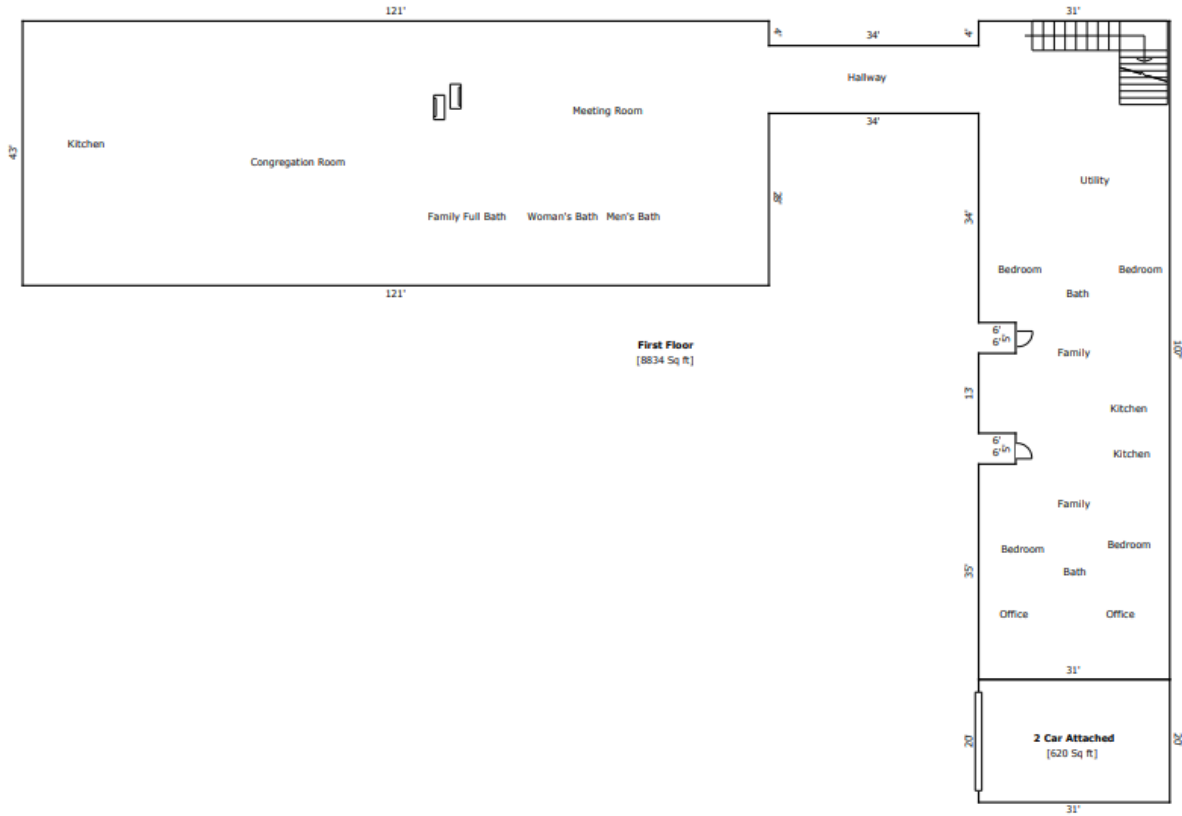
Flood Zone Comments: The subject is partially located in a flood zone. The southern perimeter of the site is in the flood plan and does not impair development or value because this area would be included in setbacks and/or open space upon redevelopment.

Flood map interpretation is believed accurate but cannot be guaranteed. If you need a precise determination of the subject's flood hazard classification, you should consult a professional engineer, licensed surveyor, or local governmental authority to make an exact determination.

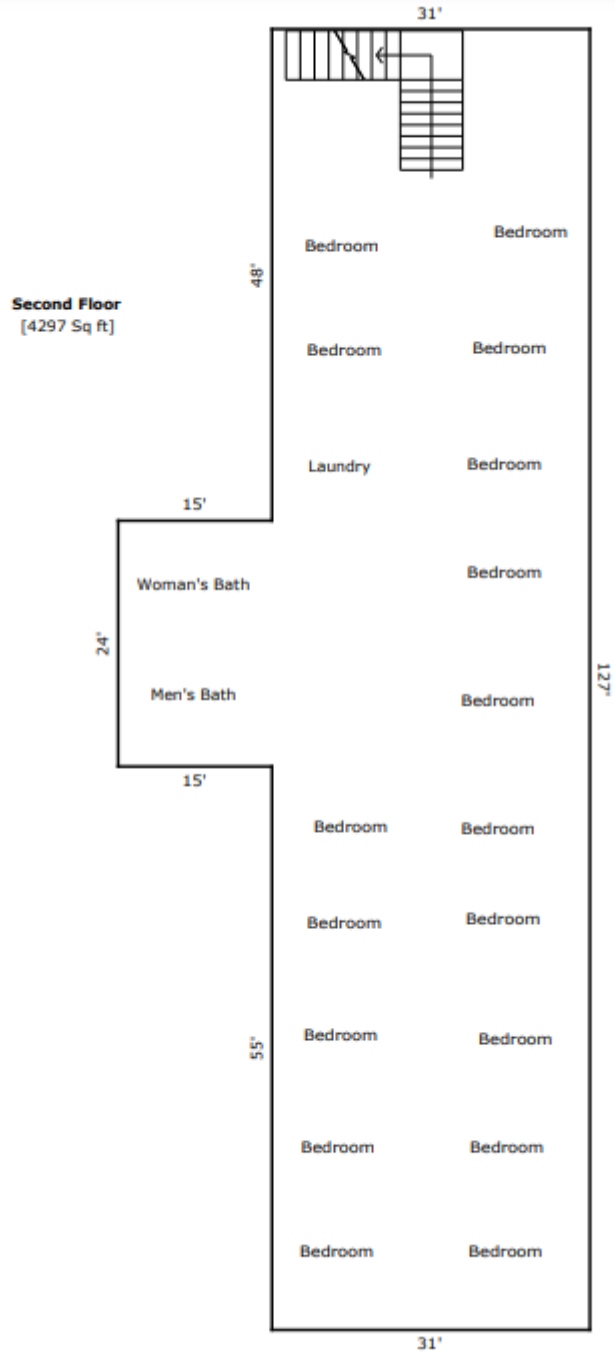
FEMA Flood Map



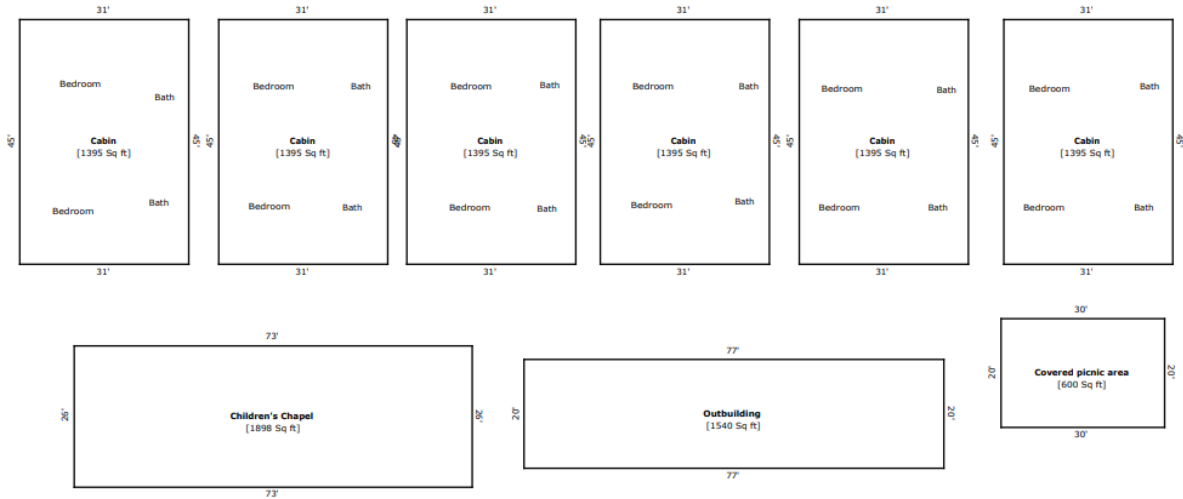
Building Sketches



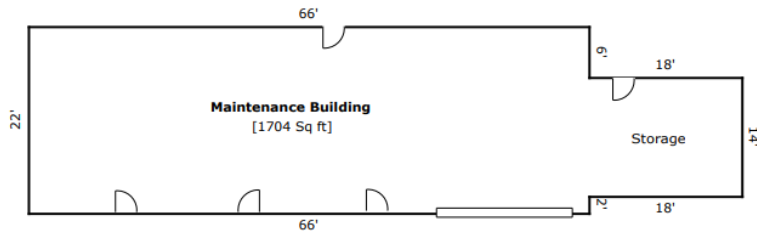
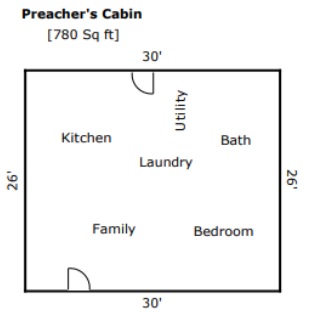
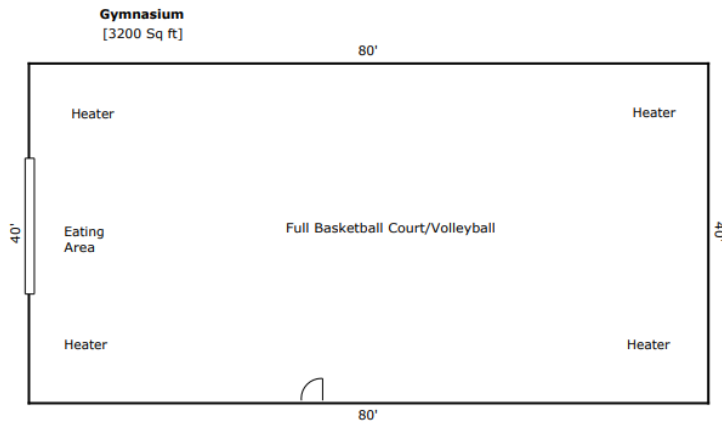
Living Area		Calculation Details	
First Floor	8834 Sq ft	$13 \times 6 = 78$	$43 \times 121 = 5203$
		$107 \times 25 = 2675$	$11 \times 34 = 374$
		$35 \times 6 = 210$	$49 \times 6 = 294$
Total Living Area (Rounded):	8834 Sq ft		
Non-living Area			
2 Car Attached	620 Sq ft	$31 \times 20 = 620$	



Living Area		Calculation Details
Second Floor	4297 Sq ft	24 x 15 = 360 127 x 31 = 3937
Total Living Area (Rounded):	4297 Sq ft	



Non-living Area		
Cabin	1395 Sq ft	45 × 31= 1395
Cabin	1395 Sq ft	45 × 31= 1395
Children's Chapel	1898 Sq ft	26 × 73= 1898
Cabin	1395 Sq ft	45 × 31= 1395
Cabin	1395 Sq ft	45 × 31= 1395
Cabin	1395 Sq ft	45 × 31= 1395
Cabin	1395 Sq ft	45 × 31= 1395
Outbuilding	1540 Sq ft	20 × 77= 1540
Covered picnic area	600 Sq ft	20 × 30= 600



Non-living Area		
Preacher's Cabin	780 Sq ft	26 × 30 = 780
Maintenance Building	1704 Sq ft	14 × 18 = 252 22 × 66 = 1452
Gymnasium	3200 Sq ft	40 × 80 = 3200

Aerial Map



Improvements Description

The property consists of the following structures:

- Main building has approximately 13,000 sq ft consisting of a complete commercial kitchen, sanctuary, and several dormitory style /office rooms (full utilities).
- Gymnasium consists of a ½ court and lounge area (electric only).
- Tool shed has room for storage of all maintenance equipment (electric only).
- Residence is a full living space (full utilities).
- Chapel/meeting area is approximately 24' x 75' (electric only).
- Plus 8 outbuildings (former cabins, uninhabitable).
- Pool house with outdoor in-ground pool has extensive damage.

Buildings are mostly wood frame. Foundations are slab, piers or pole construction. Roofs are mostly gable with asphalt construction. Cabin roofs in particular are in need or replacement. No mold was evident at inspection, mostly due to the dry climate. Radiant heating was present, function unknown. Gas heat in gymnasium.

Prior to the Town acceptance of the property, water lines were damaged including the boiler heating system. The Town replaced water lines through the sanctuary of the main building, realizing additional funds are required to repair the entire system. Work ceased and the main building was closed and secured; however, structures continue to be vandalized. Although the property is covered by Town insurance, the structures do not comply to code requirements, the area is unsafe and not recommended for public use as is.

Property Analysis

Design and Functional Utility: The properties were previously operated as a religious facility with some event and retreat functions. Redevelopment/renovation would be necessary for most commercial uses. At inspection, shells of some buildings appeared to be functional for renovation to another use, but any code violations would need to be mitigated to current buildings code.

Deferred Maintenance: As noted, there was evidence of deferred maintenance and vandalism at inspection and based on conversations with town representatives. We are not experts in the matter of curing and recommend an expert opinion of actual costs to cure. To our knowledge, no construction estimates have been performed by a licensed contractor or inspector.

Capital Improvements: None known.

Overall Condition: Fair relative to competitive properties

Appeal/Appearance: Fair as compared to nearby buildings

American With Disabilities Act: See Limiting Conditions and Assumptions section below.

Real Estate Taxes

The subject property has been assessed and taxed by the governmental agencies that have authorization to levy taxes within the jurisdiction. The figures below represent the most recent data available.

