

APPRAISAL REPORT

SANTA FE COLLEGE OF ARTS (PORTION OF)
1600 ST MICHAELS DR
SANTA FE, NEW MEXICO 87505
CBRE FILE NO. CB23US105690-1

CLIENT: MIDTOWN SANTA FE PRODUCTIONS QOF, LLC

Date of Report: February 23, 2024

Mr. Phillip Gesue

MIDTOWN SANTA FE PRODUCTIONS QOF, LLC
1 Worth St
New York, New York 10013

RE: Appraisal of: Santa Fe College of Arts (portion of)
1600 St Michaels Dr
Santa Fe, Santa Fe County, New Mexico 87505
CBRE, Inc. File No. CB23US105690-1

Dear Mr. Gesue:

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

The subject consists of a portion of a former college campus, St. Michael's College, with roughly 500,000 square feet in numerous buildings, built from the 1850s through 2005, situated on a 64 acre site. The Santa Fe University of Art and Design vacated the property in 2018.

Since 2020, the City of Santa Fe has initiated large-scale redevelopment plans for the subject property and film studio production began in earnest with most useable buildings leased with annual terms for film productions. In March of 2022, the adjacent 8.6-acre Shellabarger Tennis Center was purchased for \$6.7 million by PE Real Estate. In late 2022, the community issued an RFP for redevelopment, and in 2023 the Midtown Santa Fe plan was adopted, including planned uses such as affordable housing, arts, and film on the campus.

In March of 2023, PE Real Estate Holdings, which had previously purchased the Shellabarger property, submitted a proposal for redevelopment and expansion of the subject property as a "Studio Village." This included a purchase offer to the City of Santa Fe for \$6,500,000, and included the buildings of Benildus Hall, Driscoll Fitness Center, and Garson Studio Complex, and Alumni Hall Special Events Center.

Subsequent negotiations have resulted in an alteration of the real property to be included. This analysis considers the Benildus Hall Classroom Building, 27,277 square feet, the Driscoll Fitness Center, 22,200 square feet, and the Garson Studio Complex, 49,200 square feet. The Alumni Hall is excluded. We were provided with preliminary site plans showing the land to be included

at roughly 11.83 acres attributed to these three buildings. This is a low land-to-building ratio for the property type, indicating some land potentially available for future expansion or for additional parking. There is an additional building on the site, Onate Hall, which has no contributory value, and will be razed for future development. The parcels are indicated as Lots 4 (Benildus), 9 (Garson Complex), 11 (adjacent to Garson), 10 (Driscoll), 8 (adjacent to Driscoll) and 12 (vacant land) on the Midtown Site Layout provided by Wilson and Company.

There were no tenants or leases in place. For this reason, we have valued the property in Fee Simple Estate, developing an opinion of value based on market sales, as well as our pro forma development of market rent and income. Each of the buildings was inspected by Wilson and Co. engineering firm in January, 2023, with a total of over \$5.7 Million in noted deferred maintenance. The engineer also prepared a cost estimate for site work of \$2.5 million for bringing all utilities to code, but this included off-site work attributable to the entire campus rather than simply the subject property. For this reason we have estimated an additional \$500,000 expense for site and infrastructural work. This figure, with an entrepreneurial incentive of 15%, is applied to the total indicated value upon completion of repairs, in order to determine the value of the property as is.

At the request of our client, the effective date of value is as of November 15, 2023. Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	November 15, 2023	\$4,800,000
Compiled by CBRE			

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

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

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

February 23, 2024

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

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Ian R. Valenzuela, MAI
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New Mexico Certified General Real Estate
Appraiser No. 01734G
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Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of New Mexico.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Ian R. Valenzuela, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
11. Ian R. Valenzuela, MAI has made a personal inspection of the property that is the subject of this report.
12. Ian R. Valenzuela, MAI was assisted by Jack Rancier, a licensed trainee, who compiled market research and interviews with market participants, input selected subject and statistical data into the report, and participated in selecting market data for comparison.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Ian Valenzuela, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Ian R. Valenzuela, MAI
New Mexico Certified General Real Estate
Appraiser No. 01734G

Subject Photographs



Aerial View



Driscoll Ext



Driscoll Ext



Driscoll Ext



Driscoll Multi-Purpose



Driscoll Entrance



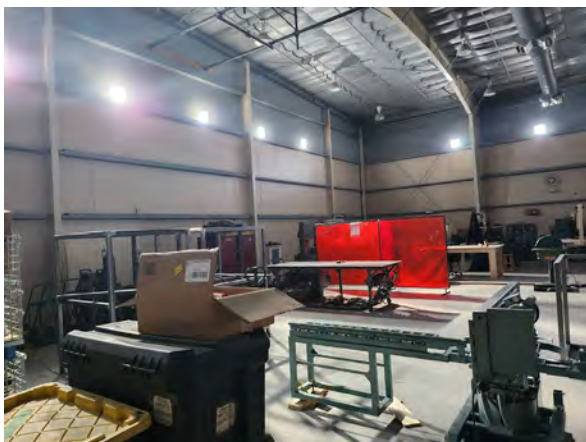
Driscoll Office



Driscoll Locker



Driscoll Industrial



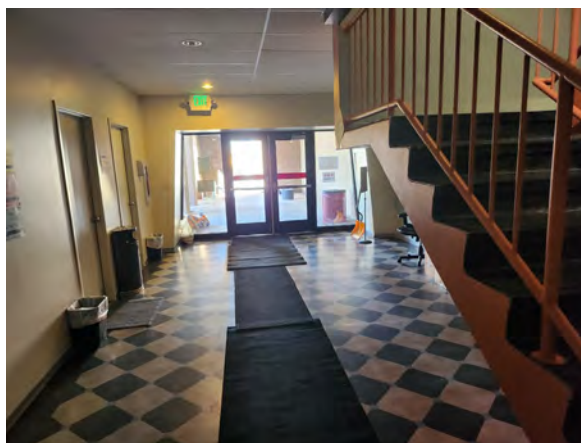
Driscoll Industrial



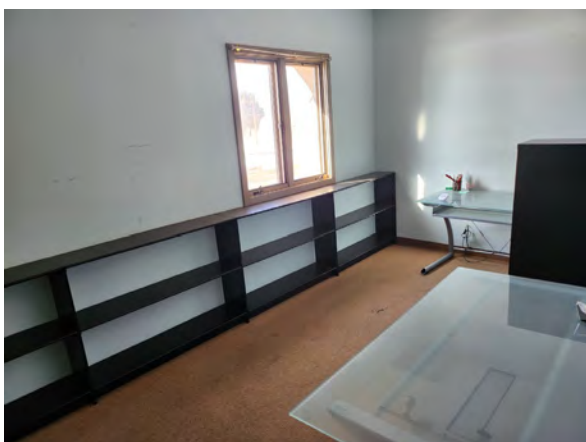
Garson Ext



Garson Ext



Garson Entry



Garson Office



Garson Theater



Garson Screen



Garson Studio



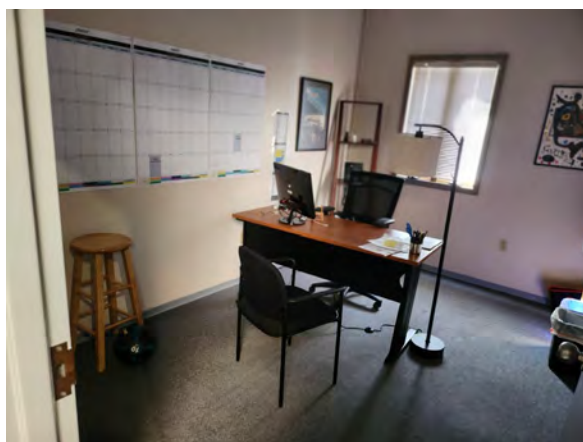
Garson Studio



Garson Studio



Garson Office



Garson Office



Garson Production



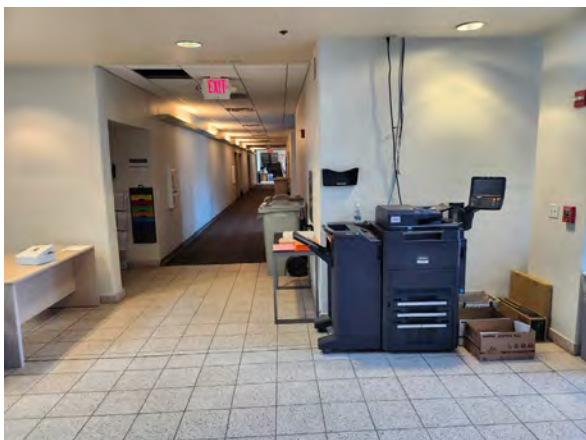
Garson Classroom



Benildus Ext



Benildus Ext



Benildus Hall



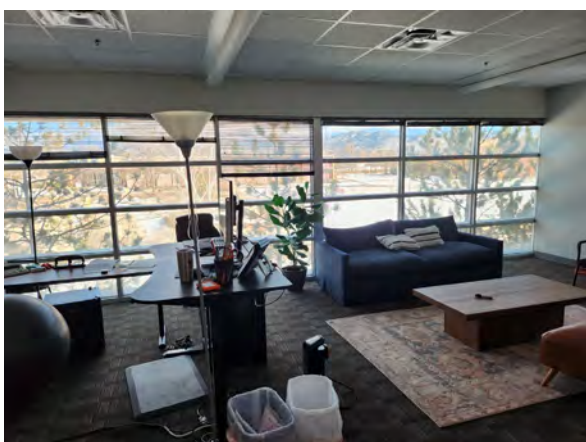
Benildus Office



Benildus Recording



Benildus Office



Benildus Office



Benildus Office



St. Michael's Drive



Subject Entrance



Campus Land



Campus Entrance

Executive Summary

Property Name	Santa Fe College of Arts (portion of)	
Location	1600 St Michaels Dr Santa Fe, Santa Fe County, NM 87505	
Parcel Number(s)	1052097137176000000	
Client	Midtown Santa Fe Productions QOF, LLC	
Highest and Best Use		
As If Vacant	Mixed Use, Office, Film	
As Improved	Mixed Use, Office, Film	
Property Rights Appraised	Fee Simple Estate	
Date of Inspection	January 16, 2024	
Estimated Exposure Time	12 - 24 Months	
Estimated Marketing Time	12 - 24 Months	
Primary Land Area	11.83 AC	515,228 SF
Zoning	Midtown LINC Overlay District	
Improvements		Comments
Property Type	Office	(Single Tenant)
Number of Buildings	3	
Number of Stories	2	
Gross Building Area	98,677 SF	
Net Rentable Area	98,677 SF	
Year Built	1968	
Effective Age	25 Years	
Remaining Economic Life	25 Years	
Condition	Average	
Buyer Profile	Investor-Local	
Financial Indicators		
Current Occupancy	0.0%	
Stabilized Occupancy	85.0%	
Overall Capitalization Rate	9.00%	

Pro Forma		Total	Per SF
Effective Gross Income		\$1,711,553	\$17.35
Operating Expenses		\$710,297	\$7.20
Expense Ratio		41.50%	
Net Operating Income		\$1,001,256	\$10.15
VALUATION		Total	Per SF
Market Value As Is On	November 15, 2023		
Sales Comparison Approach		\$4,800,000	\$48.64
Income Approach		\$3,900,000	\$39.52
CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	November 15, 2023	\$4,800,000
Compiled by CBRE			

DATE OF REPORT

The report was initially dated February 12, 2024. We were provided with a detailed site layout indicating the parcels and acreage subsequently, and have incorporated that exhibit into the report. The revised date of the report is February 23, 2024.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The subject is located in Santa Fe, which is a tourist destination, and the seat of New Mexico State Government.
- The City has committed to redeveloping the immediate area

Weaknesses/ Threats

- Exposure & visibility to the subject are somewhat limited due to the configuration of the improvements on the site
- There is a limited buyer pool for a mixed use facility of this nature
- The valuation analysis indicates that use as an income property is not feasible in the current market.
- Commercial real estate market conditions have deteriorated at the macro level. The significant recent increase in the cost of capital and reduced volume of transaction activity is impacting price discovery and creating an increase in uncertainty. Increasing interest rates and subdued economic growth will continue to weigh on commercial real estate fundamentals and investment transaction volumes. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the

potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

CURRENT ECONOMIC CONDITIONS

At its January 2024 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50% and indicated it will continue reducing its balance sheet by \$95 billion per month. The Fed removed language from its policy statement about further tightening but stated it needs more confidence inflation “is moving sustainably toward 2.00%” before considering cuts. Rising real interest rates will be a headwind for the economy in coming quarters; however, CBRE expects the U.S. economy will remain resilient with growth averaging 1.6% for the year.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.” ¹

- The value includes an estimate of deferred maintenance provided by an engineering firm in January, 2023. We assume the condition of the property remains similar to that time and that the estimate of the budgeted repairs still remains reasonable.
- The use of these extraordinary assumptions may have affected the assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.” ²

¹ The Appraisal Foundation, *USPAP, 2024 Edition (Effective January 1, 2024)*

² The Appraisal Foundation, *USPAP, 2024 Edition (Effective January 1, 2024)*

- None noted

OWNERSHIP AND PROPERTY HISTORY

OWNERSHIP SUMMARY	
Item	Current
Current Ownership	
Owner:	City of Santa Fe
Seller:	College of Christian Brothers
Purchase Price:	\$19,500,000
Transaction Date:	September 15, 2009
Sale in Last 3 Years?:	No
Legal Reference:	1577356
County/Locality Name:	Santa Fe
Buyer/Seller Relationship Type:	Arm's length and reasonable
At / Above / Below Market:	At Market
Comments:	Sale of the entire campus
Pending Sale	
Under Contract:	Yes
Buyer:	PE Real Estate
Contract Price:	\$6,500,000
Contract Date:	May 1, 2023
Arm's Length:	Yes
At / Above / Below Market:	At Market
Comments:	Public auction, included buildings and land which are not part of this analysis
Current Listing	
Currently Listed For Sale:	No
Compiled by CBRE	

EXPOSURE/MARKETING TIME

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

- exposure periods for comparable sales used in this appraisal;
- exposure/marketing time information from the CBRE, Inc. National Investor Survey and the PwC Real Estate Investor Survey; and
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA			
Investment Type	Exposure/Mktg. (Months)		
	Range		Average
Comparable Sales Data	4.0	- 11.0	7.0
PwC Suburban Office			
National Data	1.0	- 15.0	7.0
Local Market Professionals	12.0	- 24.0	18.0
CBRE Exposure Time Estimate	12 - 24 Months		
CBRE Marketing Period Estimate	12 - 24 Months		
Various Sources Compiled by CBRE			

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Scope of Work

This Appraisal Report is intended to comply with the real property appraisal development and reporting requirements set forth under Standards Rule 1 and 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

INTENDED USE OF REPORT

This appraisal is to be used for buy/sell/exchange and no other use is permitted.

CLIENT

The client is Midtown Santa Fe Productions QOF, LLC.

INTENDED USER OF REPORT

This appraisal is to be used by Midtown Santa Fe Productions QOF, LLC. No other user(s) may rely on our report unless as specifically indicated in this report.

Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience.³

RELIANCE LANGUAGE

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for

³ Appraisal Institute, The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to develop an opinion of the market value of the subject property.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

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

INTEREST APPRAISED

The value estimated represents the Fee Simple Estate as defined below:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁵

Leased Fee Interest - The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.⁶

Leasehold Estate - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.⁷

Going Concern – An established and operating business having an indefinite future life.⁸

⁴ 12 CFR, Part 34, Subpart C-Appraisals, 34.42(h).

⁵ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 73.

⁶ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 105.

⁷ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 105.

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

Extent to Which the Property is Inspected

Ian Valenzuela inspected the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal. This inspection was considered adequate and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

STATEMENT OF COMPETENCY

The appraisers have the appropriate knowledge, education and experience to complete this assignment competently.

⁸ Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 83.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
Site Data	
Size	Santa Fe County Assessor / Aerial Estimates
Improved Data	
Building Area	Site Plan
Area Breakdown/Use	Inspection
No. Bldgs.	Inspection
Year Built/Developed	Santa Fe County Assessor
Economic Data	
Deferred Maintenance:	Wilson and Co. Engineers
Building Costs:	Unknown
Income Data:	Unknown
Expense Data:	Unknown
Compiled by CBRE	

APPRAISAL METHODOLOGY

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

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

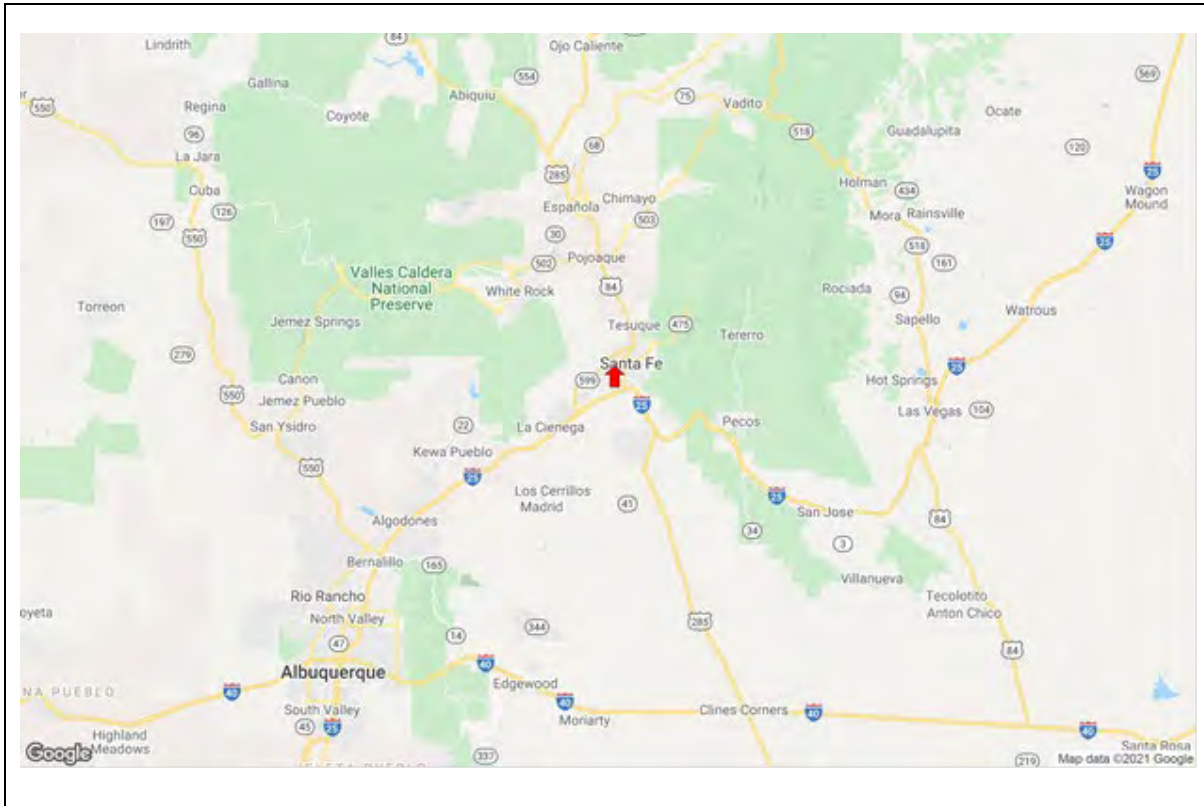
Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value, as market participants tend not to rely on this approach for market decisions. The exclusion of said approach(s) is not considered to compromise the credibility of the results rendered herein.

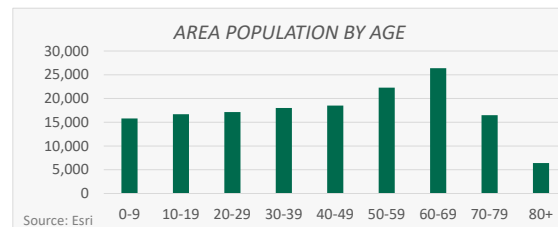
Area Analysis



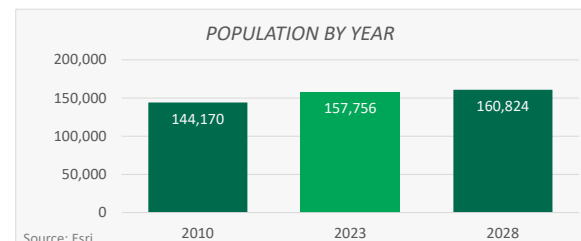
The subject is located in the Santa Fe, NM Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 157,756 and a median age of 46, with the largest population group in the 60-69 age range and the smallest population in 80+ age range.



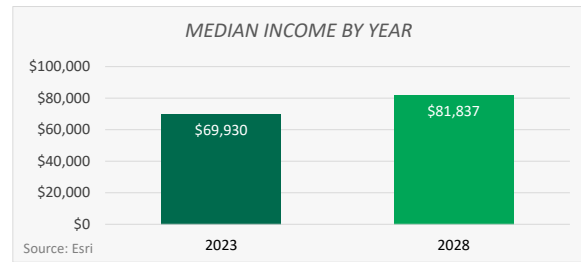
Population has increased by 13,586 since 2010, reflecting an annual increase of 0.7%. Population is projected to increase by 3,068 between 2023 and 2028, reflecting a 0.4% annual population growth.



Source: ESRI, downloaded on Jan, 31 2024

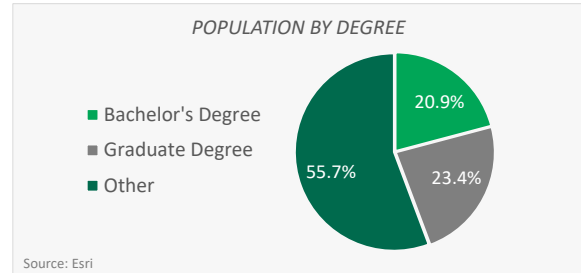
INCOME

The area features an average household income of \$108,696 and a median household income of \$69,930. Over the next five years, median household income is expected to increase by 17.0%, or \$2,381 per annum.

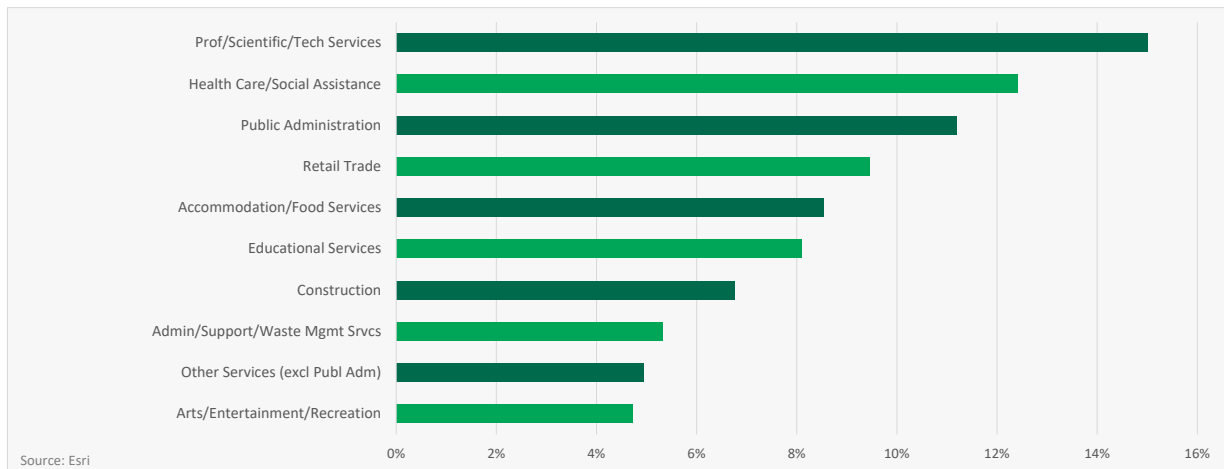


EDUCATION

A total of 44.3% of individuals over the age of 24 have a college degree, with 20.9% holding a bachelor's degree and 23.4% holding a graduate degree.



EMPLOYMENT

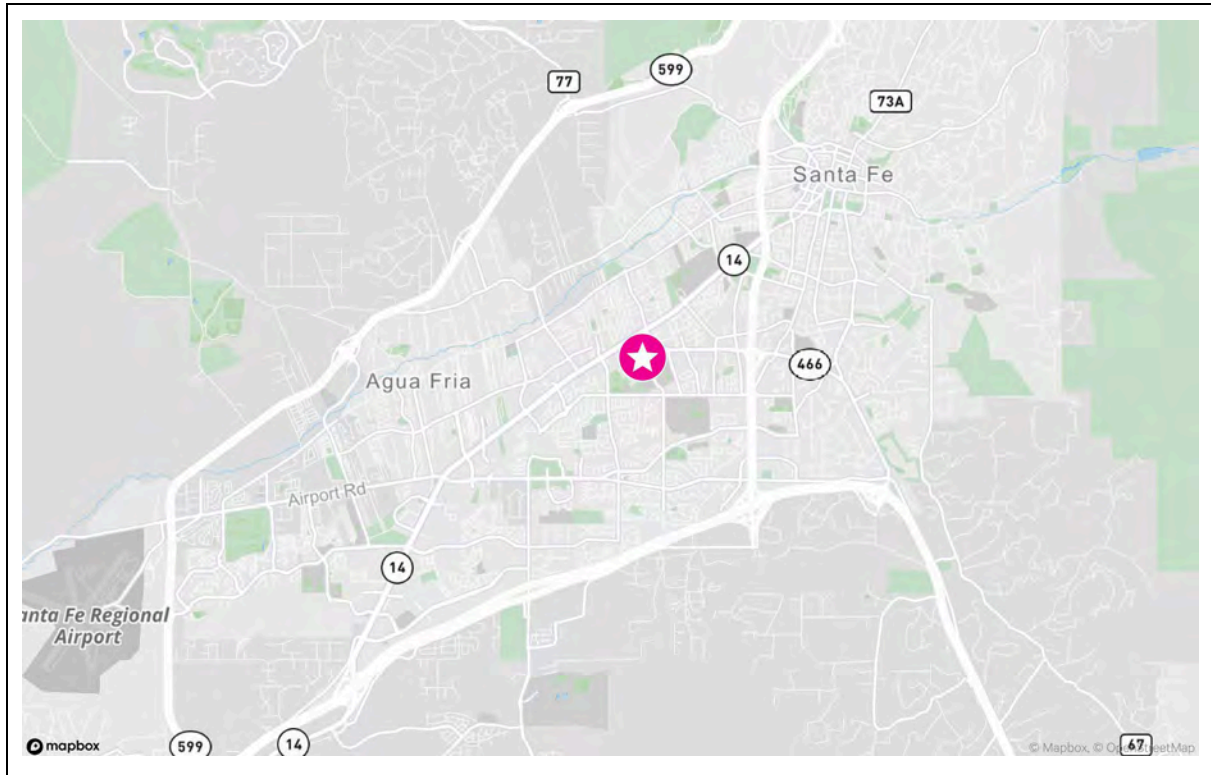


The area includes a total of 72,108 employees. The top three industries within the area are Prof/Scientific/Tech Services, Health Care/Social Assistance and Public Administration, which represent a combined total of 39% of the workforce.

Source: ESRI, downloaded on Jan 31, 2024; BLS.gov dated Jan 0, 1900

In summary, the area is forecasted to experience an increase in population and an increase in household income.

Neighborhood Analysis



LOCATION

The subject is located in the city of Santa Fe and is considered a suburban location. The city of Santa Fe is situated in central Santa Fe County. The subject property is approximately three miles southwest of Downtown Santa Fe.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

North:	Paseo de Peralta
South:	I-25
East:	Santa Fe Foothills
West:	Cerrillos Road

LAND USE

Land uses immediately surrounding the subject property are primarily retail along the Cerrillos Road corridor with some multi-family development and vacant commercial land in the interior. The Saint Francis Corridor has a concentration of office use, including New Mexico state offices and Santa Fe County and Municipal offices, while Cerrillos Road is the main business arterial for the city.

