BBG

A Restricted Appraisal

Multi-Tenant Mixed-Use Building with Ancillary Outbuildings and Excess Land
1755 Moraine Avenue
Estes Park, CO 80517

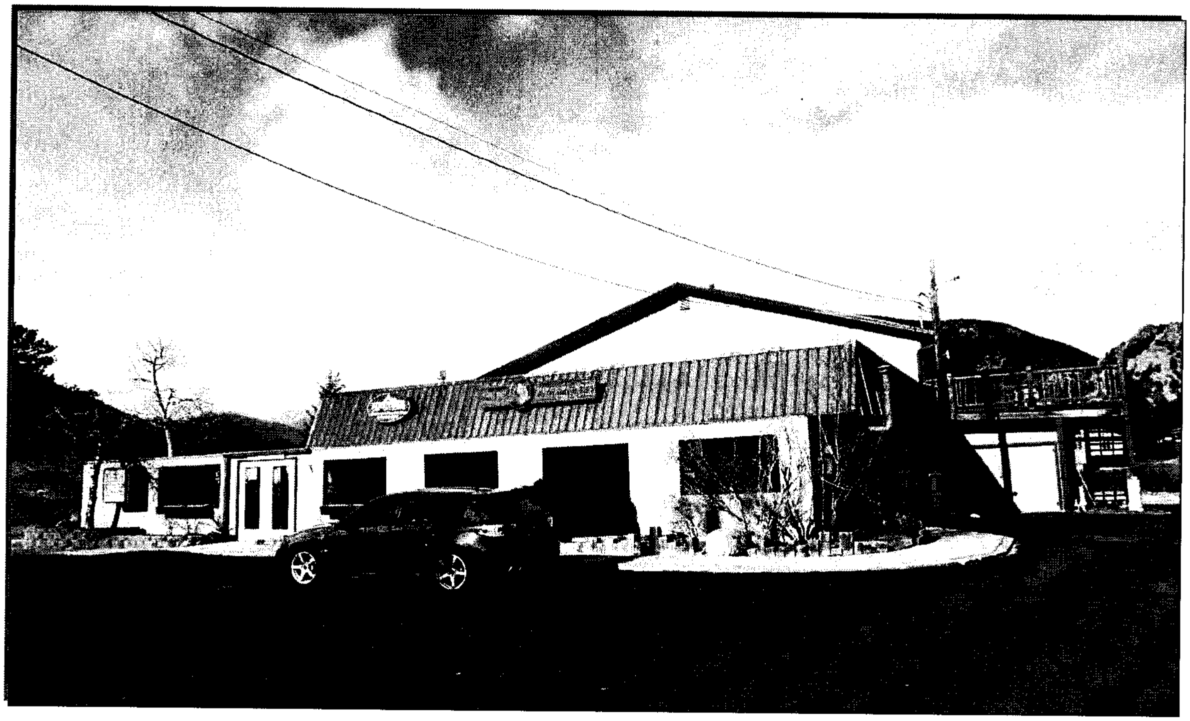
Prepared for: Ms. Crystal Wilson
Centennial Lending
4112 Kodiak Court, Unit D
Longmont, CO 80504

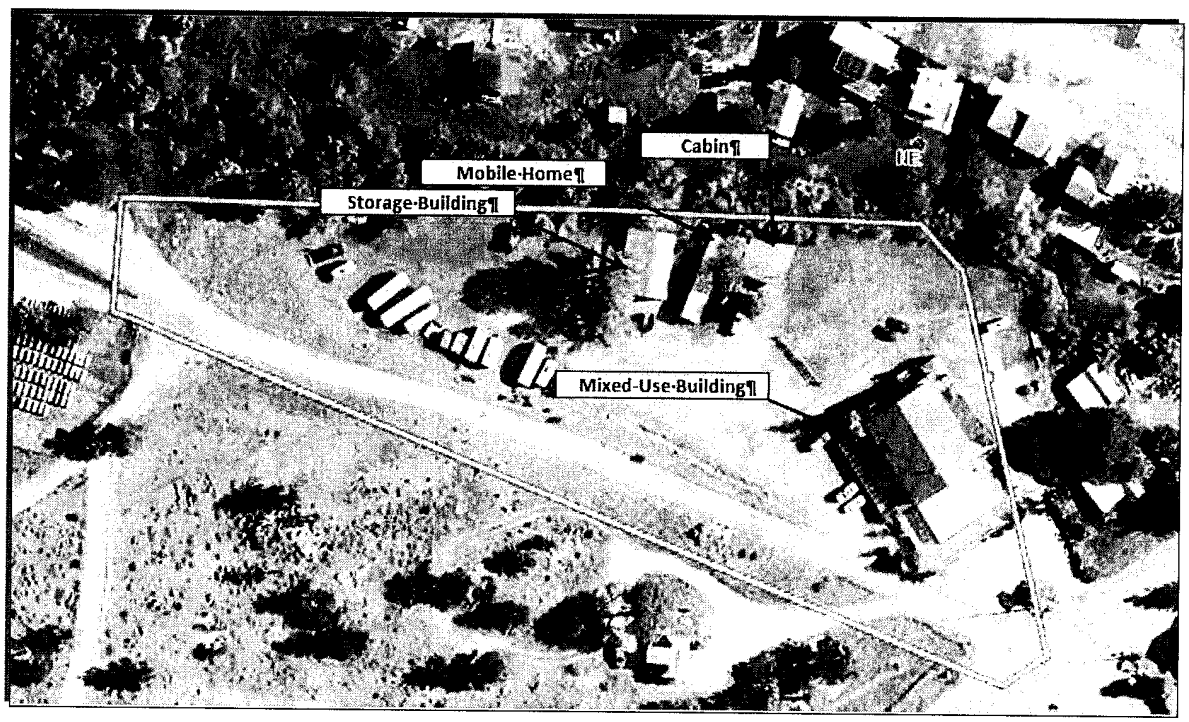
Report Date: December 11, 2017
Valuation Date: Market Value "As Is" – December 6, 2017

BBG File #0117010815

VALUATION ADVISORY ASSESSMENT

SUBJECT PROPERTY





BBG

December 11, 2017

Ms. Crystal Wilson
Centennial Lending
4112 Kodiak Court, Unit D
Longmont, CO 80504

Re: **BBG File #0117010815**
Multi-Tenant Mixed-Use Building with Ancillary Outbuildings and Excess Land
1755 Moraine Avenue
Estes Park, CO 80517

Dear Ms. Crystal Wilson,

At your request (per the engagement letter found in the addenda of this report), we have prepared a **Restricted Appraisal Report** of the above-referenced property.

The purpose of the appraisal is as follows:

- We have personally inspected the subject, and have analyzed market data in order to estimate the market value of the subject "As Is" as of December 6, 2017 (the effective date of value). The subject is occupied by multiple tenants. As such, we have appraised the leased fee estate of the subject.
- It is the understanding of the appraisers that the report will be used for loan underwriting and/or credit decisions.

This Restricted Appraisal Report is written to comply with the reporting requirements as set forth under standards rule 2-2 (b) of Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board. Please see the Scope of Work section of this report for details.

This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with the minimum standards of the Uniform Standards of Professional Appraisal Practice, FIRREA and any additional standards of our client, Ms. Crystal Wilson and officers of Centennial Lending. Our clients, their successors and/or assigns may read and rely upon the findings and conclusions of this report.

Our estimate of market value is subject to the following:

Hypothetical Conditions: None

Extraordinary Assumptions: We are appraising the subject under the extraordinary assumption the leases, rent roll and expense statements provided by management are reliable. We further assume that the tenants on the rent roll provided occupy the specified units, and are paying their scheduled rent payments. Interested parties are advised to obtain estoppel certificates as verification. If this extraordinary assumption proves untrue and significant disparities exist between operations as reported by the management and actual operating results, the value indications reported herein may be impacted.

Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice (USPAP, 2016-2017 Edition) Standards Rule 2-2 (a) (xi), it is stated here that the use of these extraordinary assumptions might have affected the assignment results.

Our estimate of typical marketing and exposure periods, as determined from investor and broker interviews, is approximately 12 months. Our appraised values, subject to all assumptions and limiting conditions, hypothetical conditions and/or extraordinary assumptions referenced in this appraisal, are reported below.