<i>Taxing Authority</i>	El Paso County, Lewis-Palmer School District, Pikes Peak Library and Town of Palmer Lake
<i>Parcel ID #</i>	710540005, 7108100016, 7108101001, 7108126009
<i>Tax Year</i>	2022
<i>Total Assessed Value</i>	\$1,255,670

Real estate taxes are a primary mechanism used by local government to gather the monies needed to fund operations. Too little funds can limit governmental services. Excessive tax burden can hinder real estate values.

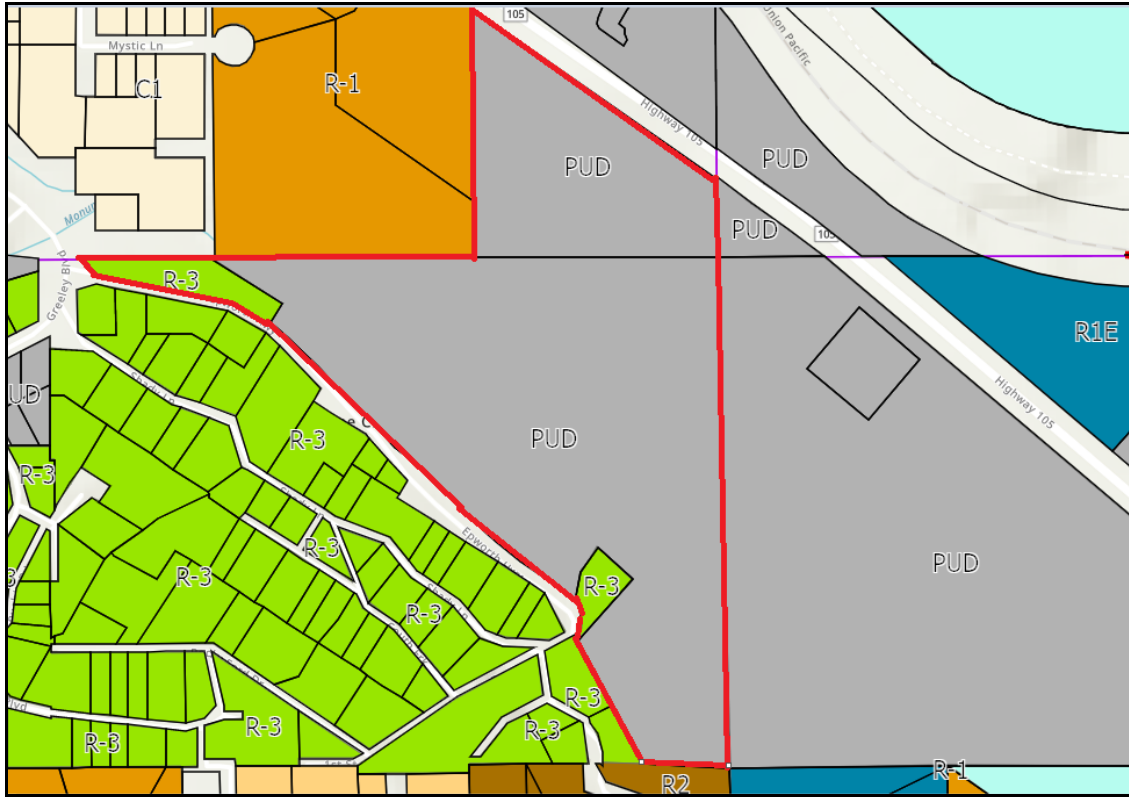
According to the County Treasurer's Office, there are no delinquent taxes associated with the subject. Based on the scope of this assignment, any pending tax liens are not considered in the value conclusion. The subject is owned by The Town Palmer Lake and is exempt from taxes. However a sale to a non-exempt entity would cause the subject to be taxed and the current assessments are shown below. The 2021 millage rate was 71.625.

Parcel ID	Assessment
7108101001	\$82,600
7105400005	\$108,551
7108100016	\$998,419
<u>7108126009</u>	<u>\$66,100</u>
Total	\$1,255,670

Zoning

Zoning Code:	PUD & R-3
Zoning Description:	<p>Planned Unit Development is intended to provide means through which land may be developed for flexibility and innovations in design and mixed use. Permitted uses include detached, attached, or multi-family structures or any combination; non-residential uses of a cultural, recreational, religious, non-profit or commercial character; or a mix of uses.</p> <p>Medium Density Residential Zone is intended for single family dwelling and foster homes.</p>
Zoning Density/FAR:	Maximum of 15 DU/acre attached housing and 8 DU/acre detached housing. Minimum of 30% open area.
Current Use Legally Conforming:	The current use as a religious facility is permitted under PUD zoning.
Zoning Change:	A zoning change is unlikely.
Set Back Distance:	25- 50 feet
Side Yard Distance:	None
Zoning Comments:	The majority of the site is zoned PUD. Areas zoned R-3 are located fully or mostly within a flood plain and would be included in setbacks and/or open space upon redevelopment.

Zoning Map



Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The concept of Highest and Best Use is based upon four major criteria, which are summarized below.

1. **Legally Permissible:** The use must be legal or probable. That is, the use must conform to existing zoning restrictions, or there must be a reasonable likelihood a rezoning or variance may be granted. Private deed restrictions must not be violated
2. **Physically Possible:** The use must also be physically possible to develop. Physical attributes commonly considered include size, shape, access, flood potential, topography, and availability of utilities.
3. **Financially Feasible:** Land may be developed with different uses. Only those uses, which produce a positive net return over time with acceptable risk, are deemed financially viable. This use must not depress surrounding property values.
4. **Maximally Productive:** Of all uses that survive the first three tests, there is only one use, which produces the greatest return with the least risk. This single use represents the property's Highest and Best Use. Supply and demand are constantly fluctuating, so it is common for a property's highest and best use to change

The following tests must be met in estimating the highest and best use of the subject as though vacant: the potential use must be physically possible and legally permissible, there must be a profitable demand for such a use, and it must return to the land the highest net return for the longest period of time. These tests have been applied to the subject site and are discussed as follows:

Highest and Best Use As Though Vacant

Legally Permissible

The site is zoned PUD & R-3. The majority of the site is zoned PUD. Areas zoned R-3 are located fully or mostly within a flood plain and would be included in setbacks and/or open space upon redevelopment. Therefore, the site would be developed under PUD regulations. Permitted uses include a variety of residential, civic, recreational, commercial uses and other related accessory uses. Representatives of the Town report that stipulations of the sale require a portion be set aside for community use and that the property may not be sold for ten years.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Financially Feasible

The determination of financial feasibility is dependent primarily upon the relationship of supply and demand. Based on our analysis, demand for most property types allowed under the current zoning classification is adequate and overall price levels are sufficient to support new construction in the overall market.

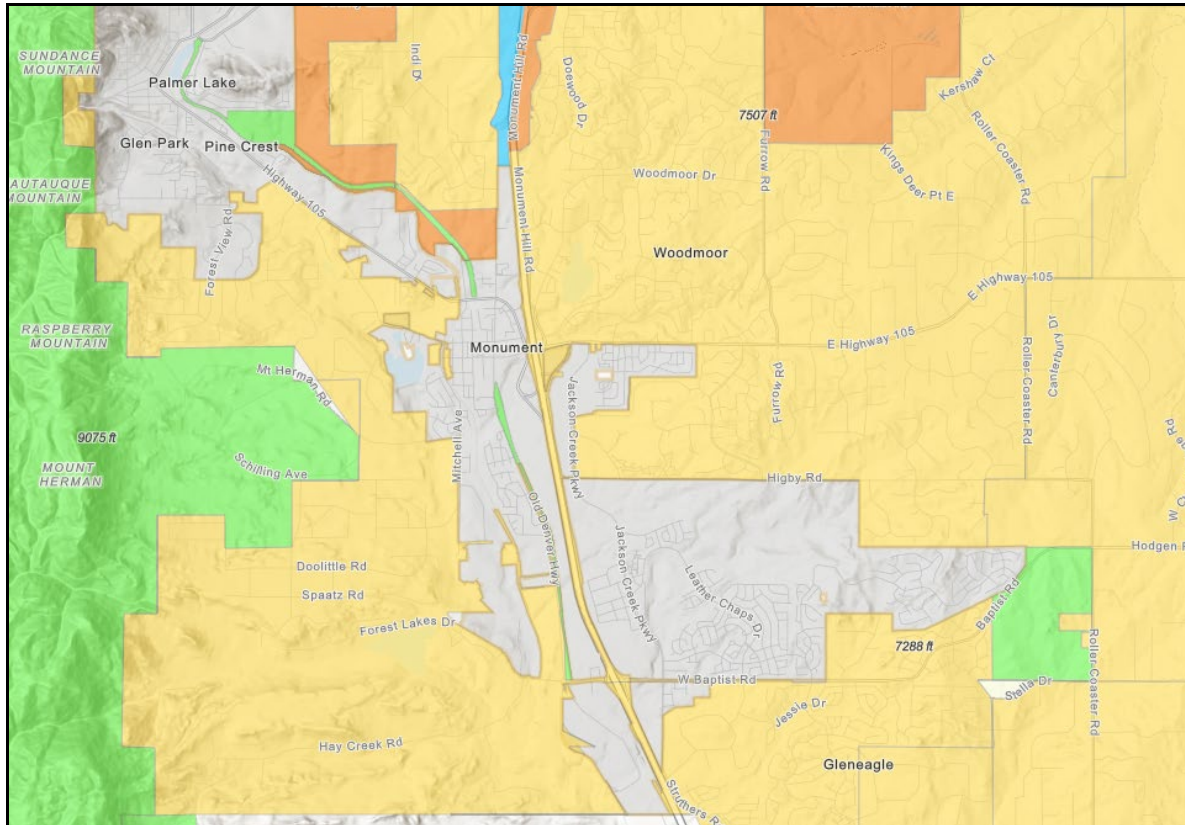
The following chart of industry jobs, historical, current and expected growth in Colorado Springs indicates that government, education and health services, and leisure and hospitality are the industries with the highest expected growth over the next five years.

NAICS Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	JOBS	LQ	MARKET	US	MARKET	US	MARKET	US
Manufacturing	12K	0.5	2.64%	3.68%	0.22%	0.68%	-0.99%	-0.17%
Trade, Transportation and Utilities	45K	0.8	-0.40%	2.76%	1.55%	0.97%	0.34%	0.24%
Retail Trade	33K	1.0	-0.71%	1.88%	1.18%	0.45%	0.51%	0.18%
Financial Activities	19K	1.0	-3.39%	1.71%	1.93%	1.43%	0.16%	0.51%
Government	55K	1.2	6.07%	2.02%	1.47%	0.01%	1.14%	0.67%
Natural Resources, Mining and Construction	19K	1.1	2.93%	3.07%	4.72%	2.46%	0.69%	0.50%
Education and Health Services	44K	0.9	2.32%	3.49%	3.76%	1.57%	1.65%	0.99%
Professional and Business Services	51K	1.2	7.13%	4.28%	2.68%	1.96%	0.36%	0.96%
Information	5.3K	0.9	1.01%	5.36%	-2.75%	0.55%	0.83%	1.30%
Leisure and Hospitality	40K	1.2	17.91%	17.41%	2.47%	1.51%	1.67%	1.77%
Other Services	19K	1.6	0.79%	5.61%	2.15%	0.72%	0.06%	0.47%
TOTAL EMPLOYMENT	309K	1.0	4.69%	4.56%	2.20%	1.17%	0.80%	0.72%

A Palmer Lake Community Profile report from 2020 indicates that over 1/3 of residents are employed in management, business, science, and arts occupations. Another roughly 1/3 is employed in service or sales/office occupations. About 11% are within industrial industries:

Natural resources, construction, and maintenance occupations and 10% in logistics. These industries are projected to grow positively in the next 5 years.

The following map from El Paso County Planning and Development indicates that while the town of Palmer lake is not tracked, there are some areas surrounding nearby with expected new development. However the majority is developed with minimal change expected.