GROWTH PATTERNS

The neighborhood is in the growth stage of the neighborhood life-cycle. Commercial development has occurred along primary commercial thoroughfares such as Airport Road and Cerrillos Road. The major retail development in the area is located at the edge of the neighborhood on the east side of Cerrillos Road. This area includes a regional mall, Santa Fe Place and a Power Center containing a Best Buy, Target, Albertson's and other retailers.

Recent commercial development has been ongoing within the neighborhood. A new Super-Walmart was completed in mid-2011 on Cerrillos Road just north of Interstate Highway 25. This has drawn new development to the surrounding area and several small commercial developments have already been built on pad sites around Walmart, as well as a new auto dealership just north for Honda and Subaru.

The Railyard

The most recent development in the area is focused on The Railyard, a master planned area north of the intersection of St. Francis Drive and Cerrillos Road. The Railyard Master Plan, adopted in 2002, designated the area for redevelopment of road and utilities infrastructure to support a large park and complementary urban neighborhood improvements, including retail for both local and tourist service, office, gallery, and residential use near the downtown plaza.

ACCESS

Access to and from the subject's neighborhood is considered good by way of state highways that connect with I-25. Major highways serving Santa Fe include I- 25, U.S. Highways 84 (St. Francis Drive), 85, 285 and 64; and State Routes 14 (Cerrillos Road) and 599 (Veterans Memorial Highway). The City of Albuquerque is situated 60 miles to the southwest of Santa Fe along I-25, which is the only north/south interstate highway in the State. The primary north/south roads in the subject neighborhood are US Highway 84, locally named St. Francis Drive, and SR-14, or Cerrillos Road, which is known to some in the area as Turquoise Trail. The subject property is located at the intersection of Cerrillos Road and St. Michel's Drive, ½ mile east of St. Francis Drive. Interstate 25 is accessed 2 miles southeast of the subject via St. Francis Drive, or four miles southwest of the subject via Cerrillos Road.

The Santa Fe Municipal Airport, founded in 1941, is situated on approximately 2,110 acres of land on the southwest side of Santa Fe, New Mexico, 9 miles southwest of Downtown Santa Fe. The airport is classified by the Federal Aviation Administration (FAA) as a non-hub, Part 139, class 3 airport. This classification means that the airport cannot handle commercial airline aircraft with more than 30 passenger seats. American Airlines is currently operating daily flights out of Santa Fe to and from Dallas-Fort Worth (DFW) and Phoenix (PHX) while United Airlines is operating daily flights to and from Denver (DIA). The airport is served by three active runways.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS				
1600 St Michaels Dr Santa Fe, NM 87505	1 Mile Radius	3 Mile Radius	5 Mile Radius	Santa Fe, NM Metropolitan Statistical Area
Population				
2028 Total Population	10,856	60,637	101,005	160,824
2023 Total Population	11,007	59,922	97,334	157,756
2010 Total Population	11,167	54,458	86,225	144,170
2000 Total Population	12,071	53,222	79,008	129,292
Annual Growth 2023 - 2028	-0.28%	0.24%	0.74%	0.39%
Annual Growth 2010 - 2023	-0.11%	0.74%	0.94%	0.70%
Annual Growth 2000 - 2010	-0.78%	0.23%	0.88%	1.10%
Households				
2028 Total Households	5,204	29,721	46,901	72,529
2023 Total Households	5,171	28,855	44,634	70,027
2010 Total Households	4,780	25,332	38,431	61,963
2000 Total Households	4,650	22,780	33,378	52,482
Annual Growth 2023 - 2028	0.13%	0.59%	1.00%	0.70%
Annual Growth 2010 - 2023	0.61%	1.01%	1.16%	0.95%
Annual Growth 2000 - 2010	0.28%	1.07%	1.42%	1.67%
Income				
2023 Median Household Income	\$54,486	\$64,691	\$69,247	\$69,930
2023 Average Household Income	\$76,730	\$95,392	\$106,913	\$108,696
2023 Per Capita Income	\$35,820	\$46,128	\$48,864	\$48,290
2023 Pop 25+ College Graduates	2,766	21,194	33,708	51,920
Age 25+ Percent College Graduates - 2023	35.3%	46.8%	46.8%	44.3%
Source: ESRI				

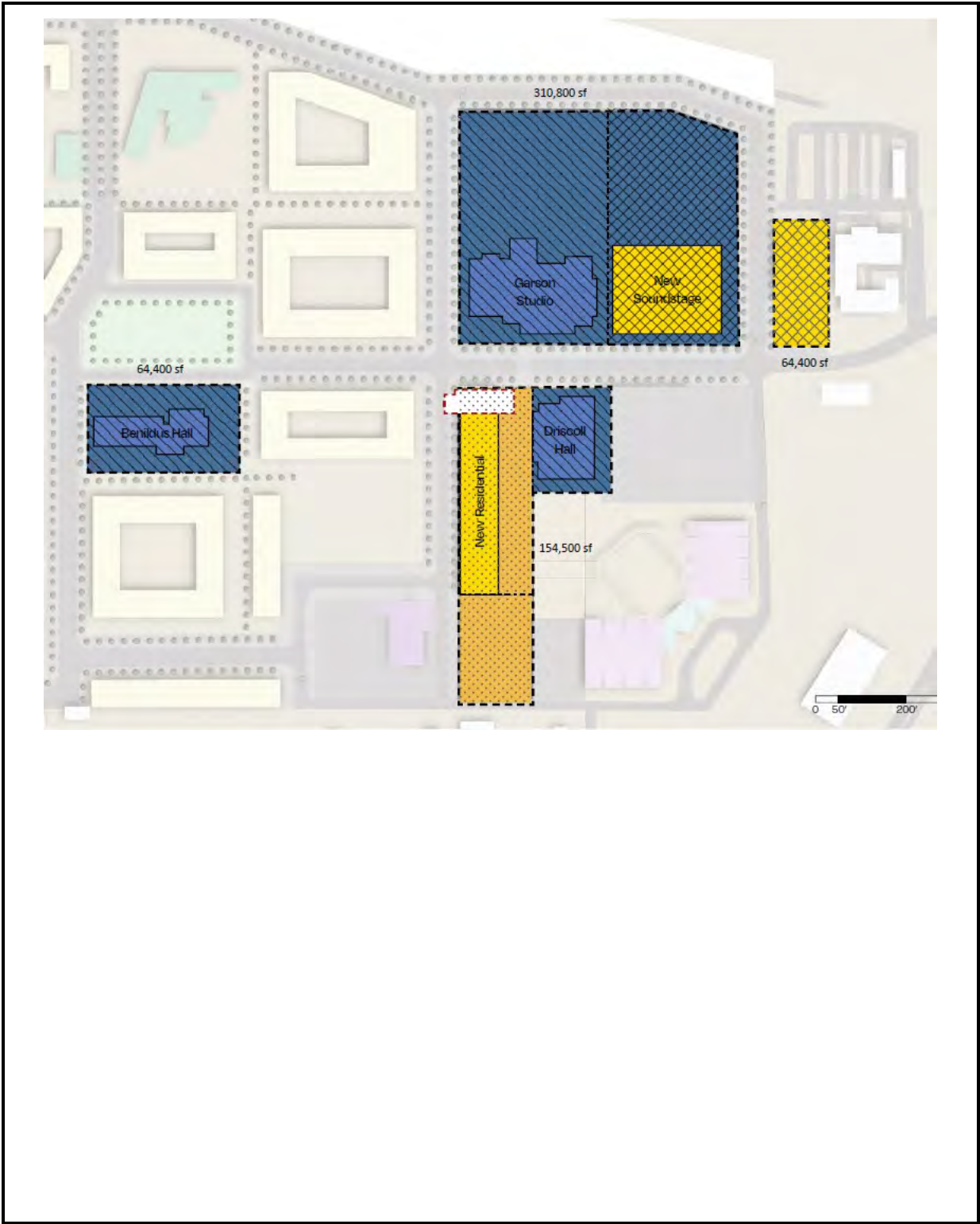
CONCLUSION

Santa Fe continues to grow south and west and the city center is shifting south and west as well. The old city center was downtown Santa Fe near Cerrillos Road and St. Francis Drive, and continues to function as a locus of government office use. However, this central core is mostly fully built out, and considered essentially stabilized, as evidenced by the slight decrease in projected population and household numbers within a one mile radius of the subject. The subject is well located in an area near Downtown, on a high traffic arterial road in the neighborhood and is anticipated to have good acceptance in the market.

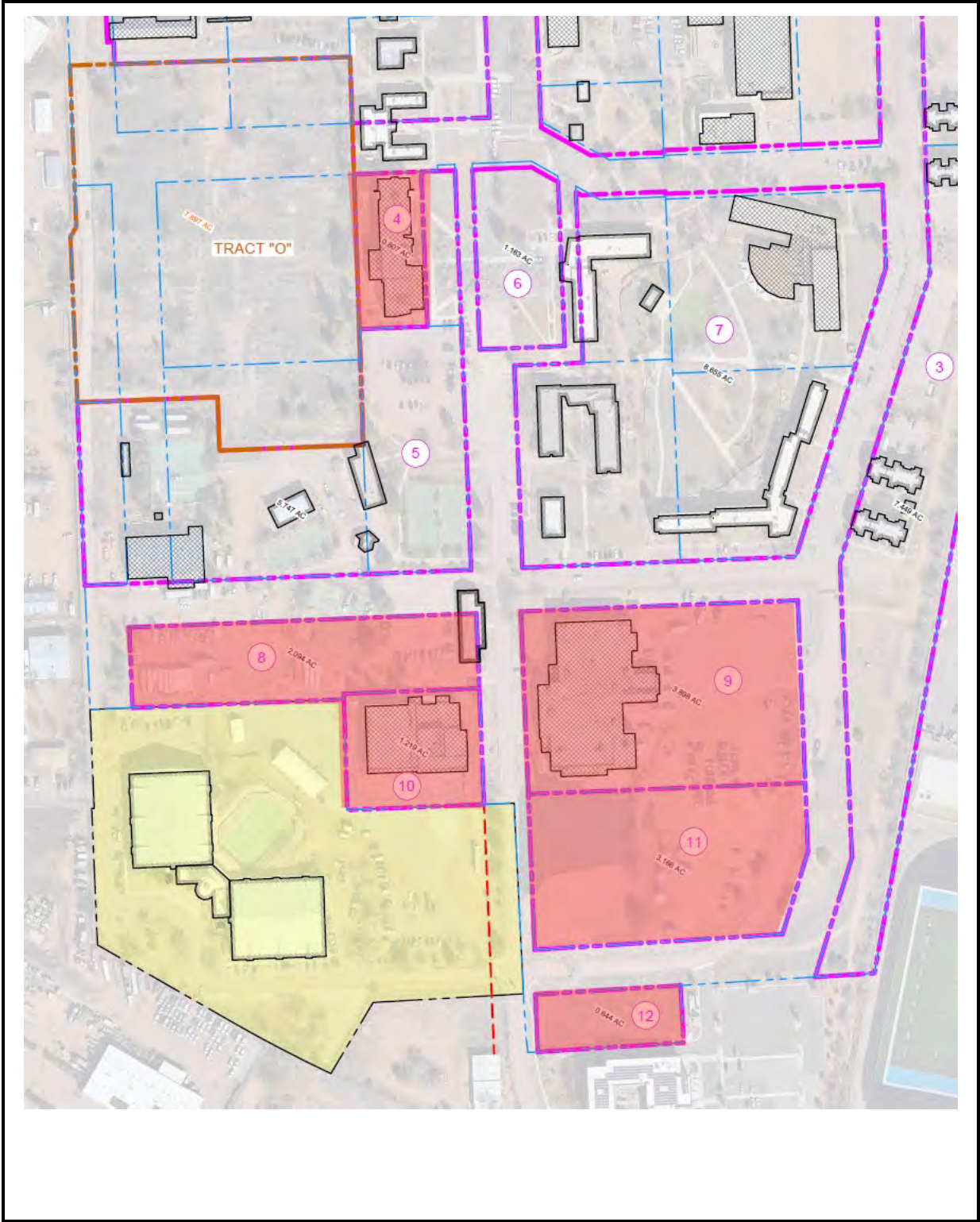
ORIGINAL RFP OUTLINE, JUNE 2023



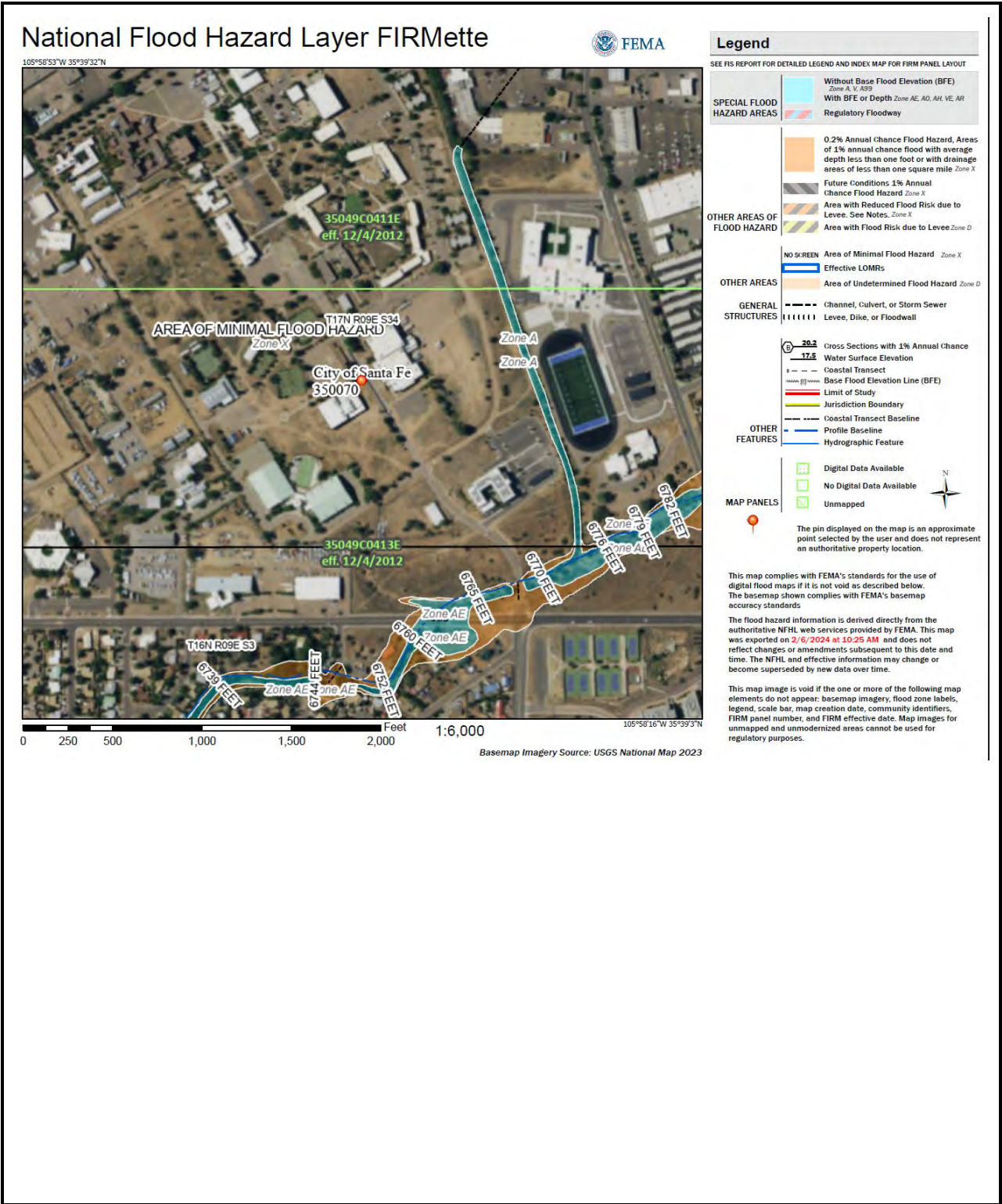
SKETCH MAP OF CURRENT PROPOSED ACQUISITION



PARCEL MAP (CURRENT ACQUISITION IN RED)



FLOOD PLAIN MAP



Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Gross Site Area	64.22 Acres	2,797,423 Sq. Ft.	
Net Site Area	11.83 Acres	515,228 Sq. Ft.	
Excess Land Area	None	n/a	
Surplus Land Area	None	n/a	
Shape	Irregular		
Topography	Level, At Street Grade		
Zoning District	Midtown LINC Overlay District		
Flood Map Panel No. & Date	n/a	n/a	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Commercial, Education, Retail		
Earthquake Zone	n/a		
Comparative Analysis		Rating	
Visibility		Average	
Functional Utility		Adequate	
Traffic Volume		Average	
Adequacy of Utilities		Adequate	
Landscaping		Average	
Drainage		Adequate	
Utilities	Availability	Comments	
Water	Yes		
Sewer	Yes		
Natural Gas	Yes		
Electricity	Yes		
Telephone	Yes		
Mass Transit	Yes		
Other	Yes	No	Unknown
Detrimental Easements			x
Encroachments			x
Deed Restrictions			x
Reciprocal Parking Rights			x
Various sources compiled by CBRE			

SITE SIZE

The entire campus measures 64.22 acres. The initial RFP included Alumni Hall and additional land, and was calculated at 17.26 acres. For the site size of the current proposed acquisition, we

have been provided with calculations of portions outlined on the proposed site plan, estimated at 11.83 acres.

INGRESS/EGRESS

Ingress and egress is available to the site via one road along the southwestern right-of-way of St. Michael's Road and one road along the northern right-of-way of Siringo Road. Interior campus roads provide access to each building and site.

St. Michael's Road, at the subject, is a northwest/southeast arterial street that is improved with three marked lanes of traffic in each direction. Street improvements include center of median with turning lanes, asphalt paving and concrete curbs, gutters and sidewalks, and street lighting. Street parking is not permitted.

Siringo Road, at the subject is an east/west business street. It is improved with one marked lane of traffic in each direction. Additional street improvements include center turning lane, concrete curbs, gutters and sidewalks, and street lighting. Street parking is not permitted.

ENVIRONMENTAL ISSUES

An Environmental Site Assessment was provided and has been summarized below:

ENVIRONMENTAL SITE ASSESSMENT SUMMARY

Performed by:	Western Technologies
Performed for:	City of Santa Fe
Report Type:	Phase II
Report Date:	September 1, 2023
Status:	Final
Findings:	REC included: • Adjacent property chlorinated solvent groundwater contamination. • Vehicle maintenance stains visible, requiring Phase 2 soil samplings. • Existing Aboveground Storage Tanks (AST) in use with no apparent spills/stains. • Former Underground Storage Tanks (UST) removed with no apparent spills/stains. • Backfill with demolition debris, requiring a Phase 2 ESA, which identified Asbestos-Containing Materials (ACM)
Results:	According to Tim Farrell, a Property Development Manager for the City of Santa Fe, these RECs were addressed by Western Technologies who completed a Phase 2 ESA Report where soil samples (borings) and analysis were conducted. The results of those procedures were negative of any environmental impact.
Compiled by CBRE	

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

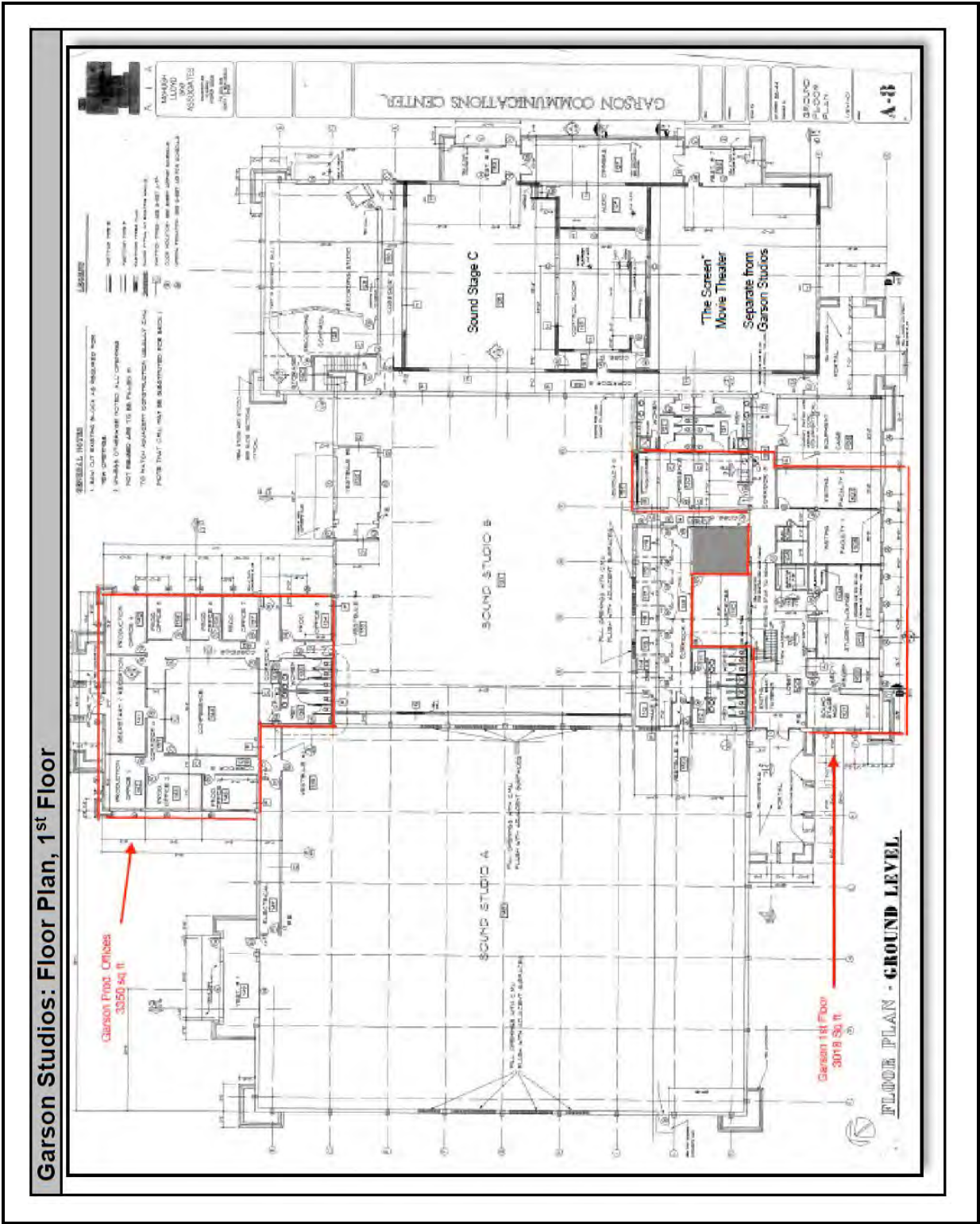
North: Retail
 South: Residential
 East: Retail and Residential
 West: Institutional

CONCLUSION

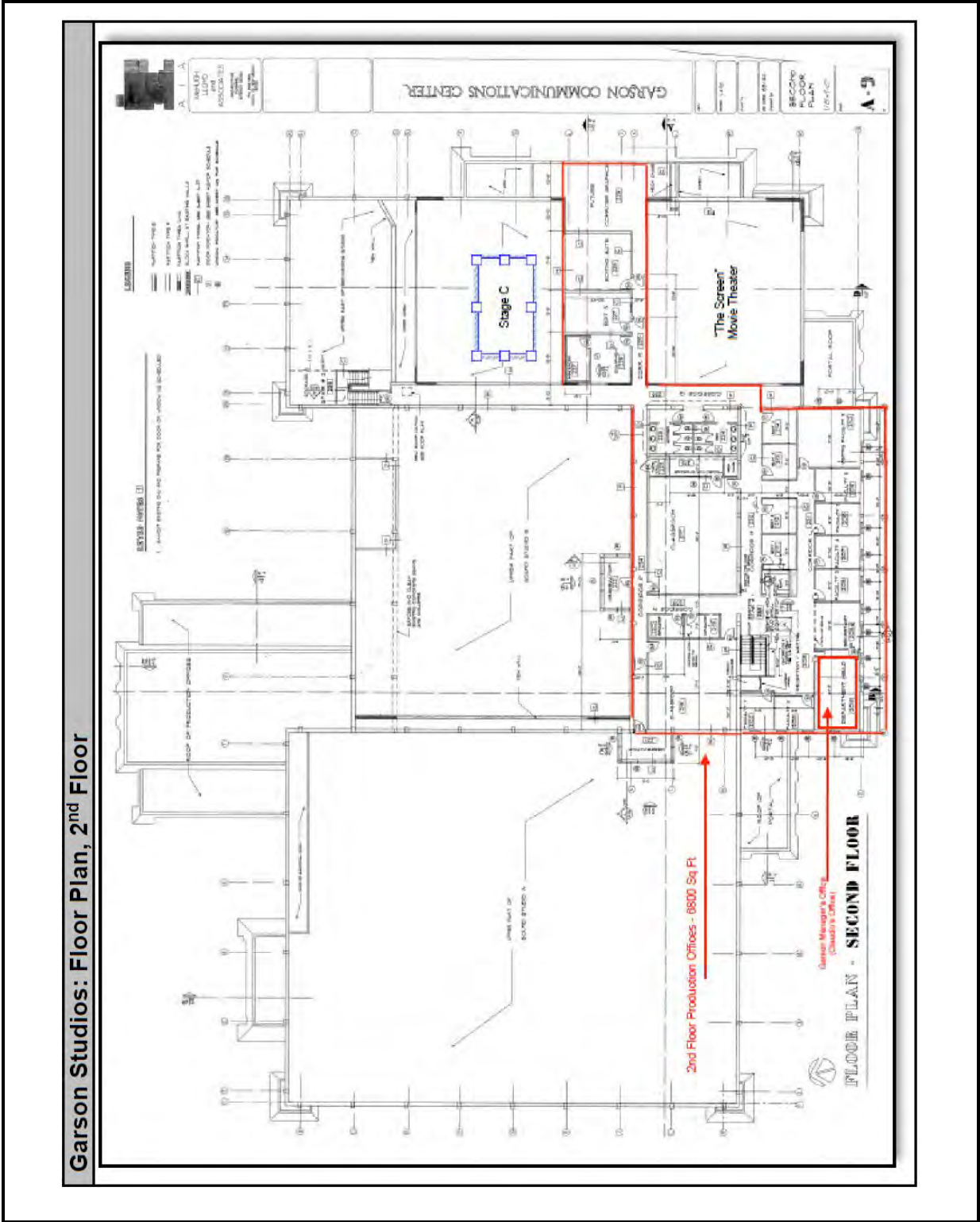
The site is adequately located and afforded adequate access and visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. The subject has access to a major arterial and a business street which affords excellent visibility and access. Overall, there are no known factors which are

considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

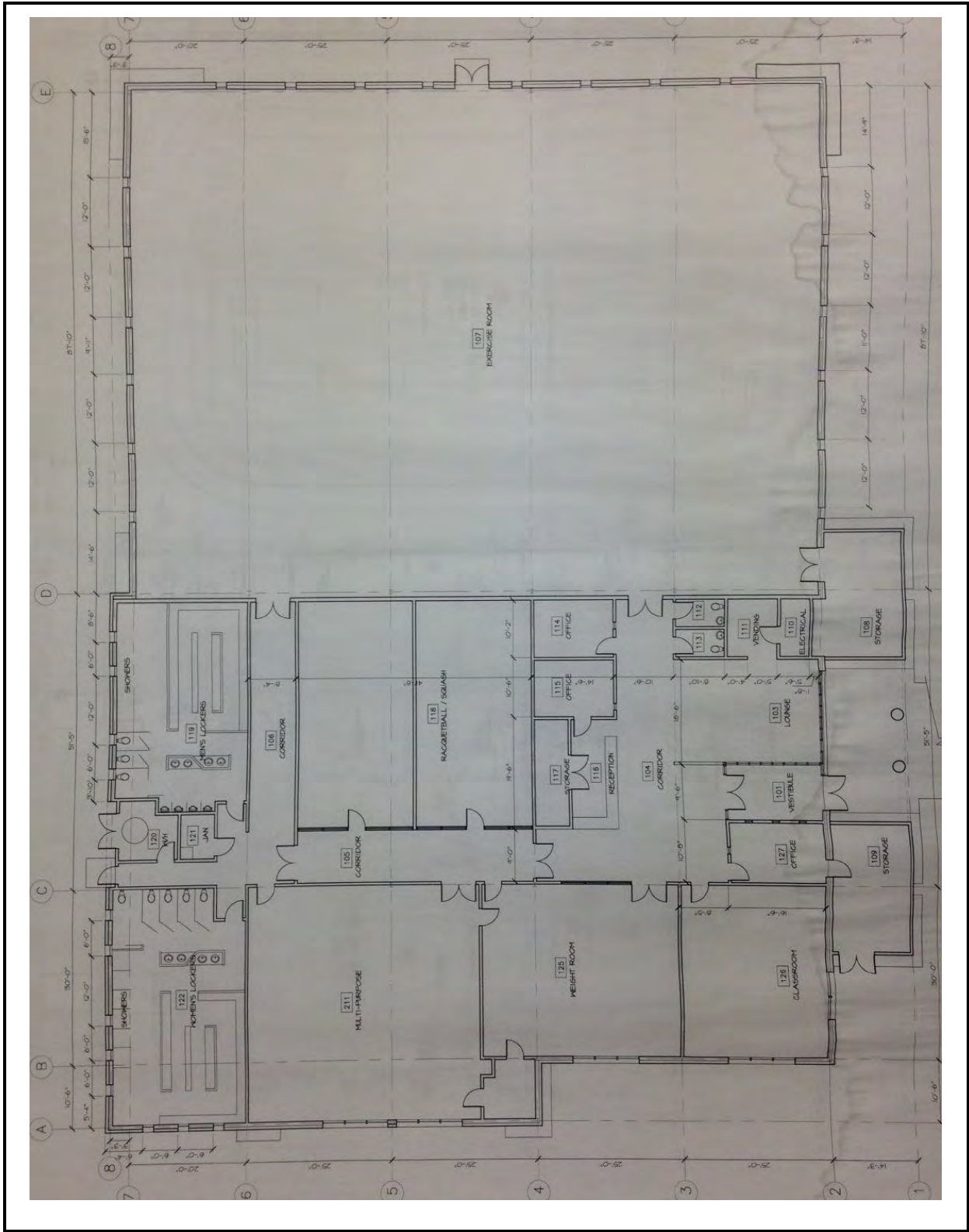
GARSON FLOOR PLAN



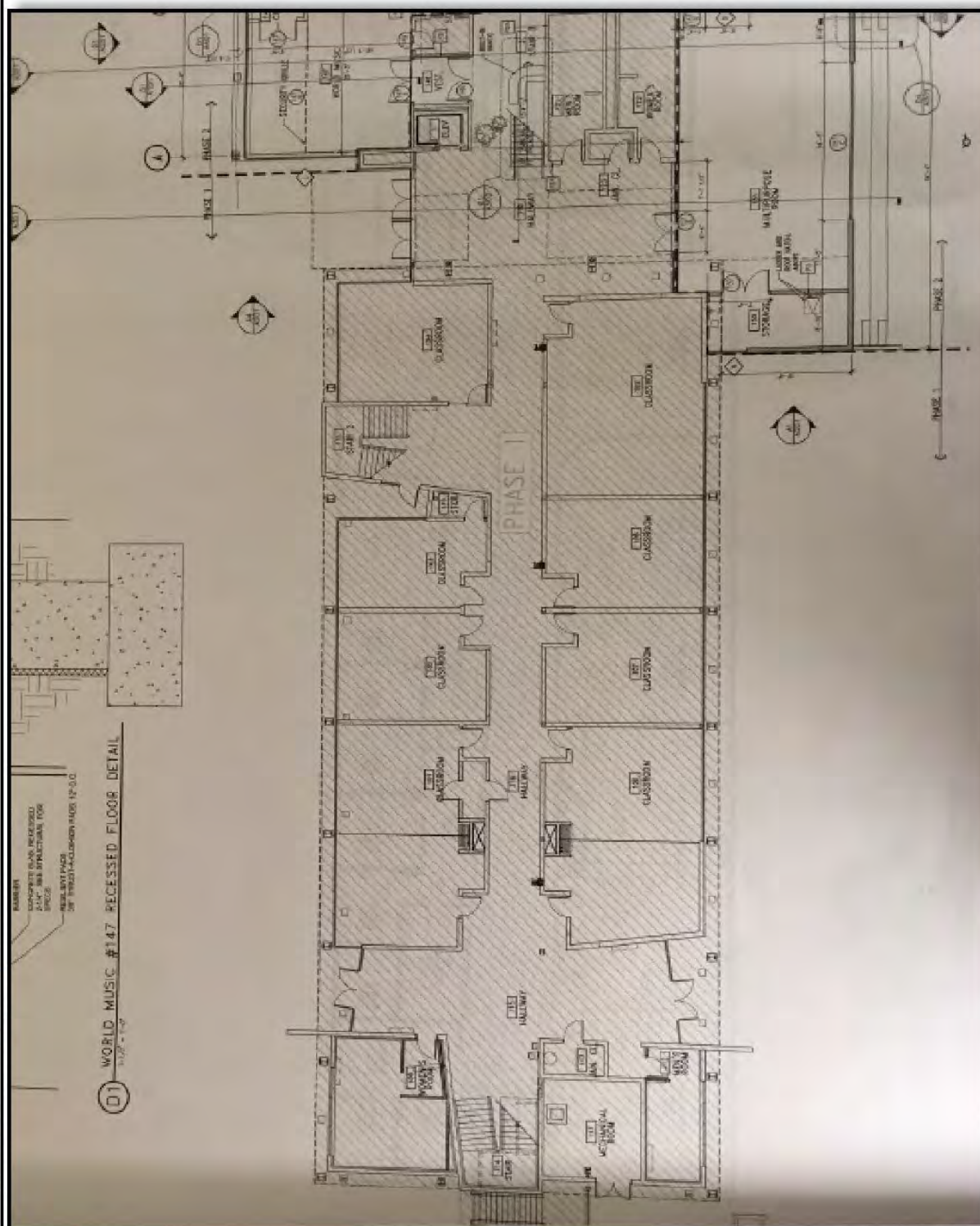
GARSON SECOND FLOOR



DRISCOLL FLOOR PLAN



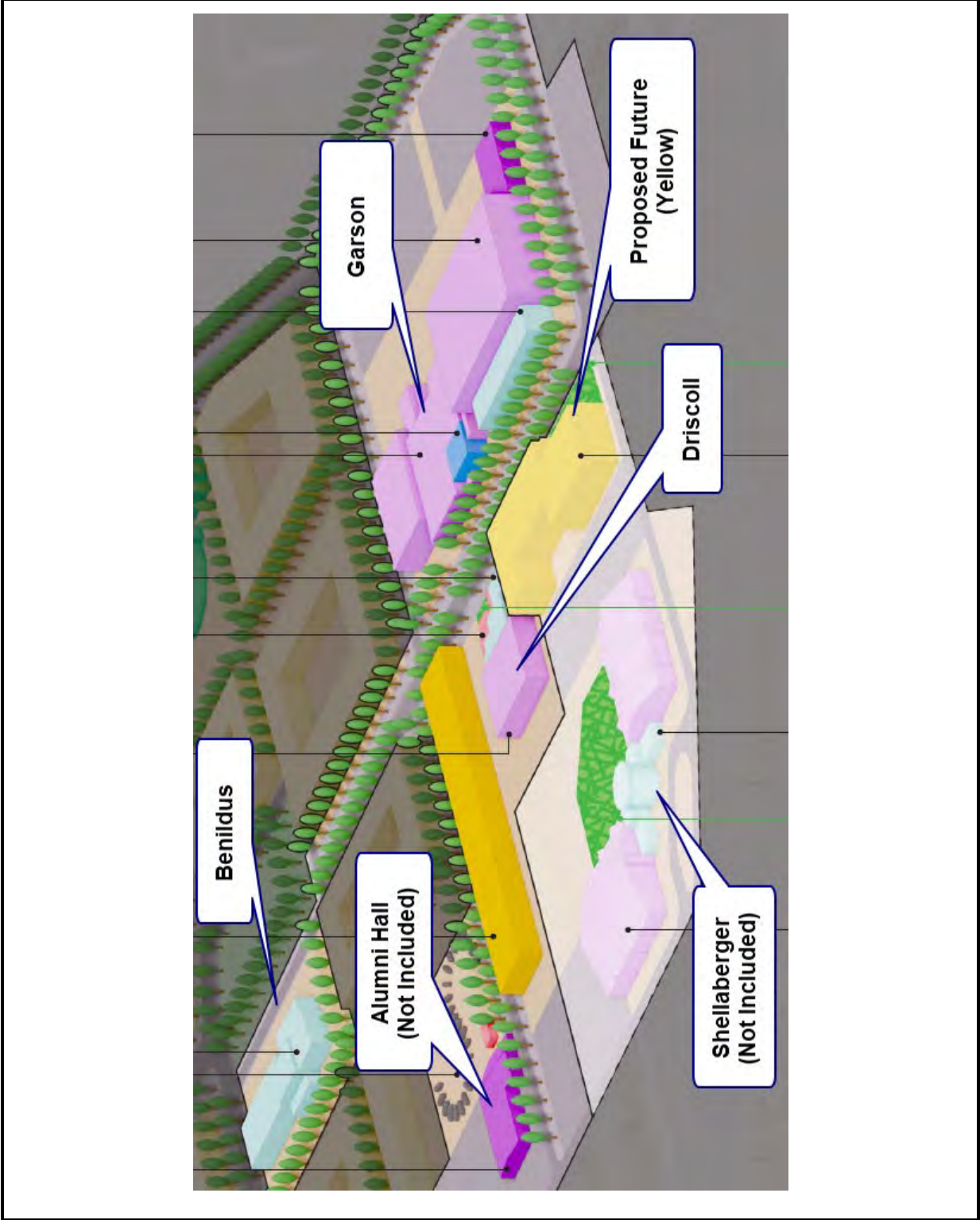
Benildus: Floor Plan, 1st Floor



BENILDUS SECOND FLOOR



RFP IMPROVEMENTS MAP



Improvements Analysis

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY AND ANALYSIS						
Property Type	Office	(Single Tenant)				
Number of Buildings	3					
Number of Stories	2					
Gross Building Area	98,677 SF					
Net Rentable Area	98,677 SF					
Area Breakdown by Market Rent Categories						
Industrial Space	11,200 SF					
Office Space	87,477 SF					
Site Coverage	8.2%					
Parking Improvements	Surface	Benildus lacks adequate parking				
Year Built	1968					
Actual Age	55 Years					
Effective Age	25 Years					
Total Economic Life	50 Years					
Remaining Economic Life	25 Years					
Age/Life Depreciation	50.0%					
Functional Utility	Typical					
Building Number	Improvement Type	% A/C	Size (SF)	% Office	Clear Height	Year Built/ Renovated
Building 1	Benildus Hall	100%	27,757	100.0%	'	1963 / 2005
Building 2	Driscoll Fitness Center	100%	22,200	50.0%	20' - 22'	1993
Building 3	Garson Studio Complex	100%	49,200	100.0%	20' - 22'	1991
Source: Various sources compiled by CBRE						

The following illustrates the key features/components of the subject improvements for each building.

IMPROVEMENT DESCRIPTION & RATING		Driscoll
Improvement Summary	Description (Driscoll Fitness Center)	Comparative Rating
Foundation	Reinforced concrete perimeter / column pad footing	Average
Frame	Steel	Average
Exterior Walls	Painted stucco	Average
Interior Walls	Painted drywall / wood panels	Average
Roof	Built-up composition	Average
Ceiling	Suspended acoustical tile / exposed	Average
HVAC System	Roof mounted HVAC units	Average
Exterior Lighting	Incandescent fixtures	Average
Interior Lighting	Recessed & hanging Fluorescent	Average
Flooring	Carpet / wood	Average
Plumbing	Assumed adequate	Average
Elevators/Stairwells	None	Average
Fire protection	Smoke detectors / fire alarm / sprinklers	Average
Amenities	Basketball court (1) / racquetball court (2) / male & female locker rooms / exercise rooms	Average
Furnishings	Personal property excluded	Average

IMPROVEMENT DESCRIPTION & RATING		Comparative Rating
Improvement Summary	Description (Benildus Hall)	Comparative Rating
Foundation	Reinforced concrete perimeter / column pad footing	Average
Frame	Masonry	Average
Exterior Walls	Painted Stucco / stone / brick	Average
Interior Walls	Painted drywall / glazed block	Average
Roof	Built-up composition	Average
Ceiling	Painted drywall / suspended	Average
HVAC System	Roof mounted HVAC units	Average
Exterior Lighting	Incandescent fixtures	Average
Interior Lighting	Recessed fluorescent	Average
Flooring	Terrazzo / carpet	Average
Plumbing	Assumed adequate	Average
Elevators/Stairwells	Stairway (4) elevator 2,500 lb. (1)	Average
Fire protection	Smoke detectors / sprinklers / alarm system	Average
Amenities	Multi-purpose room / music studios	Average
Furnishings	Personal property excluded	Average

		Comparative Rating
Improvement Summary	Description (Garson Studio Complex)	Comparative Rating
Foundation	Reinforced concrete perimeter / column pad footing	Average
Frame	Masonry / concrete / steel	Average
Exterior Walls	Painted stucco	Average
Interior Walls	Painted drywall & block / acoustical panels	Average
Roof	Built-up composition	Average
Ceiling	Suspended acoustical tile / exposed structure	Average
HVAC System	Roof mounted HVAC units	Average
Exterior Lighting	Incandescent fixtures	Average
Interior Lighting	Recessed & hanging fluorescent / incandescent / PAR theatrical / HID fixtures	Average
Flooring	Carpet / wood / vinyl tile	Average
Plumbing	Assumed Adequate	Average
Elevators/Stairwells	Stairway (2) elevator 2,100 lb. (1)	Average
Elevators		Average
Smoke Detectors		Average
Sprinkler System		Average
Fire protection	Smoke detectors / sprinklers	Average
Amenities	Movie theater / (2) sound stage / showers / laundry / observation booth / sound booth/ TV control room	Average
Furnishings	Personal property excluded	Average

Source: Various sources compiled by CBRE

BUILDING DESCRIPTIONS

Garson Studios is 49,200 square feet, built in 1991, consisting of offices, a theater, and production sound stages of 14,000 square feet, 7,500 square feet, and 2,100 square feet. It has some deferred maintenance (see below) and is in average condition with some updating of interior finishes. The offices are in use as support for film production.

Driscoll Fitness Center is 22,200 square feet, built in 1993, and was used as an athletic complex, including dance studios, fitness center, locker rooms, and a large gymnasium. The gym has been converted into an industrial shop, with removal of the gym floor and athletic fixtures. There were initial plans to convert this space into a production studio, but subsequent engineering reports indicate this may not be feasible as the building cannot support the necessary infrastructure, so its likely use is for construction and maintenance support.

Benildus Hall is 27,757 square feet, constructed as a classroom and educational office. It was built in 1963, with an addition in 2005. There are some classrooms of varying sizes, and offices throughout, including recording and sound studio use. The interior finish has been remodeled, likely around the time of the addition in 2005.

PARKING AND DRIVES

All parking spaces and vehicle drives are concrete paved and considered to be in average condition. Patron parking areas are along the front and sides of the building. Benildus lacks adequate parking, and the developer has proposed that the City will provide 50 spaces at a market rental rate.

LANDSCAPING

Landscaping is considered to be in average condition, but has not been maintained for several years.

FUNCTIONAL UTILITY

The overall layout of the property is considered functional in utility for scholastic use, and will require reconfiguration for office or film use.

ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

FURNITURE, FIXTURES AND EQUIPMENT

Any personal property items contained in the property are not included in this analysis.

ENVIRONMENTAL ISSUES

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

CONDITION ANALYSIS

Facility assessment reports were prepared for each building. Significant items of deferred maintenance were identified, including renovations and alterations for ADA compliance, upgrading electrical, fire suppression systems, and HVAC to code, and general repairs to roofs, ceilings, floor coverings, plumbing and electrical systems and fixtures. Portions of the reports are included in the addenda.

DEFERRED MAINTENANCE

The following chart shows the deferred maintenance items identified and their respective estimated costs to cure, based upon all available information, as of the relevant dates.

ANALYSIS OF DEFERRED MAINTENANCE	
Benildus Hall	\$1,759,269
Driscoll Fitness Center	\$1,284,847
Garson Studios	\$2,696,459
Site and Infrastructure	\$500,000
Subtotal	\$6,240,575
Plus: Profit @ 15%	\$936,086
Total Deferred Maintenance:	\$7,176,661
Source: Wilson & Co. Facility Assessments Jan. 2023	

The total deferred maintenance estimate will be deducted from each approach in order to conclude the "as is" value for the subject.

ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

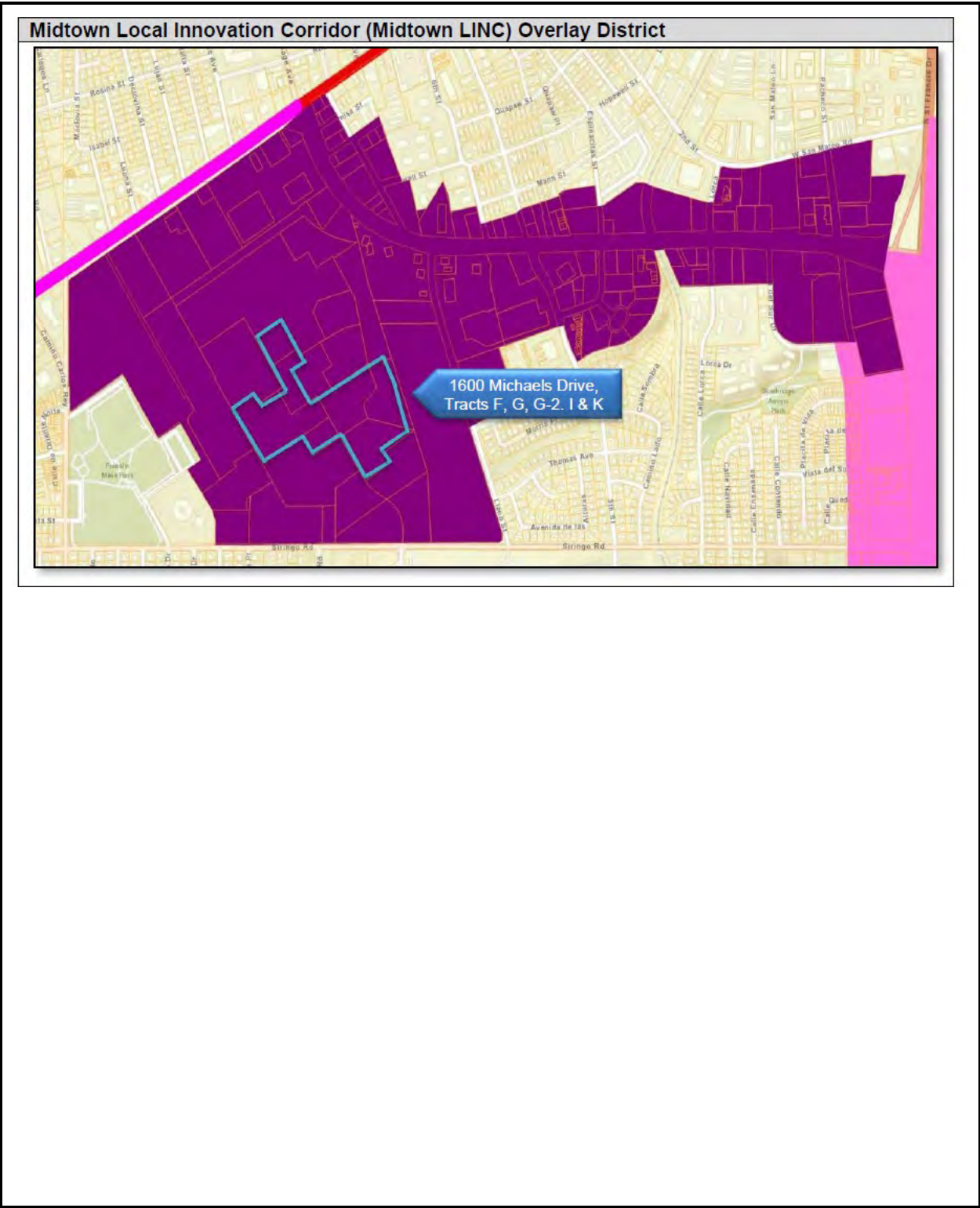
ECONOMIC AGE AND LIFE	
Actual Age	56 Years
Effective Age	25 Years
MVS Expected Life	50 Years
Remaining Economic Life	25 Years
Accrued Physical Incurable Depreciation	50.0%
Compiled by CBRE	

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

CONCLUSION

The improvements are in average overall condition. With completion of the repairs identified in the facility conditions reports, there are no known factors that adversely impact the marketability of the improvements.

ZONING MAP

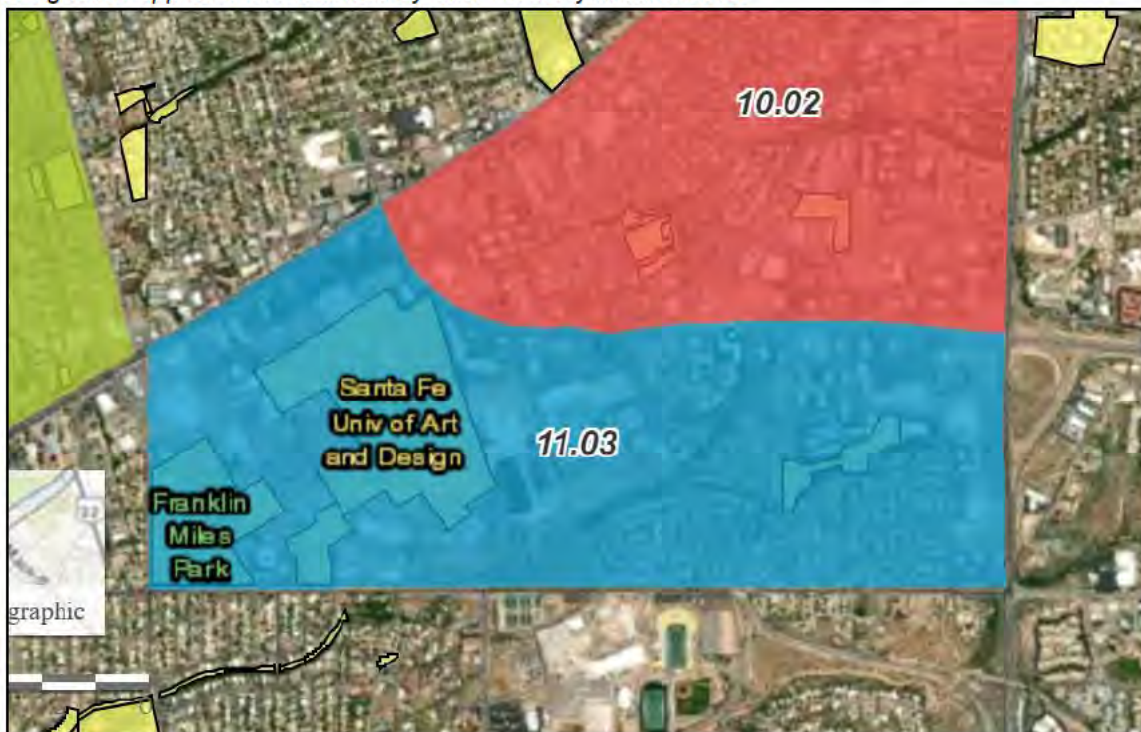


ZONING MAP**Opportunity Zone: Census Tract 11:03 Midtown Campus Area**

Additional: Opportunity Zone-Census Tract 11.03: Midtown Campus Area

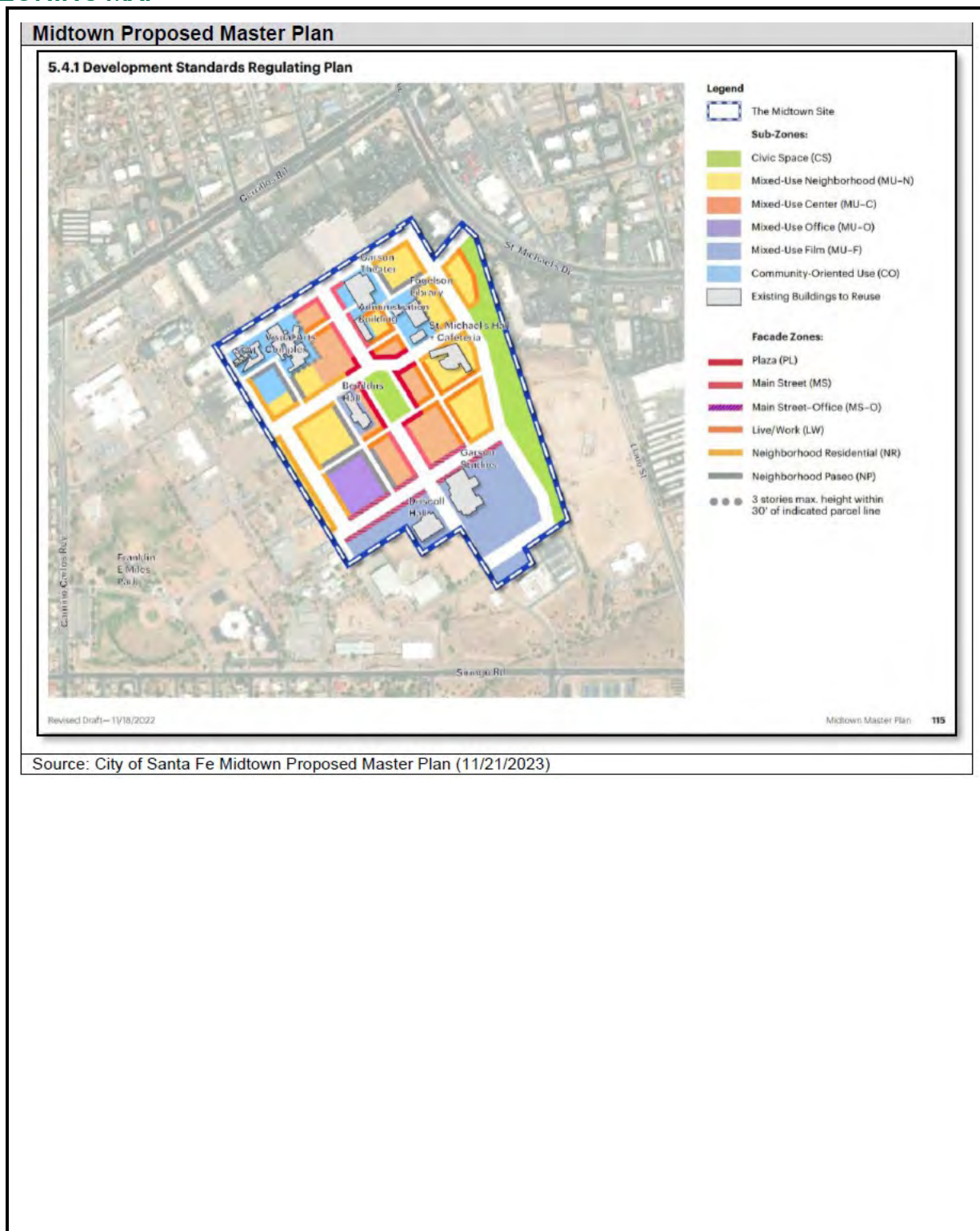
Federal Opportunity Zones (QOZ's) are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The QOZ program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds (QOF's) that are dedicated to investing into QOZ's designated by the chief executives of every U.S. state and territory.

Governor Martinez approved the subject census tract for designation to the US Treasury. Finally, designation approval was received by U.S. Treasury in June 2018.