VALUE CONCLUSION – "AS IS"

In our opinion, the leased fee market value of the subject property "As Is," as of the effective date of value, is:

MARKET VALUE CONCLUSION LEASED FEE ESTATE "AS IS"
One Million Two Hundred Seventy Thousand Dollars **$1,270,000** ($95.87 Per Square Foot of Gross Leasable Area) (Based on 13,247 SF)

We also note that the subject has 38,547 square feet (0.88 acres) of land area identifiable as excess land. We relied on the Sales Comparison Approach to value the subject's Excess Land. We were able to identify several sales of commercially-zoned vacant land parcels, which were located within the City of Estes Park, that indicated a tight range of value. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication, and we place full weight on this approach in the final value reconciliation. Overall, we conclude to a value for the subject's excess land of **$385,000, or $10.00 per square foot of land area**.

This letter must remain attached to the report, which contains 58 pages, in order for the value opinion set forth to be considered valid.

Questions regarding this appraisal report should be directed to Brett Wilkerson at BWilkerson@bbgres.com or 303.420.1052 extension 118.

Respectfully submitted,
BBG, Inc.

By: Brett Wilkerson
Managing Director
Certified General Appraiser
State of Colorado, CG200000805

SUMMARY OF SALIENT FACTS

Assignment Information	
Purpose of the Evaluation	We are providing an estimate of the market value of the Leased Fee Estate of the subject "As Is" as of December 6, 2017.
Client	Centennial Lending
Intended User	Premier Members Credit Union c/o Centennial Lending, LLC
Intended Use	The intended use of this appraisal is for loan underwriting and-or credit decisions by Centennial Lending, its affiliates and or participants.
Inspection Date	December 6, 2017
Effective Date(s)	"As Is" – December 6, 2017
Evaluation Date	December 11, 2017
Property Interest & Value Type(s)	Market Value of the Leased Fee Estate – "As Is"
Evaluation Contributors	See Certification
Property Contact Interview	We interviewed Mr. Chuck Santagati and Mr. Mike Eagan, owners, during the appraisal process. Mr. Mike Eagan attended the property inspection.
Inspection	An interior and exterior inspection of the subject was completed
Hypothetical Conditions and Extraordinary Assumptions	
Hypothetical Conditions	None
Extraordinary Assumption	We are appraising the subject under the extraordinary assumption the leases, rent roll and expense statements provided by management are reliable. We further assume that the tenants on the rent roll provided occupy the specified units, and are paying their scheduled rent payments. Interested parties are advised to obtain estoppel certificates as verification. If this extraordinary assumption proves untrue and significant disparities exist between operations as reported by the management and actual operating results, the value indications reported herein may be impacted. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice (USPAP, 2016-2017 Edition) Standards Rule 2-2 (a) (xi), it is stated here that the use of these extraordinary assumptions might have affected the assignment results.

SUMMARY OF SALIENT FACTS

Valuation Methodology – 1755 Moraine Avenue	
Most Probable Purchaser	The subject is comprised of a multi-tenant mixed-use building that is 100% occupied by local tenants and demised into a mix of commercial and residential units, a tenant-occupied cabin, and a storage building, which is currently owner-occupied. Because the subject is improved with multiple structures with income-producing potential including a mixed-use building that is demised into multiple units with several arm's-length leases in place featuring options to extend, and only one of the ancillary outbuildings is owner-occupied, we conclude that the most likely purchaser of the subject is a partial owner-user, or a local or regional investor.
Valuation Method(s) Developed	Income Approach Sales Comparison Approach
Reasoning	Because the subject's mixed-use building is demised into a mix of four for-rent residential units and two commercial units, and the site is also improved with a storage building and for-rent cabin, it is well suited to function as an income-producing investment property. Additionally, one of the commercial units in the mixed-use building is occupied by a tenant on long-term arm's-length lease agreement with an option to extend, while the second commercial unit is occupied on a short-term arm's-length lease agreement with an option to extend that is reportedly likely to be exercised. The Income Approach simulates the valuation methodology that would likely be used by an investor. We were able to identify an adequate number of recent leases for both commercial and residential space within the subject's market area to approximate market rental rates. Additionally, sufficient data was available to assist in applying an appropriate capitalization rate. Therefore, the Income Approach is considered to be a relevant valuation methodology, and will be considered in the final value reconciliation. The Sales Comparison Approach reflects the valuation methodology that would likely be used by a partial owner-user. In the Sales Comparison Approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offers are known. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication.

Valuation Methodology – Excess Land	
Most Probable Purchaser	The most probable purchaser of the subject's excess land is an owner-user.
Valuation Method(s) Developed	Sales Comparison Approach
Reasoning	The Sales Comparison Approach reflects the valuation methodology that would be used by an owner-user. In the Sales Comparison Approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offers are known. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication.

SUMMARY OF SALIENT FACTS - CONTINUED

Site and Improvement Information	
Property Name and Address	**Multi-Tenant Mixed-Use Building with Ancillary Outbuildings and Excess Land** 1755 Moraine Avenue Estes Park, CO 80517
Parcel Number(s) and Legal Description(s)	**35341-00-019** TR IN NE 1/4 OF 34-5-73, BEG AT NE 1/16 COR, S 89 36' E 539 FT, S 44 8' E 43.4 FT, S 13 15' E 220.32 FT, S 56 45' W 64.51 FT TO C/L RD, TH ALG SD C/L N 69 39' 30" W 608.17 FT, N 3 30' E 73.46 FT TPOB Per Larimer County Assessor's Office
Record of Ownership	S and E Enterprises LLC Per Larimer County Assessor's Office
Site Details	
Land Area – 1755 Moraine Ave	69,046 SF (1.59 acres) Per Larimer County Assessor's Office
Land Area – Excess Land	38,547 SF (0.88 acres) Per appraiser's aerial measurements
Excess Land Discussion	The subject's improvements are located on the eastern portion of a 2.47 acre (107,593 SF) site with frontage along Moraine Avenue and Chiefs Head Road. Based upon a provided site survey, and aerial measurements, it is our opinion that approximately 1.59 acres (69,046 SF) of the site is required to support the existing improvements with developed access from Moraine Avenue, and adequate vehicle circulation and parking area. The remaining 0.88 acres (38,547 SF) is comprised of undeveloped area that is currently utilized as an outdoor storage area. This portion of the subject's site could be legally separated, is physically developable, and could feature developed access from Chiefs Head Road via the either the existing curb cut along the southern portion of the site, or a new cut somewhere further west along this roadway. This portion of the site is large enough to accommodate a variety of allowable uses within the CO zone district, and satisfies the minimum lot size requirements for parcels that do not directly front arterial thoroughfares. Considering all of this, we conclude that this portion of the subject is excess land.
Zoning/Zoning Intent	**CO** (Commercial Outlying) **CO Outlying Commercial Zoning District**. This zoning district is established to encourage the development of a wide variety of commercial and retail uses along the major corridor entryways into the Valley and the Town of Estes Park. This district should accommodate the majority of the larger, freestanding commercial and retail buildings to meet future demand in the community. Per City of Estes Park Zoning Code Although single-and multi-unit dwelling uses are not permitted in this zone district, discussions with city officials indicated that the subject has been "grandfathered" as a non-conforming use.
Zoning Conformance	The subject is a legally non-conforming use.
Flood Status	FEMA Designation: Zone X Description: Area of minimal annual chance of flood hazard. Per FEMA Map 08069C1281F (Effective December 19, 2006)

SUMMARY OF SALIENT FACTS - CONTINUED

Improvement Details	
Existing Improvements	Multi-Tenant Mixed-Use Building with Ancillary Outbuildings
Recent Renovations	Since acquiring the subject in 2009, the current owners have made numerous upgrades to the mixed-use building as well as the ancillary outbuildings at an estimated total of approximately $157,000.
Year of Construction/Renovation	Mixed Use Building: 1972 (ren.) Storage Building: 1972 Cabin: 1976 (ren.) Per Larimer County Assessor's Office
Gross Building Area	Mixed-Use Building: First Floor: 8,496 SF Second Floor: 3,000 SF Total: 11,496 SF Storage Building: 1,581 SF Cabin: 520 SF **Total: 13,597 SF** Per provided floor plans and appraiser measurements *We note that a 12' x 57' (684 SF) mobile home is also located on the site. This mobile home is the property of the subject's ownership group, but it has not been included in the calculation of gross building area.
Gross Leasable Area	Mixed-Use Building: Commercial Unit 1: 3,411 SF Commercial Unit 2: 3,835 SF Apartment A: 1,208 SF Apartment B: 868 SF Apartment C: 924 SF Apartment D: 900 SF Total: 11,146 SF Storage Building: 1,581 SF Cabin: 520 SF **Total: 13,247 SF** Per provided floor plans and appraiser measurements. The lease agreements and rent roll did not specify unit size.
Residential Unit Count/Mix	4: One-Bedroom/One-Bathroom units (880 SF avg.)* 1: Two-Bedroom/One Bathroom unit (900 SF) *The cabin has been included in the unit count/mix breakdown
Residential Unit Amenities	With the exception of Apartment B, all of the remaining apartment units as well as the cabin, feature in-unit laundry.
Utilities	The mixed-use building and ancillary outbuildings are served by municipal wet and dry utilities.