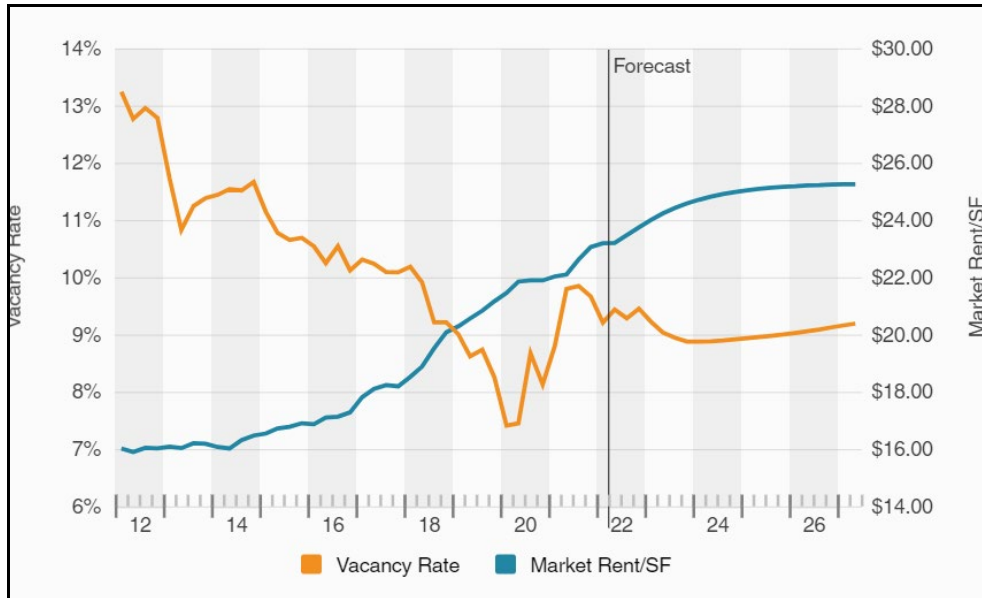


-  Protected/Conservation Area
-  Minimal Change: Undeveloped
-  Minimal Change: Developed
-  New Development
-  Transition

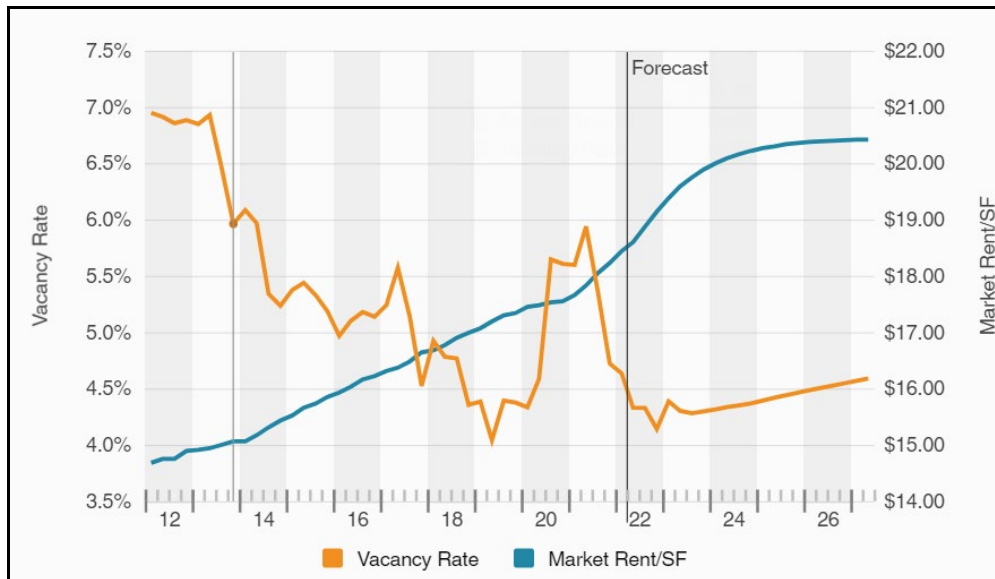
There are two large parcels nearby that have recently been re-zoned or are in the process of being re-zoned for single family residential which indicates that the near term supply will increase and decreases the feasibility of this use.

The following charts follow rents and vacancy of various commercial uses in the county, per Costar.com. Forecasting takes recent and planned construction into account, as well as inflation forecasts and economic trends of the area.

We begin with office use which has been appreciating to stable after the effects from COVID-19 in 2020. Cushman and Wakefield note minimal new speculative office projects and they have seen positive absorption in 2022.

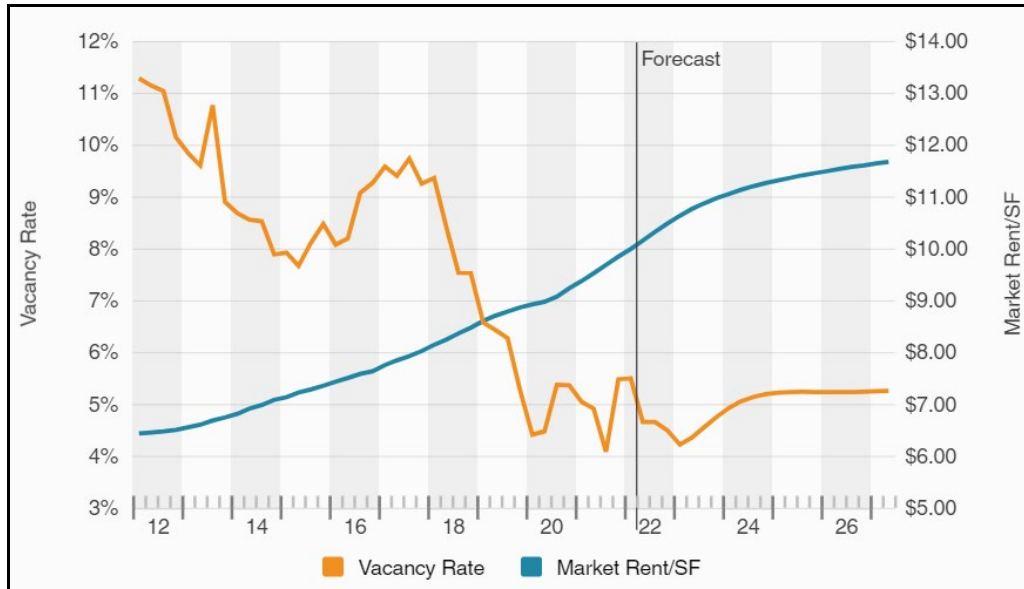


Retail properties have substantially recovered from temporary increases in vacancy and now appear at some of the lowest levels in the last five years with minimal change forecast. Rents are expected to continue steady increases.

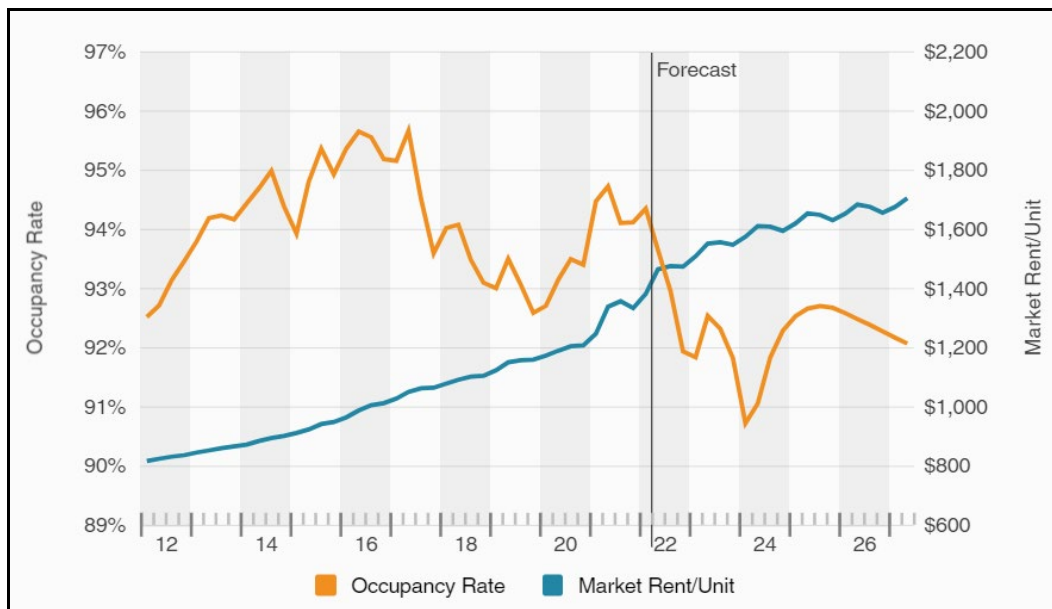


Industrial and flex properties are at historic low vacancies. Rents are expected to continue steady increases. High demand for industrial product is driving rent growth. However, the pace of rent growth here remains below the national average.

Quantum Commercial Group notes that since El Paso County does not have an East-West Interstate like I-70 in Denver and the Industrial market in the area has always been short on demand and supply for warehouse/distribution buildings. However, the same day and next day fulfillment centers of Amazon, Home Depot, Lowes, Target, and others has changed all that for the Colorado Springs area. Cold storage demand is increasing, with little available in existing buildings. They believe that there will likely be more development of industrial properties as rental rates increase and vacancy rates decline. Well located, new industrial properties with long-term credit leases will sell for aggressive cap rates.



Multifamily occupancy is at 94% but expected to decrease to stable, likely due to an increase in recent construction. Rents are expected to continue to increase.



Based on the Costar data, industrial and retail properties are currently seeing the lowest vacancy. Rents are expected to continue to increase across all property types.

Maximally Productive

We will now use market data to analyze each of the potential commercial uses. We have used rental data of El Paso County and the Tri-Lakes area, as reported by Costar, as shown above with additional support in the addenda. As mentioned, growth here is expected to be minimal or even negative in some areas. However, the supply of suitable commercial properties is low. The vacancy rates have therefore been input at current county rates. Historical vacancy in the Tri-Lakes area of all commercial properties has been around 5%. Non reimbursable expenses have been input based on market data, as shown in the addenda.

The following chart is a simple analysis of the resulting value/SF of building area. We have used \$/SF since density would likely be similar across the property types. Obviously actual development size and scope will vary and affect prices/SF, but this analysis gives us a good idea of feasibility of each use.

	Office	Retail	Industrial	Multifamily
PGI	\$18.50	\$15.00	\$8.00	\$19.20
Vacancy	<u>9%</u>	<u>5%</u>	<u>5%</u>	<u>6%</u>
EGI	\$16.84	\$14.25	\$7.60	\$18.05
Expense Ratio	<u>56%</u>	<u>65%</u>	<u>32.50%</u>	<u>40%</u>
NOI/SF	\$7.41	\$4.99	\$5.13	\$10.83
Cap Rate	8.25%	7.25%	7.00%	5.50%
Value/SF	\$89.79	\$68.79	\$73.29	\$196.89

The resulting value of multifamily is higher than the other possible uses on a price/SF basis. This would be tempered by the fact that the majority of housing in Palmer Lake is owner occupied. However, there is new construction multifamily in nearby Monument which further supports the feasibility. Office would be a secondary use and this use is supported by the fact that 2/3 of residents are employed in office based professions and government, education and health services are expected to be amongst the fastest growing industries in the county. Given that new resident growth in the town is expected to be low, a mixed use combining multifamily and commercial would likely be the most feasible.

Based on the three criteria previously discussed, we are of the opinion that the most prudent use of the subject site as though vacant would be mixed use. Accordingly, it is our opinion that is the maximally productive use of the property would be mixed use.

Representatives of the Town report that stipulations of the sale require a portion be set aside for community use and that the property may not be sold for ten years. While we are unaware of the exact portion that must be a community use, we note that these types of uses are not typically the highest and best use of a commercially zoned site. They do serve a purpose in the community and must be considered based on community need and

services that that they provide. Nonetheless, these users must pay the value of highest and best use of the site.

We note the 2017 purchase of 65 acres in Palmer Lake by El Paso County for open space. It is known as Santa Fe Open Space and is upland ranchland with thick stands of scrub oak, mature trees and meadows. The price is reported to have been \$340,000 or \$5,231/acre. It is zoned Agricultural Residential. This would bracket the low end of market value as a strictly conservation site.

The ten year hold time that is stipulated for the subject according to the 2021 sale, is inherent in final value and adjusted via the Location adjustment since the most likely scenario of most sites in locations similar to the subject would be a hold scenario until development is warranted by the market. From our understanding, the property could be leased during this ten year period.

Conclusion

Development of the site for mixed use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant. The most probable buyer of the subject as though vacant would be a developer and timing for development would be future (3 - 10 years).

Highest and Best Use As Improved

Legally Permissible

The properties were previously operated as a religious facility with some event and retreat functions. The existing improvements generally comply with the underlying zoning ordinance; however buildings are not up to current build codes, per town representatives.

Planned Unit Development is intended to provide means through which land may be developed for flexibility and innovations in design and mixed use. Permitted uses include detached, attached, or multi-family structures or any combination; non-residential uses of a cultural, recreational, religious, non-profit or commercial character; or a mix of uses.

Physically Possible

As improved, it is physically possible to reconfigure the subject improvements for an alternative legal use or to raze and make ready for redevelopment. As noted, there was evidence of deferred maintenance at inspection and based on conversations with town representatives. Redevelopment/renovation would be necessary for most commercial uses.

Financially Feasible

At inspection, shells of some buildings appeared to be functional for renovation to another use, but any code violations would need to be mitigated to current buildings code. We are not experts in the matter of curing and recommend an expert opinion of actual costs to cure. To our knowledge, no construction estimates have been performed by a licensed contractor or inspector.

There is marginal evidence of redevelopment occurring in the local area. Without a construction budget to cure all deferred maintenance and bring properties up to code, it is virtually impossible to measure the financial feasibility of converting them to some alternative uses. The gymnasium and L-shaped main building appear to be in the best condition compared to other buildings on site. The cabins roofs are in disrepair which has led to further deterioration and the costs to cure may be greater than their value as complete.

The following summarizes our estimate of the replacement cost of the remaining buildings.

In arriving at an estimate of the replacement cost of the subject's improvements, we have considered the type and quality of construction, building perimeters, and construction details, as described herein. When estimating costs for improvements, we have considered various components of construction cost to determine an average construction cost in terms of published data for new improvements of similar use and construction in-line with the subject's market. Analyzing costs of similar buildings incorporates several factors. First and foremost, the scope of the project must be determined, including, but not limited to, the structural and mechanical requirements, the quality of finish, and the project location. This cost can be attained from former appraisals of similar new buildings, a professional cost estimator, knowledgeable contractor, or cost estimating reporting services. In instances that we were provided with actual construction costs for the subject, they were reviewed and compared with national cost manuals and/or interviews with local builders and developers in order to determine reasonableness and appropriateness. If determined reasonable and appropriate, actual costs were used in our analysis. In determining construction costs for the subject, we have considered the Marshall and Swift Valuation Guide

Several indirect cost items are not included in the direct building cost figures derived through the Marshall and Swift Valuation Guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs. According to our research, an allowance for additional indirect costs of about 7.5% of building costs was considered appropriate.

Items not included in the direct building cost estimate include site preparation, concrete paving, landscaping, and miscellaneous site improvements. Our estimate for sitework is 20% of building costs, although these costs have risen in the past year or so due to effects of COVID-19.

Entrepreneurial profit is required to compensate a developer for risk and is separate from contractor's overhead and profit. This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. A premium of 5.0% to 15.0% return is typically expected for a development of this type during normal market conditions. An entrepreneurial incentive of 5% was considered appropriate for the subject given that religious facilities are retreats are almost always owner occupied.