Source: <https://www.santafenm.gov/opportunity-zones-in-santa-fe>

ZONING MAP



Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	Midtown LINC Overlay District
Legally Conforming	Yes
Uses Permitted	This district was developed to strengthen and animate the existing environment of the geographic center of the city. Especially the Santa Fe University of Art and Design and the Christus St. Vincent Regional Medical Center. This district incentivizes multi-family residential development and non-residential use, as well as improves and encourages pedestrian traffic. This district also provides more flexibility in sign design and location to encourage communications and business identification for existing buildings who have previously suffered from poor visibility
Zoning Change	Not likely
Category	Zoning Requirement
Maximum Height	62 Feet
Minimum Setbacks	
Front Yard	5 Feet
Street Side Yard	5 Feet
Interior Side Yard	5 Feet
Rear Yard	5 Feet
Maximum Bldg. Coverage	None
Maximum FAR/Density	None
Subject's Actual FAR	None
Parking Requirements	None
Subject's Actual Parking	3.49 spaces / 1000 SF
Source: Planning & Zoning Dept.	

ANALYSIS AND CONCLUSION

Although the subject property has operated as an educational and film production property, it has been zoned R-5 Residential. More recently, through a City of Santa Fe Resolution 2018-54 and 2022-12, the property is in the formal process of being rezoned to C-2, which will be the base zoning considered in this report. In addition to this base zoning the subject is located within the Midtown Local Innovation Corridor (Midtown LINC) Overlay District and the Opportunity Zone: Census Tract 11:03 Midtown Campus Area.

The City of Santa Fe's proposed Midtown Master Plan (the Midtown Land Development Plan), dated November 21, 2022, provided new development standards for the subject property in Chapter 5. The development standards are comprised of subzone (controls use) and façade (controls building massing and design) standards. The sub-zones support the objectives of the

aforementioned Census Tract 11:03 Midtown Campus Area Opportunity Zone and Midtown LINC Overlay District, as well as Resolution No. 2022-12, which rezones the subject to a C-2 General Commercial District to allow for commercial, retail and residential uses. The subject is contained within the mixed-use film zone, for film production activities focused in the Garson Studios. It is presumed that adaptation of the property buildings will conform with this general designation, and that future improvements will conform to requirements of the zoning districts, master plan, and overlays.

It is beyond the scope of this analysis to determine the precise zoning designation and future use for each building and site in this analysis. The current improvements are believed to represent a legally-conforming use as of the effective date of the appraisal. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Tax and Assessment Data

The property has historically been owned by the City of Santa Fe and has been exempt from taxation. There are no truly comparable privately owned tax parcels in the jurisdiction to our knowledge. We have considered expense comparables in the income approach, and estimated a likely assessed value from our value conclusions. Our pro forma estimate of the assessed values and tax obligation is shown below.

AD VALOREM TAX INFORMATION		
Parcel	Assessor's Parcel No.	Pro Forma
1	1052097137176000000	
Subtotal		\$10,000,000
% of Assessed Value		33%
Final Assessed Value		\$3,333,000
General Tax Rate (per \$1,000 A.V.)		47.500000
General Tax:		\$158,318
Effective Tax Rate (per \$1,000 A.V.)		47.500000
Total Taxes		\$158,318
Taxes per SF		\$1.60
Source: Assessor's Office		

CONCLUSION

Based on the foregoing information, the subject's current assessment is well supported by both its historical trend and by the comparable properties shown.

Based on the foregoing, the total taxes for the subject have been estimated as \$158,318 for the base year of our analysis, based upon an assessed value of \$3,333,000 or \$33.78 per square foot.

For purposes of this analysis, CBRE, Inc. assumes that all taxes are current.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include IBISWorld and CoStar.

The subject is in the Santa Fe market and is considered a studio property, its main components are primarily functional as office. We have included portions of the IBISWorld Film Production Industry Report, and analysis of the local Santa Fe office market.

MOVIE AND VIDEO PRODUCTION IN THE UNITED STATES

The Movie and Video Production industry has grappled with stark declines over the past five years as the COVID-19 pandemic rattled movie production. Producers have benefited from steady demand for entertainment but have been hindered by the expansion of online streaming options. Since overall box office sales have fallen, the industry's business model has shifted to prioritize blockbusters and rely on foreign distribution. Digital distribution is also a growing revenue stream despite digital streaming being a source of competition. Overall, revenue for the Movie and Video Production industry has fallen at a CAGR of 3.4% to \$31.6 billion through the end of 2023, with revenue rising 1.2% in 2023 as the industry recovers.

Slow box office receipts have made the industry more risk-averse in recent years. Producers have relied more on blockbusters, especially those based on existing creative properties. Studios are placing bigger bets on action movies, which fare best with both domestic and foreign moviegoers. The focus on blockbusters has kept profit high despite troubles. Still, this business strategy will make studios more vulnerable to profit losses in the future, given the fast-changing nature of consumer tastes. Major studios are catching on to the rapidly expanding digital distribution channel, with many investing in their own streaming platforms. More recently, widespread strikes have impeded production.

Over the next five years, movie and video producers will find growth opportunities in digital distribution and television licensing. Studios will focus more on original content and creating their own distribution channels. The box office will grow sluggishly as online streaming platforms continue to draw consumers away from theaters. Major studios will compete more fiercely by using new production technologies and advertising to younger consumers. Video producers will also find opportunities in social media and digital streaming platforms. Revenue is expected to rise at a CAGR of 3.5% through the end of 2028 to reach \$37.5 billion.

AT A GLANCE

Revenue \$31.6bn '18-'23 ↓ 3.4 % '23-'28 ↑ 3.5 %	Employees 92,651 '18-'23 ↑ 1.8 % '23-'28 ↑ 3.5 %	Businesses 49,321 '18-'23 ↑ 6.8 % '23-'28 ↑ 5.6 %
Profit \$3.4bn '18-'23 ↓ 6.7 %	Profit Margin 10.8% '18-'23 ↓ 2.1 pp	Wages \$6.7bn '18-'23 ↑ 0.9 % '23-'28 ↑ 3.5 %

Key Takeaways

Performance

Major movie producers lean on box office blockbusters to generate low-risk sales. Theater attendance is steadily declining as video streaming options expand.

Online streaming encroaches on box office sales but provides a new revenue channel for producers. Digital distribution is quickly growing as a share of movie and video production revenue.

Video producers are finding new opportunities through social media and digital streaming platforms. Platforms like Twitch and YouTube are investing in professional video producers to create content.

SAG-AFTRA and major producers have settled a contract after a months-long strike. While the strike has been resolved, the repercussions of the long hiatus have been immense on the industry.

External Environment

Unions up the cost of labor for movie producers. Producers are bound by the wages unions negotiate for media professionals and may contend with strikes and production disruptions when fair wages aren't met.

Copyright laws protect key revenue channels for movie producers by preventing the unlawful distribution of content. Movie producers are also held accountable by copyright laws, ensuring they have the proper authorization to use copyrighted material in their works.

Performance Snapshot

REVENUE:

Revenue

\$31.6bn

'18-'23 ↓ 3.4 %

'23-'28 ↑ 3.5 %

2023 Revenue CAGR

↑ 1.2 %

Revenue Volatility

↓ High

Revenue

Total value (\$) and annual change from 2010 – 2028. Includes 5-year outlook.



Source: IBISWorld

EMPLOYEES:

Employees

92,651

'18-'23 ↑ 1.8 %

'23-'28 ↑ 3.5 %

Employees per Business

2

'18-'23 ↓ 4.7 %

'23-'28 ↓ 1.9 %

Revenue per Employee

\$342k

'18-'23 ↓ 5.1 %

'23-'28 ↓ 0.1 %

Employees

Total number of employees and annual change from 2010 – 2028. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

BUSINESSES:

Businesses

49,321

'18-'23 ↑ 6.8 %

'23-'28 ↑ 5.6 %

Employees per Business

2

'18-'23 ↓ 4.7 %

'23-'28 ↓ 1.9 %

Revenue per Business

\$641.7k

'18-'23 ↓ 9.6 %

'23-'28 ↓ 2.0 %

Businesses

Total number of businesses and annual change from 2010 – 2028. Includes 5-year outlook.



IBISWorld

Source: IBISWorld

Key External Drivers

Key External Drivers	Impact
Demand from movie theaters	Positive
Total advertising expenditure	Positive
Per capita disposable income	Positive
Trade-weighted index	Negative

Industry Structure

Characteristic	Level	Trend
Concentration	Moderate	
Barriers To Entry	Moderate	Increasing
Regulation and Policy	Moderate	Increasing
Life Cycle	Mature	
Revenue Volatility	High	
Capital Intensity	Low	
Assistance	High	Decreasing
Competition	High	Increasing
Innovation	Moderate	

PERFORMANCE SNAPSHOT

WHAT'S DRIVING CURRENT INDUSTRY PERFORMANCE?

Producers turn to risk-averse blockbusters

- Sluggish box office sales have made film studios more risk-averse, a trend that's been gradually unfolding over the past decade. This stems in part from other technologies competing for audiences' time.
- Franchises and sequels represent tested concepts with more assured box office success that can subsidize studios' riskier bets on new creative enterprises. Betting on intellectual property has become more reliable than building projects around star power.

- Film studios have become more reliant on the success of sequels, franchises and intellectual property based films, as they also have high returns on interest. This limitation has contributed to the Movie and Film Production Industry's overall decline.

COVID-19 rattles filmmaking

- The COVID-19 pandemic was the driving force behind the industry's poor performance through the end of 2023, as most domestic movie theaters closed in March 2020.
- Many studio blockbusters postponed their releases to 2021, and changes in release dates created a domino effect for other releases, compounding the adverse effects of the pandemic.
- Although box office sales declined, stay-at-home orders and theater closures helped boost sales from digital distribution and licensing. While demand was high during the COVID-19 pandemic, many Movie and Video production companies had to pause production, driving down industry revenue.

Studios leverage digital platforms to generate revenue

- The increasing accessibility of video content online has diminished the incentive to spend on a movie theater experience, producing a consumer shift in favor of at-home entertainment.
- Major studios used COVID-19 disruptions to leverage revenue from and expand their digital platforms. These methods helped prevent further declines despite tumbling box office sales.
- Warner Bros. Studios began a monthly release of its theatrical slate after disastrous box office results for its summer 2020 blockbuster, Tenet.
- The industry's transition to digital streaming platforms is one of the many motivating factors behind the 2023 widespread strikes. The strikes have halted many productions, and though the end is in sight the damage has been done.

Online substitutes provide new outlets for video producers

- Videos are becoming an increasingly popular form of communication, with businesses and individuals taking advantage of their ability to reach a large audience.
- Although online video platforms, like Twitch and YouTube, draw consumers away from theaters, they've also opened up new avenues for video producers, therefore have a mixed effect on the Movie and Video Production Industry in the US.

Production costs have decreased recently, making video production more accessible to a broader range of customers. Each of these new filmmakers, on some level, present a certain level of competition to larger players in the Movie and Video Production industry in the US.

SWOT



Strengths
Low Imports
Low Capital Requirements



Weaknesses
High & Decreasing Level of Assistance
High Competition
Very high Volatility
Low Profit vs. Sector Average
High Customer Class Concentration
High Product/Service Concentration
Low Revenue per Employee



Opportunities
Total advertising expenditure
High Revenue Growth (2018-2023)
High Revenue Growth (2023-2028)
High Performance Drivers



Threats
Very Low Revenue Growth (2005-2023)
Low Outlier Growth
Trade-weighted index

METROPOLITAN SANTA FE - NM OFFICE MARKET OVERVIEW

Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Santa Fe - NM office market, as reported by CoStar.

SANTA FE - NM OFFICE MARKET								
Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent (\$/SF Gross)	Asking Rent Change	Net Absorption (SF)	Transaction Price Per Area (SF)
2014	7,549,924	4,400	6,961,605	92.2%	\$18.58	7.82%	-63,674	\$129.61
2015	7,553,538	3,614	7,068,813	93.6%	\$18.81	1.25%	107,208	\$196.93
2016	7,553,538	0	7,219,222	95.6%	\$19.13	1.72%	150,409	\$247.79
2017	7,558,277	4,739	7,261,391	96.1%	\$19.13	0.00%	42,169	\$80.25
2018	7,568,277	10,000	7,297,999	96.4%	\$20.16	5.36%	36,608	\$152.52
2019	7,534,493	-33,784	7,309,688	97.0%	\$20.73	2.84%	11,689	\$131.55
2020	7,536,707	2,214	7,229,362	95.9%	\$20.74	0.05%	-80,326	\$139.31
2021	7,536,707	0	7,331,451	97.3%	\$21.70	4.62%	102,089	\$119.46
Q1 2022	7,536,707	0	7,298,711	96.8%	\$22.09	1.80%	-32,740	\$190.38
Q2 2022	7,536,707	0	7,331,300	97.3%	\$22.37	1.31%	32,589	\$139.11
Q3 2022	7,536,707	0	7,370,826	97.8%	\$22.45	0.34%	39,526	-
Q4 2022	7,536,707	0	7,403,176	98.2%	\$22.68	1.00%	32,350	\$180.23
2022	7,536,707	0	7,403,176	98.2%	\$22.68	4.52%	71,725	\$180.23
Q1 2023	7,536,707	0	7,457,231	98.9%	\$22.92	1.08%	54,055	-
Q2 2023	7,536,707	0	7,456,235	98.9%	\$23.06	0.60%	-996	\$191.95
Q3 2023	7,536,707	0	7,460,477	99.0%	\$23.09	0.15%	4,242	-
Q4 2023*	7,536,707	0	7,425,465	98.5%	\$23.19	0.40%	-35,009	-
2023*	7,536,707	0	7,425,465	98.5%	\$23.19	2.25%	22,292	-
2024*	7,531,947	-4,760	7,350,467	97.6%	\$23.16	-0.13%	-74,139	-
2025*	7,527,635	-4,312	7,327,482	97.3%	\$23.28	0.54%	-21,880	-
2026*	7,524,892	-2,743	7,305,978	97.1%	\$23.44	0.69%	-20,437	-
2027*	7,522,983	-1,909	7,275,511	96.7%	\$23.57	0.53%	-29,364	-
2028*	7,521,471	-1,512	7,245,931	96.3%	\$23.64	0.33%	-28,502	-

* Future Projected Data according to CoStar

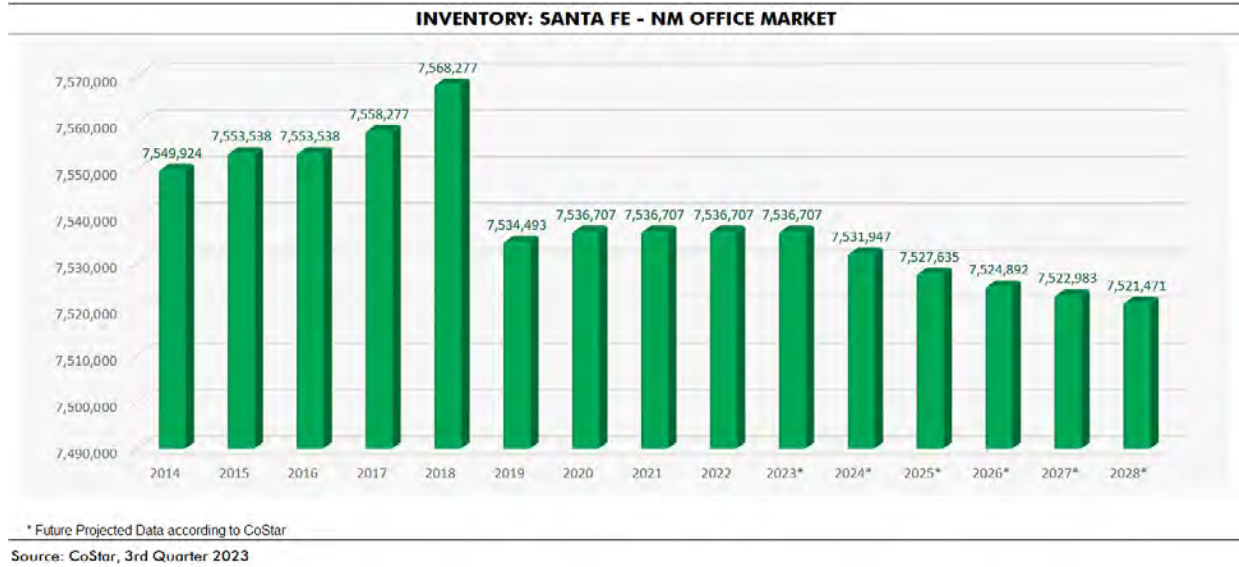
Source: CoStar, 3rd Quarter 2023

The Santa Fe - NM office market consists of approximately 7,536,707 square feet of office space. The following observations are noted from the table above:

- As of 3rd Quarter 2023, there was approximately 7,460,477 square feet of occupied office space (including sublet space), resulting in an occupancy rate of 99.0% for the metro area. This reflects a small increase from the previous quarter's occupancy of 98.9%, and an increase from an occupancy rate of 98.2% from last year.
- The area experienced positive 4,242 square feet of net absorption for the current quarter. This indicates an improvement from the previous quarter's negative 996 square feet of net absorption, and a decline from the positive 71,725 square feet of net absorption from last year.
- The area had zero completions for the current quarter, which indicates no change from the previous quarter's zero completions, and is unchanged from zero completions from last year.

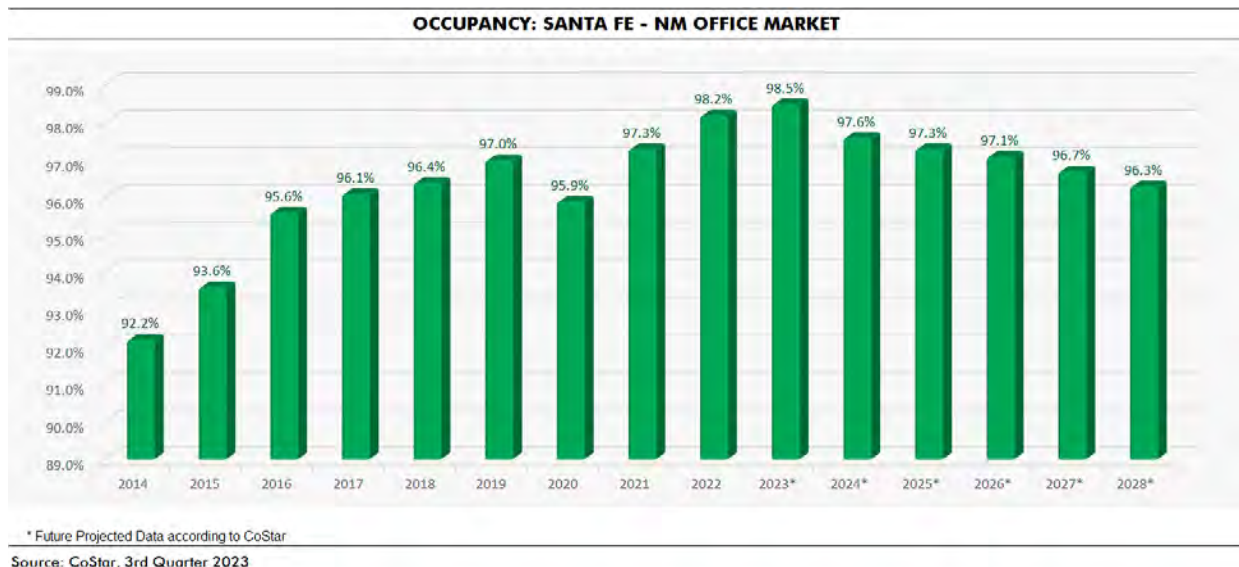
- The area achieved average asking rent of \$23.09 per square foot, which indicates a small increase from the previous quarter's asking rent of \$23.06 per square foot, and an increase from the asking rent of \$22.68 per square foot from last year.

Historical Inventory – Market



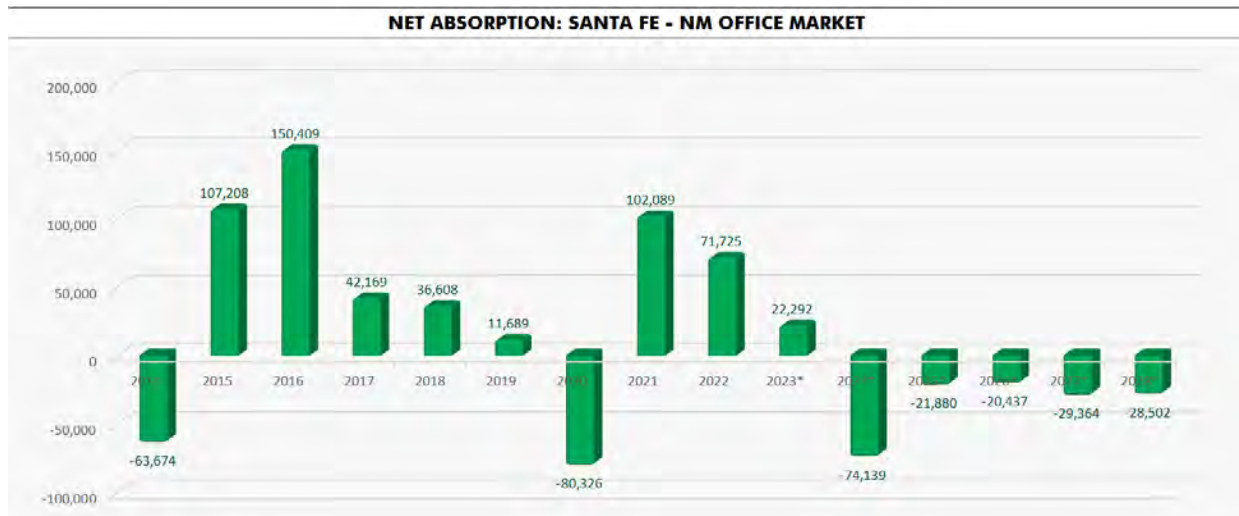
Inventory is projected to be 7,536,707 square feet at the end of the current year, which represents no change from the previous year's inventory of 7,536,707 square feet. Inventory for next year is projected to be 7,531,947 square feet, reflecting a decrease from the current year.

Historical Occupancy - Market



At the end of the current year, the occupancy rate is projected to be 98.5%, which reflects an increase from the 98.2% occupancy rate at the end of last year. Occupancy for next year is projected to be 97.6%, reflecting a decrease from the current year.

Historical Net Absorption - Market

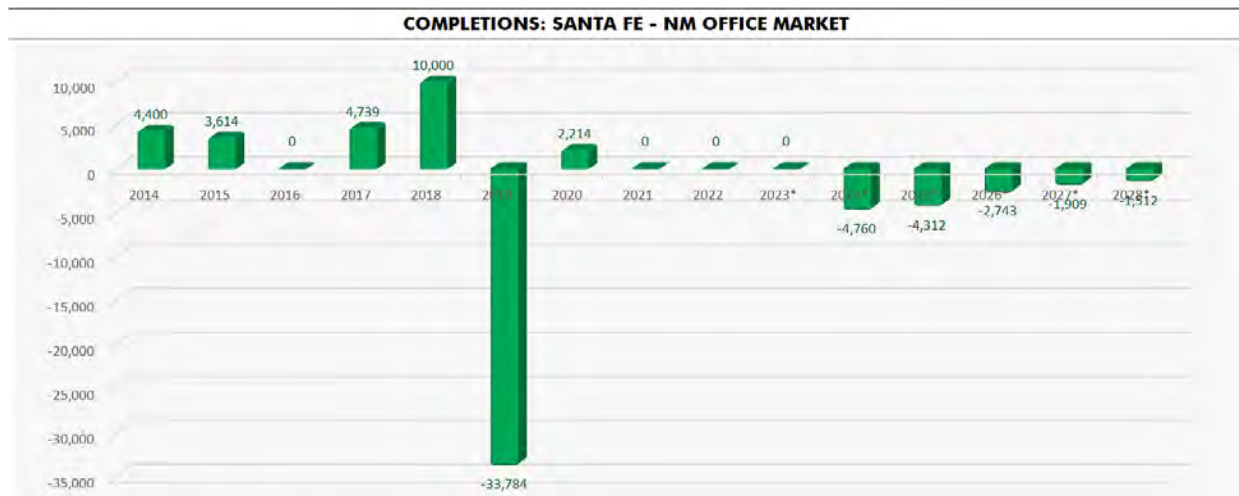


* Future Projected Data according to CoStar

Source: CoStar, 3rd Quarter 2023

At the end of the current year, the area is projected to experience positive 22,292 square feet of net absorption, which indicates a decline from the positive 71,725 square feet of net absorption for the previous year. The area is projected to experience negative 74,139 square feet of net absorption as of the end of next year, which indicates a decline from the current year.

Historical Completions - Market

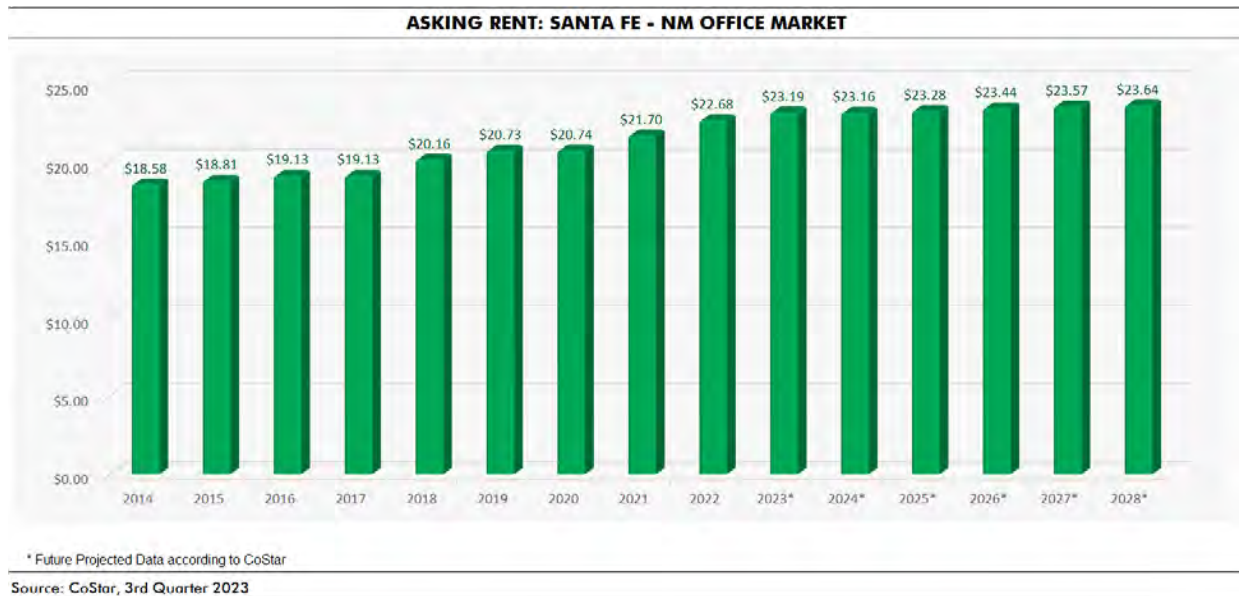


* Future Projected Data according to CoStar

Source: CoStar, 3rd Quarter 2023

The area is projected to achieve zero completions for the current year, which is unchanged from the previous year's zero completions. The area is projected to experience completions of negative 4,760 square feet as of the end of next year, which indicates a decline from the current year.

Historical Asking Rent - Market



The area is projected to achieve average asking rent of \$23.19 per square foot at the end of the current year, which indicates an increase from the previous year's asking rent of \$22.68 per square foot. The area is projected to achieve asking rent of \$23.16 per square foot by the end of next year, indicating a small decrease from the current year.

Occupancy

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. Because of its location, its age and condition, mixed use and specialized buildout, it is likely that the stabilized occupancy of the property will be lower than typical for the market.