SUMMARY OF SALIENT FACTS - CONTINUED

Improvement Details	
Current Occupancy	Multi
Coverage Ratio	9.9% based upon 10,597 SF footprint and 107,593 SF site
Land-to-Building Ratio	7.9 : 1 based upon 107,593 SF site and 13,597 SF GBA
Parking Ratio	Adequate un-marked parking is available
# of Buildings	Three (3) buildings
# of Stories	Mixed-Use Building: Two (2) stories Storage Building: One (1) story Cabin: One (1) story
Construction Type	Mixed-Use Building: Masonry block and wood frame Storage Building: Steel and wood frame Cabin: Wood frame
Construction Class	Mixed-Use Building Class C: Concrete or masonry exterior walls with wood or steel roof/floor structures, except for slab on grade. Storage Building Class S: Metal skin or sandwich panels with metal frame, primarily non-combustible construction Cabin Class D: Wood or Steel studs in bearing wall, full or partial open wood or steel frame, primarily combustible construction. Per Marshall Valuation Services class of construction.
ADA Compliance	All of the subject's improvements were constructed prior to implementation of Federal ADA regulations. We assume the property is not fully ADA compliant, but do note that an ADA compliant restroom was observed inside of Commercial Unit 2. Note: The appraisers are not experts in ADA compliance. Interested parties are advised to seek professional assistance regarding this issue.

SUMMARY OF SALIENT FACTS - CONTINUED

Improvement Details	
Overall Improvement Quality	**Average:** The improvements represent a variety of construction classes with a basic level of curb appeal and average quality interior finishes.
Overall Improvement Condition	**Above-Average:** The improvements were constructed between 1972 and 1976, and appear to have been adequately maintained since that time with no signs of deferred maintenance.
Functional Utility	Average
Mixed-Use Building	
MVS Estimate of Total Economic Life	45 years (Average Class C Construction, Mixed-Use Building)
Actual Age	46 years
Estimated Effective Age	20 years
Remaining Economic Life	25 years (Economic life can be indefinite with ongoing capital improvements)
Storage Building	
MVS Estimate of Total Economic Life	35 years (Average Class S Construction, Storage Building)
Actual Age	46 years
Estimated Effective Age	10 years
Remaining Economic Life	25 years (Economic life can be indefinite with ongoing capital improvements)
Cabin	
MVS Estimate of Total Economic Life	60 years (Average Class D Construction, Single-Family Residential Building)
Actual Age	42 years
Estimated Effective Age	20 years
Remaining Economic Life	40 years (Economic life can be indefinite with ongoing capital improvements)

SUMMARY OF SALIENT FACTS - CONTINUED

Market and Financial Information – 1755 Moraine Avenue		
Most Probable Purchaser	Partial Owner-User, or Local or Regional Investor	
Highest and Best Use	As If Vacant:	Commercial development
	As Improved:	Continued use as improved
Market and Financial Information – Excess Land		
Most Probable Purchaser	Owner-user	
Highest and Best Use	As Vacant:	Commercial development

DEFINITIONS

Term	Definition
Appraisal Report	Each written real property appraisal report must be prepared under one of the following options and prominently state which option is used: *Appraisal Report* or *Restricted Appraisal Report*. When the intended users include parties other than the client, an Appraisal Report must be provided. The essential difference between these two options is the content and level of information provided. The appropriate reporting option and the level of information necessary are dependent on the intended use and the intended users.[1]
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.[2]
Leased Fee Estate	A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual land-lord-tenant relationship (i.e., a lease).[3]
Market Value	The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, assuming the buyer and seller are 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]
Market Value "As Is"	Market Value "As Is" on appraisal date means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.[5]
Prospective Opinion of Value	A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.[6]
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it defines a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation.[7]

[1] Appraisal Standards Board, *USPAP 2016-2017 Edition*
[2] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[3] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[4] 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994
[5] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010)
[6] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[7] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

DEFINITIONS - CONTINUED

Term	Definition
Hypothetical Condition	A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends or about the integrity of data used in the analysis. (USPAP 2012-2013 ed.)[8]
Extraordinary Assumption	An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [9]
Stabilized Income	Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.[10]
Stabilized Occupancy	An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent.[11]
Stabilized Value	1. A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. 2. A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply. [12]
Excess Land	Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. [13]
Surplus Land	Land that is not currently needed to support the existing improvement, but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.[14]

[8] Appraisal Standards Board, *USPAP 2016-2017 Edition*
[9] Appraisal Standards Board, *USPAP 2016-2017 Edition*
[10] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[11] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[12] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[13] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[14] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

DEFINITIONS - CONTINUED

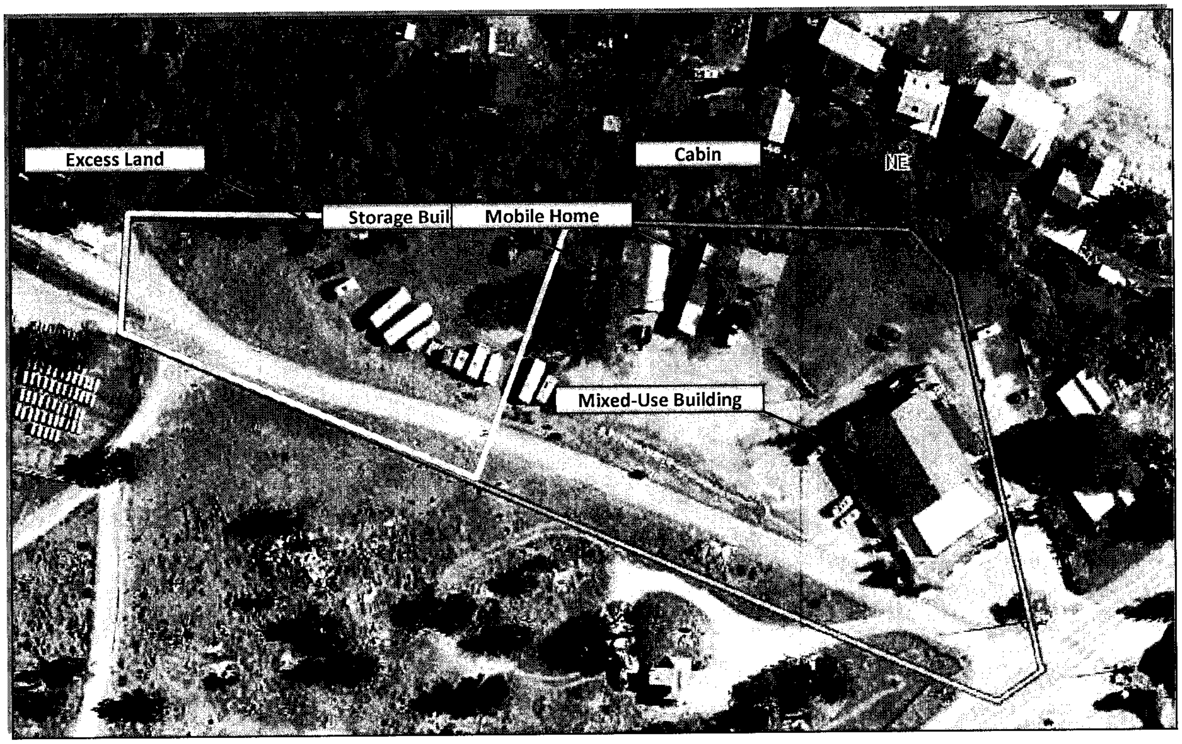
Term	Definition
Disposition Value	The most probable price that a specified interest in real property should bring under the following conditions: 1. Consummation of a sale within a future exposure time specified by the client. 2. The subject is subjected to market conditions prevailing as of the date of valuation. 3. Both the buyer and the seller are acting prudently and knowledgably. 4. The seller is under compulsion to sell. 5. The buyer is typically motivated. 6. Both parties are acting in what they consider to be their best interests. 7. An adequate marketing effort will be made during the exposure time specified by the client. 8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [15]
Liquidation Value	The value of assets estimated with regard to specific circumstances under which the assets are sold. Liquidation value describes a situation where a group of assets employed together in a business are offered for sale separately, usually following a closure of the business. Although associated with forced sale, these terms have distinct meanings. There is no reason why assets cannot be liquidated by an orderly sales following proper marketing.[16]
Goodwill	The intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not identified.[17]
Goodwill Value	The value attributable to Goodwill.[18]