Marshall Valuation Service	
Cost Source: Marshall Valuation Service	
No. of Stories Multiplier: 1.000	Local Multiplier: 0.970
Height/Story Multiplier: 1.000	Current Cost Multiplier: 1.100
Perimeter Multiplier: 1.000	Combined Multipliers: 1.067

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Main Building-1st Floor Multipurpose	SF	\$96.50	8,834	1.067	\$909,597
Main Building 2nd Floor	SF	\$87.50	4,297	1.067	\$401,179
Garage	SF	\$35.75	620	1.067	\$23,650
Chapel	SF	\$16.35	1,898	1.067	\$33,111
Outbuilding	SF	\$13.75	1,540	1.067	\$22,594
Gymnasium	SF	\$59.00	3,200	1.067	\$201,450
Maintenance Building	SF	\$45.00	1,704	1.067	\$81,818
Cabins	SF	\$51.00	8,370	1.067	\$455,470
Preacher's Cabin	SF	\$80.50	780	1.067	\$66,997
Total Building Improvement Costs					\$2,195,866
Price per SF Gross Building Area					\$70.28

Site Improvements and Soft Costs			
Item		Percent Type	Total
Soft Costs	7.5%	% of Building Cost	\$164,690
Site Preparation & Improvements	20.0%	% of Building Cost	\$439,173
Total Soft Costs			\$603,863
Insurable Value (Excludes Site Improvements, related Site Soft Costs and Developer's Profit)			\$2,360,555
Total Costs			
Subtotal: Building, Site & Soft Costs			\$3,238,902
Entrepreneurial Profit 5.0%			\$161,945
Total Cost			\$3,400,847
Price per SF Gross Building Area			\$108.85

As shown above, total replacement cost new of the remaining structures is \$108.85/SF. However this does not include depreciation. Depreciation is very difficult to accurately measure, particularly with older buildings. There are three types of depreciation: physical depreciation, which results from deterioration from wear and tear and use; functional obsolescence, which results from a lack of utility or desirability due to design or market perception of the improvements. In the case of the subject, the improvements were built for a specific user and use and would need to be adapted for most other users. Both type of depreciation may be curable or incurable.

The third type of depreciation is external obsolescence, which is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable. This depreciation may also exist for the subject due to its location in an area expected to see minimal to negative growth in the future.

If the buildings were to be renovated, alternative uses would be another religious facility, school, or other community uses. More commercial oriented uses include live/work spaces, convention space or a camp or campground, given the existing pool and other recreational facilities. Without known costs to cure, the actual depreciation of the improvements is difficult to estimate based on our physical inspection and discussion with Town representatives only. Instead we offer estimates based on low and high estimates of depreciation based on our observations and known issues.

Depreciation High End of Estimate				
Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	30	40	75%	\$2,204,786
Physical Depreciation: Site	12	15	80%	\$368,905
Functional Obsolescence Building			5%	\$146,986
External Obsolescence Building			0%	\$0
Total Depreciation				\$2,720,677
Depreciated Value of Improvements				\$680,169
Cost Per Square Foot Gross Building Area				\$21.77

In the low end of estimates, shown above, this assumes that "As Is" buildings are 75% depreciated with 10 years of remaining economic life. Sitework, which has a shorter economic life, is estimated to be 80% depreciated. We include minimal functional obsolescence and no external obsolescence. The resulting "As Is" value of improvements is \$21.77/SF.

The following chart of the high end of depreciation estimates assumes that buildings and sitework are almost fully depreciated and functional and external obsolescence do exist. In this case, the value of the improvements "As Is" is minimal.

Depreciation High End of Estimate				
Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	35	40	88%	\$2,572,251
Physical Depreciation: Site	15	15	100%	\$461,132
Functional Obsolescence Building			5%	\$146,986
External Obsolescence Building			5%	\$138,340
Total Depreciation				\$3,318,708
Depreciated Value of Improvements				\$82,139
Price per SF Gross Building Area				\$2.63

Marshall and Swift Valuation Guide estimates demolition expenses for this class of construction and size to be \$4.66 to \$7.20 per SF of building area. Therefore, the cost of demolition is likely less the depreciated value of improvements.

Maximum Productivity

In light of the depreciated replacement cost of the existing improvements versus demolition costs, we have concluded that the highest and best use of the subject is to demolish existing improvements and redevelop consistent with the highest and best use as vacant.

Conclusion

The subject's current improvements were designed to serve a particular use and they are not compatible with nearby uses or current market ideals. Local costs, prices, and rents do not justify major building alterations. Any use of the existing improvements would be considered an interim use. Therefore, the subject's highest and best use as improved is redevelopment consistent with the highest and best use as though vacant. The most probable buyer of the subject as improved would be a developer.

Valuation Analysis

Appraisal Process

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. Cost Approach
2. Income Approach
3. Sales Comparison Approach

Cost Approach

The cost approach requires the estimation of a current reproduction or replacement cost for the subject's physical improvements. From total cost new, an amount must be deducted for depreciation. Depreciation is a loss in value due to any cause. It can be classified into three main types - physical deterioration, functional obsolescence, or external obsolescence. Land value is then added to the depreciated cost of the improvements thereby completing this approach.

Income Approach

The income approach is based on the premise that value is directly related to income. This approach to value converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization or discounted cash flow (DCF) analysis. Capitalization is the process of converting projected income into a capital sum, whereby a single year's net income is translated into a value indication via an overall capitalization rate. However, when the forecasted income pattern is irregular, or it is advisable to analyze net income for every year of the ownership period, yield capitalization, or discounted cash flow (DCF) analysis is generally employed, which converts a series of income streams into a present worth estimate, or value indication, via a discount rate.

Sales Comparison Approach

The sales comparison approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Reconciliation

The appraisal process concludes with the reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and typically lend themselves to one approach over the others.

Applicable Approaches

The applicable approaches for this analysis were detailed within the Scope of Work section of the report.

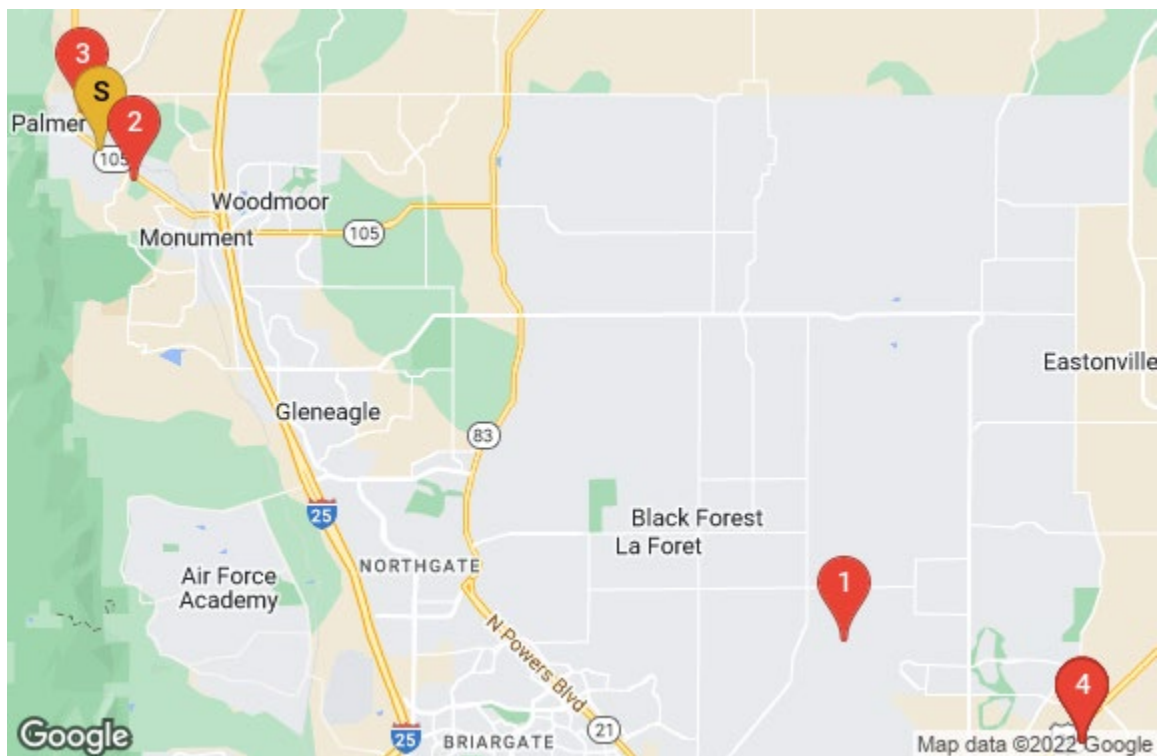
Land Value

Introduction

The best method of valuing vacant land is the sales comparison approach. Sales of similar sites are gathered and compared to the parcel being appraised. Differences affecting value are noted. Adjustments to compensate for dissimilarities are applied to applicable transactions. Adjusted comparables produce an indication of market value for the subject site.

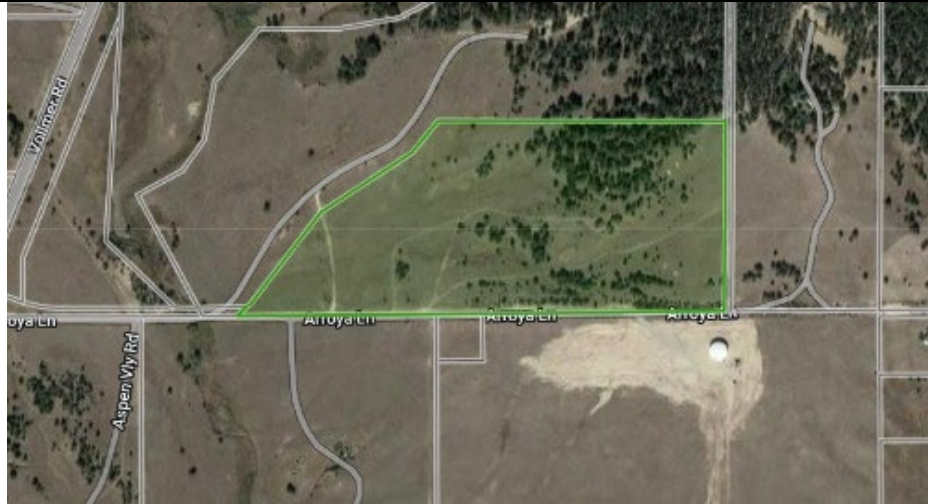
We searched for sites of similar physical characteristics in similar locations with zoning that would allow for a similar use as the subject's highest and best use as vacant. We have considered four comparables for this analysis, which are summarized on the following pages. All sales have been researched through various sources, adequately verified, and considered a reliable indication of market expectations.

Land Sales Location Map



Land Comparable Data Sheets

Land Comparable 1



Transaction

ID	36014	Date	5/18/2022
Address	Arroya Lane	Price	\$1,950,000
City	Black Forest	Price Per Acre	\$55,841.92
County	El Paso	Property Rights	Fee Simple
State	CO	Financing	Cash or Equivalent
Grantor	Atticus Land LLC	Conditions of Sale	Private
Grantee	Timberidge Development	Verification	Public record/Costar
Tax ID	5222000023	Days on Market	N/A
Book/Page or Reference	222070955	Map/Grid/Parcel	

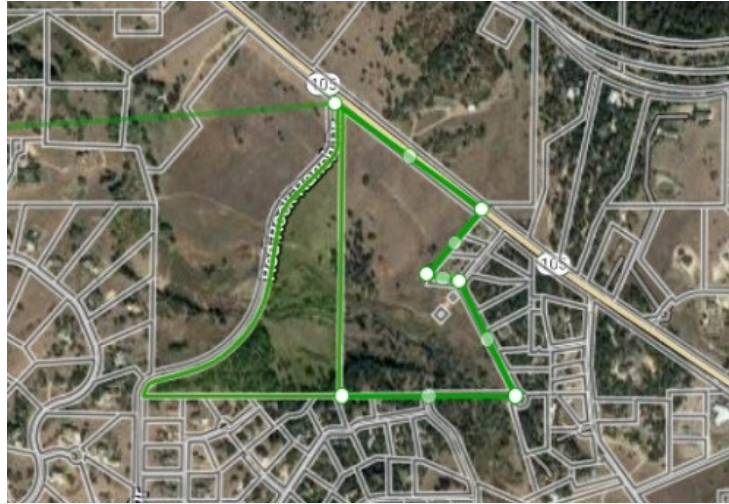
Site

Land SF	1,521,115	Topography	Level to Sloping
Acres	34.92	Zoning	PUD
Road Frontage	Good	Flood Zone	No
Shape	Irregular/Adequate	Encumbrance or Easement	None Noted
Utilities	Public Available	Environmental Issues	None Noted

Comments

This parcel is a portion of approved plat of The Retreat @ TimberRidge. This portion is planned for homes on 2.5 and 5 acre lots. Water is currently available adjacent to the property. Wastewater will be extended to the property from the south by the developer. Sold previously in 2019 prior to approvals for \$550,000.

Land Comparable 2



Transaction

ID	36009	Date	12/21/2021
Address	Red Rock Ranch Drive &	Price	\$2,600,000
City	Palmer Lake	Price Per Acre	\$47,645.23
County	El Paso	Property Rights	Fee Simple
State	CO	Financing	Conventional
Grantor	JJS Land Development, LLC	Conditions of Sale	Private
Grantee	GTG Red Rock, LLC	Verification	Public record/Costar
Tax ID	7109014003/7109000024	Days on Market	N/A
Book/Page or Reference	221231271	Map/Grid/Parcel	

Site

Land SF	2,377,069	Topography	Sloping to Level
Acres	54.57	Zoning	Single Family Residential
Road Frontage	Good	Flood Zone	Yes, See Narrative
Shape	Irregular/Adequate	Encumbrance or Easement	None Noted
Utilities	Public Sewer Available	Environmental Issues	None Noted

Comments

Two adjacent parcels just outside town limits. Monument Creek cuts through the property and splits the north and south portions. Contingent on seller getting north parcel re-zoned from RR-5 (residential rural),: 5.37 acres on the northern part of the property to RR-0.5 and the remaining 15.51 acres to RR-2.5. The developer plans to build seven single-family homes on ½-acre lots on about 5 acres on the north side of the property, and three homes on 2 ½-acre lots on about 15 ½ acres on the south side of the property. The new zoning allows for approximately six more lots than permitted under the previous 5-acre zoning. The southern parcel is already zoned R-0.5. About 37 homes would be built in total. Parcels were previously acquired in two separate transactions in 2018 and 2020 for total of \$1,052,000.