OCCUPANCY CONCLUSIONS	
Santa Fe - NM Market	96.3%
Rent Comparables	88.5%
Subject's Stabilized Occupancy	85.0%
Compiled by CBRE	

Highest and Best Use

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

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

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

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

Physical Possibility

The subject will require additional site work to upgrade its utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Financial Feasibility

Potential uses of the site include commercial, office, and production of film. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, the subject office market is generally stabilized.

New office projects have not been recently developed in this market due to economic conditions. Further, there are proposed developments which are no longer moving forward due to inadequate construction financing and market conditions (increasing vacancy, declining effective rental rates, higher cap rates, etc.). Overall, there is significant risk in the office market and most investors would not move forward with new construction at this time on a speculative basis.

Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be the development of an office property, or a film production studio or related facility.

As noted, new development is not financially feasible at this time. Therefore, the highest and best use of the site, as vacant, would be to hold for future development when economic conditions improve.

AS IMPROVED

Legal Permissibility

The site has been improved with an office and school campus. This is a nonconforming use for the newly created master plan and zoning.

Physical Possibility

The layout and positioning of the improvements are considered functional for scholastic use, and will need some reconfiguration for office or film use. There is vacant land available for future expansion, but will require review by the City for approval of proposed new uses.

Financial Feasibility

The financial feasibility of an office property is based on the indicated value of the property compared to its land value. If a residual amount exists, then the land is being put to a productive use. Further, the value of the subject property as improved clearly exceeds the underlying land value. However, the analysis of the market indicates that use as an income property is not feasible in the current market.

Maximum Productivity - Conclusion

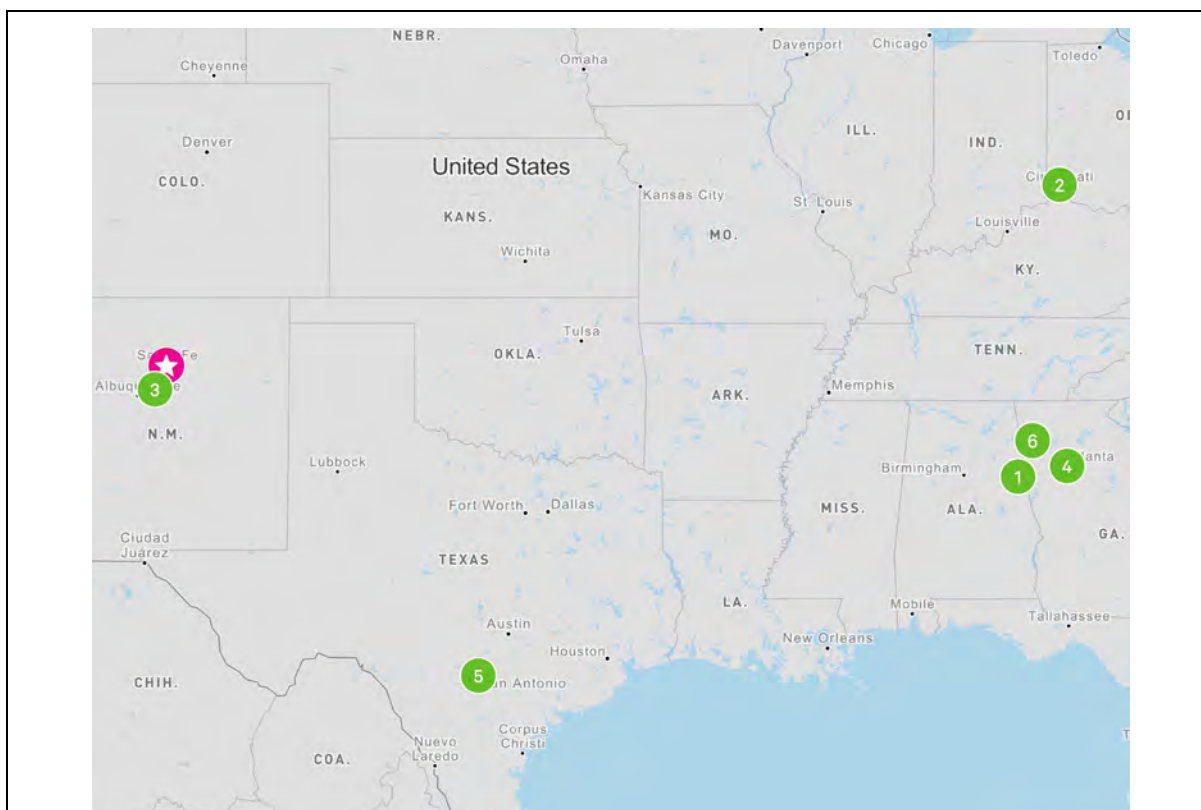
As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by office owners. Some of the comparable buildings have been acquired for conversion to an alternative use, similar to the subject. The most likely buyer for the subject property is as follows:

- Investor-Local

Based on the foregoing, the highest and best use of the property, as improved, is consistent with the existing use as a development, related to film production including studio use.

Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE STUDIO AND SCHOOL CAMPUS SALES											
No.	Property Name	Transaction Type	Transaction Date	Interest Transferred	YOC / Reno'd	Property Subtype	Site Coverage	NRA (SF)	Actual Sale Price	Adjusted Sale Price ¹	Price Per SF ¹
1	Carrie Steele Pitts Home 577, 585, 667 Fairburn Road NW Atlanta, GA 30331	Sale	Aug-23	Leased Fee	1965	School	13.7%	84,684	\$5,200,000	\$5,200,000	\$61.40
2	Former Mount Auburn International Academy 244 Southern Avenue Cincinnati, OH 45219	Sale	Jun-23	Fee Simple/Freehold	1895	School	88.5%	88,673	\$5,000,000	\$5,000,000	\$56.39
3	Shellabarger Tennis Center / Studio 1600 1/2 St. Michaels Drive Santa Fe, NM 87505	Sale	Oct-22	Fee Simple/Freehold	2002 / 2022	Studio	17.3%	65,000	\$6,700,000	\$9,200,000	\$141.54
4	Blackhall Studios 1415 Constitution Road SE Atlanta, GA 30315	Sale	Apr-21	Mixed Fee/Lease Hold	1987 / 2017	Studio	37.1%	848,239	\$120,000,100	\$120,000,100	\$141.47
5	Charter School Campus 4018 South Presa Street San Antonio, TX 78223	Sale	Mar-21	Fee Simple/Freehold	1921 / 2017	School	22.0%	68,098	\$5,750,000	\$5,750,000	\$84.44
6	Aztec Warrior Studios 1550 Agape Way Decatur, GA 30035	Sale	Jul-19	Fee Simple/Freehold	1993	Studio	5.5%	18,458	\$1,562,500	\$1,562,500	\$84.65
Subj. Pro Forma	Santa Fe College of Arts (portion of) 1600 St Michaels Dr Santa Fe, NM 87505	Under Contract	May-23	---	1968	Single Tenant	8.2%	98,677			
¹ Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable) Compiled by CBRE											

The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable improved sales on a national basis as there is only one known sale similar to the subject from the Santa Fe area. These sales were chosen based upon mixed use campuses, including film production facilities, as well as educational facilities similar to the subject's original and most recent configuration.

We do not consider it appropriate to value the individual components of the subject property from local sales, and combine the sales comparisons individually to produce an overall value. Refer to USPAP Standard 1-4 (e), which states:

When analyzing the assemblage of the various estates or component parts of a property, an appraiser must analyze the effect on value, if any, of the assemblage. An appraiser must refrain from valuing the whole solely by adding together the individual values of the various estates or component parts.⁹

Location Adjustments

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

IMPROVED SALES LOCATION ADJUSTMENT ANALYSIS							
Comparable Number	Subject	1	2	3	4	5	6
Address	1600 St Michaels Dr	577, 585, 667 Fairburn Road NW	244 Southern Avenue	1600 1/2 St. Michaels Drive	1415 Constitution Road SE	4018 South Presa Street	1550 Agape Way
Radius for Demographic Analysis	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius
2023 Households	28,855	23,156	64,911	28,117	20,451	47,214	35,500
2023 Average Household Income	\$95,392	\$73,839	\$82,298	\$92,741	\$91,549	\$59,683	\$78,980
AHI Relative to Subject	---	-22.6%	-13.7%	-2.8%	-4.0%	-37.4%	-17.2%
2023 Median Value of Owner Occupied Housing Units	\$363,095	\$227,397	\$245,374	\$351,587	\$269,151	\$133,254	\$234,730
2023 % Renter Occupied Housing Units	35.9%	47.2%	55.7%	35.9%	36.4%	42.2%	38.3%
2023 % College/Graduate Degree Age 25+	46.8%	32.5%	45.6%	43.9%	34.0%	13.6%	31.2%
2023 Median Age	46.6	36.2	32.8	45.2	35.7	35.5	38.3
Indicated Qualitative Adjustment	---	Inferior	Inferior	Similar	Superior	Inferior	Inferior
Concluded Quantitative Adjustment	---	5%	10%	0%	-10%	10%	5%
Compiled by CBRE							

Of note, the adjustment for Sale 4 is not based on its surrounding demographics, but its ideal location in relation to surrounding film and television studios and its linkages. The indicated adjustments are applied in the following discussions.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Improved Sale One

This comparable represents the sale of the former Carrie Steele Pitts Home campus located at 667 Fairburn Road NW in Atlanta, Georgia. The improvements include a total of 84,684 square feet in 8 buildings situated on a 15.76-gross acre campus. Due to a creek on the property, 14.2 acres are considered usable. The facility includes classrooms, gymnasium, commercial kitchen, cafeteria, offices, indoor pool, athletic field, playground, and 111 parking spaces. The property was listed for \$5,000,000 and the broker reported multiple bids which drove up the price. The

⁹ The Appraisal Foundation, USPAP, 2024 Edition (Effective January 1, 2024)

property was purchased by a non-profit, Partnership for Southern Equity, Inc. for \$5,200,000 or \$61.40 per square foot in August 2023. The buyer will owner occupy three of the buildings representing 54,816 square feet. A school (Imhotep Academy), which had been leasing space at the property prior to the sale, will continue to lease/operate in four buildings representing 28,794 square feet. The buyer plans to renew the school tenant lease, which is on a month to month basis.

The upward adjustment for location reflects this comparable's inferior feature with respect to inferior demographics which garner lower rental rates. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. The adjustment for site coverage was warranted due to less land available for expansion, circulation, parking, or external storage. Therefore, an upward adjustment was judged proper for this comparable. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Improved Sale Two

This comparable represents a 88,673 square foot school facility located in Cincinnati, Ohio. The property was originally built in 1895 and in 2022 was operating as the Mount Auburn International Academy The 88,673 square foot building includes a mix of offices , class rooms, gymnasium, cafeteria, & additional storage/maintenance rooms. The property is currently under contract to be purchased. The property was purchased in June 2023 for \$5,000,000 or \$56.39 per square foot. The property was purchased for use as the Mount Auburn Preparatory Academy charter school.

The upward adjustment for location reflects this comparable's inferior feature with respect to inferior demographics which garner lower rental rates. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. The adjustment for site coverage was warranted due to less land available for expansion, circulation, parking, or external storage. Therefore, an upward adjustment was judged proper for this comparable. With respect to amenities, this comparable was considered inferior in this aspect and received an upward adjustment because of lack of studio, stage, or auditorium facilities. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Improved Sale Three

The former Shellabarger Tennis Center was constructed in 2002 tennis facility as a public tennis club on the College of Santa Fe campus. It has 65,000 square feet of gross building area, initially for indoor tennis use. It was marketed for mixed use, potentially residential or office, and sold in May, 2022, closing in October after the initial offer fell through. The closing price was \$6,700,000. The buyer considered multiple reconfigurations, and ultimately repurposed the

facility as a film soundstage/professional office. According to the new owners the facility required \$1,500,000 for the soundstages to be retrofitted and soundproofed, as well as an additional \$1,000,000 is needed for electrical upgrades. It has a low land-to-building ratio of 17%, indicating some potential surplus land available for expansion or exterior storage.

In terms of age/condition, this comparable was judged superior due to newer construction and received a downward adjustment for this characteristic. The adjustment for site coverage was warranted due to less land available for expansion, circulation, parking, or external storage. Therefore, an upward adjustment was judged proper for this comparable. With respect to amenities, this comparable was considered superior in this aspect and received a downward adjustment because of superior potential for film production. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Four

This comparable represents the sale of Blackhall Studios, a movie and film production studio located on two adjacent campuses in southeast Atlanta. The Main Campus is an approximate 411,532-square-foot, state-of-the-art movie and film production studio with nine sound stages and a centralized office, warehouse, and millwork facility, as well as individual office bungalows. These buildings were built in 2017-2018 and are located at 1415 Constitution Road SE. The East Campus, including The Grove, is an approximate 436,707-square-foot, movie and film production studio divided into multiple sound stages, office, and millwork uses. The buildings were constructed in 1987, and renovated, opening in 2017 and 2018. This property is located at 3475, 3495, and 3342 International Park Drive SE. Blackhall has been home to productions for Disney, Warner Brothers, and Universal Studios, as well as Netflix. . Blackhall Studios was sold to Los Angeles based private equity firm Commonwealth Group for a reported price of \$120 million. The transaction was structured as an "Asset Purchase Agreement" and included both real property and assignment of leases for buildings and property comprising the East Campus (including The Grove), as well as furnishings and equipment, and assumption of certain liabilities. A detailed allocation was not available, though the recorded price for the fee simple interest transferred was \$100 million. The pro forma shown is the seller's operating budget for 2021. It is generally supported by actual 2019 operations, allowing for additional operations. In 2020, revenue was significantly negatively impacted by the COVID-19 pandemic. However, commitments for 2021 had the studio operating at near-full capacity.

The downward adjustment for superior property rights conveyed is attributable to existing leases in place. The downward adjustment for location reflects this comparable's superior feature with respect to superior demographics which garner higher rental rates. Upon comparison with the subject, this comparable was considered inferior in terms of size and received an upward adjustment for this characteristic due to having significantly more square footage than the subject property. In terms of age/condition, this comparable was judged superior due to newer

construction and received a downward adjustment for this characteristic. The adjustment for site coverage was warranted due to less land available for expansion, circulation, parking, or external storage. Therefore, an upward adjustment was judged proper for this comparable. With respect to amenities, this comparable was considered superior in this aspect and received a downward adjustment because of multiple studios for film production. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Five

This comparable represents the sale of a 68,098-square foot charter school located at 4018 South Presa Street in San Antonio, Texas. The improvements were originally constructed in 1921, renovated in 2013 and 2017, and are situated on a 7.10-acre site. Amenities include a full kitchen/cafeteria, basketball pavilion and athletic field. The property is presently owner-occupied by New Frontiers Public Schools and operated as the Frank L. Madla Accredited Collegiate Academy. It sold in March 2021 for \$5,750,000, or \$84.44 per square-foot.

The upward adjustment for location reflects this comparable's inferior feature with respect to inferior demographics which garner lower rental rates. The adjustment for site coverage was warranted due to less land available for expansion, circulation, parking, or external storage. Therefore, an upward adjustment was judged proper for this comparable. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Improved Sale Six

This 18,458 square foot building is located at 1550 Agape Way in Decatur, GA. The improvements were constructed in 1993 and are situated on a 7.70 acre site. The improvements are tilt-up concrete exterior with a brick façade along the front of the building. The property was sold from Trinity Christian Center of Santa Ana who had their broadcasting network at this location, to ADA 108 LLC. The buyer purchased the property as a film production studio. The property is now known as the Aztec Warrior Studios. The property sold for \$1,562,500 or \$84.65 in July 2019.

The upward adjustment for location reflects this comparable's inferior feature with respect to inferior demographics which garner lower rental rates. Upon comparison with the subject, this comparable was considered superior in terms of size and received a downward adjustment for this characteristic due to having significantly fewer square feet than the subject property. With respect to amenities, this comparable was considered inferior in this aspect and received an upward adjustment because of inferior studio capacity. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

STUDIO AND SCHOOL CAMPUS SALES ADJUSTMENT GRID							Subj. Pro Forma
Comparable Number	1	2	3	4	5	6	---
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Aug-23	Jun-23	Oct-22	Apr-21	Mar-21	Jul-19	---
Interest Transferred	Leased Fee	Fee	Fee	Mixed	Fee	Fee	---
Year Built/Renovated	1965	1895	2002 / 2022	1987 / 2017	1921 / 2017	1993	1968
Property Subtype	School	School	Studio	Studio	School	Studio	Single Tenant
GBA (SF)	84,684	88,673	65,000	848,239	68,098	18,458	98,677
Site Coverage	13.7%	88.5%	17.3%	37.1%	22.0%	5.5%	8.2%
GLA (SF)	84,684	88,673	65,000	848,239	68,098	18,458	98,677
Actual Sale Price	\$5,200,000	\$5,000,000	\$6,700,000	\$120,000,100	\$5,750,000	\$1,562,500	---
Adjusted Sale Price ¹	\$5,200,000	\$5,000,000	\$9,200,000	\$120,000,100	\$5,750,000	\$1,562,500	---
Adj. Price Per SF	\$61.40	\$56.39	\$141.54	\$141.47	\$84.44	\$84.65	
Property Rights Conveyed	0%	0%	0%	-20%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	0%	
Subtotal - Price Per SF	\$61.40	\$56.39	\$141.54	\$113.18	\$84.44	\$84.65	
Location	5%	10%	0%	-10%	10%	5%	
Size	0%	0%	0%	10%	0%	-10%	
Age/Condition	25%	25%	-20%	-10%	0%	0%	
Quality of Construction	0%	0%	0%	0%	0%	0%	
Parking	0%	0%	0%	0%	0%	0%	
Site Coverage	10%	20%	15%	25%	25%	0%	
Amenities	10%	10%	-10%	-10%	10%	10%	
Other	0%	0%	0%	0%	0%	0%	
Total Other Adjustments	50%	65%	-15%	5%	45%	5%	
Indicated Value Per SF	\$92.10	\$93.04	\$120.31	\$118.83	\$122.44	\$88.88	
Absolute Adjustment	50%	65%	45%	85%	45%	25%	

¹ Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

SALE PRICE PER SQUARE FOOT CONCLUSION

Overall, Comparables 3, 5 and 6 were given greater consideration because they required least overall adjustment. Comparable 3 is given greatest weight as it is adjacent to the subject property, a portion of the same campus, and is the only known recent sale of a film studio property from New Mexico. The following chart presents the valuation conclusion:

SALES COMPARISON APPROACH				
NRA (SF)	X	Value Per SF	=	Value
98,677	X	\$88.88	=	\$8,770,658
98,677	X	\$120.31	=	\$11,871,602

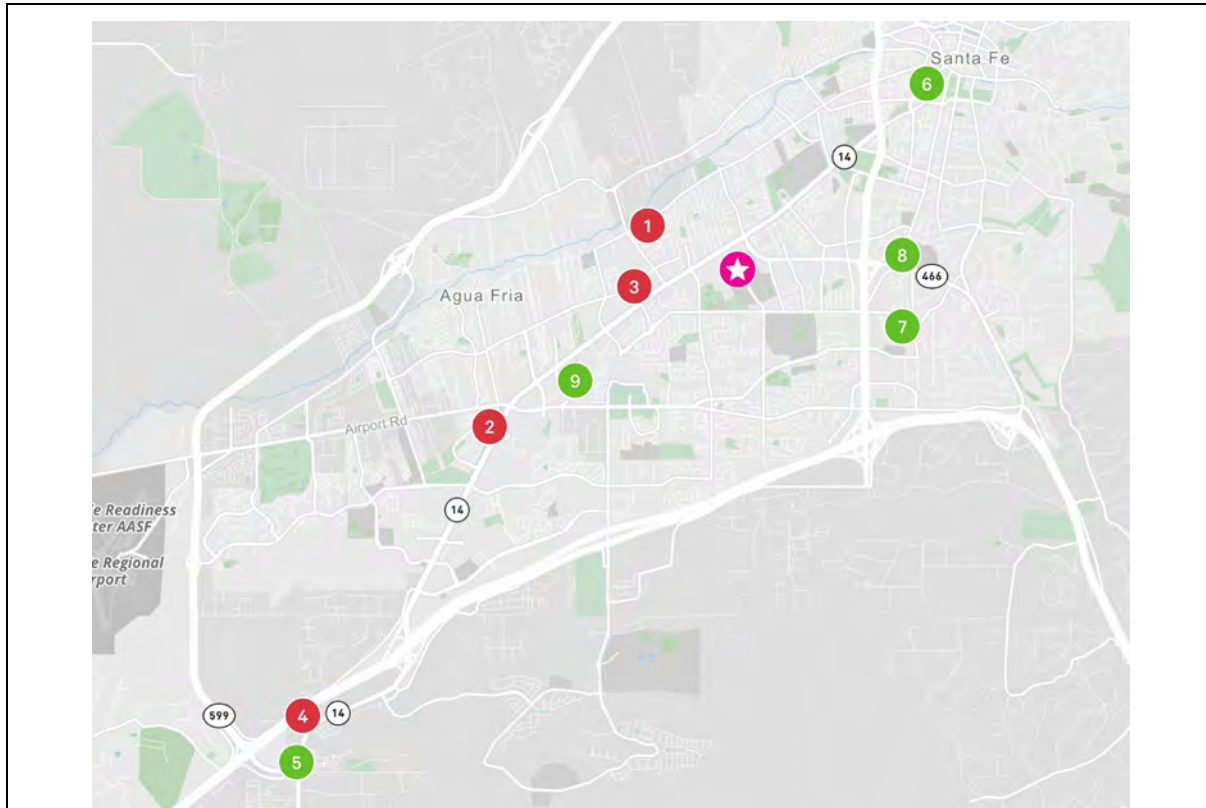
VALUE CONCLUSION

As Complete Market Value	\$11,500,000
Deferred Maintenance	(6,314,633)
As Is Market Value	\$5,185,368
Rounded	\$5,200,000
Value Per SF	\$52.70

Compiled by CBRE

Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE INDUSTRIAL RENTALS												
No.	Property Name and Location	YOC / Reno'd	Property Subtype	Occ.	Distance from Subj	NRA (SF)	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	Reimbursements
1	1000 Siler Park Ln 1000 Siler Park Ln Santa Fe, NM 87507	1980	WH / Distribution / Logistics	100%	1.0 Miles	53,668	Hajoca	53,688	Nov-22	6.0 Yrs.	\$6.13 PSF	NNN
2	2516 Camino Entrada Santa Fe, NM 87507	2002	WH / Distribution / Logistics	100%	2.8 Miles	13,220	Amazon	13,200	Apr-21	5.0 Yrs.	\$12.00 PSF	NNN
3	Second Street Brewery 2920 Rufina Street Santa Fe, NM 87507	1971	WH / Distribution / Logistics	100%	1.0 Miles	20,000	Second Street Brewery	20,000	Jun-21	5.0 Yrs.	\$6.75 PSF	NNN
4	4525 Hwy 14 Rd - Building 2 Santa Fe, NM 87507		WH / Distribution / Logistics	100%	6.0 Miles	10,000	Bimbo Bakeries	10,000	Nov-18	5.0 Yrs.	\$10.00 PSF	Modified Gross
Subj.	Santa Fe College of Arts (portion of) 1600 St Michaels Dr	1968	Office	0%	---	98,677					---	---
Compiled by CBRE												

SUMMARY OF COMPARABLE OFFICE RENTALS												
Comp. No.	Property Name and Location	YOC / Reno'd	Property Subtype	Distance from Subj	NRA (SF)	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	Reimbursements	Escalations
5	US Forest Services Office building 11 Forest Lane Santa Fe, NM 87508	2009	Single Tenant	6.4 Miles	23,000	USDA Forest Service	23,000	Sep-19	5.0 Yrs.	\$22.33 PSF	Full Service	
6	University Plaza 330 Garfield Street Santa Fe, NM 87501	1881 / 2018	Multi Tenant	2.6 Miles	20,595	Fidelity Title Hunter Custom Homes	3,104 2,078	Aug-23 May-23	3.0 Yrs. 3.0 Yrs.	\$23.70 PSF \$28.00 PSF	Gross Gross	Flat Flat
7	Butolph Office Park 400 Kiva Court NE Santa Fe, NM 87505	2013	Office Park	1.7 Miles	10,799	Gallagher Insurance Sun Mountain Wellness	1,325 1,800	Mar-23 Dec-22	3.0 Yrs. 3.0 Yrs.	\$18.11 PSF \$24.00 PSF	Modified Gross Modified Gross	3% annual increases 3% annual increases
8	Galisteo Professional Office Park Condos 531 Harkle Unit A	1988	Office Condominium	1.6 Miles	2,469	Family Medicine	2,469	Oct-23	3.0 Yrs.	\$19.00 PSF	Modified Gross	3% annually
9	The Lofts 3600 Cerrillos Road, Building 700 Santa Fe, NM 87507	2002	Other	1.9 Miles	24,273	Functional Medicine Sungreen Cleaner (Noel Lopez)	1,195 1,100	Sep-22 Feb-22	1.9 Yrs. 0.9 Yrs.	\$19.83 PSF \$18.00 PSF	Modified Gross Modified Gross	
Subj.	Santa Fe College of Arts (portion of) 1600 St Michaels Dr Santa Fe, NM 87505	1968			98,677					---		

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. They were selected from our research within the greater Santa Fe area, recent leases of industrial and office spaces comparable to the subject. The following table shows a summary of the space allocation for the subject.

MARKET RENT CATEGORIES	
Space Allocation	Size
Industrial Space	11,200
Office Space	87,477
Compiled by CBRE	

NATIONAL STUDIO SPACE RENT COMPARABLES

CBRE has compiled national rentals for film and television studios showing the space can rent from \$25 to \$115 per square foot. The wide range in rent for the comparables is mostly attributable to the composition of stage vs office/support space for each comparable. Rents tend to trend at the top range of office rents for the locality. The subject has good linkages, and is operated by a reputable company within the competitive market. However, its studio space is limited, and the size of sound stages available are smaller than typically desired for larger production studio operators. In conclusion, we estimate a stage rent for the subject consistent with the rate indicated by the comparable office spaces.

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

This is a 53,668-square foot industrial (warehouse/distribution) facility located at 1000 Siler Park Ln in Santa Fe, New Mexico. The improvements were constructed in 1980 and are situated on a 4.65-acre site. The clear height of the improvements is 20' and the office finish approximates 33.5%. The property has been leased by HAJOCA, which has been in this location since 1989,

most recently extended in November, 2022, for a six year term, with a rent currently at \$6.13 per square foot, or \$328,755 annually.

Rent Comparable Two

This building is on Camino Entrada, just off of Cerrillos Road. It was formerly occupied by United Rentals, as well as Santa Fe Autoworks. It was placed on the market for \$12.00 psf NNN in late 2021, and leased in April, 2022. The tenant was not disclosed, nor the lease amount, but market participants believe it is Amazon, being used as a last mile warehouse, and the lease signing was at or near list.

Rent Comparable Three

This comparable represents the renewal lease of a warehouse in the Siler Road industrial area of Santa Fe, NM, which was converted into a brewery and tap room for Second Street Brewery. This property is located just around the corner from the Meow Wolf art complex, a popular tourist attraction. This property had previously been utilized as a mattress warehouse and had minimal office buildout or yard area. This property was purchased by a local broker/investor in February 2015 for \$1,000,000 who immediately started marketing it for lease. Second Street Brewery signed a 5-year NNN lease in approximately June 2016 at \$120,000 per year, or \$6.00 per square foot. This lease did not include any TI allowance and the brewery spent an estimated \$1,000,000 on renovations to transform the property into a brewery and tap room. Approximately half of this was for real estate to include an HVAC system, new restrooms, upgraded electrical system, new trench drains, landscaping, and exterior improvements. The remainder represented equipment costs for a 20-barrel brewing system. The lease includes three 5-year renewal options with CPI escalations every three years throughout the initial and renewal terms.

Rent Comparable Four

This rental survey represents the direct lease for 4525 Hwy 14 Rd, Building 2 in Santa Fe County, Santa Fe New Mexico. This is an industrial property type with a single tenancy with a rentable area of 10,000 SF on 0.46 acres of land. This property was on the market for 5 months and was occupied in November of 2018. The reimbursements are on a modified gross basis and the lease is reported to be a 5 year term, occupied by Bimbo Bakeries.