[15] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[16] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[17] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)
[18] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

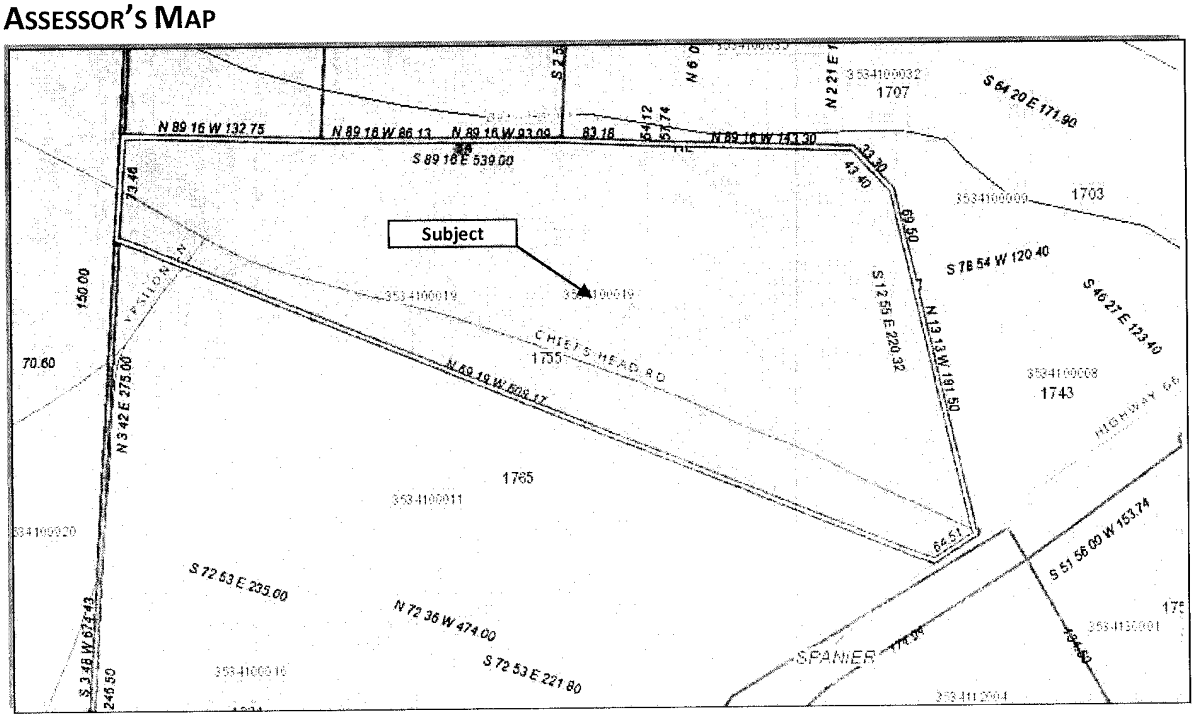
PROPERTY SALE HISTORY AND ANALYSIS

Recent Transactions	
Comments	There have been no transactions involving the subject within the previous three years
Current Listing	
Comments	The subject is not currently listed for sale.
Current Contract	
Comments	The subject is not encumbered by a contract.
General Information	
Comments	We note that the subject's excess land has not been marketed separately.