Land Comparable 3



Transaction

ID	35898	Date	9/30/2021
Address	445 Highway 105	Price	\$975,000
City	Palmer Lake	Price Per Acre	\$75,000.00
County	El Paso	Property Rights	Fee Simple
State	CO	Financing	Cash or Equivalent
Grantor	PPF Newco LLC	Conditions of Sale	Normal
Grantee	Montebello 2205, LLC	Verification	Public record/Costar
Tax ID	7109012011	Days on Market	5.5 years
Book/Page or Reference	221183026	Map/Grid/Parcel	

Site

Land SF	566,280	Topography	Level to Sloping
Acres	13.00	Zoning	PUD
Road Frontage	Average	Flood Zone	No
Shape	Irregular	Encumbrance or Easement	None Noted
Utilities	Public Available	Environmental Issues	None Noted

Comments

The land is zoned for planned unit developments within Palmer lake boundaries. 1,087' feet of street frontage. Adjacent to large training facility. Public utilities available and nearby.

Land Comparable 4



Transaction

ID	35999	Date	9/23/2021
Address	14010 Judge Orr Road	Price	\$2,450,000
City	Falcon	Price Per Acre	\$61,250.00
County	El Paso	Property Rights	Fee Simple
State	CO	Financing	Conventional
Grantor	Prairie Stone LLC	Conditions of Sale	Private
Grantee	Phils Boys Falcon, LLC	Verification	Public record/Costar
Tax ID	4233000027	Days on Market	N/A
Book/Page or Reference	218043063	Map/Grid/Parcel	

Site

Land SF	1,742,400	Topography	Mostly level
Acres	40.00	Zoning	RVP
Road Frontage	Good	Flood Zone	No
Shape	Rectangular	Encumbrance or Easement	None Noted
Utilities	Private	Environmental Issues	None Noted

Comments

This 40 acre parcel is zoned RVP (RV Park) and surrounded by agricultural and PUD zoned sites. It is located east of Highway 24 just north of Falcon. Currently improved with a small home on the property and 8 permanent RV rental pads and storing of RVs. Previously proposed site plan for 120 sites and 429 RV & Boat storage pad sites and pods. Purchased by TX based RV operator who financed \$5.6 million. The El Paso County Land Development Code allows for up to 25 RV units per acre for Recreational Vehicle Parks.

Summary of Comparable Land Sales and Adjustments

Land Analysis Grid	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Address	290 CO-105	Arroya Lane	Red Rock Ranch Drive & Rockbrook Road	445 Highway 105	14010 Judge Orr Road
City	Palmer Lake	Black Forest	Palmer Lake	Palmer Lake	Falcon
State	CO	CO	CO	CO	CO
Date	5/23/2022	5/18/2022	12/21/2021	9/30/2021	9/23/2021
Price	-	\$1,950,000	\$2,600,000	\$975,000	\$2,450,000
Acres	28.64	34.92	54.57	13.00	40.00
Acre Unit Price	-	\$55,842	\$47,645	\$75,000	\$61,250
Location	Palmer Lake	Similar	Similar	Similar	Similar
Topography	Slight sloping	Level to Sloping	Sloping to Level	Level to Sloping	Mostly level
Shape	Irregular/Adequate	Irregular/Adequate	Irregular/Adequate	Irregular	Rectangular
Approved	No	Yes	Yes	No	No
Utilities	Public Available	Public Available	Public Sewer Available Single Family Residential	Public Available	Private
Zoning	PUD	PUD		PUD	RVP
Transaction Adjustments					
Property Rights		0.0%	0.0%	0.0%	0.0%
Financing		0.0%	0.0%	0.0%	0.0%
Conditions of Sale		0.0%	0.0%	0.0%	0.0%
Expend. After Sale		\$0	\$0	\$0	\$0
Adjusted Acre Unit Price		\$55,842	\$47,645	\$75,000	\$61,250
Time/Mkt Conditions	5/23/2022 0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Acre Unit Price		\$55,842	\$47,645	\$75,000	\$61,250
Location		0%	0%	0%	0%
Acres		0%	10%	-10%	5%
Topography		0%	0%	0%	-10%
Shape		0%	0%	0%	0%
Approved		-10%	-10%	0%	0%
Utilities		0%	0%	0%	5%
Zoning/Density		20%	20%	0%	10%
Adjusted Acre Unit Price		\$61,426	\$57,174	\$67,500	\$67,375

Comparable Land Sale Adjustments

The subject and all cited comparable sales share generally similar characteristics and are considered comparable to the subject. These commonalities justify inclusion of these transactions in this analysis. Often there are differences between the property appraised (the subject) and a comparable sale. When the dissimilarity affects value, an adjustment to the sale price of the comparable is necessary.

Property Rights

Agreements or laws create partial interests in real estate. A deed restriction or life estate usually reduces rights and value. If the subject is not affected by these limitations and a comparable is, then the comparable's sale price needs an upward property rights adjustment. In another situation, unfavorable leases eliminate a landlord's right to collect market rent, so the real estate sells for a below-market price. If the property appraised has no lease adversities and a comparable does have unfavorable leases, then the

comparable requires upward adjustment. All of the sales sold with fee simple property rights and no adjustments were required.

Financing

Sub-market financing is a common technique used to finance the acquisition of real estate during periods of high interest rates. When non-market financing is used, the financing may be favorable to the buyer, so the sale price is inflated. The escalated price can be envisioned as a composite of the worth of real estate plus the value of advantageous financing. Since value created by financing is not real property, the contribution of the advantageous financing must be deducted from total sale price to derive market value for just the realty. On the opposite hand, there are instances where the buyer assumes unfavorable financing, so the sale price is diminished. In the latter case, an upward adjustment must be applied to the sale price of the comparable thusly deriving the market value of the real estate. No extraordinary financing was known for any of the comparables; thus no adjustments were required.

Conditions of Sale

An adjustment for conditions of sale is necessary when a criterion of market value is violated. It could compensate for unusual buyer or seller motivations. For instance, when a seller gives a buyer an atypical rebate, discount, credit, or something of value to induce a conveyance, the sale price is usually inflated. In this case, it is logical to deduct the worth of the giveback from the sale price. Residual sums represent the property's market value. In another scenario, a buyer may pay a premium to facilitate an assemblage. In this instance, the premium must be deducted from the sale price to derive market value for that conveyance. No adjustments were necessary.

Expenditure Post Sale

This is a situation when a buyer is compelled to invest additional money into a property immediately after acquisition for some atypical reason. Post-sale invested sums are appropriately added to a comparable's sale price thereby producing an adjusted sale price. Examples are demolition costs or building-code compliance costs. In this case, no additional costs were estimated. There were existing improvements on Sale 4, but they appear to be functional for future development and so no adjustment was made.

Market Conditions

Adjustments for market conditions are commonly referred to as time adjustments, but this is misleading. Value does not change due to the passage of time; sometimes it remains stable. Often real estate values fluctuate due to changes in supply and demand, interest rates, employment, and/or inflation. This type of adjustment compensates for change in market conditions between a sale's transaction date and a later point in time.

In order to determine an appropriate adjustment for marketing conditions, we have researched the market and observed general market conditions. Our research has revealed that market conditions have remained generally stable within the local area between the effective date and date of the oldest sale. While market conditions have rebounded in Colorado Springs industrial markets, excess demand in the city center has yet to reach the local area. Therefore, no adjustments were necessary.

Location

Each property was rated to the subject for locational aspects such as value growth potential, access, and general desirability. Comparables are in mostly similar locations and no adjustments were necessary.

Physical Attributes

Myriad physical characteristics can affect land value. Some examples are lot size, shape, site orientation, availability of utilities, and soil conditions. Those sales with superior physical qualities warrant downward adjustment and vice versa.

Land Size

Property size is an influential variable. Often an inverse relationship exists between price and size. That is, the larger the allowable area, the lower the price per unit square foot selling price, all other things being equal. Sales were adjusted accordingly.

Topography

Topography of land specifically involves the terrain, the three-dimensional quality of the surface and the identification of specific landforms. Properties with flat topography are generally more desirable as opposed to rolling or sloped topography, which can limit development and use of the site. Sale 4 is mostly level and adjusted down.

Shape

Property shape can have a significant effect on market value where it pertains to overall development potential and overall site efficiency. The subject and sales are of adequate shape for development and no adjustments were necessary.

Approvals

Approvals in place can enhance attractiveness to buyers in the market if the use is maximally feasible. Sales 1 and 2 sold with some approvals for development in place and were adjusted down.

Utilities

Sale 4 was adjusted up for the additional cost of private versus public utilities.

Zoning

The zoning classification assigned to a particular property can have a significant effect on value. Sales 1 and 2 are proposed for lower density uses than those allowed by right at the subject and they were adjusted up. Sale 3 has similar zoning, and no adjustment was made. Sale 4 is proposed for a similar density use as the subject PUD zoning would allow but the RVP zoning limits the variety of uses and it was adjusted up.

Land Value Conclusion

Land Value Ranges and Reconciled Value			
Number of Comparables:	4	Unadjusted	Adjusted
	Low:	\$47,645	\$57,174
	High:	\$75,000	\$67,500
	Average:	\$59,934	\$63,369
	Median:	\$58,546	\$64,401
Reconciled Value/Unit Value:			\$60,000
	Subject Size:		28.637
Indicated Value:			\$1,718,216
	Less: Demolition		(\$187,458)
Market Value "As Is":			\$1,530,758
Reconciled Final Value:			\$1,550,000
One Million Five Hundred Fifty Thousand Dollars			

This adjusted sales prices vary from \$57,174/Acre to \$67,500/Acre, with an average price of \$63,369/Acre and a median price of \$64,401/Acre. Comparable 2 is very proximate but planned for single family residential use. Comparable 3 is proximate with similar zoning as the subject. After consideration of all factors pertaining to and influencing land values, we have concluded a market value for the subject site as though vacant at the lower end of adjusted prices/acre due to the requirement to include community space with future development which would inhibit income potential. Our opinion of \$60,000/Acre, less demolition costs of \$6.00/SF of existing building area equates to a Market Value "As Is" of \$1,550,000.

Demolition Costs			
Item	SF	Cost/SF	Cost
Demolition All Other Structures	31,243	\$6.00	\$187,458

Exposure and Marketing Time

<i>Term</i>	<i>Definition</i>	<i>Explanation</i>
Exposure Time (Statement 6)	<i>"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."</i>	Backward looking, ends on the effective value date. Based on factual, past events
Marketing Time (Advisory Opinion 7)	<i>"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value during the period immediately after the effective date of the appraisal."</i>	Forward looking, starts on the effective value date. A forecast based on expectancies of future occurrences.

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In light thereof, an estimated exposure time for the subject is 12 months assuming competitive pricing and prudent marketing efforts.

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events and market circumstances should be the prime determinant. Overall market conditions are expected to remain essentially stable, so a marketing time of 12 months is predicted for the subject.

Certification

The appraisers signing this report make the following certifications to the best of their knowledge and belief.

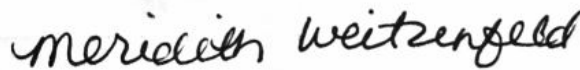
- The statements of fact contained in this report are true and correct.
- Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraisers' personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraisers 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.
- The appraisers have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- This engagement is not contingent upon developing or reporting predetermined results.
- Compensation paid to the appraisers 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 the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP)
- A statement regarding personal inspection of the subject property by each appraiser is listed below. None of the appraisers is a professional property inspector. Furthermore, none of the appraisers has formal training in the use of tools or instruments as part of a professional property inspection. Personal inspection by one or more of the appraisers was limited to just those physical features and attributes that are not hidden or obscure in any fashion by any object or weather condition. None of the appraisers used any tools or instruments, beyond those typically used by appraisers, to probe, study, investigate, detect, or discover any physical feature or attribute that was not clearly visible on the date the property was observed.

Appraisers	Personal Inspection
Christopher E. Kokott Meridith Miller Weitzenfeld	Adequate Interior and Exterior None

- No one provided significant real property appraisal assistance to the appraiser(s) signing this certification.
- The appraisers have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report during the three-year period immediately preceding acceptance of this assignment
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- After careful consideration of all factors pertaining to and influencing value, the data and analysis thereof firmly supports a final value opinion(s) for the subject property as of May 23, 2022 at \$1,550,000.



Christopher E. Kokott
Certified Residential Appraiser
CO#CR200000887
Exp: December 31, 2022



Meridith Miller Weitzenfeld
Certified General Real Estate Appraiser
CO #Pending
Exp: Pending

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

1. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.
2. No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.
3. All files, work papers and documents developed in connection with this assignment are the property of Opteon Appraisal, Inc. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.
4. No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.
5. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.
6. Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.
7. Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.
8. Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.
9. It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.
10. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice, and reasonable additional time for court preparation.