Rent Comparable Five

This is a 23,000-square foot, one-story, suburban office building located at 11 Forest Lane in Santa Fe, New Mexico. The improvements were constructed in 2009 and are situated on a 5.00-acre site. Currently, the property is 100.0% occupied by the United States Department of Agriculture, Forest Service Division. An original 10-year, firm lease term commenced September 17, 2009. Base rent during the original term was flat at \$676,890 per year, or approximately \$29.43 per square foot, inclusive of amortized tenant improvements, with CPI adjustments to operating expenses of \$4.13 per square foot. The lease included two, five-year options to renew

at \$520,950 per year, or approximately \$22.65 per square foot, prior to CPI adjustments for operating expenses. The GSA tenant, in a letter dated March 12, 2019, indicated its intention of exercising the first, five-year renewal option. Based on executed Lease Amendment No. PLA047, signed December 16, 2019, the total annual rent for the first option period has been negotiated to \$513,570.34 annually, equivalent to \$22.33 per square foot, including a base rent of \$18.52 per square foot, and CPI adjusted operating expenses of \$3.81 per square foot.

Rent Comparable Six

This comparable represents a 20,595-square-foot, Class C multi-tenant office property at 330 Garfield Street, Santa Fe, NM. The 4-story improvements were originally constructed in 1881 and were considered in average condition at the time of our research. The property is currently 94% leased. The most recent leases signed in 2023 are gross leases at \$23.70 and \$28.00 per square foot, both 36 month leases to new tenants.

Rent Comparable Seven

This comparable represents a 10,799-square-foot, Class office park office property at 400 Kiva Court NE, Santa Fe, NM. The improvements were originally constructed in 2013 and were considered in condition at the time of our research. The property is currently 100% leased. Tenants pays flat rate plus utilities. The most recent leases in the complex range from \$18.11 to \$24.00 per square foot for new tenants.

Rent Comparable Eight

This comparable represents a 2,469-square-foot, Class B office condominium office property at 531 Harkle, Santa Fe, NM. The 1-story improvements were originally constructed in 1988 and were considered in condition at the time of our research. This is a single-tenant unit, leased to Family Medicine starting in October 2023, at \$19.00 per square foot on a modified gross basis.

Rent Comparable Nine

This comparable represents a 24,273-square-foot, Class C+ other office property at 3600 Cerrillos Road, Building 700, Santa Fe, NM. The 3-story improvements were originally constructed in 2002 and were considered in average condition at the time of our research. This is a mixed-use development, consisting of 22 office suites and 18 residential units. The offices are typically small executive units from 150-300 square feet, with one larger tenant occupying 2,290 square feet. The apartments range from 440 square foot efficiency units to 1,400 square foot lofts, averaging 1,000 square feet, typically one-bedroom, all one-bath. Occupancy has ranged from 90% to 97% over the last two years, averaging roughly 90%. Most office spaces are leased from 12 to 36 months, while the residential units are commonly on 6 to 12 month leases. Roughly 50% of the tenants have been in place for 3 or more years. The improvements are in generally good condition, with no deferred maintenance.

MARKET RENT ANALYSIS

Local industrial space is typically rented on a NNN basis, with comparables ranging from \$6.13 to \$12.00 per square foot. The range in recent office leases is from \$18.00 to \$28.00 per square foot, typically on a gross or modified gross basis. The subject compares with the upper portion of the industrial range due to its locational and physical characteristics. The office space is most comparable to the lower portion of the indicated range in the market, primarily attributable to age and condition, as well as the classroom configuration.

MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS		
Category	Industrial Space	Office Space
Net Rentable Area (SF)	11,200	87,477
Percent of Total SF	11.4%	88.6%
Market Rent (\$/SF/Yr.)	\$12.00	\$19.00
Weighted Average In-place Rent	\$0.00	\$0.00
Concessions (New Tenants)	2 Months	2 Months
Concessions (Renewals)	0 Months	0 Months
Reimbursements	NNN	Gross
Escalations	2%	2%
Tenant Improvements (New Tenants)	\$2.00	\$40.00
Tenant Improvements (Renewals)	\$0.00	\$10.00
Average Lease Term	60 Months	60 Months
Leasing Commissions (New Tenants)	6.00%	6.00%
Leasing Commissions (Renewals)	3.00%	3.00%
Compiled by CBRE		

RENT ROLL ANALYSIS

The subject's rent roll is illustrated as follows:

RENT ROLL ANALYSIS FOR SANTA FE COLLEGE OF ARTS (PORTION OF)										
Suite No.	Tenant	Tenant Type	Lease Start	Lease Expiration (Mos.)	Term	Size (NRA) SF	% Total	Market Rent		Market Expense Basis
								\$/SF/Yr.	\$/Yr.	
	Owner-Occupied	Office Space	---	---	---	87,477	88.6%	\$19.00	\$1,662,063	Gross
	Owner-Occupied	Industrial Space	---	---	---	11,200	11.4%	\$12.00	\$134,400	NNN
Vacant Subtotals						98,677	100.0%		\$1,796,463	
Property Totals - Contract Rent						98,677	100.0%			\$18.21
Property Totals - Market Rent						98,677	100.0%	\$18.21	\$1,796,463	\$18.21
Compiled by CBRE										

OPERATING EXPENSE ANALYSIS

Expense Comparables

The following chart summarizes expenses obtained from recognized industry publications and/or comparable properties. The subject expenses are concluded within the range indicated by the comparables, generally near the upper portion of the range.

EXPENSE COMPARABLES					
Comparable Number	1	2	3	4	Subject
Location	Central NM	Central NM	Northern NM	Northern NM	Santa Fe, NM
NRA (SF)	145,763	113,698	105,722	31,880	98,677
Year Built	1972	1954	1985	2009	1968
Type	Office Park	Multi Tenant	Multi Tenant	Multi Tenant	Single Tenant
Period	2022	2022	2023	2022	Pro Forma
Revenues	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF
Potential Rental Income	\$22.85	\$13.66	\$20.00	\$19.87	\$18.21
Vacancy & Credit Loss	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.73)
Net Rental Income	\$22.85	\$13.66	\$20.00	\$19.87	\$15.47
Expense Reimbursements	\$0.00	\$0.00	\$0.21	\$1.94	\$1.87
Vacancy & Credit Loss	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Effective Other Income	\$0.00	\$0.00	\$0.21	\$1.94	\$1.87
Effective Gross Income	\$22.85	\$13.66	\$20.89	\$21.81	\$17.35
Expenses					
Real Estate Taxes	\$1.58	\$0.71	\$0.58	\$1.63	\$1.60
Property Insurance	\$0.18	\$0.12	\$0.18	\$0.18	\$0.15
Common Area Maintenance	\$8.40	\$4.38	\$2.97	\$4.88	\$4.00
Janitorial	\$0.90	\$0.52	\$0.73	\$0.77	\$0.75
Management Fee	\$0.91	\$0.18	\$0.77	\$1.32	\$0.69
Total Operating Expenses	\$11.98	\$5.91	\$5.23	\$8.78	\$7.20
Operating Expenses Excluding Taxes	\$10.40	\$5.20	\$4.65	\$7.15	\$5.59
Operating Expense Ratio	52.4%	43.3%	25.0%	40.2%	41.5%
Management Fee (% of EGI)	4.0%	1.3%	3.7%	6.0%	4.0%
² The median total differs from the sum of the individual amounts.					
Compiled by CBRE					

OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

TOTAL OPERATING EXPENSES		
Year	Total	\$/SF/Yr
Expense Comparable 1	---	\$11.98
Expense Comparable 2	---	\$5.91
Expense Comparable 3	---	\$5.23
Expense Comparable 4	---	\$8.78
CBRE Estimate	\$710,297	\$7.20
Compiled by CBRE		

We have concluded \$9.51 per square foot for the subject's total operating expenses, which is within the range of the expense comparables.

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

Comparable Sales

Only one income property was used in the sales comparison approach; the rest were owner-occupied. For this reason, additional sales of investment properties were selected from the market, from which applicable capitalization rates (OARs) could be confirmed.

COMPARABLE CAPITALIZATION RATES						
Sale	Sale Date	Sale Price \$/SF	Occupancy	Buyer's Primary Analysis	Operating Expense Ratio	OAR
4	Apr-21	\$141.47	80%	Pro Forma (Stabilized)	41.59	9.13%
Indicated OAR:			85%			9.13%-9.13%
Compiled by CBRE						

COMPARABLE CAPITALIZATION RATES						
Secondary Sale	Sale Date	Sale Price \$/SF	Occupancy	Buyer's Primary Analysis	Operating Expense Ratio	OAR
7	Dec-23	\$70.85	100%	Trailing Actuals	38.55	8.13%
8	Nov-22	\$96.02	94%	Trailing Actuals	n/a	9.27%
9	Sep-22	\$188.85	100%	Trailing Actuals	n/a	7.99%
10	Jan-22	\$67.33	91%	Pro Forma (Stabilized)	53.42	9.75%
11	Jan-22	\$230.13	100%	Trailing Actuals	n/a	8.50%
12	Sep-21	\$72.73	83%	Trailing Actuals	46.59	10.53%
13	Apr-21	\$117.05	79%	Pro Forma (Stabilized)	37.08	9.52%
Indicated OAR:			85%			7.99%-10.53%

Compiled by CBRE

The overall capitalization rates for these sales were derived based upon the actual or pro-forma income characteristics of the property. Primary emphasis has been placed upon the more recent data, which is generally reflective of current market trends, interest rates, and buyer's expectations and motivation in the market. Each of these sales shows a similar tenancy structure with regard to stability and credit rating, whereby little if any adjustments are required when compared with the subject.

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES		
Investment Type	OAR Range	Average
<i>CBRE Suburban Office</i>		
Class A	6.84% - 7.72%	7.00%
Class B	8.07% - 8.61%	8.21%
Class C	9.39% - 10.03%	9.62%
<i>RealtyRates.com</i>		
Office	5.11% - 12.93%	9.53%
CBD Office	6.02% - 12.93%	9.76%
Suburban	5.11% - 11.67%	8.85%
<i>PwC Suburban Office</i>		
National Data	4.25% - 7.75%	6.00%
Indicated OAR:		8.01 - 9.53%
Compiled by CBRE		

Market Participants

The results of recent interviews with knowledgeable real estate professionals are summarized in the following table.

OVERALL CAPITALIZATION RATES				
Respondent	Company	OAR	Income	Date of Survey
Confidential	CBRE	8% - 9%	Pro Forma	Jan-24
Confidential	Colliers	9.0%	Pro Forma	Jan-24
Indicated OAR:				8.0% - 9.0%
Compiled by CBRE				

Band of Investment

The band of investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

BAND OF INVESTMENT				
Mortgage Interest Rate	6.75%			
Mortgage Term (Amortization Period)	25 Years			
Mortgage Ratio (Loan-to-Value)	70%			
Mortgage Constant (monthly payments)	0.08291			
Equity Dividend Rate (EDR)	12.00%			
Mortgage Requirement	70%	x	0.08291	= 0.05804
Equity Requirement	30%	x	0.12000	= 0.03600
	100%			0.09404
Indicated OAR:				9.40%
Compiled by CBRE				

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	9.13%-9.13%
Comparable Sales (Secondary)	7.99%-10.53%
Published Surveys	8.01 - 9.53%
Market Participants	8.0% - 9.0%
Band of Investment	9.40%
CBRE Estimate	9.00%
Compiled by CBRE	

We have also considered recent events and prevailing market conditions with respect to capitalization rates. This includes a combination of inflationary pressures, higher cost of capital (considering interest rates as well as risk spreads), and the recent geopolitical events. While the overall long-term outlook for commercial real estate remains positive, the full effect of these factors may not yet be reflected in transactional data. Overall, we view uncertainty and the higher cost of capital to have an upward influence on capitalization rates which is considered with respect to our conclusion herein.

Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY			
Income		\$/SF/Yr	Total
Potential Rental Income		\$18.21	\$1,796,463
Vacancy & Credit Loss	15.00%	(2.73)	(269,469)
Net Rental Income		\$15.47	\$1,526,994
Expense Reimbursements		1.87	184,560
Vacancy & Credit Loss	0.00%	0.00	-
Subtotal Effective Other Income		\$1.87	\$184,560
Effective Gross Income		\$17.35	\$1,711,553
Expenses			
Real Estate Taxes		\$1.60	\$158,318
Property Insurance		0.15	14,802
Common Area Maintenance		4.00	394,708
Janitorial		0.75	74,008
Management Fee	4.00%	0.69	68,462
Total Operating Expenses		\$7.20	\$710,297
Operating Expenses Excluding Taxes		\$5.59	\$551,979
Operating Expense Ratio			41.50%
Net Operating Income		\$10.15	\$1,001,256
OAR		÷	9.00%
As Stabilized Value	November 15, 2023		\$11,125,072
Rounded			\$11,100,000
Deferred Maintenance			(7,176,661)
As Is Value	November 15, 2023		\$3,948,411
Rounded			\$3,900,000
Value Per SF			\$39.52
Matrix Analysis		Cap Rate	Value
		8.75%	\$11,400,000
		9.00%	\$11,100,000
		9.25%	\$10,800,000
Compiled by CBRE			

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS				
Appraisal Premise	As of Date	Sales Comparison Approach	Income Approach	Reconciled Value
As Is	November 15, 2023	\$4,800,000	\$3,900,000	\$4,800,000
Compiled by CBRE				

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on similar properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, and has been given primary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing investment properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator, but it has been given secondary emphasis in the final value estimate as our analysis pertains to the Fee Simple interest in the property. Based on this analysis, the income approach does not indicate that the use as an income property is feasible.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	November 15, 2023	\$4,800,000
Compiled by CBRE			

Assumptions and Limiting Conditions

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

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

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

4. CBRE has assumed that all documents, data and information furnished by or on behalf of the client, property owner or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report and any conclusions stated therein. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including, without limitation, any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. This Report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this Report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections. Further, other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later change or be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge including, but not limited to, environmental, social, and governance principles ("ESG"), beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.

10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

IMPROVED SALE DATA SHEETS

Property Name	Carrie Steele Pitts Home
Address	577, 585, 667 Fairburn Road NW Atlanta, GA 30331
County	Fulton
Govt./Tax ID	Multiple
Net Rentable Area (NRA)	84,684 sf
Condition	Average
Parking Type/ Ratio	Surface/ 1.31:1,000 sf
Floor Count	1
Total # of Units	0 Units
Average Unit Size	N/A
Average Rent/Unit	N/A
Average Rent/SF	N/A
Year Built/Renovated	1965/ N/A
Land Area Net	14.200 ac/ 618,552 sf
Construction Class/ Type	B/ Average
Exterior Finish	Brick
General Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	PSA
Interest Transferred	Leased Fee	Transaction Date	08/04/2023
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	Partnership for Southern Equity, Inc.	Sale Price	\$5,200,000
Buyer Type	N/A	Financing	Cash to Seller
Recorded Seller	Carrie Steele-Pitts Home	Cash Equivalent	\$5,200,000
Marketing Time	4 Month(s)	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$5,200,000
Doc #	67064/644	Adjusted Price / sf	\$61.40
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

This comparable represents the sale of the former Carrie Steele Pitts Home campus located at 667 Fairburn Road NW in Atlanta, Georgia. The improvements include a total of 84,684 square feet in 8 buildings situated on a 15.76-gross acre campus. Due to a creek on the property, 14.2 acres are considered usable. The facility includes classrooms, gymnasium, commercial kitchen, cafeteria, offices, indoor pool, athletic field, playground, and 111 parking spaces. The property was listed for \$5,000,000 and the broker reported multiple bids which drove up the price. The property was purchased by a non-profit, Partnership for Southern Equity, Inc. for \$5,200,000 or \$61.40 per square foot in August 2023. The buyer will owner occupy three of the buildings representing 54,816 square feet. A school (Imhotep Academy), which had been leasing space at the property prior to the sale, will continue to lease/operate in four buildings representing 28,794 square feet. The buyer plans to renew the school tenant lease, which is on a month to month basis.

Property Name	Former Mount Auburn International Academy
Address	244 Southern Avenue Cincinnati, OH 45219
County	Hamilton
Govt./Tax ID	Multiple
Gross Building Area (GBA)	88,673 sf
Condition	Average
Parking Type/ Ratio	Surface/ N/A
Floor Count	4
Total # of Units	1 Unit
Average Unit Size	88,673 sf
Average Rent/Unit	N/A
Average Rent/SF	N/A
Year Built/Renovated	1895/ N/A
Land Area Net	2.300 ac/ 100,188 sf
Construction Class/ Type	C/ Average
Exterior Finish	Brick
General Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Costar, Deed
Interest Transferred	Fee Simple	Transaction Date	06/30/2023
Condition of Sale	Average	Recording Date	07/11/2023
Recorded Buyer	GSP Southern Ave LLC	Sale Price	\$5,000,000
Buyer Type	Corporation	Financing	Market Rate Financing
Recorded Seller	Cincinnati Property Management of Ohio LLC	Cash Equivalent	\$5,000,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$5,000,000
Doc #	2023-0047573	Adjusted Price / sf	\$56.39
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

This comparable represents a 88,673 square foot school facility located in Cincinnati, Ohio. The property was originally built in 1895 and in 2022 was operating as the Mount Auburn International Academy. The 88,673 square foot building includes a mix of offices, class rooms, gymnasium, cafeteria, & additional storage/maintenance rooms. The property is currently under contract to be purchased. The property was purchased in June 2023 for \$5,000,000 or \$56.39 per square foot. The property was purchased for use as the Mount Auburn Preparatory Academy charter school.

Property Name	Shellabarger Tennis Center / Studio
Address	1600 1/2 St. Michaels Drive Santa Fe, NM 87505
County	Santa Fe
Govt./Tax ID	910021309
Gross Building Area (GBA)	65,000 sf
Condition	Good
Parking Type/ Ratio	Open Asphalt/ N/A
Floor Count	1
Total # of Units	0 Units
Average Unit Size	N/A
Average Rent/Unit	N/A
Average Rent/SF	N/A
Year Built/Renovated	2002/ 2022
Land Area Net	8.612 ac/ 375,139 sf
Construction Class/ Type	S/ Average
Exterior Finish	Steel
General Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Buyer, Broker, Appraiser
Interest Transferred	Fee Simple	Transaction Date	10/31/2022
Condition of Sale	None	Recording Date	10/31/2022
Recorded Buyer	Midtown SF Residential QOZB	Sale Price	\$6,700,000
Buyer Type	Developer	Financing	Market Rate Financing
Recorded Seller	Rose & Hitman	Cash Equivalent	\$6,700,000
Marketing Time	11 Month(s)	Capital Adjustment	\$2,500,000
Listing Broker	Barker Realty / Dave Gurule	Adjusted Price	\$9,200,000
Doc #	2000583	Adjusted Price / sf	\$141.54
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

The former Shellabarger Tennis Center was constructed in 2002 tennis facility as a public tennis club on the College of Santa Fe campus. It has 65,000 square feet of gross building area, initially for indoor tennis use. It was marketed for mixed use, potentially residential or office, and sold in May, 2022, closing in October after the initial offer fell through. The closing price was \$6,700,000. The buyer considered multiple reconfigurations, and ultimately repurposed the facility as a film soundstage/professional office. According to the new owners the facility required \$1,500,000 for the soundstages to be retrofitted and soundproofed, as well as an additional \$1,000,000 is needed for electrical upgrades. It has a low land-to-building ratio of 17%, indicating some potential surplus land available for expansion or exterior storage.

Property Name	Blackhall Studios
Address	1415 Constitution Road SE Atlanta, GA 30315
County	DeKalb
Govt./Tax ID	Multiple
Gross Building Area (GBA)	848,239 sf
Condition	N/A
Number of Buildings	24
Parking Type/Ratio	Surface/ 1.89:1,000 sf
Year Built/Renovated	1987/ 2017
Floor Count	1
Occupancy Type	Owner/User
Actual Land to Bldg Ratio	2.70:1
Land Area Net	52.534 ac/ 2,288,383 sf
Shape	Irregular
Zoning	M (Manufacturing)/Soapstone Ridge Historic District
% Office	2%
Clear Ceiling Height	28 - 45 ft
Construction Class/Type	C/ Average
Exterior Finish	Tilt-up Concrete
Rail Access	N/A
Loading	N/A
Fire Protection	Wet system



Transaction Details

Type	Sale	Primary Verification	PSA, Public Records, Seller Statement, Prior Appraisal
Interest Transferred	Mixed Fee/Lease Hold	Transaction Date	04/19/2021
Condition of Sale	Arm's Length	Recording Date	04/21/2021
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	BGP Atlanta I Propco, LLC	Sale Price	\$120,000,100
Buyer Type	Private Investor	Financing	Cash to Seller
Recorded Seller	Blackhall Real Estate, LLC	Cash Equivalent	\$120,000,100
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$120,000,100
Doc #	29294 / 343	Adjusted Price / sf	\$141.47
Buyer's Primary Analysis	N/A	Occupancy at Sale	80%
Static Analysis Method	Pro Forma (Stabilized)	Underwritten Occupancy	N/A
Source	Seller	Potential Gross Income	N/A
NOI / sf	\$12.92	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	\$18,755,000
OER	41.59%	Expenses	\$7,799,902
Expenses /sf	\$9.20	Net Operating Income	\$10,955,098
Cap Rate	9.13%		

Comments

This comparable represents the sale of Blackhall Studios, a movie and film production studio located on two adjacent campuses in southeast Atlanta. The Main Campus is an approximate 411,532-square-foot, state-of-the-art movie and film production studio with nine sound stages and a centralized office, warehouse, and millwork facility, as well as individual office bungalows. These buildings were built in 2017-2018 and are located at 1415 Constitution Road SE. The East Campus, including The Grove, is an approximate 436,707-square-foot, movie and film production studio divided into multiple sound stages, office, and millwork uses. The buildings were constructed in 1987, and renovated, opening in 2017 and 2018. This property is located at 3475, 3495, and 3342 International Park Drive SE. Blackhall has been home to productions for Disney, Warner Brothers, and Universal Studios, as well as Netflix.

Blackhall Studios was sold to Los Angeles based private equity firm Commonwealth Group for a reported price of \$120 million. The transaction was structured as an "Asset Purchase Agreement" and included both real property and assignment of leases for buildings and property comprising the East Campus (including The Grove), as well as furnishings and equipment, and assumption of certain liabilities. A detailed allocation was not available, though the recorded price for the fee simple interest transferred was \$100 million. The pro forma shown is the seller's operating budget for 2021. It is generally supported by actual 2019 operations, allowing for additional operations. In 2020, revenue was significantly negatively impacted by the COVID-19 pandemic. However, commitments for 2021 had the studio operating at near-full capacity.

Property Name	Charter School Campus
Address	4018 South Presa Street San Antonio, TX 78223
County	Bexar
Govt./Tax ID	Multiple
Net Rentable Area (NRA)	68,098 sf
Condition	Average
Parking Type/ Ratio	Open/ 0.98:1,000 sf
Floor Count	3
Total # of Units	0 Units
Average Unit Size	N/A
Average Rent/Unit	N/A
Average Rent/SF	N/A
Year Built/Renovated	1921/ 2017
Land Area Net	7.100 ac/ 309,276 sf
Construction Class/ Type	C/ Good
Exterior Finish	Masonry
General Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Buyer
Interest Transferred	Fee Simple	Transaction Date	03/18/2021
Condition of Sale	Arms length	Recording Date	03/19/2021
Recorded Buyer	Royal School Systems	Sale Price	\$5,750,000
Buyer Type	End User	Financing	Market Rate Financing
Recorded Seller	New Frontiers Charter School, Inc.	Cash Equivalent	\$5,750,000
Marketing Time	6 Month(s)	Capital Adjustment	\$0
Listing Broker	Oldham Goodwin Group, Inc.	Adjusted Price	\$5,750,000
Doc #	71511	Adjusted Price / sf	\$84.44
Buyer's Primary Analysis	Owner/Occupier		
Occupancy at Sale	100%		

Comments

This comparable represents the sale of a 68,098-square foot charter school located at 4018 South Presa Street in San Antonio, Texas. The improvements were originally constructed in 1921, renovated in 2013 and 2017, and are situated on a 7.10-acre site. Amenities include a full kitchen/cafeteria, basketball pavillion and athletic field. The property is presently owner-occupied by New Frontiers Public Schools and operated as the Frank L. Madla Accredited Collegiate Academy. It sold in March 2021 for \$5,750,000, or \$84.44 per square-foot.

Property Name	Aztec Warrior Studios
Address	1550 Agape Way Decatur, GA 30035
County	DeKalb
Govt./Tax ID	15-196-03-023
Gross Building Area (GBA)	18,458 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Surface/ N/A
Year Built/Renovated	1993/ N/A
Floor Count	1
Occupancy Type	Owner/User
Actual Land to Bldg Ratio	18.17:1
Land Area Net	7.700 ac/ 335,412 sf
Shape	Irregular
Zoning	RM-HD
% Office	N/A
Clear Ceiling Height	ft
Construction Class/Type	C/ N/A
Exterior Finish	N/A
Rail Access	N/A
Loading	N/A
Fire Protection	N/A



Transaction Details

Type	Sale	Primary Verification	Deed, PT61
Interest Transferred	Fee Simple	Transaction Date	07/24/2019
Condition of Sale	Arm's length	Recording Date	N/A
Recorded Buyer	ADA 108 LLC	Sale Price	\$1,562,500
Buyer Type	End User	Financing	Not Available
Recorded Seller	Trinity Christian Center of Santa Ana Inc.	Cash Equivalent	\$1,562,500
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$1,562,500
Doc #	27688/780	Adjusted Price / sf	\$84.65
Buyer's Primary Analysis	Owner/Occupier		
Occupancy at Sale	0%		

Comments

This 18,458 square foot building is located at 1550 Agape Way in Decatur, GA. The improvements were constructed in 1993 and are situated on a 7.70 acre site. The improvements are tilt-up concrete exterior with a brick façade along the front of the building. The property was sold from Trinity Christian Center of Santa Ana who had their broadcasting network at this location, to ADA 108 LLC. The buyer purchased the property as a film production studio. The property is now known as the Aztec Warrior Studios. The property sold for \$1,562,500 or \$84.65 in July 2019.

Addendum B

RENT COMPARABLE DATA SHEETS

Property Name	1000 Siler Park Ln
Address	1000 Siler Park Ln Santa Fe, NM 87507
County	Santa Fe
Govt./Tax ID	016001223
Gross Building Area (GBA)	53,668 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Surface/ N/A
Year Built/Renovated	1980/ N/A
Floor Count	1
Occupancy Type	Single Tenant
Actual Land to Bldg Ratio	2.76:1
Land Area Net	3.400 ac/ 148,104 sf
Shape	Irregular
Zoning	I2- General Industrial
% Office	30%
Clear Ceiling Height	20 ft
Construction Class/Type	S/ Average
Exterior Finish	Aluminum
Rail Access	N/A
Loading	N/A
Fire Protection	N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	05/2023	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Hajoca	Industrial	53,688	72	Renewal	Nov 2022	NNN	3% / 5 Yr	N/A	N/A	\$6.13

Comments

This is a 53,668-square foot industrial (warehouse/distribution) facility located at 1000 Siler Park Ln in Santa Fe, New Mexico. The improvements were constructed in 1980 and are situated on a 4.65-acre site. The clear height of the improvements is 20' and the office finish approximates 33.5%. The property has been leased by HAJOCA, which has been in this location since 1989, most recently extended in November, 2022, for a six year term, with a rent currently at \$6.13 per square foot, or \$328,755 annually.