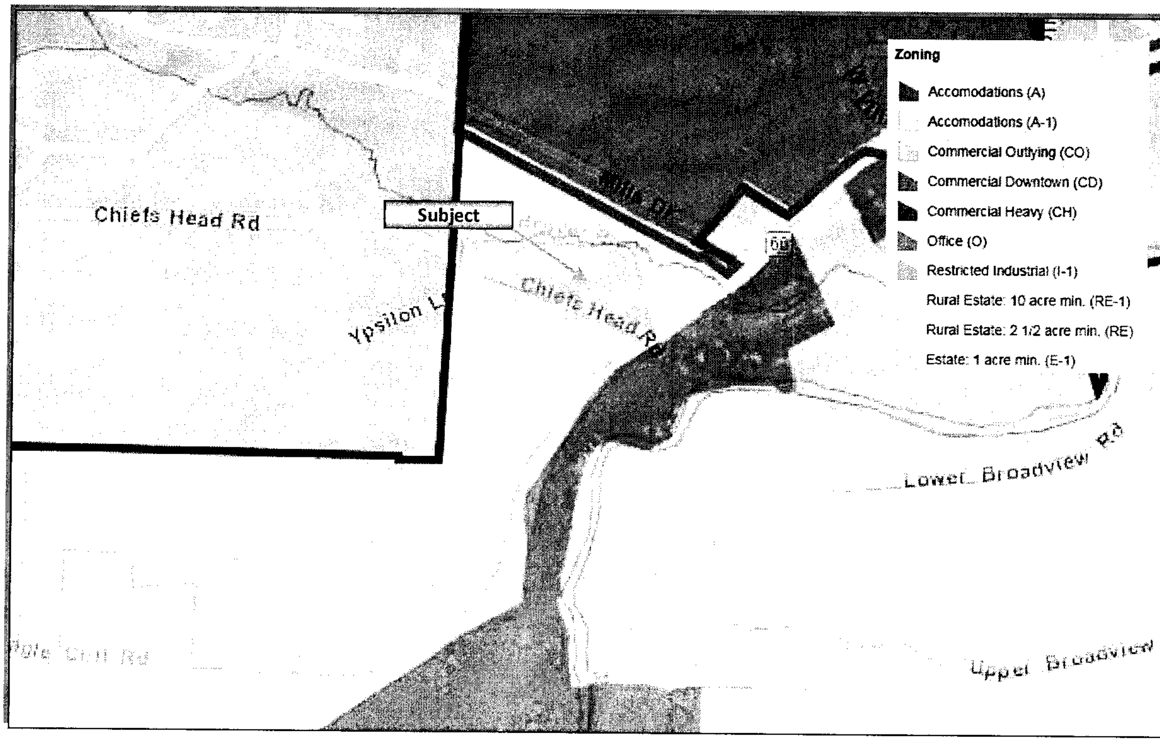
AERIAL MAP



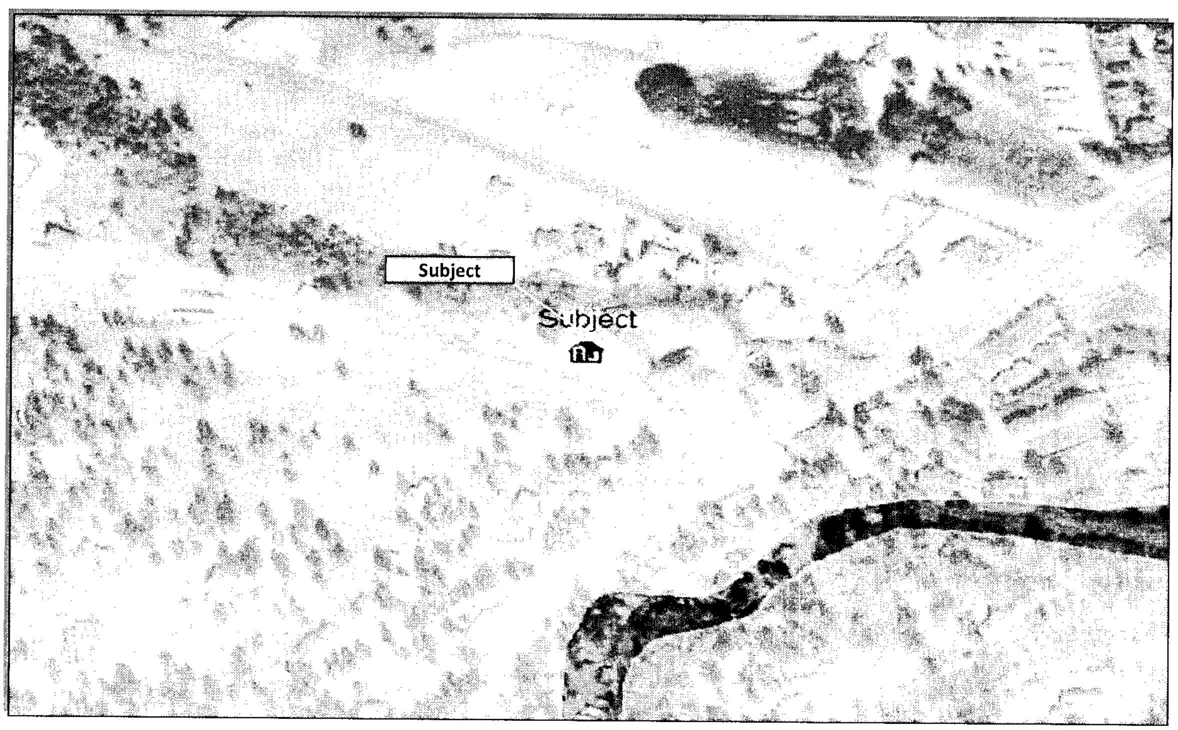
ASSESSOR'S MAP

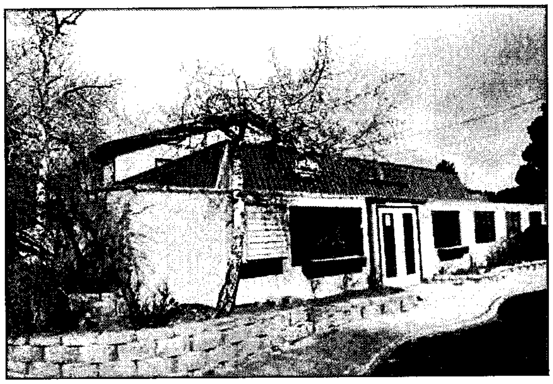
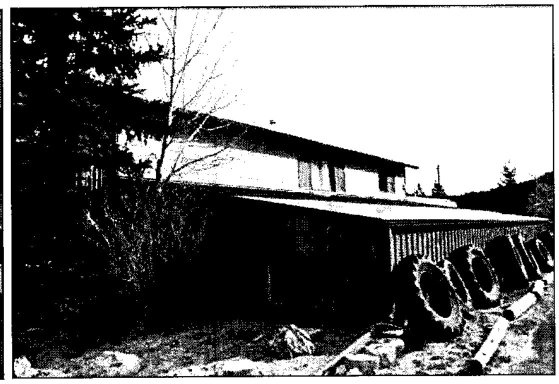
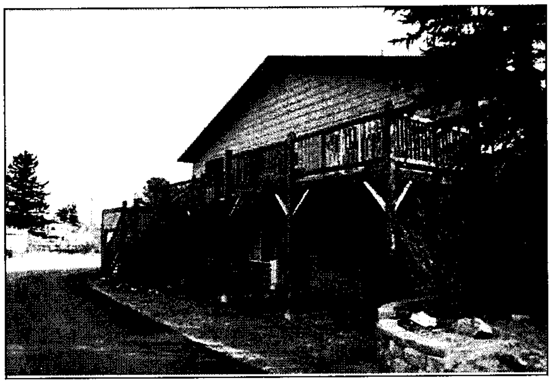
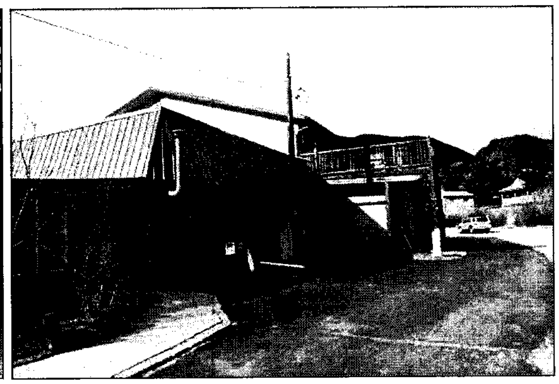
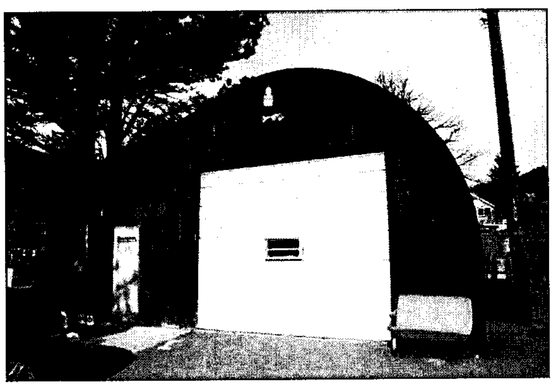


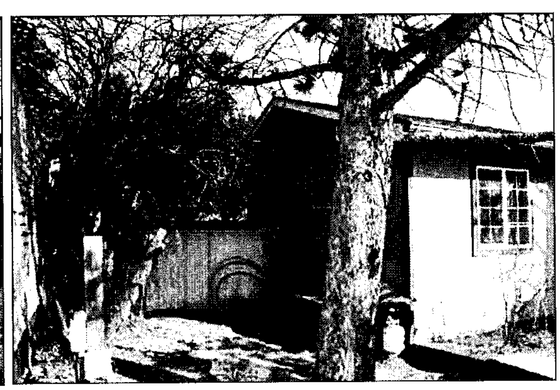
ZONING MAP



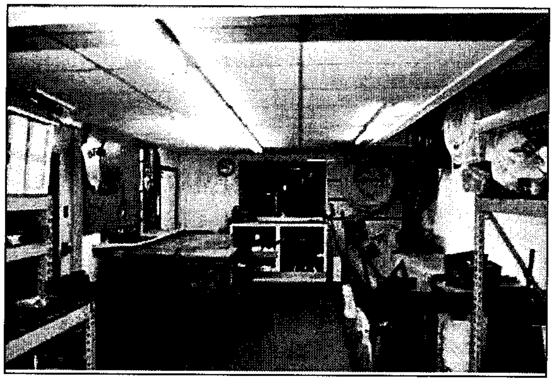
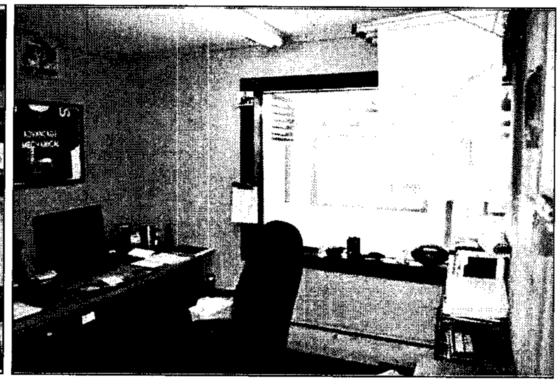
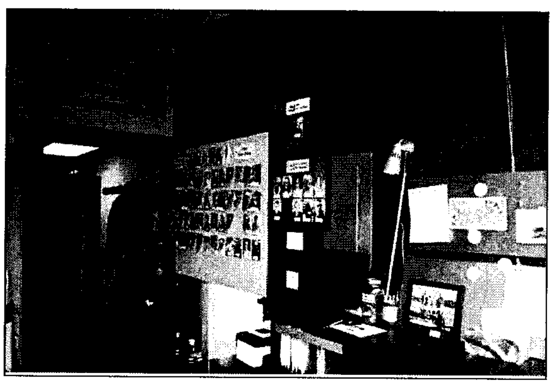
FLOOD MAP