11. Features of the subject site such as legal description, dimensions, size, etc. were obtained from public records, information provided by the client, professional surveys, and/or other applicable sources. All information obtained therefrom is assumed reasonably correct
12. Details of the improvements thereon including yet not limited to floor plans, construction materials, dimensions, etc. were obtained from appraiser observation and/or measurement, or other sources considered reliable. All are assumed reasonably correct.
13. Any unseen spaces are assumed to have physical condition and construction quality similar to that in observed spaces. It is further assumed the subject has no hidden defects. The appraiser(s) did not attempt to study, dig, probe, investigate, detect, remove materials, or discover unfavorable physical features.
14. If applicable, income information was provided by ownership, their representatives, or the client. Real estate tax information for the subject was obtained from a reputable source and is assumed correct. All information from any credible source is assumed reasonably correct. Moreover, this information is assumed the most recent that is expeditiously available to the public.
15. Unless stated otherwise, this appraisal assumes any water systems to the subject possess sufficient capacity to serve the intended use of the improvements, if any. This appraisal also assumes the water is potable and non-contaminated. If these systems were inadequate to serve the subject's intended use, then the subject's value and marketability could be adversely affected.
16. Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.
17. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.
18. Flood hazards are detailed elsewhere in this report. Except as enumerated herein, the appraiser(s) were not given the results of any environmental testing on or near the property being appraised. Neither observation of the subject property, or research conducted as part of a typical real estate appraisal suggest the presence of any hazardous substance or detrimental environmental condition affecting the subject. Nearby sites were not investigated to determine whether they are contaminated. Public information and other Internet sources were not researched to determine the presence of hazardous substances or detrimental environmental conditions in the subject's vicinity.
19. Federal, State, and local laws concerning any hazardous substance or gas are sometimes contradictory. Therefore, any needed clean up should comply with the most stringent laws. The appraiser(s) are not informed or trained in environmental legalities. It is assumed no hazardous substance or gas adversely affects the subject real estate. If the subject is adversely influenced by a hazardous condition, then the subject's market value would be impaired. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraiser(s) or the company for any hazard, or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

Addenda

Market Data

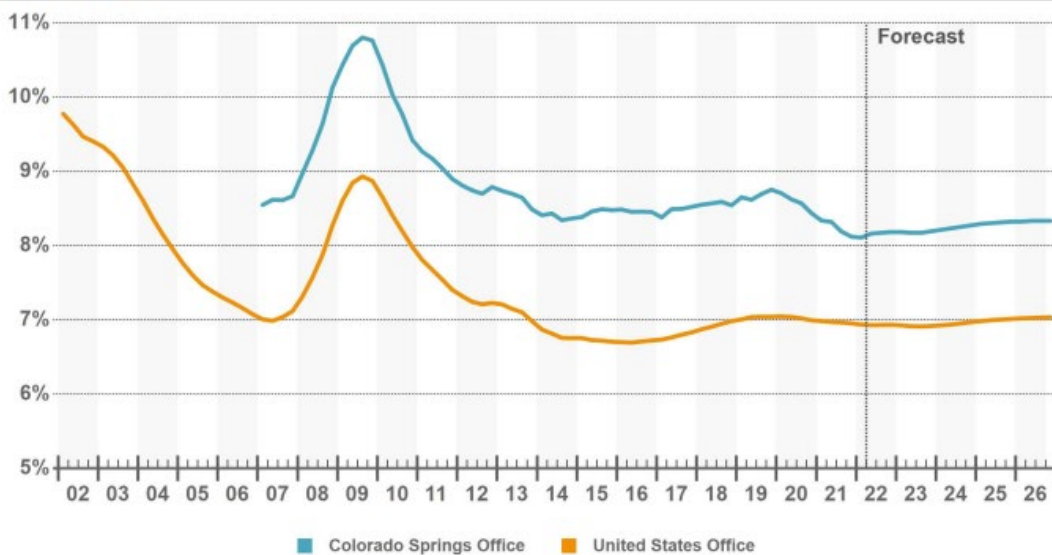
Office Data

RealtyRates.com MARKET SURVEY - 2nd Quarter 2022*						
Nationwide - Class A & B Office Buildings						
	1stQ 2022		4thQ 2021		% Change	
	CBD	Suburb	CBD	Suburb	CBD	Suburb
Operating Data						
Income						
Asking Rent	\$24.12	\$23.83	\$24.06	\$23.79	0.2%	0.2%
Effective Rent	\$21.23	\$20.04	\$21.18	\$20.01	0.2%	0.2%
Other Income	\$1.06	\$1.00	\$1.06	\$1.00	0.2%	0.2%
Total Income	\$22.29	\$21.05	\$22.24	\$21.01	0.2%	0.2%
Vacancy Rate	14.6%	12.6%	14.8%	12.7%	-1.3%	-1.5%
Effective Gross Income (EGI)	\$19.04	\$18.40	\$18.95	\$18.34	0.5%	0.4%
Expenses						
Total Expenses	\$11.66	\$10.38	\$11.45	\$10.19	1.9%	1.8%
Expense Ratio	61.28%	56.39%	60.41%	55.60%	1.4%	1.4%
Net Operating Income (NOI)	\$7.37	\$8.03	\$7.50	\$8.14	-1.7%	-1.4%
Investment Data						
Avg Sale Price	\$97	\$95	\$98	\$96	-1.5%	-1.0%
Overall Cap. Rate (OAR)	7.6%	8.5%	7.6%	8.5%	-0.3%	-0.4%
Gross Rent Multiplier (GRM)	4.57	4.72	4.65	4.77	-1.7%	-1.1%
Effective Gross Income Multiplier (EGIM)	5.09	5.14	5.20	5.21	-1.9%	-1.3%

*1st Quarter 2022 Data

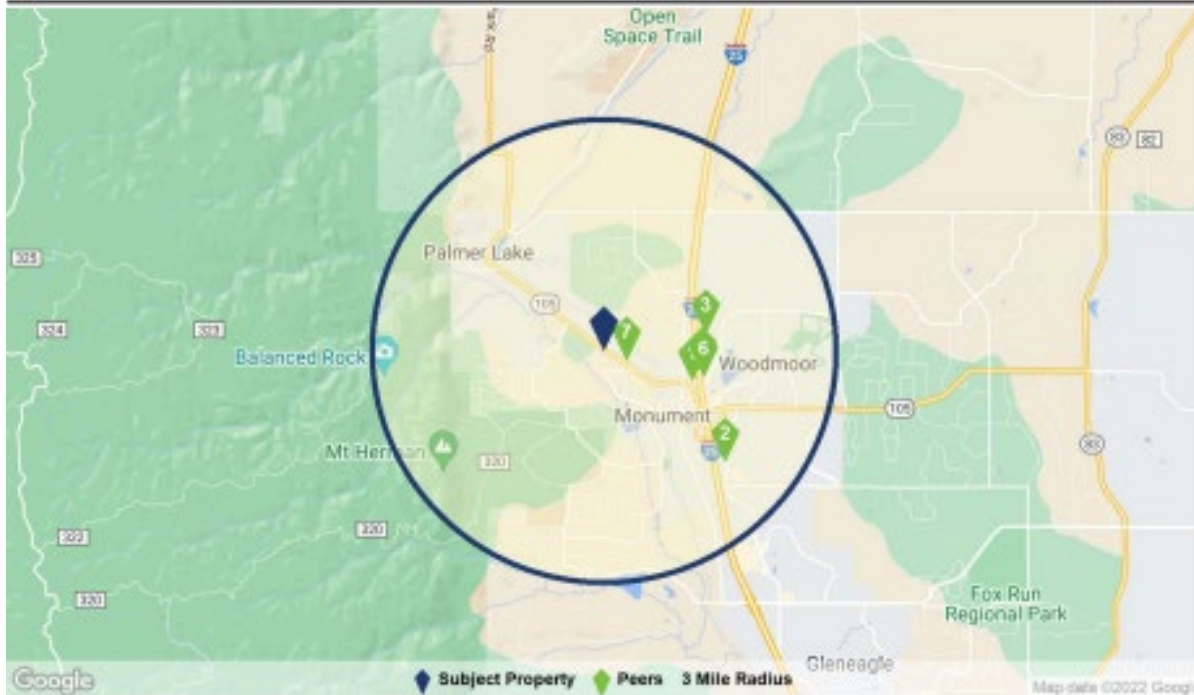
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MARKET CAP RATE



No. Peers	Direct Asking Rent/SF	Availability Rate	Vacancy Rate
7	\$21.25	10.8%	7.8%

PEER LOCATIONS



PEER SUMMARY STATISTICS

Property Attributes	Low	Average	Median	High
Building SF	9,708	20,902	10,445	53,000
Year Built	1994	1999	1997	2014
Stories	1	1	2	3
Typical Floor SF	4,854	10,627	9,920	18,194
Vacancy Rate	0.8%	7.8%	5.4%	50.0%
Availability Rate	0.8%	10.8%	5.4%	74.5%
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★
Available Space Attributes	Low	Average	Median	High
Available SF	130	2,247	900	7,604
Direct Asking Rent/SF	\$13.00	\$21.25	\$18.50	\$24.00
Months On Market	0.4	7.3	2.2	22.7
Floor Number	1	1	2	3



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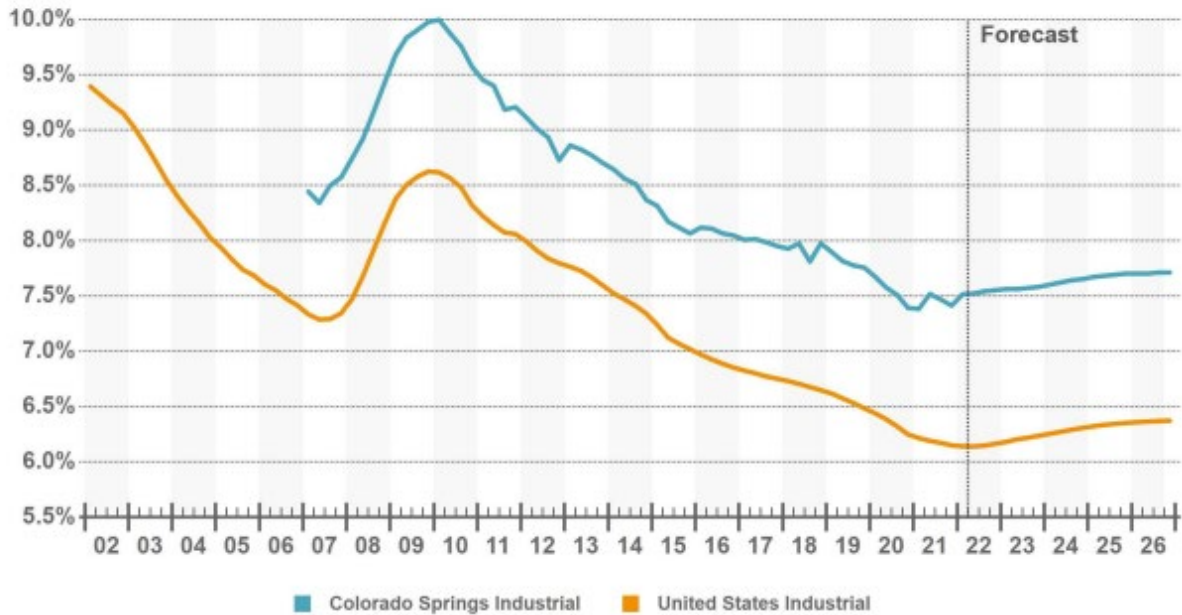
Industrial

RealtyRates.com MARKET SURVEY - 2nd Quarter 2022*						
Nationwide - Class A & B Office Buildings						
	1stQ 2022		4thQ 2021		% Change	
	CBD	Suburb	CBD	Suburb	CBD	Suburb
Operating Data						
Income						
Asking Rent	\$24.12	\$23.83	\$24.06	\$23.79	0.2%	0.2%
Effective Rent	\$21.23	\$20.04	\$21.18	\$20.01	0.2%	0.2%
Other Income	\$1.06	\$1.00	\$1.06	\$1.00	0.2%	0.2%
Total Income	\$22.29	\$21.05	\$22.24	\$21.01	0.2%	0.2%
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Expenses						
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Expense Ratio	61.28%	56.39%	60.41%	55.60%	1.4%	1.4%
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Investment Data						
Avg Sale Price	\$97	\$95	\$98	\$96	-1.5%	-1.0%
Overall Cap. Rate (OAR)	7.6%	8.5%	7.6%	8.5%	-0.3%	-0.4%
Gross Rent Multiplier (GRM)	4.57	4.72	4.65	4.77	-1.7%	-1.1%
Effective Gross Income Multiplier (EGIM)	5.09	5.14	5.20	5.21	-1.9%	-1.3%