Property Name	N/A
Address	2516 Camino Entrada Santa Fe, NM 87507
County	Santa Fe
Govt./Tax ID	N/A
Gross Building Area (GBA)	13,220 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	N/A/ N/A
Year Built/Renovated	2002/ N/A
Floor Count	1
Occupancy Type	Single Tenant
Actual Land to Bldg Ratio	6.43:1
Land Area Net	1.950 ac/ 84,942 sf
Shape	Rectangular
Zoning	C-2
% Office	40%
Clear Ceiling Height	15 ft
Construction Class/Type	S/ Average
Exterior Finish	Steel
Rail Access	N/A
Loading	N/A
Fire Protection	N/A



Quoted Terms

Reimbursements	NNN	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	13,220 sf	TI Allowance	N/A
Lease Term	60 Mo(s).	Reimbursement Amount	N/A
Survey Date	04/2023	Total Oper. & Fixed Exp.	N/A
Verification	Phase One Realty	Annual Base Rent	\$12.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Amazon	Industrial	13,200	60	New	Apr 2021	NNN	N/A	N/A	N/A	\$12.00

Comments

This building is on Camino Entrada, just off of Cerrillos Road. It was formerly occupied by United Rentals, as well as Santa Fe Autoworks. It was placed on the market for \$12.00 psf NNN in late 2021, and leased in April, 2022. The tenant was not disclosed, nor the lease amount, but market participants believe it is Amazon, being used as a last mile warehouse, and the lease signing was at or near list.

Property Name	Second Street Brewery
Address	2920 Rufina Street Santa Fe, NM 87507
County	Santa Fe
Govt./Tax ID	1-051-097-131-095
Gross Building Area (GBA)	20,000 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Open Asphalt/ 0.40:1,000 sf
Year Built/Renovated	1971/ N/A
Floor Count	1
Occupancy Type	Single Tenant
Actual Land to Bldg Ratio	2.28:1
Land Area Net	1.048 ac/ 45,629 sf
Shape	Irregular
Zoning	I-2
% Office	8%
Clear Ceiling Height	14 ft
Construction Class/Type	S/ N/A
Exterior Finish	Metal
Rail Access	No
Loading	2 Dock high/1 grade level
Fire Protection	No



Quoted Terms

Reimbursements	NNN	Rent Changes/Steps	CPI/3 Years
Occupancy	100%	Free Rent	0 Mo(s).
Tenant Size	20,000 sf	TI Allowance	\$0.00 per sf
Lease Term	60 Mo(s).	Reimbursement Amount	N/A
Survey Date	06/2021	Total Oper. & Fixed Exp.	N/A
Verification	Paul Duran / 505-310-5566	Annual Base Rent	\$6.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Second Street Brewery	Industrial	20,000	60	Renewal	Jun 2021	NNN	CPI/3 Years	0.00	\$0.00	\$6.75

Comments

This comparable represents the renewal lease of a warehouse in the Siler Road industrial area of Santa Fe, NM, which was converted into a brewery and tap room for Second Street Brewery. This property is located just around the corner from the Meow Wolf art complex, a popular tourist attraction. This property had previously been utilized as a mattress warehouse and had minimal office buildout or yard area. This property was purchased by a local broker/investor in February 2015 for \$1,000,000 who immediately started marketing it for lease. Second Street Brewery signed a 5-year NNN lease in approximately June 2016 at \$120,000 per year, or \$6.00 per square foot. This lease did not include any TI allowance and the brewery spent an estimated \$1,000,000 on renovations to transform the property into a brewery and tap room. Approximately half of this was for real estate to include an HVAC system, new restrooms, upgraded electrical system, new trench drains, landscaping, and exterior improvements. The remainder represented equipment costs for a 20-barrel brewing system. The lease includes three 5-year renewal options with CPI escalations every three years throughout the initial and renewal terms.

Property Name	N/A
Address	4525 Hwy 14 Rd - Building 2 Santa Fe, NM 87507
County	Santa Fe
Govt./Tax ID	N/A
Net Rentable Area (NRA)	10,000 sf
Condition	N/A
Number of Buildings	1
Parking Type/Ratio	Surface/ 2.40:1,000 sf
Year Built/Renovated	N/A/ N/A
Floor Count	1
Occupancy Type	N/A
Actual Land to Bldg Ratio	2.00:1
Land Area Net	0.460 ac/ 20,038 sf
Shape	Rectangular
Zoning	N/A
% Office	N/A
Clear Ceiling Height	ft
Construction Class/Type	C/ N/A
Exterior Finish	N/A
Rail Access	N/A
Loading	N/A
Fire Protection	N/A



Quoted Terms

Reimbursements	Modified Gross	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	10,000 sf	TI Allowance	N/A
Lease Term	60 Mo(s).	Reimbursement Amount	N/A
Survey Date	11/2021	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	\$10.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Bimbo Bakeries	Industrial	10,000	60	New	Nov 2018	Modified Gross	N/A	N/A	N/A	\$10.00

Comments

This rental survey represents the direct lease for 4525 Hwy 14 Rd, Building 2 in Santa Fe County, Santa Fe New Mexico. This is an industrial property type with a single tenancy with a rentable area of 10,000 SF on 0.46 acres of land. This property was on the market for 5 months and was occupied in November of 2018. The reimbursements are on a modified gross basis and the lease is reported to be a 5 year term, occupied by Bimbo Bakeries.

Property Name	US Forest Services Office building
Address	11 Forest Lane Santa Fe, NM 87508
County	Santa Fe
Govt./Tax ID	1047092527317
Net Rentable Area (NRA)	23,000 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Open Asphalt/ 6.30:1,000 sf
Year Built/Renovated	2009/ N/A
Floor Count	1
Occupancy Type	Single Tenant
Land Area Net	5.001 ac/ 217,844 sf
Actual FAR	0.11
Zoning	Planned Development District (PDD)
Construction Class/ Type	D/ Good
External Finish	Stucco
Amenities	N/A



Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	23,000 sf	TI Allowance	N/A
Lease Term	60 Mo(s).	Reimbursement Amount	N/A
Survey Date	09/2020	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	\$22.33 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
USDA Forest Service	Office	23,000	60	Renewal	Sep 2019	Full Service	N/A	N/A	N/A	\$22.33

Comments

This is a 23,000-square foot, one-story, suburban office building located at 11 Forest Lane in Santa Fe, New Mexico. The improvements were constructed in 2009 and are situated on a 5.00-acre site. Currently, the property is 100.0% occupied by the United States Department of Agriculture, Forest Service Division. An original 10-year, firm lease term commenced September 17, 2009. Base rent during the original term was flat at \$676,890 per year, or approximately \$29.43 per square foot, inclusive of amortized tenant improvements, with CPI adjustments to operating expenses of \$4.13 per square foot. The lease included two, five-year options to renew at \$520,950 per year, or approximately \$22.65 per square foot, prior to CPI adjustments for operating expenses. The GSA tenant, in a letter dated March 12, 2019, indicated its intention of exercising the first, five-year renewal option. Based on executed Lease Amendment No. PLA047, signed December 16, 2019, the total annual rent for the first option period has been negotiated to \$513,570.34 annually, equivalent to \$22.33 per square foot, including a base rent of \$18.52 per square foot, and CPI adjusted operating expenses of \$3.81 per square foot.

Property Name University Plaza
 Address 330 Garfield Street
 Santa Fe, NM 87501

 County Santa Fe
 Govt./Tax ID N/A
 Net Rentable Area (NRA) 20,595 sf
 Condition Average
 Number of Buildings 1
 Parking Type/Ratio On-Street/ N/A
 Year Built/Renovated 1881/ 2018
 Floor Count 4
 Occupancy Type Single Tenant
 Land Area Net 0.283 ac/ 12,310 sf
 Actual FAR 1.67
 Zoning BCDSAN
 Construction Class/ Type C/ Average
 External Finish Stucco
 Amenities N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	N/A	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	01/2024	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Fidelity Title	Office	3,104	36	New	Aug 2023	Gross	Flat	N/A	N/A	\$23.70
Hunter Custom Homes	Office	2,078	36	New	May 2023	Gross	Flat	N/A	N/A	\$28.00

Comments

Property Name Butolph Office Park
 Address 400 Kiva Court NE
 Santa Fe, NM 87505

 County Santa Fe
 Govt./Tax ID N/A
 Net Rentable Area (NRA) 10,799 sf
 Condition N/A
 Number of Buildings N/A
 Parking Type/Ratio N/A/ N/A
 Year Built/Renovated 2013/ N/A
 Floor Count N/A
 Occupancy Type N/A
 Land Area Net 1.580 ac/ 68,825 sf
 Actual FAR 0.16
 Zoning N/A
 Construction Class/ Type N/A/ N/A
 External Finish N/A
 Amenities N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	01/2024	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Gallagher Insurance	Office	1,325	36	New	Mar 2023	Modified Gross	3% annual increase	N/A	N/A	\$18.11
Sun Mountain Wellness	Office	1,800	36	New	Dec 2022	Modified Gross	3% annual increases	N/A	N/A	\$24.00
Success Smile Orthodontics	Office	1,950	36	New	May 2022	Modified Gross	N/A	N/A	N/A	\$18.46

Comments

Tenants pays flat rate plus utilities.

Property Name Galisteo Professional Office Park Condos
 Address 531 Harkle
 Unit A
 Santa Fe, NM 87505

 County Santa Fe
 Govt./Tax ID N/A
 Net Rentable Area (NRA) 2,469 sf
 Condition N/A
 Number of Buildings N/A
 Parking Type/Ratio N/A/ N/A
 Year Built/Renovated 1988/ N/A
 Floor Count 1
 Occupancy Type N/A
 Land Area Net 0.060 ac/ 2,614 sf
 Actual FAR 0.94
 Zoning H-Z
 Construction Class/ Type N/A/ N/A
 External Finish N/A
 Amenities N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	N/A	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	01/2024	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Family Medicine	Office	2,469	36	New	Oct 2023	Modified Gross	3% annually	N/A	N/A	\$19.00

Comments

Property Name The Lofts
 Address 3600 Cerrillos Road, Building 700
 Santa Fe, NM 87507

 County Santa Fe
 Govt./Tax ID 1050096363137CS0000
 Net Rentable Area (NRA) 24,273 sf
 Condition Average
 Number of Buildings 1
 Parking Type/Ratio Open Asphalt/ 5.15:1,000 sf
 Year Built/Renovated 2002/ N/A
 Floor Count 3
 Occupancy Type Multi-tenant
 Land Area Net 1.480 ac/ 64,469 sf
 Actual FAR 0.44
 Zoning C-2 General Commercial
 Construction Class/ Type D/ Good
 External Finish Stucco
 Amenities Flat Roofs, On-Site Management, Surface
 Parking



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	N/A	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	10/2022	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

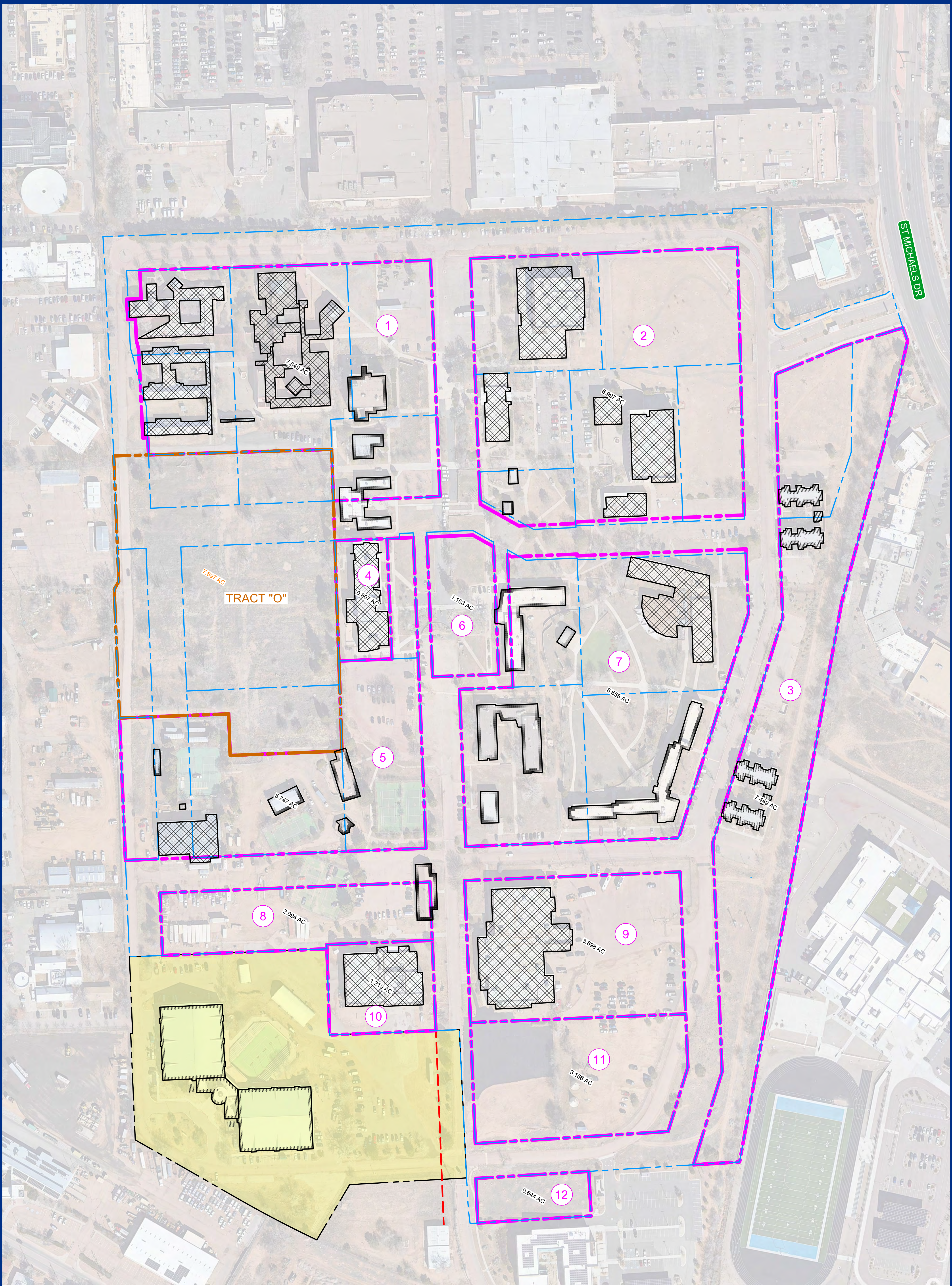
Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Functional Medicine	Office	1,195	23	Renewal	Sep 2022	Modified Gross	N/A	N/A	N/A	\$19.83
Sungreen Cleaner (Noel Lopez)	Office	1,100	11	Renewal	Feb 2022	Modified Gross	N/A	N/A	N/A	\$18.00
Dan Frazier	Office	670	11	New	Nov 2021	Modified Gross	N/A	N/A	N/A	\$21.94
Pilar Nieto	Office	703	35	New	Oct 2021	Modified Gross	N/A	N/A	N/A	\$18.78

Comments

Addendum C

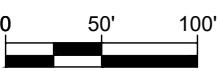
OPERATING DATA



- ORIGINAL NEW PARCELS
- REVISED NEW PARCELS
- SHELLABERGER PARCEL
- TRACT "O"
- TRACT

MIDTOWN SITE LAYOUT

- NEW PARCELS
- SHELLABERGER PARCEL



BINDER 2

PROPOSAL FOR REDEVELOPMENT & EXPANSION MIDTOWN STUDIO LOTS RFP 23/35/P

Prepared for the City of Santa Fe
February 28, 2023

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D. SCHEDULE AND ECONOMIC ANALYSIS PROPOSAL (BINDER 2)

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a) Studio Redevelopment of Existing Properties

b) New Construction of Workforce Housing

c) New Construction Soundstages

d) Development Schedule

e) Construction Costs Support

D. SCHEDULE AND ECONOMIC ANALYSIS PROPOSAL

1. NARRATIVE OF SCHEDULE AND ECONOMIC ANALYSIS PROPOSAL

NARRATIVE OF ECONOMIC ASSUMPTIONS

Key Assumptions

The Offeror's development program for the RFP Lots consists of the following: 1) redevelopment of the existing campus buildings into a full service production studio (Onate will be demolished,) 2) new construction of a 110,000 sf workforce housing development, 3) construction of two new large soundstages totaling approximately 60,000 sf based on market demand. Offeror will also create new retail spaces and a new educational facility in the existing campus buildings. Note that Offeror's valuation for the RFP Lots is based on their current and future development value without the addition of Shellabarger's soundstages. Offeror's Midtown Santa Fe Productions opportunity fund will use its own equity to acquire the RFP Lots and is required to invest such funds within 6 months of its 2023 March 15th corporate tax filing date, or by September 11th.

To value the land assets for each development program, Offeror has applied a direct cap rate to stabilized net income. It has then deducted the costs of development (excluding land) plus a 20% profit margin on equity to arrive at a residual asset/land value. Offeror has not used a discounted cash flow analysis because discount rates are unusually high, future cap rates are uncertain, and the interest rate environment is unpredictable. The resulting margin of error would distort a residual land valuation. All revenue and operating expense assumptions are assumed to be 2023/2024 fiscal year. Following are assumptions for each of the three main development programs:

NARRATIVE OF ECONOMIC ASSUMPTIONS (Contd pg 2)

Adaptive Reuse of Garson Studios, Benildus, Driscoll and Alumni

Operating revenue assumptions include a \$3/sf/month rental rate for studio space, a \$2/sf/month rental rate for office support and a \$1.5/sf/month rental rate for storage and mill space. This analysis assumes a 70% occupancy rate for soundstages and a 60% occupancy rate for support space in the current configuration. It will be difficult to drive higher production occupancy in the office/support buildings at Benildus, Driscoll or Alumni only utilizing Garson one medium and two small stages. Without a large production in occupancy, which requires multiple large stages, there will be only correspondingly moderate demand for accessory office or support space.

In terms of operating costs for the existing studio properties, Offeror has created a zero-base budget in the absence of historical operating statements for the buildings, based on its recent experience at the Shellabarger. The payroll budget assumes that the studio complex will employ a staff consisting of: 1) general manager, 2) a stage manager, 3) maintenance person, 4) two porter/grounds keepers, and 5) night security for a total annual payroll of \$400,000. All employees will be local hires and will receive health benefits and 401k. Note that the operating expenses required to manage this spread-out collection of smaller buildings makes the campus costlier to operate than a single large studio building. In the past, security, maintenance, payroll, management, utility, property management and landscape costs were paid by the city through its general operating budget. In the future, the Offeror will need to pay for these expenses as well as full real estate taxes.

NARRATIVE OF ECONOMIC ASSUMPTIONS (Contd pg 3)

The capitalization rate used to value the assets is 8%, reflecting the risk of the asset class and the restrictive zoning. As stated in the project summary, productions cannot typically be booked far in advance and they utilize short term leases. And because the RFP Lots have been zoned to permit only film production, when the market changes over time, the buildings may experience increased vacancy and financial downside. That increases the investment risk profile and decreases the valuation of the land.

It is the Offeror's plan to renovate the buildings utilizing its own opportunity fund equity and minimal debt. After the studio property is renovated and achieves stabilized operating income (and provided interest rates decrease,) Offeror will refinance the property with permanent debt. The proforma assumes a refinance at stabilization at 50% loan-to-cost at 6.5% interest and 30 year amortization.

The property assessment reports for Benildus Hall, Driscoll Hall and Garson Studio prepared by Wilson Companies on behalf of the city indicate an aggregate deferred maintenance of approximately \$5.7m. That budget does not include the capital costs to separate the properties from the campus' private utility grid and bring public utilities to each of the properties. Offeror has assumed another \$300,000 for that activity and have an overall renovation budget of approximately \$6m of hard costs plus \$1m in soft costs.

Based on the above assumptions and the following financial analysis, the adaptive Reuse of the existing campus buildings as a studio will generate annual real estate taxes of \$65,000 and a residual land/existing building value of approximately \$2,640,000.

NARRATIVE OF ECONOMIC ASSUMPTIONS (Contd pg 4)

Development of Workforce Housing

Offeror proposes to develop a 125 unit workforce housing project consisting of 15% workforce housing rental units and 85% market rate rental. The building will also include a furnished transient housing component with fully furnished apartments that can function as short term residential or hotel units for the production industry.

Current operating revenue assumptions include a \$2/sf/month rental rate for workforce housing and \$3/sf/month rental rate for residential market rate rentals. This analysis assumes a 95% occupancy rate for both workforce and market rate housing.

Offeror assumes a fully staffed multifamily operating expense budget that is equal to approximately 35% of revenue.

The attached letter from Jayne Construction from Albuquerque who has built many multifamily buildings in NM indicated cost of construction at \$235,000/unit. Although this cost is 10-15% higher than Albuquerque and other parts of the United States, this development is economically feasible provided permanent interest rates decline in the future.

Based on the above assumptions and the following financial analysis, the adaptive Reuse of the existing campus buildings as a studio will generate annual real estate taxes of \$200,000 and a residual land value of approximately \$2,200,000.

NARRATIVE OF ECONOMIC ASSUMPTIONS (Contd pg 5)

Development of New Soundstages

Offeror proposes to develop two new 20,000 sf soundstages and approximately 27,000 sf of office support space. Current operating revenue assumptions include a \$3.5/sf/month rental rate for studio space, a \$2.25/sf/mo rental rate for office support and a \$1.75/sf/month rental rate for storage and mill space. This analysis assumes an 80% occupancy rate for soundstages and 80% occupancy rate for office/support space in the current configuration. The cap rate has been reduced to 7% reflecting the fact that the studios will be state of the art and can attract larger productions.

In terms of operating costs for the new studio properties, Offeror assumes the addition of a new stage manager and maintenance person who will be supported by the existing staffing at the campus studio properties as well as customary studio real estate operating expenses.

The following letter from Klinger Construction in Albuquerque recently budgeted the expansion of Santa Fe Studios and estimated the cost of a tilt up concrete and steel industrial building at \$327 psf in 2023. Unfortunately this high construction cost budget plus the required soft costs and financing costs, make this building economically infeasible to construct in the near future.

Based on the above assumptions and the following financial analysis, the adaptive Reuse of the existing campus buildings as a studio will generate annual real estate taxes of \$150,000 and a residual land/existing building value of approximately (\$13,270,000.) This large valuation deficit means that the project would not be economically feasible unless construction costs decrease, rents increase, occupancy increases and cap rates decrease.

NARRATIVE OF ECONOMIC ASSUMPTIONS (Contd pg 6)

Purchase Offer/Valuation Summary

The aggregate of the above residual property/land value is \$4,840,000. Based on this aggregate and the potential for a positive future value for the new soundstage sites, Offeror proposes to pay a total consideration of \$6,500,000 in the form of a fully amortizing land lease over 10 years at \$650,000 per annum. When combined with enhanced real estate taxes (some of which will start in 2027,) this nets approximately \$915,000 per annum for the city.

Santa Fe Midtown - Garson Theater

PROBABLE COST ESTIMATE

12/27/22



ITEM	UNITS	COST/UNIT	COST	COMMENTS
A. ARCHITECTURAL				
Install missing splash blocks	8	\$100.00 EA	\$800.00	Recommended
Reseal/Spot Repair sealants and flashings	LS	-	\$8,000.00	Req. to prevent further damage
Inspect and repair exterior precast joints	LS	-	\$14,000.00	Req. to prevent further damage
Repainting and patching finishes	32,588 SF	\$0.90 /SF	\$29,329.57	Recommended
Replace and repair floor finishes	32,588 SF	\$5.00 /SF	\$162,940.00	Recommended
Repair and patch exterior finishes	32,588 SF	\$0.75 /SF	\$24,441.00	Req. to prevent further damage
Upgrade door hardware to ADA-compliance	93	\$750.00 EA	\$69,750.00	Req. per 2015 IBC
Repair / Replace damaged glazing & skylights	LS	-	\$8,000.00	Req. to prevent further damage
Repair / Replace ceilings	32,588 SF	\$2.00 /SF	\$65,176.00	Recommended
Provide accessible ramps to spaces (when possible)	LS	-	\$6,000.00	Req. per 2015 IBC
Provide permanent ADA seating in main theater	LS	-	\$24,000.00	Recommended
Install Elevator / Lift to second floor	LS	-	\$80,000.00	Requirement TBD on building use
		SUBTOTAL	\$492,436.57	
B. ELECTRICAL				
Replace light fixtures with LED	32,588 SF	\$6.50 SF	\$211,822.00	Recommended
Upgrade electrical system (including any HVAC upgrades)	32,588 SF	\$10.00 SF	\$325,880.00	Req. TBD on building use
		SUBTOTAL	\$537,702.00	
C. SITE				
Landscaping/Irrigation (dependent on scope).	-	-	-	Recommended
Repair Concrete Sidewalks/Steps/Ramps	500 SY	\$30.00 /SY	\$15,000.00	Req. for accessibility and safety
Repave & Restripe parking	5,718 SY	\$55.00 /SY	\$314,490.00	Recommended
		SUBTOTAL	\$329,490.00	
D. MECHANICAL				
Fire Sprinkler System throughout	32,588 SF	\$12.00 /SF	\$391,056.00	Req. TBD on building use
General HVAC Maintenance and Repairs	32,588 SF	\$4.00 /SF	\$130,352.00	Required
Repair Fire Water connection	LS	\$15,000.00	-	Required
		SUBTOTAL	\$521,408.00	
SUBTOTAL			\$1,881,036.57	
Contingency		10.00%	\$188,103.66	
NMGRT - Santa Fe		8.3125%	\$156,361.16	
TOTAL ESTIMATED COST			\$2,225,501.39	

The following is a general estimate of costs. It is intended as a tool to assist the City of Santa Fe with decision making and should not be viewed as a detailed cost estimate.

Santa Fe Midtown - Driscoll Fitness Center

PROBABLE COST ESTIMATE

1/11/23



ITEM	UNITS	COST/UNIT	COST	COMMENTS
A. ARCHITECTURAL				
Reseal/Spot Repair sealants and flashings	LS	-	\$12,000.00	Req. to prevent damage
Replace / Repair floor finishes	22,712 SF	\$5.00 /SF	\$113,560.00	Recommended
Repainting and patching finishes	22,712 SF	\$0.90 /SF	\$20,440.80	Recommended
Replace missing splashbocks	6	\$100.00 EA	\$600.00	Recommended
Repair and patch exterior finishes	22,712 SF	\$0.75 /SF	\$17,034.00	Req. to prevent further damage
Repair/ Replace Ceiling Tiles	8,600 SF	\$2.00 /SF	\$17,200.00	Recommended
Replace walkoff mat at entry	LS	-	\$400.00	Req. for safety
Lobby Restroom Renovations for full ADA	120 SF	\$400.00 /SF	\$48,000.00	Req. per 2015 IBC
Lockerroom Renovations for full ADA (showers & locker area)	1,200 SF	\$100.00 /SF	\$120,000.00	Req. per 2015 IBC
		SUBTOTAL	\$349,234.80	
B. ELECTRICAL				
Replace light fixtures with LED	22,712 SF	\$6.50 SF	\$147,628.00	Recommended
Upgrade electrical system (including HVAC items)	22,712 SF	\$12.00 SF	\$272,544.00	Req. TBD on building use
		SUBTOTAL	\$420,172.00	
C. SITE				
Landscaping/Irrigation (dependent on scope).	-	-	-	Recommended
Concrete Sidewalk repair/replacement	160 SY	\$30.00 /SY	\$4,800.00	Recommended
Parking repaving and restriping	2,365 SY	\$55.00 /SY	\$130,075.00	Recommended
		SUBTOTAL	\$134,875.00	
D. MECHANICAL				
General HVAC maintenance and repairs	22,712 SF	\$8.00 /SF	\$181,696.00	Recommended
		SUBTOTAL	\$181,696.00	
SUBTOTAL			\$1,085,977.80	
Contingency		10%	\$108,597.78	
NMGRT - Santa Fe		8.3125%	\$90,271.90	
TOTAL ESTIMATED COST			\$1,284,847.48	

The following is a general estimate of costs. It is intended as a tool to assist the City of Santa Fe with decision making and should not be viewed as a comprehensive cost

Santa Fe Midtown - Benildus Hall

PROBABLE COST ESTIMATE

1/11/23



ITEM	UNITS	COST/UNIT	COST	COMMENTS
A. ARCHITECTURAL				
Reseal/Spot Repair sealants and flashings	LS	-	\$10,000.00	Req. to prevent damage
Replace / Repair floor finishes	27,757 SF	\$2.00 /SF	\$55,514.00	Recommended
Repainting and patching finishes	27,757 SF	\$0.90 /SF	\$24,981.30	Recommended
Replace missing splashbocks	8	\$100.00 EA	\$800.00	Recommended
Repair/ Replace Ceiling Tiles	27,757 SF	\$2.00 /SF	\$55,514.00	Recommended
Modify Handrails	40 LF	\$25.00 /LF	\$1,000.00	Req. per 2015 IBC
Update door Hardware	4	\$750.00 EA	\$3,000.00	Req. per 2015 IBC
		SUBTOTAL	\$150,809.30	
B. ELECTRICAL				
Replace light fixtures with LED	27,757 SF	\$6.50 SF	\$180,420.50	Recommended
Upgrade electrical system (including any HVAC work)	27,757 SF	\$12.00 SF	\$333,084.00	Req. TBD on building use
		SUBTOTAL	\$513,504.50	
C. SITE				
Landscaping/Irrigation (dependent on scope)	-	-	-	Recommended
Repair paving/sidewalks (at main entrance)	100 SY	\$30.00 SF	\$3,000.00	Req. for accessibility and safety
Repave & Restripe parking	3,800 SY	\$55.00 SF	\$209,000.00	Recommended
		SUBTOTAL	\$212,000.00	
D. MECHANICAL				
General HVAC Maintenance	27,757 SF	\$22.00 /SF	\$610,654.00	Recommended
Repair RTU-3	LS	\$4,000.00	-	
Repair RTU-4	LS	\$4,000.00	-	
Repair / Replace HVAC Controls	LS	-	-	
		SUBTOTAL	\$610,654.00	
SUBTOTAL			\$1,486,967.80	
Contingency		10.00%	\$148,696.78	
NMGRT - Santa Fe		8.3125%	\$123,604.20	
TOTAL ESTIMATED COST			\$1,759,268.78	

The following is a general estimate of costs. It is intended as a tool to assist the City of Santa Fe with decision making and should not be viewed as a comprehensive cost estimate.