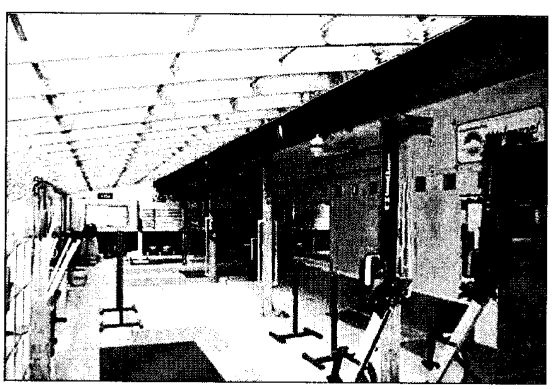
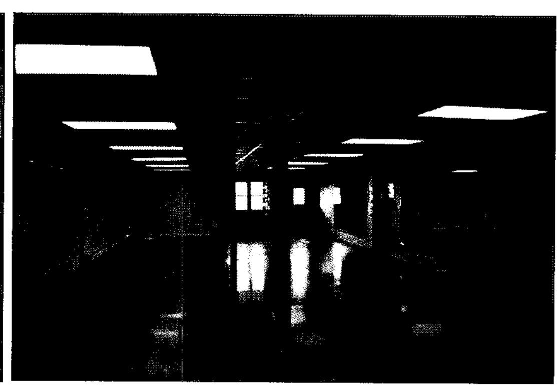


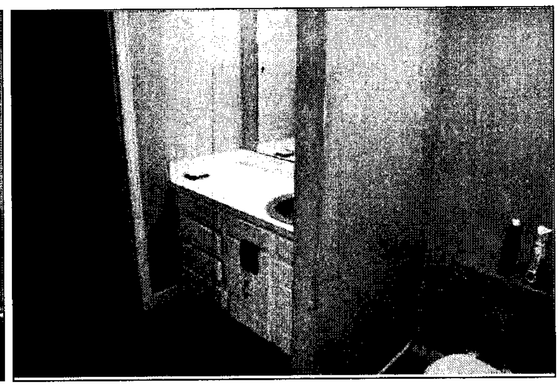



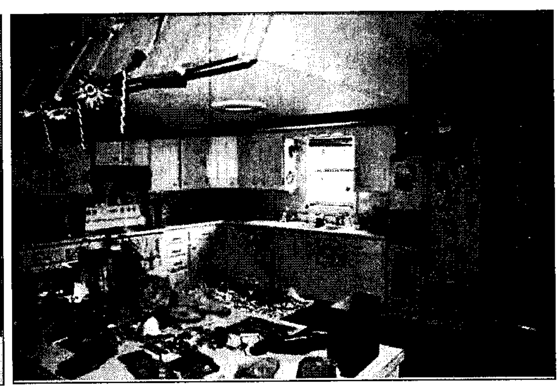


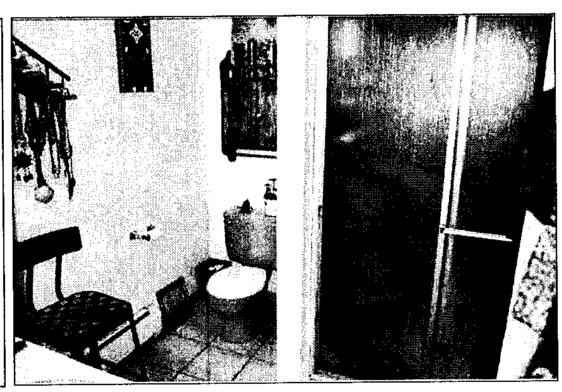




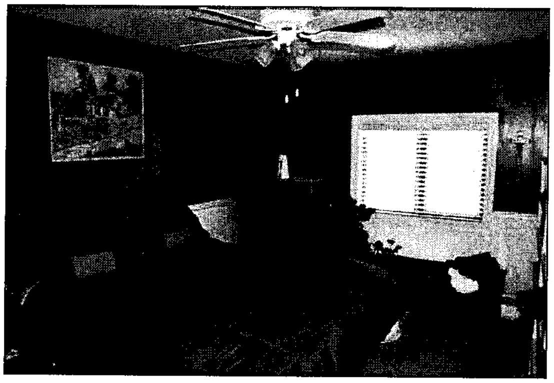
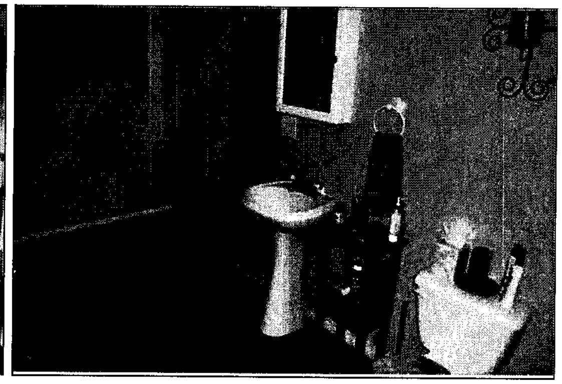
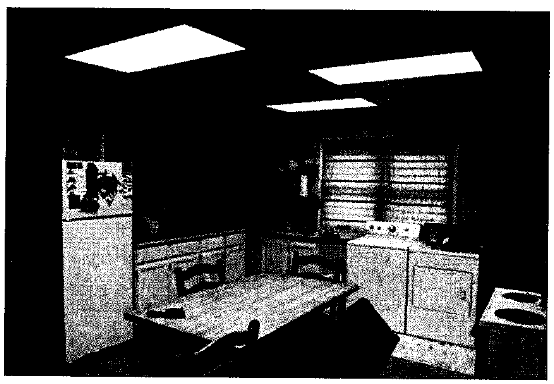
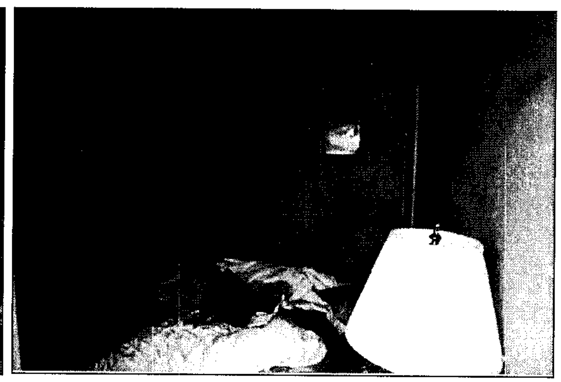


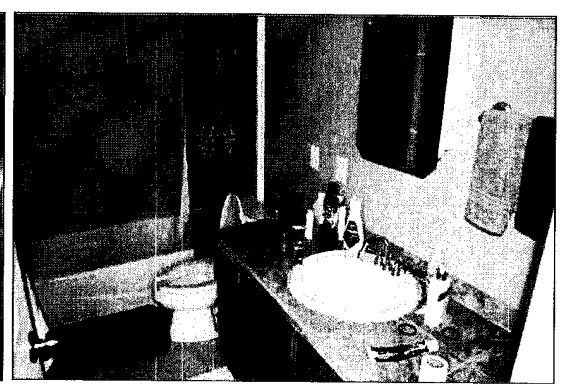







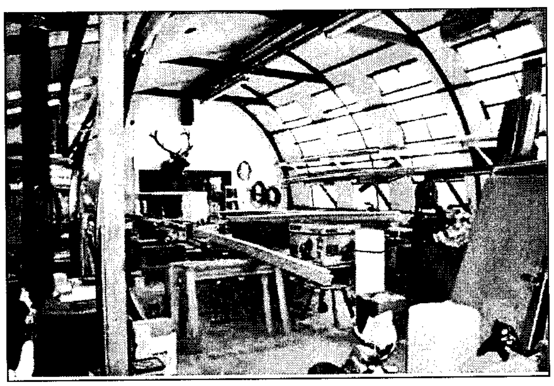


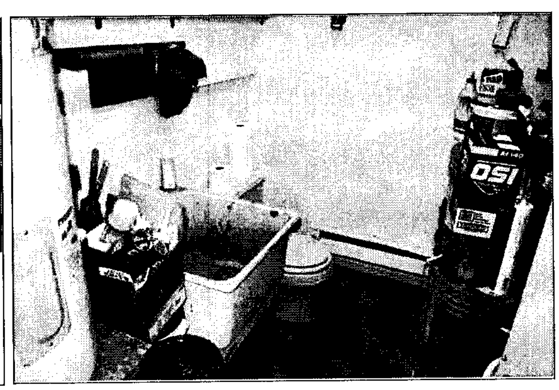











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NEIGHBORHOOD/MARKET INFORMATION

Market Area Data			
Surrounding Area	Residential, Lodging, Retail, Office, and Vacant Land	**Market Trend**	Stability
Overall Real Estate Values	Increasing	**Neighborhood Vacancy**	+/-5%
Predominant Property Use(s)	Residential, Office, Retail, Recreational Lodging, Vacant Land	**Estimated Marketing** **Estimated Exposure**	12 months 12 months
Market Subsector	Larimer County Office Market	MY 2017 Vacancy	5-Year Average Vacancy
		4.2%	6.1%
	Larimer County MF Residential Market	MY 2017 Vacancy	5-Year Average Vacancy
		5.5%	5.9%
	Larimer County Retail Market	My 2017 Vacancy	5-Year Average Vacancy
		5.0%	5.4%
Surrounding Uses	**North:** Single Family Residential Property **South:** Single Family Residential Property **East:** Lodging Property **West:** Propone Yard Storage		
Market Area Comments	The subject is located north of the intersection of Highway 66 and Chiefs Head Road in the City limits of Estes Park, County of Larimer, Colorado. The immediate area surrounding the subject is developed with a mix of residential, lodging, and commercial properties that are generally in average to good condition. Overall, the subject conforms well to its surrounding uses and is adequately located for a mixed-use property with frontage along Moraine Avenue and average commercial synergy.		
Property Contact Interview	We interviewed Mr. Chuck Santagati and Mr. Mike Eagan, owners, during the appraisal process. Mr. Mike Eagan attended the property inspection.		