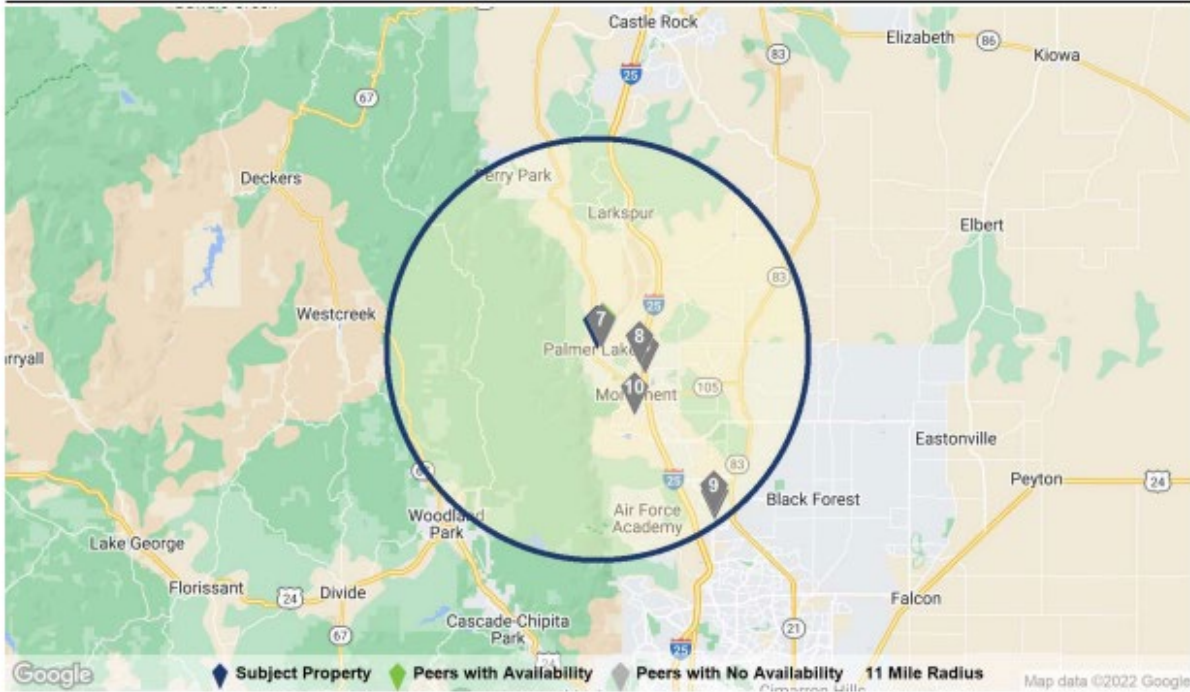
*1st Quarter 2022 Data

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MARKET CAP RATE



PEER LOCATIONS



PEER SUMMARY STATISTICS

Property Attributes	Low	Average	Median	High
Building SF	8,265	16,916	11,852	39,194
Year Built	1983	1995	2003	2004
Clear Height	12'	15'9"	14'6"	24'
Docks	0	1	0	4
Typical Floor SF	8,265	16,916	11,852	39,194
Vacancy Rate	0%	0%	0%	0%
Availability Rate	96.1%	14.2%	96.1%	96.1%
Star Rating	★★★★★	★★★★★ 2.1	★★★★★	★★★★★
Available Space Attributes	Low	Average	Median	High
Available SF	24,000	24,000	24,000	24,000
Asking Rent/SF	-	-	-	-
Months On Market	1.3	1.3	1.3	1.3



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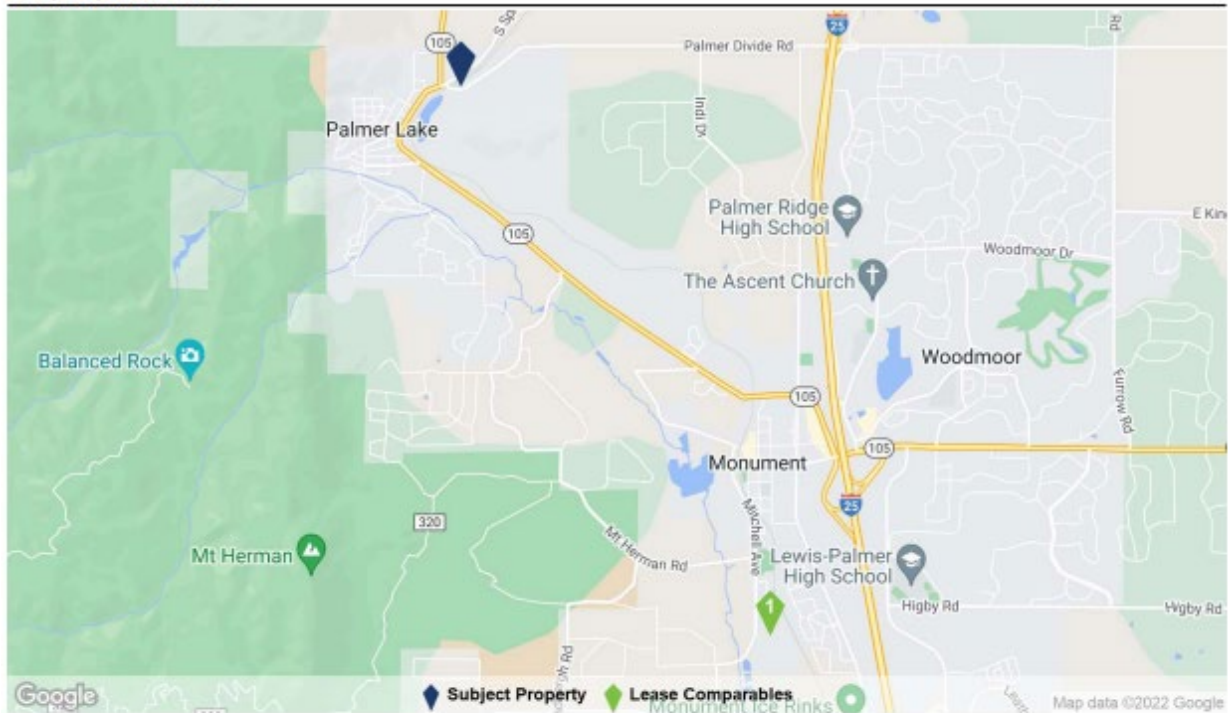
2

\$7.99

\$10.99

5

LEASE COMPARABLES



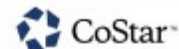
SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	2	\$7.99	\$7.99	\$7.99	\$7.99
Starting Rent Per SF	1	\$10.99	\$10.99	\$10.99	\$10.99
Effective Rent Per SF	1	\$10.99	\$10.99	\$10.99	\$10.99
Asking Rent Discount	1	-37.5%	-37.5%	-37.5%	-37.5%
TI Allowance	-	-	-	-	-
Months Free Rent	-	-	-	-	-

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	2	1	5	5	8
Deal Size	2	16,100	16,100	16,100	16,100
Lease Deal in Months	1	60.0	60.0	60.0	60.0
Floor Number	2	1	1	1	1



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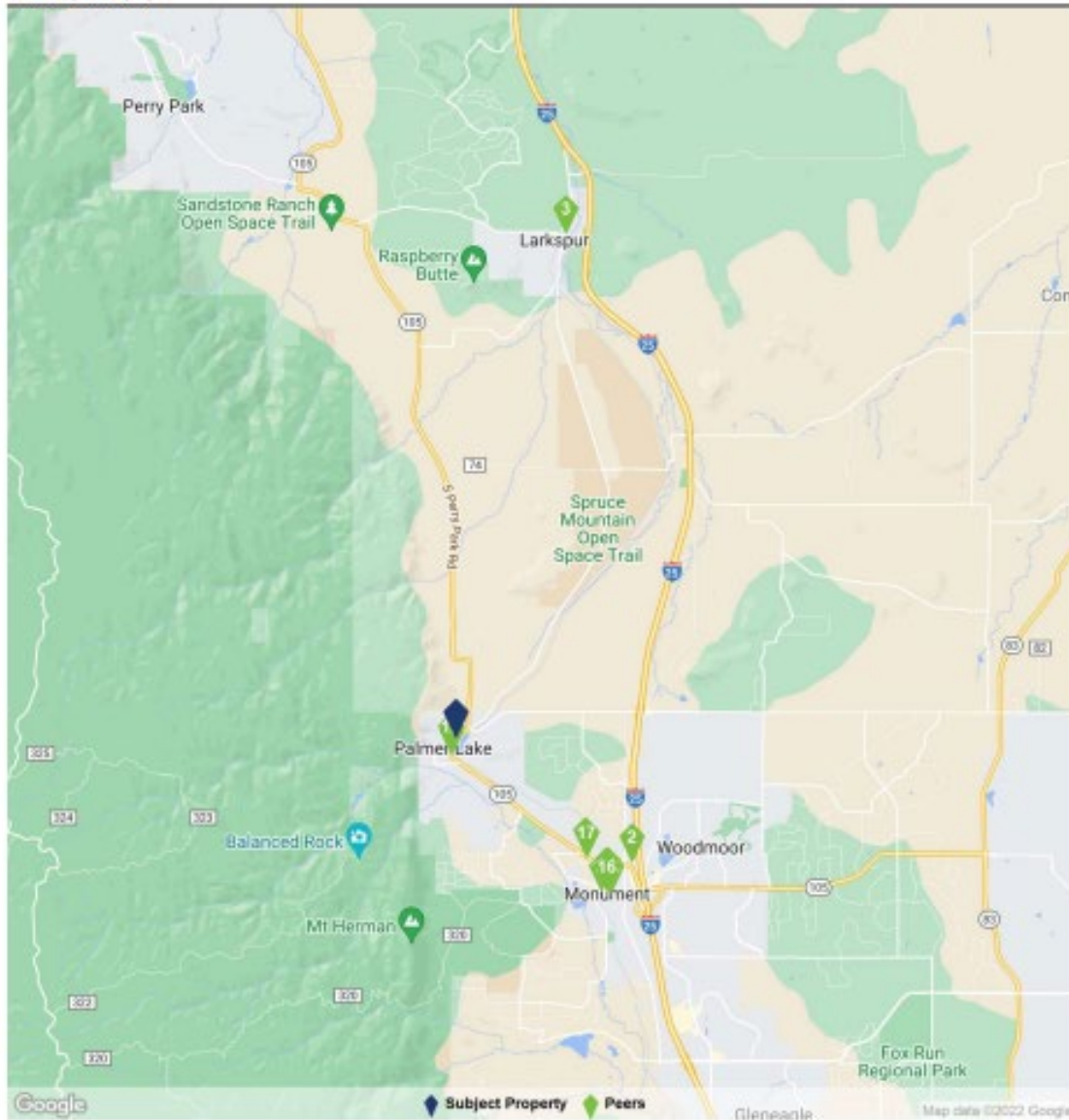
Retail

Peer Properties Summary

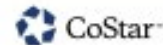
292 W Highway 105

No. Peers	NNN Market Rent/SF	Availability Rate	Vacancy Rate
17	\$16.84	-	0%

PEER LOCATIONS



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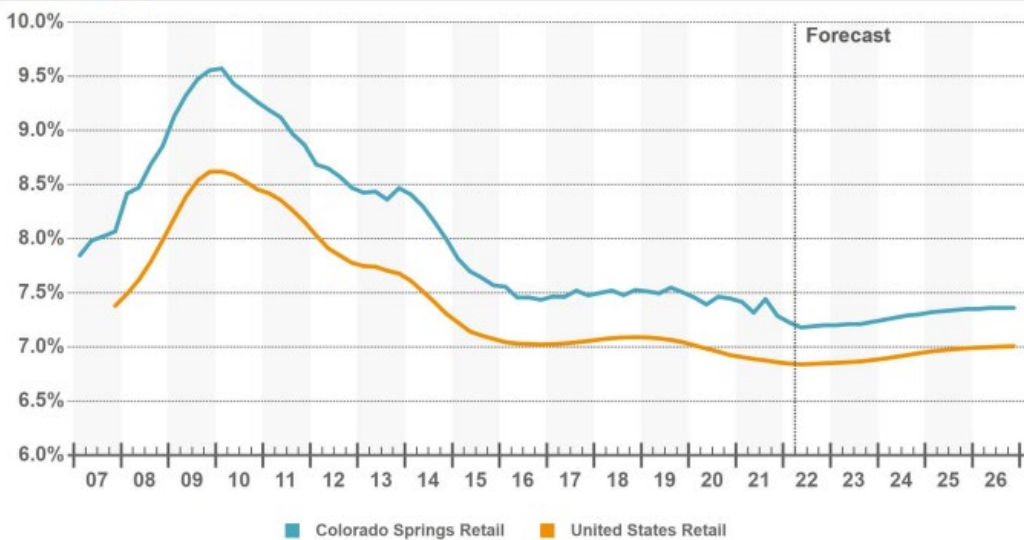
6/29/2022
Page 14

RealtyRates.com MARKET SURVEY - 2nd Quarter 2022*						
Nationwide - Class A & B Neighborhood, Community & Strip Retail Centers						
	1stQ 2022		4thQ 2021		% Change	
	Anch	Un-Anch	Anch	Un-Anch	Anch	Un-Anch
Operating Data						
Income						
Asking Rent	\$17.05	\$16.63	\$16.98	\$16.56	0.4%	0.4%
Effective Rent	\$16.20	\$15.73	\$16.14	\$15.66	0.4%	0.4%
Other Income	\$0.81	\$0.79	\$0.81	\$0.78	0.4%	0.4%
Total Income	\$17.01	\$16.51	\$16.94	\$16.45	0.4%	0.4%
Vacancy Rate	8.5%	8.3%	8.7%	8.4%	-1.4%	-1.4%
Effective Gross Income (EGI)	\$15.56	\$15.15	\$15.47	\$15.06	0.5%	0.5%
Expenses						
Total Expenses	\$10.39	\$9.77	\$10.20	\$9.59	1.9%	1.9%
Expense Ratio	66.78%	64.52%	65.92%	63.67%	1.3%	1.3%
Net Operating Income (NOI)	\$5.17	\$5.37	\$5.27	\$5.47	-2.0%	-1.8%
Investment Data						
Avg Sale Price	\$72	\$73	\$73	\$74	-2.0%	-1.6%
Overall Cap. Rate (OAR)	7.2%	7.4%	7.2%	7.4%	0.0%	-0.2%
Gross Rent Multiplier (GRM)	4.42	4.64	4.53	4.74	-2.4%	-2.0%
Effective Gross Income Multiplier (EGIM)	4.60	4.82	4.72	4.93	-2.5%	-2.1%