Wilson & Company Inc
City of Santa Fe
Midtown Engineering Support

To: Lee Logston, Project Manager **Date:** 08/11/2022 (rev. 8/25/22)
City of Santa Fe

From: Ross Gabaldon, PE **Prepared by:** Ross Gabaldon, PE

TM No.: WWW-01 **Reviewed by:** Brian Ambrogi, PE

Subject: Technical Memorandum- Existing Water and Sewer Infrastructure

SECTION 1: SUMMARY

The purpose of this report is to evaluate the existing water and sewer utility system's current capacity and determine if the existing water and sewer systems are able to satisfy the demands of the proposed new development for the Santa Fe Midtown area. The following options will be evaluated to determine the most critical infrastructure upgrades necessary to support the Midtown development:

- Sewer System
 - Existing Conditions – Evaluate the present-day flows and available capacity of the existing system
 - Full build-out scenario – Evaluate infrastructure upgrades necessary to the existing system to accommodate full build-out demands and prioritize recommended improvements to align with the respective phases of development.
- Water System
 - Existing Conditions – Evaluate the present-day flows and available capacity of the existing system
 - Full build-out scenario – Evaluate infrastructure upgrades necessary to the existing system to accommodate full build-out demands and prioritize recommended improvements to align with the respective phases of development.

The water and sewer systems were modeled in WaterCAD Connect Edition Update 2, Version 10.02.01.06 and SewerCAD Connect Edition Update 2, Version 10.02.00.55 (respectively) to determine the impact the future demands will have on pressure and flow on the water system and capacity on the sewer system. All assumptions for sewer and water flow rates are shown in **Table 1A and 1B** (attached)

SECTION 2: INTRODUCTION

This technical memorandum was developed in conjunction with the City of Santa Fe and Opticos Design to determine the water and sewer demand of a proposed re-development of the existing Midtown College Campus and evaluate the impacts these new demands would have on infrastructure capacity and sizing. The proposed project location can be found in **Figure 1**, see

Figure 2 for a more detailed layout of the proposed improvement area (definitions for lot codes can be found in **Table 1A and 1B**). Generally, the project is contained within the old community college campus, located near the intersection of Cerillos Rd. and St. Michaels Dr.



Figure 1: Project Location Map

SECTION 3: DESIGN CRITERIA / ASSUMPTIONS

General:

The proposed redevelopment of the campus consists of a variety of parcels, each parcel will be used for multifamily dwellings, commercial, office, or mixed use. See **Figure 2** below for a detailed layout of the various parcels as developed by Opticos Design.

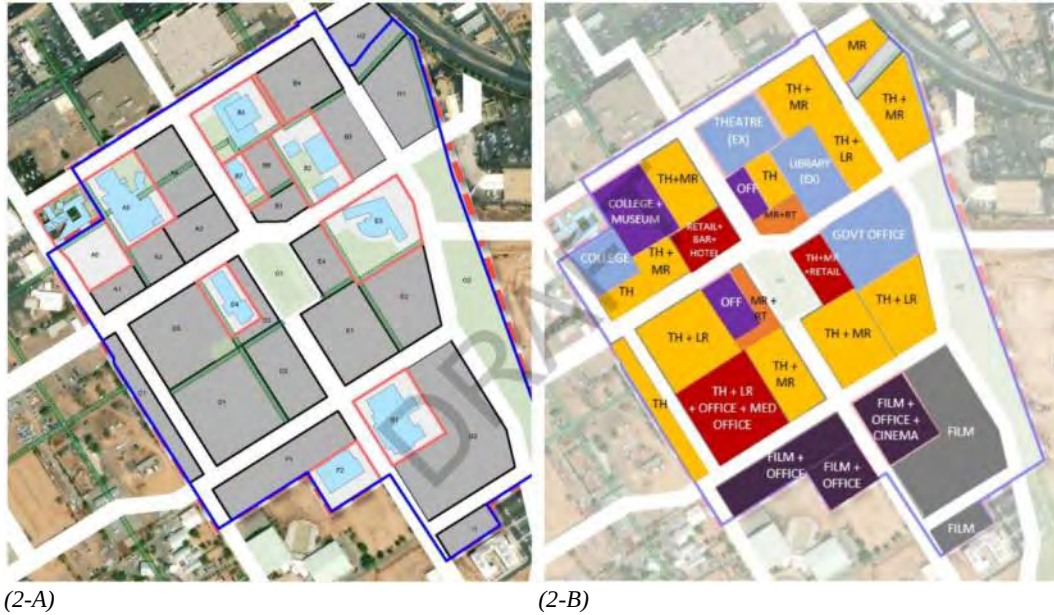


Figure 2 (A) Land Use Division (B) Land Use Category, See Table 1A & 1B for key

Wilson & Company has developed individual water and sewer demands for each parcel based on land-use data provided by Opticos Design and the City of Santa Fe. Water and sewer demands were calculated based on the use and on a per capita daily demand.

Water Base Flow Assumptions:

Residential

- Residents Per Unit (residential) = 3.41 Persons
- Usage Rate (residential) = 70 GPCPD (gallons per capita per day)

$$\text{Base Demand} = \text{Residents} * \text{Usage} * \text{No. of Units}$$

Office/Commercial

- Occupancy = 0.0032 Occupants / SqFt
- Usage Rate = 25 GPCPD

$$\text{Base Demand} = \text{Occupancy} * \text{Usage} * \text{Area}$$

Restaurant/Bar

- Occupancy = 330 Customers/day
- Usage Rate = 7 GPCPD

A peaking factor was applied to all water base flows, to determine the flow at the peak hour of the day. A peaking factor of 1.4 was used throughout the system. This peaking factor is used in similar sized developments in New Mexico and is also used by the City of Albuquerque for new xeriscaped residential and commercial developments.

$$\text{Peak Flow} = \text{Base Flow} * 1.4$$

Sewer Base Flow Assumptions:

Sewer flows are assumed to consist of 95% of the water base flow for residential and commercial applications. It is assumed that all landscaping will be xeriscaped and require low or no water. Irrigation flows for parks are accounted for separately in the model.

$$\text{SAS Flow} = \text{Water Base Flow} * 0.95$$

Peaking factors were also applied to the sewer flows. A separate peaking factor for residential and commercial has been used, with a higher peaking factor used for commercial/restaurants as compared to the residential peaking factor. A 1.3x peak factor was used for residential and a 1.6x peaking factor was used for all other parcels in this study. These peaking factors are used in similar sized developments in New Mexico and is also used by the City of Albuquerque for new xeriscaped residential and commercial developments.

$$\text{SAS Peak Flow} = 1.3(\text{residential}) \text{ or } 1.6(\text{commercial}) * \text{SAS Base Flow}$$

SECTION 4: DESIGN ANALYSIS – WATER LINE

WATER SYSTEM DESIGN CRITERIA:

The water system was evaluated in two ways, to determine the capability of the existing system.

- **Peak Flow Condition:** The system is evaluated at peak flow, to determine if any pipes require upsizing
- **Fire Flow condition:** The system is run with fire flows (determined per IFC, maximum 2,000 GPM for the area), with the base water demand (not peak) also applied. No special requirements beyond IFC code from the Fire Marshall were specified.

For the initial model run, the system was run at peak flow, with no fire flow. In this condition, the existing system was found to be adequate to handle the peak flows for the area. The system was also evaluated at the base flow + fire flow and was found adequate in this scenario as well. Based on the calculated base and peak flows the existing water system was found to be capable of handling the proposed future demands of the development. As there is no justification to increase capacity of the existing system, no alternatives beyond simple pipe re-routing were analyzed in this report.

Option 1- Additional Waterline

This option is necessary to redirect existing water lines that are currently in the footprint of the future development. These redirected lines will be constructed in the new roadway and in the right of way. All new water lines will be a one to one replacement of existing lines, with no size increases.

As stated previously the existing water system currently will be able to meet the demands required of the future development. The system will have the adequate flows for base and peak demands and meet the required fire flow for the area. These scenarios were evaluated using WaterCAD analysis and design. See **Exhibit 3** for the results of the water modelling, anticipated flows, pipe diameter, and fire flow requirements. See **Exhibit 4** for a layout of the proposed vs. existing pipe line layout.

Additionally, this system was evaluated for fire flows. Based on information provided by the city, hydrants are tested in groups, rather than individually. Hydrant coverage and area flow availability can be seen on **Exhibit 5**. Flows in this exhibit are divided by block, and an average flow rating for any group of hydrants can be obtained by dividing the available flow in the block by the desired number of hydrants. The coverage area for each hydrant is also shown.

ASSUMPTIONS (All water lines):

- Water lines are adequately sized to provide for current and future demands (per modelling results)
- The required minimum fire flow of 2000 GPM will be met by all improvements
- The water analysis using WaterCAD is only taking into account the future development of the proposed project area, not pass-through demands for adjacent areas outside the project area. Evaluation of pass-through flows that would impact the overall City system were beyond the scope of this study.
- Relocated Lines will be installed in new roadways, no asphalt cost included in estimates

Option 1 Pros:

Waterlines will be relocated into accessible Public Right-of-Ways to eliminate future conflicts with area development. Connections along the north end and West of the property will be greatly improved by having a pipe located in the public ROW to connect to.

Option 1 Cons:

The costs incurred for the additional waterline and installation are estimated at \$820,180.

Option 2- Do Nothing

Water lines currently interfere with planned development. Additionally, the water line running along the north of the property is within the shopping center parking lot which will present design difficulties and disruption to existing business. Design standards do not allow for the placement of permanent structures on top of utility lines. All areas with new water lines in this alternate will be designated as a public right-of-way.

Option 2 Pros:

Existing infrastructure is already sufficient for flows. The do-nothing scenario would require no costs to the City or future developers.

Option 2 Cons:

There can be no development on top of the existing waterlines. The new development would need to work around the existing water lines and provide easements. Connecting to the existing water line along the back of the cerillos road shopping center would cause design difficulties and disruption to the existing businesses currently served from this water line. This alternate is not recommended

SECTION 5: DESIGN ANALYSIS –SEWER LINE

SEWER SYSTEM ANALYSIS

The existing sewer system divides the existing flow into two sewer sheds, a northern connection point along Cerrillos Road, and a southern connection at Siringo Road. A field visit was performed by Wilson & Company to the proposed site and the existing sewer system was inspected. During inspection, the sewer system connected to the south at Siringo Road was found to exceed the design capacity, and surcharging manholes. The northern connection had a large underutilized sanitary sewer between the manhole on the south end of the breezeway at the Tony Anaya building to Cerillos Road. South of the Tony Anaya building the existing sewer system was in poor condition and undersized, and will need to be replaced.

Due to the poor condition of the Siringo Road sewer and the available capacity between the Tony Anaya Building and Cerillos Road, it was determined that all flow in the area could be successfully re-routed to the Cerillos Road connection point, immediately to the south of the Tony Anaya Building. Replacement of the Siringo Road sewer line with a larger line was briefly considered, but determined to be cost prohibitive due to the length and location of pipe that would need to be replaced.

The total sewer base flow for future development was calculate to be 301 GPM and the peak flow was determined to be 426 GPM.

Option S1 Sewer Redesign

Due to issues with capacity of the southern sewer line it is recommended that the existing system within the campus be replaced with the intent of directing all flow towards the north, connecting to the main line on Cerrillos Rd. This diversion of flow will help alleviate the surcharging issues on the Siringo Road Sewer by diverting some of the existing flows to the north. The design analysis in Sewer CAD was used to design the proposed sewer lines with adequate slopes, depths, and capacity to accommodate the full build-out flow condition. **Exhibit 1** illustrates the proposed sewer line improvements. Due to the change of direction of the sewer, the existing sewer lines cannot be re-used, and it is recommended that all sewer lines in the improvement area be replaced with new lines. See **Exhibit 1** for the results of the sewer modelling, including depths, slopes, pipe diameters, and anticipated flows. See **Exhibit 2** for a layout of the proposed system compared to the existing system.

Option S1 Assumptions:

- Sewer is sized to service all lots of the proposed development
- Sewer shall provide gravity service to all of the proposed development
- Velocity in sewer lines shall be less than 10 ft/sec, and greater than 2.2 ft/sec
- The sewer analysis using SewerCAD is only taking into account the future development of the proposed project area, and not the city at-large
- Sewer design flow shall be at 50% full
- The 30" Silar Road interceptor is in need of repair, and it is assumed that this interceptor will be re-lined (Via CIPP) under this project

Option S1 Pros:

Option S1 will follow the existing and proposed roadways allowing sewer pipes found to be under existing facilities to be abandoned. This option also helps to alleviate the flow on the southern sewer that presently exceeds capacity. New sewers will be able to be installed in optimal locations to avoid existing utilities and provide service to buildings.

Option S1 Cons:

Construction costs for the project will be an extra cost versus using the existing system, however the existing system is currently overloaded and cannot be used for future midtown development. Current underground composition is unknown, and conditions may present the need for rock or undesirable material excavation. A geotechnical investigation is recommended before proceeding. Pavement cuts will be required for sections that will be under existing roadways. This option is an estimated \$1.1 million in capital cost.

Option S2 – Do Nothing

When Wilson and Company and City of Santa Fe officials inspected manholes in May of 2022 it was discovered that sewer lines were full and flowing over the bench along the Siringo sewer. The additional demand from the development could cause additional surcharging of the manholes, overflows, and sewer backups affecting customers and residents. Continuing with the development without the sewer redesign is not a viable option.

Option S2 Assumptions:

- Existing sewers will be used
- Existing sewers are currently over capacity (field observation)
- Existing sewers are currently in poor condition, and run underneath existing buildings
- Lines will be installed in new roadways, no asphalt cost included in estimates

Option S2 Pros:

This option unfortunately does not have any benefits if chosen. Future development of the area would create demands the existing system cannot handle leading to potential environmental hazards.

Option S2 Cons:

The extra demands on the sewer system will likely lead to sewer backups affecting residents and businesses. The existing sewer system is not in ideal locations and will likely still need relocation

TECHNICAL MEMORANDUM

to fit within public right-of-way. This option was not evaluated further since the existing system is over capacity.

SECTION 6: RECOMMENDATION OF ALTERNATIVE

It is the opinion of the Engineer that Option 1 be selected for the water line, and Option 1 be selected for the sewer line. These options both allow for the full build out of future development while providing sufficient capacity and locating all new utilities in the public right-of-way. Additionally, Option 1 will improve existing conditions on the sewer lines, by re-directing flows away from an over-capacity sewer line. Approximate costs of the recommended alternates are listed below, see **Table 2** for a more detailed breakdown of the costs for each alternative.

	RECOMMENDED ALTERNATIVE	ALTERNATIVE COST
WATER	WATER OPTION 1	\$ 820,180.33
SEWER	SEWER OPTION 1	\$ 1,105,233.70
	SUBTOTAL PROJECTED COST:	\$ 1,925,414.03
	NMGRT @ 8.625%:	\$ 166,066.96
	20% CONTINGENCY:	\$ 385,082.81
	GRAND TOTAL:	\$ 2,476,563.80

5.4 Development Standards + Regulating Plan

This Section demonstrates where form-based development standards and allowed uses apply within the Midtown Site.

Development Standards Approach

To deliver the vision described in the Plan, each development parcel on the Midtown Site shall be controlled by a combination of Sub-zone Standards that control use and Facade Zone Standards that control building massing, and design. Both sets of standards have been coordinated and must be satisfied for each development parcel on the Midtown Site.

Sub-zone Standards. These standards apply to the entirety of each site onto which they are mapped, and control allowed uses.

Facade Zone Standards. These standards apply to the edges of each site that abut public rights-of-way, civic spaces, or public access easements such as paseos. They control elements such as setbacks, height stepbacks and required frontage types.

Regulating Plan

Figure 5.4.1 (Development Standards Regulating Plan) identifies the applicable Sub-zone Standards and Facade Zone Standards for each development site in the Midtown Site.

Where development sites are combined, the applicable standards identified in the Regulating Plan must be met.

Where the location of flexible rights-of-way and easements—such as paseos and living alleys—as identified by Figure 5.2.1 (Thoroughfare Regulating Plan), is adjusted, the applicable Facade Zone Standards indicated in Figure 5.4.1 (Development Standards Regulating Plan) shall apply to the right-of-way or easement in its new location, unless the new location represents a substantial change in context which merits a change in Facade Zone type, to be determined by the Land Use Director.

Where Civic Spaces are established, such as those identified by Figure 5.3.1 (Civic Space Regulating Plan), the Facade Zone(s) mapped at the location of the Civic Space in Figure 5.4.1 (Development Standards Regulating Plan) shall govern development along all edges of the Civic Space that are not bounded by thoroughfares.

5.5 Sub-zone Standards

This Section refines the palette of uses allowed in base zoning and the Midtown LINC Zoning Area by establishing an allowed palette of uses for the Midtown Site.

Use Standards

Table 5.5.A (Allowed Uses) sets forth the uses allowed and prohibited according to the Sub-zones established by Section 5.4 (Development Standards Regulating Plan) and are not impacted by adjacent Facade Zones (see 5.6 Facade Zone Standards). These regulations are based on the patterns of development and physical activities that comprise the principal and accessory uses of land, rather than on whether the activity is conducted for profit, not for profit or other purposes. Any specific use type not listed or included in the Table 5.5.A (Allowed Uses) is prohibited unless the Land Use Director determines that it is to be included in an existing use category.

The Midtown Site Sub-zones

The following Sub-zones apply in the Midtown Site:

- Mixed-Use Neighborhood (MU-N) provides for a variety of housing options.
- Mixed-Use Commercial (MU-C) provides opportunities for limited commercial uses such as retail, dining and entertainment while providing a variety of housing options on upper floors and along pedestrian paseos.
- Mixed-Use Office (MU-O) provides opportunities for service commercial uses as a transition between film production uses and residential uses.
- Mixed-Use Film (MU-F) provides for film production activities focused on the Garson Studios.
- Community-Oriented (CO) provides for civic uses such as libraries, education, performing arts, and other uses that serve the community.
- Open Space (OS) provides for publicly-accessible civic and open space.

Addendum E

CLIENT CONTRACT INFORMATION

Proposal and Contract for Services

December 6, 2023

Phillip Gesue

Midtown Santa Fe Productions QOF, LLC

1 Worth St, Suite 3F

New York, NY 10013

Phone: 917-892-0060

Email: pgesue@pereholdings.com

RE: Assignment Agreement | CB23US105690
Santa Fe College of Arts (portion of)
1600 St Michaels Dr
Santa Fe, NM 87505

Dear Mr. Gesue:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is
Rights Appraised:	Fee Simple
Intended Use:	Acquisition/Disposition/Exchange Due Diligence
Intended User:	The intended user is Phillip Gesue & Midtown Santa Fe Productions QOF, LLC ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

CBRE, Inc.
2575 East Camelback Road
Ste 500
Phoenix, AZ 85016
www.cbre.us/valuation
Jo Dance, MAI, CCIM
Managing Director

Scope of Inspection:

A full interior and exterior inspection of the property will be conducted and arranged with the property contact and performed by CBRE Valuations.

If this expected property inspection is not possible due to unforeseen issues (such as lack of on-site personnel cooperation, physical obstructions, or appraiser/property contact health and safety concerns), the client will be promptly advised. The client may continue this assignment based on other inspection options agreed upon by CBRE and client or provide CBRE with a written notice to cancel. If CBRE determines that a credible appraisal result cannot be achieved due to inspection limitations, it will promptly provide the client with a written cancellation of this assignment.

Valuation Approaches:

The Cost and Sales Comparison Approaches to value will be considered.

Report Type:

Restricted Appraisal Report

Appraisal Standards:

USPAP

Appraisal Fee:

\$6,000.00. If cancelled by either party before a completion, the fee will be based on CBRE's hourly rates for the time expended; plus actual expenses.

Expenses:

Fee includes all associated expenses

Retainer:

A retainer of \$6,000.00 is due prior to commencement of the outlined services.

Please remit retainer payments via wire to:

Name: Wells Fargo

ABA No.: 121000248

Swift ID: WFBUS6S

Name on Account: CBRE Valuation Wire Receipts

General Account No.: 4121248561

Address: 420 Montgomery Street

San Francisco, CA 94104

Bank Contact: Michele Polcari

Telephone Number: (310) 606-4792

Please include the invoice number when submitting payment.

For additional payment remittance options, contact CBRE VAS Accounts Receivable - 901-620-3232 | CBREVASAR@cbre.com

Payment Terms:

The full appraisal fee is considered earned upon delivery of the draft report.

Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. An Adobe PDF file via email will be delivered to pgesue@pereholdings.com. The client has requested 0 bound final copy (ies).
Delivery Schedule:	
Preliminary Value:	Not Required
Draft Report:	15 business days after the Start Date
Final Report:	Upon Client's request
Start Date:	The appraisal process will start upon receipt of your signed agreement, the retainer, and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within 5 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties, including all intended users, hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Jo Dance, MAI, CCIM
Managing Director
As Agent for CBRE, Inc.
T +1 6027355686
Jo.Dance@cbre.com

PROPERTY NAME	PROPERTY LOCATION	REPORT TYPE	APPRAISAL FEES
Santa Fe College of Arts (portion of)	1600 St Michaels Dr, Santa Fe, NM 87505	Restricted Appraisal Report	\$6,000.00
Assignment Total:			\$6,000.00

AGREED AND ACCEPTED

FOR PHILLIP GESUE & MIDTOWN SANTA FE PRODUCTIONS QOF, LLC ("CLIENT"):

	12.20.2023
Signature	Date
Phillip Gesue	
Name	Title
917-892-0060	pgesue@pereholdings.com
Phone Number	E-Mail Address

ADDITIONAL OPTIONAL SERVICE

Assessment & Consulting Services: CBRE's Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence service (seismic risk analysis, zoning compliance service, construction risk management, annual inspections, etc.).

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at ACSProposals@cbre.com. We will route your request to the appropriate manager. For more information, please visit www.cbre.com/assessment.

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the hourly rate of the time and expenses incurred (including travel expenses to and from the engagement site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

Addendum F

QUALIFICATIONS



VALUATION & ADVISORY SERVICES / WEST DIVISION

Ian Valenzuela, MAI

Vice President, Albuquerque, NM

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Clients Represented

- New Mexico DOT
- Greater ABQ Housing
- Main Bank
- Bank 34
- City of Rio Rancho
- City of Albuquerque
- City of Gallup
- Bernalillo County
- Sandoval County
- McKinley County
- Pinnacle Bank
- U.S. Bank
- Bank of New Mexico
- Nat Hispanic Cult. Ctr.
- First Citizens Bank
- Bank of the West

Affiliations / Accreditations

- Appraisal Institute,
 - Designated Member (MAI)
 - President of the Rio Grande Chapter- 2023
- Certified General Real Estate Appraiser
 - New Mexico NO.01734-G

Education

- University of New Mexico, Albuquerque, Bachelor of University Studies

Professional Experience

Ian Valenzuela is a Vice President with the CBRE Valuation & Advisory Group. Ian has over 28 years of experience as a real estate appraiser, receiving his General Appraiser Certification in 2000, and the MAI designation from the Appraisal Institute in 2014. Ian has extensive experience in the New Mexico commercial real estate market, and has a comprehensive understanding of market trends and analysis. Ian has worked on a wide variety of valuation projects throughout New Mexico for a broad spectrum of property types including: self-storage, multi family, right of way, office, industrial, retail, residential and commercial subdivisions, auto dealerships, service stations, restaurants, hotels and motels, mixed-use properties and specialty property types such as car washes, recreational properties, worship facilities, and government offices. Assignments have included market value appraisals, market rent studies, ad valorem tax appraisals, right of way valuation, and highest and best use analysis. Ian has worked for private local appraisal firms including Roos and Owens Appraisal Service in Rio Rancho, NM, and American Property Consultants in Albuquerque, NM, as well as the Sandoval County Assessor's Office, and as a Senior Appraiser at Grubb & Ellis / Collier's International.

Ian's background in and experience and Appraisal allows him to provide his clients with the most in-depth, up-to-date information on how market conditions will affect the value of their property. He is an expert at leveraging the full portfolio of CBRE resources to ensure that his clients have all the information needed to make an informed decision.

Ian has a bachelor's degree in University Studies, with an emphasis in real estate and statistics, from the University of New Mexico. His professional education consists of classes from the Appraisal Institute including: General Applications, Apartment Appraisal, Advanced Income Capitalization, Report Writing & Valuation Analysis, Highest and Best Use/ Market Analysis, Advanced Applications, Comparative Analysis, Marketability Studies, Real Estate Finance Statistics & Modeling, Advanced Spreadsheet Modeling, Condemnation Appraising, Case Studies in Complex Valuation, Property Rights & Implications in Valuation. Ian received the MAI designation from the Appraisal Institute in 2014.

THIS IS TO CERTIFY THAT Ian R. Valenzuela Real Estate Appraisers Board	
is licensed / registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico	
License / Registration No. 01734-G	License / Registration Type General Certified Appraiser
Issue Date 12/19/2000	Expiration Date 4/30/2025
The bearer is prohibited by law from using this identification card to give the impression that they are in any way connected with a governmental agency	
Signature of holder.	

Ian R. Valenzuela
6212 Christy Ave. NE
Albuquerque, NM 87109

 NMRLD NEW MEXICO REGULATION & LICENSING DEPARTMENT	<i>State of New Mexico</i>	
Real Estate Appraisers Board		
HEREBY CERTIFIES THAT		
Ian R. Valenzuela		
HAVING GIVEN SATISFACTORY EVIDENCE OF THE COMPLETION OF PROFESSIONAL AND OTHER REQUIREMENTS PRESCRIBED BY LAW IS GRANTED A LICENSE TO PRACTICE IN THE STATE OF NEW MEXICO		
General Certified Appraiser		
License No. 01734-G	Issued 12/19/2000	Expires 4/30/2025
THIS LICENSE SHOULD BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS OR AS REQUIRED BY LAW		