REAL ESTATE TAXES

Parcel # 35341-00-019 - Larimer County		
Year	2016 payable 2017	2017 payable 2018
Land Actual Value	$322,700	$322,700
Improvement Actual Value	$211,900	$211,900
Total Actual Value	$534,600	$534,600
Assessment Ratio	29%(Commercial) 7.96%(Residential)	29%(Commercial) 7.20%(Residential)
Total Assessed Value (Rounded)	$109,083	$109,083
Mill Levy	75.082	Mill Levy Unavailable. Taxes Calculated Using 2016 Mill Levy
Taxes*(Rounded)	**$8,190**	**$8,190**
Assessor's Utilized Square Footage	**13,006**	**13,006**
Tax per SF (Rounded)	**$0.63**	**$0.63**
Status of Taxes	Paid	Due in 2018

SALES COMPARISON APPROACH – 1755 MORAINE AVE

The Sales Comparison Approach is used to compare similar properties that have recently sold or are currently listed for sale to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. This valuation technique is based on the principle of substitution, in that a prospective purchaser would not typically pay more for a property than would be required to purchase an equally desirable property.

BASIC PROCEDURE

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmations	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

Differing units of measure are used to value distinct property types. Typical units of measure, along with the unit of measure used in this analysis, are reported below.

	Units of Measure[19]
	Per Square Foot of Rentable Area: Occupiable floor area surcharged to reflect a pro rata share of common area; computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor.
	Per Square Foot of Usable Area: Area actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
✓	Per Square Foot of Gross Leasable Area: Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	Per Square Foot of Gross Building Area: Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	Per Dwelling Unit: Typically used for apartment properties.
	Per Square Foot of Land: Used in the valuation of vacant land.
	Per Acre of Land: Used in the valuation of vacant land.

[19] Appraisal Institute, *The Dictionary of Real Estate Appraisal,* 5th ed. (Chicago: Appraisal Institute, 2010)

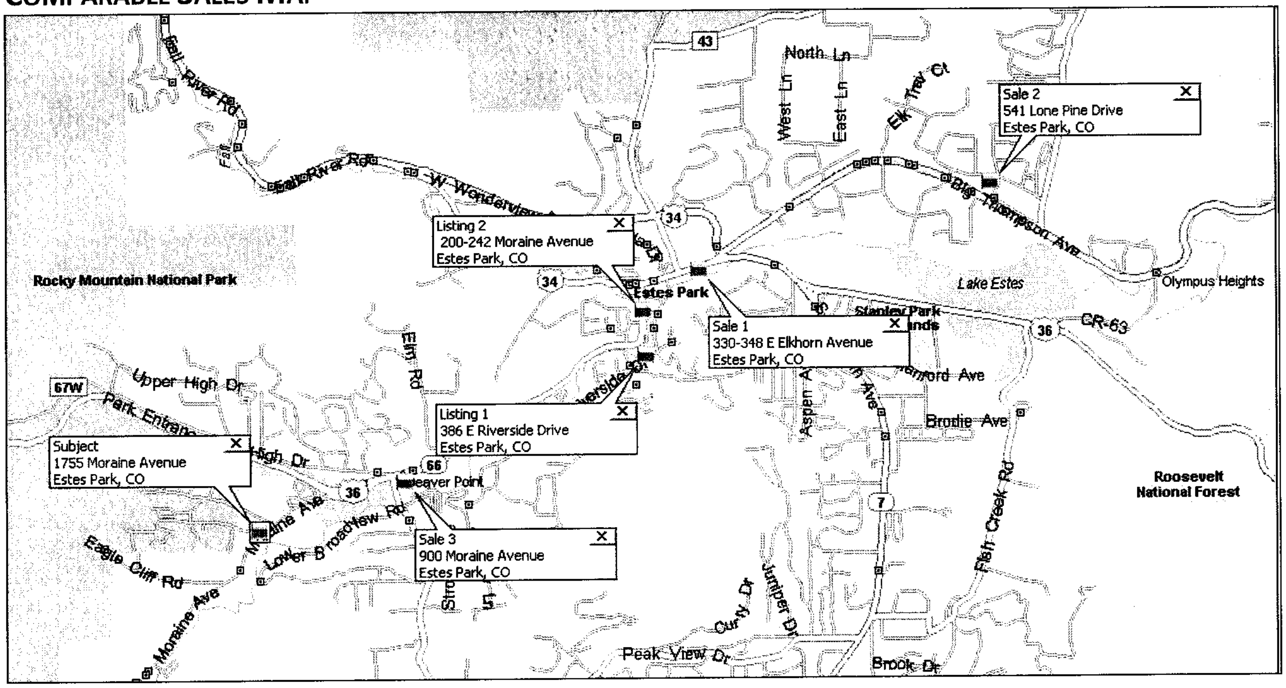
SUBJECT SALE HISTORY AND COMPARABLE SEARCH

Subject Listed for Sale/Price	No	N/A
Subject Under Contract/Price	No	N/A
Search for Comparables	Using third party data sources of CoStar, Loopnet, and a visual inspection of the neighborhood for listings, we searched for recent sales of multi-tenant mixed-use properties within the City of Estes Park purchased either as investments or in fee simple as speculative investments. We limited our search for sales to those occurring on, or after January 1, 2015. Three sales and two active listings that exhibit comparability were located within close proximity to the subject, and pertinent information was verified.	
Comparables Used	3 sales, 2 listings	