*1st Quarter 2022 Data

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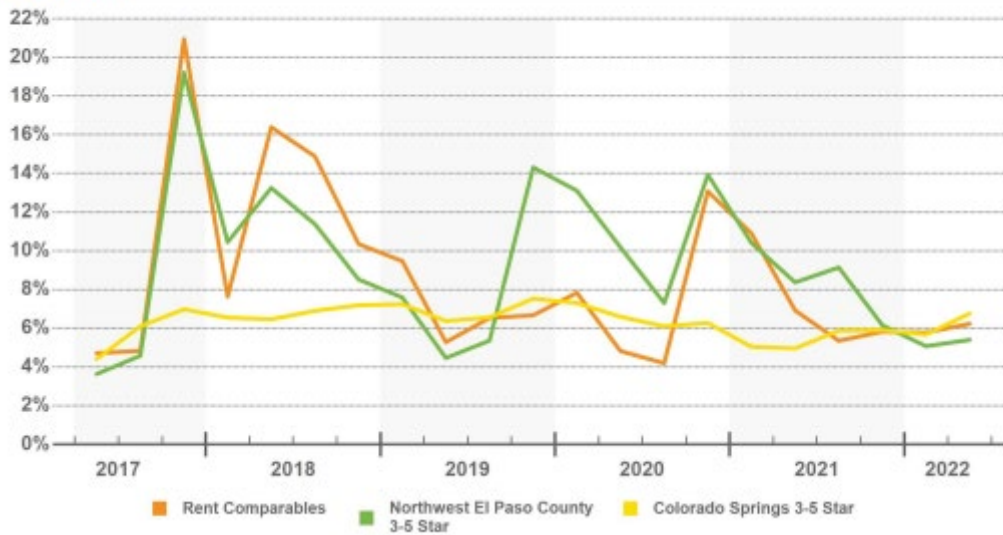
MARKET CAP RATE



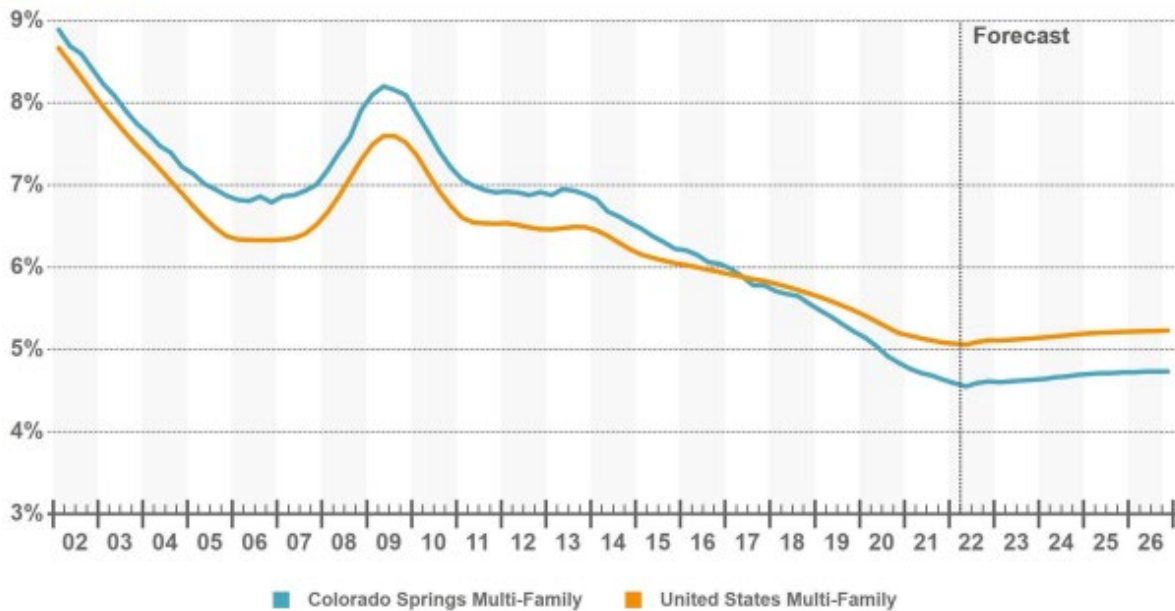
Multifamily

Property Name/Address	Rating	Yr Built	Property Size		Asking Rent Per Month Per Unit				Rent/SF
			Units	Avg Unit SF	Studio	1 Bed	2 Bed	3 Bed	
1 Springs at Allison Valley 11320 New Voyager Heig...	★★★★☆	2018	280	991	\$1,558	\$1,933	\$2,284	\$2,404	\$2.10
2 Springs at Foothill Farms 1203 Affirmed View	★★★★☆	2020	264	1,046	\$1,591	\$1,983	\$2,308	\$2,495	\$2.06
3 Bella Springs Apartments 1050 Milano Pt	★★★★☆	2002	364	855	-	\$1,873	\$1,881	\$2,194	\$2.06
4 The Overlook at Interquest 11124 Cedar Glen View	★★★★☆	2017	264	976	-	\$1,763	\$2,096	\$2,399	\$2.01
5 Volta at Voyager 11275 Nahcolite Point	★★★★☆	2020	200	924	-	\$1,680	\$1,931	\$2,640	\$2.01
6 Talon Hill 1640 Peregrine Vista Hts	★★★★☆	2006	276	949	-	\$1,631	\$2,010	\$2,458	\$1.95
7 Vistas at Jackson Creek 18112 Old Forest Pt	★★★★☆	2015	267	996	-	\$1,781	\$1,967	\$2,312	\$1.93
8 Ridgepointe At Gleneagle 13631 Shepard Hts	★★★★☆	2000	240	891	\$1,256	\$1,359	\$1,593	\$1,965	\$1.88

VACANCY RATES



MARKET CAP RATE



RealtyRates.com MARKET SURVEY - 2nd Quarter 2022*			
Nationwide - Class A & B Apartments - 90+ Units			
	1stQ 2022	4thQ 2021	% Change
Operating Data			
Income			
Asking Rent	\$1,522	\$1,450	4.9%
Effective Rent	\$1,394	\$1,329	4.8%
Other Income	\$4	\$4	4.9%
Total Income	\$1,398	\$1,333	4.8%
Vacancy Rate	5.1%	5.2%	-1.5%
Effective Gross Income (EGI)	\$1,326	\$1,264	4.9%
Expenses			
Total Expenses	\$524	\$513	2.0%
Expense Ratio	39.50%	40.62%	-2.8%
Net Operating Income (NOI)	\$803	\$751	6.9%
Investment Data			
Avg Sale Price	\$121,386	\$114,505	6.0%
Overall Cap. Rate (OAR)	7.9%	7.9%	0.8%
Gross Rent Multiplier (GRM)	7.26	7.18	1.1%
Effective Gross Income Multiplier (EGIM)	7.63	7.55	1.0%

*1st Quarter 2022 Data

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Letter of Engagement



5500 Pearl St, Suite 260
Rosemont, IL 60018

Main: 773-467-4444
commercial@opteonUSA.com

ACKNOWLEDGEMENT AND APPROVAL FOR REAL ESTATE APPRAISAL:

Property to be appraised:

Property 1: 290 and 350 Highway 105, Palmer Lake, CO

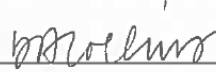
Property 2: 10 Acres of Vacant Land on County Line Rd –

(Next to the Santa Fe to Greenland Trail Link), Palmer Lake, CO

FEE: \$9,500.00 (50% retainer payable in advance)

Accepted

Signature: _____



Print Name: _____

Dawna Collins

Date: 4/1/2022

County Assessor Record

710540005

OVERVIEW

Owner:	TOWN OF PALMER LAKE
Mailing Address:	PO BOX 977 PALMER LAKE CO, 80133
Location:	290 HIGHWAY 105
Tax Status:	Exempt
Zoning:	PUD
Plat No:	-
Legal Description:	TRACT IN SE4SE4 SEC 5-11-67 AS FOLS, BEG AT SE COR OF SD SEC, TH N 202 FT TO STATE HWY 105, NWLY ALG SLY LN OF SD HWY 775.8 FT, S 646.2 FT TO S LN OF SD SEC, TH E ON SD S LN 640 FT TO POB

MARKET & ASSESSMENT DETAILS ?

	Market Value	Assessed Value
Land	\$108,551	\$0
Improvement	\$0	\$0
Total	\$108,551	\$0

7108100016

OVERVIEW

Owner:	TOWN OF PALMER LAKE
Mailing Address:	PO BOX 977 PALMER LAKE CO, 80133
Location:	350 HIGHWAY 105
Tax Status:	Taxable
Zoning:	-
Plat No:	-
Legal Description:	THAT PART OF NE4NE4 LY NELY OF PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 SEC 8-11-67 EX THOSE POR CONV TO TOWN OF PALMER LAKE BY REC #209128930

MARKET & ASSESSMENT DETAILS ?

	Market Value	Assessed Value
Land	\$459,994	\$133,400
Improvement	\$538,425	\$66,730
Total	\$998,419	\$200,130

DRAFT

7108101001

OVERVIEW

Owner:	PALMER LAKE TOWN OF
Mailing Address:	PO BOX 208 PALMER LAKE CO, 80133-0208
Location:	EPWORTH HWY
Tax Status:	Exempt
Zoning:	R3
Plat No:	907
Legal Description:	ALL OF BLK 5 PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 PALMER LAKE

MARKET & ASSESSMENT DETAILS ?

	Market Value	Assessed Value
Land	\$82,600	\$0
Improvement	\$0	\$0
Total	\$82,600	\$0

7108126009

OVERVIEW

Owner:	TOWN OF PALMER LAKE
Mailing Address:	PO BOX 977 PALMER LAKE CO, 80133
Location:	LAUGHING WATER DR
Tax Status:	Taxable
Zoning:	-
Plat No:	907
Legal Description:	LOT 4 BLK 1 PINE CREST TRI-DIST ASSEMBLY GRDS ADD 1 PALMER LAKE, TOG WITH VAC ORD 4-93 BY BK 6193-651, EX THAT PR CONV TO TOWN OF PALMER LAKE BY REC #209128930

MARKET & ASSESSMENT DETAILS ?

	Market Value	Assessed Value
Land	\$66,100	\$19,170
Improvement	\$0	\$0
Total	\$66,100	\$19,170

DRAFT

Appraisers Qualifications & Licenses

MERIDITH MILLER WEITZENFELD

Certified General Real Estate Appraiser - Commercial Valuation

- Office Address: 600 Glen Avenue, Suite 103, Salisbury, Maryland, 21804
- Phone: 888.450.8258; Fax: 410.543.9100;
- Mobile: 954.326.1617
- Email: mmiller@valucentric.com
- Web: www.valucentric.com

EXPERIENCE:

- 2018-Date: Appraiser; Commercial Valuation; Valucentric/Opteon USA
- 2017-2018: Certified General Appraiser; Shackelford & Associates
- 2006-2016: Senior Commercial Appraiser; Roe Minor Realty Consultants

PROFESSIONAL AFFILIATIONS:

- Maryland State Certified General Appraiser: 33337 (10-9-2024)
- Florida State Certified General Real Estate Appraiser: RZ3282 (11-30-2022)
- Pennsylvania State Certified General Real Estate Appraiser: GA004467 (6-30-2023)
- Delaware State Certified General Real Estate Appraiser: X1-0010761 (10-31-2023)
- Colorado State Certified General Real Estate Appraiser: Pending

EDUCATION:

- Florida State University, Bachelor of Science Finance & Multinational Marketing

APPRAISAL EDUCATION:

- Various providers including Calypso Education, McKissock and the Appraisal Institute

Christopher E Kokott
770 Lake Cook Rd Suite 300
Deerfield, IL 60015

State of Colorado
Department of Regulatory Agencies
Division of Real Estate



Board of Real Estate Appraisers

Christopher E Kokott

Certified Residential Appraiser

License #: CR200000887
Status: Active
Expires: 12/31/2023



Director: Marcia Waters



For the most up to date information regarding this credential, visit <http://dora.colorado.gov/dre>

DRAFT

Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the Works Cited section below for more information.

Works Cited:

Appraisal Institute. *The Appraisal of Real Estate*. 14th ed. Chicago: Appraisal Institute, 2013.
Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 6th ed. 2015.

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 (i.e., debt and equity, land and improvements).

(Dictionary, 6th Edition)

Common Area

1. 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.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 6th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - o CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - o CAM can refer to all operating expenses.
 - o CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements

have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.

2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 6th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), 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). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 6th Edition)

Discount Rate

A rate on return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 6th Edition)

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, 6th Edition)

Effective Date

1. The date on which the appraisal or review opinion applies. (SVP)
2. In a lease document, the date upon which the lease goes into effect.

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, 6th Edition)

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. (Dictionary, 6th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent (Dictionary, 6th Edition).

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusion. Comment: Extraordinary assumptions presume as fact otherwise uncertain information 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, 2016-2017 ed.) (Dictionary, 6th Edition)

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, 6th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 6th Edition)

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, 6th Edition)

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. (Dictionary, 6th Edition)

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, 6th Edition)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best legal use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (Dictionary, 6th Edition)

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 it

is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

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 revisionary right when the lease expires. (Dictionary, 6th Edition)

Market Area

The geographic region from which a majority of demand comes 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, 6th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and reevaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 6th Edition)

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the

specified property rights should sell after a 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 duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the

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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their 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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)
5. The Uniform Standards for Federal Land Acquisitions defines *market value* as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date for the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for

Federal Land Acquisitions) (Dictionary, 6th Edition)

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 the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the 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). (Dictionary, 6th Edition)

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) (Dictionary, 6th 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, 6th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 6th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The

rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 6th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 6th Edition)

Scope of Work

The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016-2017 ed.)

Stabilized Occupancy

An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life. (Dictionary, 6th Edition)

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, 6th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid 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, 6th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. (Dictionary, 6th Edition)

List of Abbreviations

Avg.....	Average
CAM.....	Common Area Maintenance
Cash Eq.....	Cash Equivalent
CRE.....	Commercial Real Estate
DOM.....	Days on Market
FEMA.....	Federal Emergency Management Agency
FF.....	Front Foot
LF.....	Linear Feet or Linear Foot
MLS.....	Multiple Listing Service
N/A.....	Not Applicable or Not Available
SF.....	Square Feet or Square Foot
/SF.....	Per Square Foot
USPAP.....	Uniform Standards of Professional Appraisal Practice
YTD.....	Year to Date

End of Report