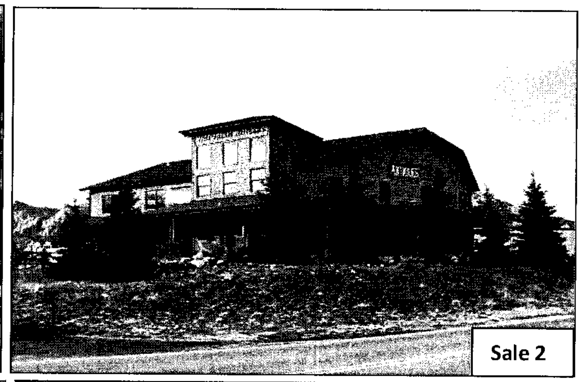
Comparable Improved Sales Summary

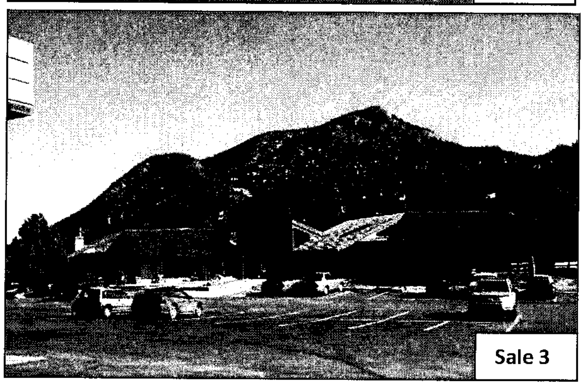
	Subject	Sale 1		Sale 2		Sale 3		Listing 1		Listing 2	
Address	1755 Moraine Avenue	330-348 East Elkhorn Avenue		541 Lone Pine Drive		900 Moraine Avenue		386 East Riverside Drive		200-242 Moraine Avenue	
City	Estes Park	Estes Park		Estes Park		Estes Park		Estes Park		Estes Park	
Property Type	Multi-Tenant Mixed-Use Property	Multi-Tenant Mixed-Use Property		Multi-Tenant Mixed-Use Building		Multi-Tenant Mixed-Use Property		Multi-Tenant Mixed-Use Building		Multi-Tenant Mixed-Use Property	
Sale Date	N/A	Sep-17		Jun-17		Sep-15		Active		Active	
Sale Price	N/A	$ 3,000,000		$ 1,000,000		$ 2,900,000		N/A		N/A	
List Price	N/A	Not Reported		$ 1,195,000		$ 3,000,000		$ 1,095,000		$ 1,700,000	
Days on the Market	N/A	25		619		897		711		1650	
Data Source	Assessor, Inspection, Owner	CoStar, Assessor, Deed		CoStar, Assessor, Deed		CoStar, Assessor, Deed		CoStar, Assessor, Listing		CoStar, Assessor, Listing	
Building Size (SF)	13,247	17,946		10,300		33,600		7,105		18,515	
Land Area (SF)	69,046	32,670		33,541		78,408		15,682		24,971	
Parking Spaces	Adequate	-		25		147		10		7	
Comments	Partially owner-occupied multi-level mixed-use building with commercial and residential units, storage building, and cabin	Fully leased multi-tenant mixed-use property comprised of three buildings		Fully leased multi-tenant mixed use condominium building with two lower-level commercial space and three upper-level residential units; siding and roof reportedly in poor condition		Partially leased multi-tenant mixed-use property comprised of three buildings		Fully leased multi-tenant mixed use building with three lower-level commercial space and four upper-level residential units		Partially leased multi-tenant mixed-use building with a mix of restaurant, retail, and apartment units	
Unadjusted Price PSF			$167.17		$ 97.09		$ 86.31		$154.12		$ 91.82
Quantified Adjustments											
Property Rights Conveyed	Leased Fee	Leased Fee		Leased Fee		Leased Fee		Leased Fee		Leased Fee	
Financing		Unknown, assumed market based		Unknown, assumed market based		100% down		Unknown, assumed market based		Unknown, assumed market based	
Terms/Conditions of Sale		NA		NA		NA		NA		N/A	
Expenditures After Sale		None known		None known		None known		None known		None known	
Market Conditions		0%	$ -	0%	$ -	10%	$ 8.63	-9%	$ (13.87)	-9%	$ (8.26)
Total Quantified Adjustment			$ -		$ -		$ 8.63		$ (13.87)		$ (8.26)
Quantitatively Adjusted Price			$167.17		$ 97.09		$ 94.94		$140.25		$ 83.55
Locational Factors											
General Location	*West Estes Park*	*Downtown Estes Park*		*East Estes Park*		*West Estes Park*		*Downtown Estes Park*		*Downtown Estes Park*	
Other Factors	*Located along a primary thoroughfare; west of downtown core; surrounding uses comprised of a mix of lodging, residential, and commercial uses; average commercial synergy*	*Located along a primary thoroughfare; in downtown core; surrounding uses comprised of mixed-use properties; good commercial synergy*		*Located along a secondary thoroughfare; east of downtown core; surrounding uses comprised of a mix of lodging, residential, and commercial properties; average commercial synergy*		*Located along a primary thoroughfare; west of downtown core; surrounding uses comprised of a mix of lodging, residential, and commercial properties; average commercial synergy*		*Located along a primary thoroughfare; in downtown core; surrounding uses comprised of mixed-use properties; good commercial synergy*		*Located along a primary thoroughfare; in downtown core; surrounding uses comprised of mixed-use properties; good commercial synergy*	
Overall Location Comparison	**Above-Average**	**Good**	(-)	**Average**	(+)	**Above-Average**	=	**Good**	(-)	**Good**	(-)
Building Size	**13,247**	**17,946**	(+)	**10,300**	(-)	**33,600**	(+++)	**7,105**	(--)	**18,515**	(+)
Age/Condition	**1972 & 1976 (ren) / Above-Average**	**1990 & 1995 / Good**	(-)	**1997 / Above-Average**	(-)	**1978 / Above-Average**	=	**1948 (ren 2015) / Above-Average**	=	**1955 (ren) / Above-Average**	=
Quality Factors											
Materials	*Masonry and wood frame*	*Masonry and wood frame*		*Wood frame*		*Masonry and wood frame*		*Masonry and wood frame*		*Wood frame*	
Architectural Styling	*Basic exterior detail*	*Appealing exterior detail*		*Appealing exterior detail*		*Appealing exterior detail*		*Appealing exterior detail*		*Appealing exterior detail*	
Typical tenant finish	*Average quality finishes*	*Average to good quality finishes*		*Average to good quality finishes*		*Average quality finishes*		*Average quality finishes*		*Average quality finishes*	
Overall Quality	**Average**	**Good**	(--)	**Above-Average**	(-)	**Above-Average**	(-)	**Above-Average**	(-)	**Average**	(+)
Parking Ratio (per 1,000 SF)	**Adequate on-site**	**Off-site**	(+)	**2.43**	(+)	**4.38**	=	**1.41**	(+)	**0.38**	(+)
Occupancy											
Occupancy %	*100%*	*100%*		*100%*		*41%*		*100%*		*83%*	
Major Tenants	*12% owner-occupied; remainder local tenants*	*Local tenants*		*Local tenants*		*Local tenants*		*Local tenants*		*Local tenants*	
Capitalization Rate at TOS	*N/A*	*7.30%*		*N/A*		*10.00%*		*N/A*		*N/A*	
Risk Profile	*One (1) long-term lease remainder short-term and month-to-month leases*	*Long-term leases in place*		*N/A*		*Long-term leases in place*		*N/A*		*N/A*	
Tenancy/ Occupancy Comparison	**Average**	**Average**	=	**Average**	=	**Below-Average**	(+)	**Average**	=	**Average**	=
Functional Utility Factors											
Building Layout	*Multi-story*	*Multi-story*		*Multi-story*		*Multi-story*		*Multi-story*		*Multi-story*	
Building Amenities	*None*	*None*		*None*		*None*		*None*		*None*	
Above/Below Grade Space	*All above*	*All above*		*All above*		*All above*		*All above*		*All above*	
Other Factors	*350 SF storage unit capable of providing additional income*	*None*		*None*		*None*		*None*		*None*	
Overall Functional Utility	**Average**	**Average**	=	**Average**	=	**Average**	=	**Average**	=	**Average**	=
Adjustment Summation			(--)		(-)		(+++)		(---)		(++)
Indication for Subject:		Less Than	$167.17	Less Than	$97.09	Greater Than	$94.94	Less Than	$140.25	Greater Than	$83.55

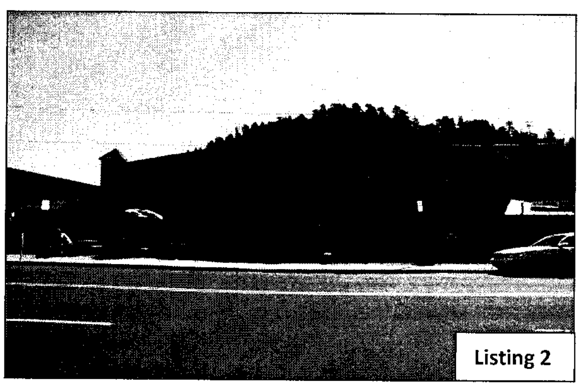
COMPARABLE SALES MAP



COMPARABLE SALE PHOTOS







MARKET CONDITIONS

The market conditions adjustment accounts for market value changes from the date of the comparable sales, and the valuation date of the subject. Sale prices are influenced by the economic market trends and cycles, which have an impact on the demand for real estate.

Sales 1 and 2 occurred during 2017, and are considered reflective of current market conditions.

Sale 3 occurred during early 2015, and warrants consideration for a market conditions adjustment. Because the subject appeals primarily to a partial owner-user or investor, and all of the comparables were purchased as either investments or speculative investments, we have first analyzed the average asking rental rates for retail, office, and multi-family properties in Larimer County as reported by CoStar.

Average Asking Retail Rental Rate (NNN) Larimer County				
Year	Count	Rate	YTY % Change	% Change to YTD 2017
2014	N/A	$14.78	N/A	28%
2015	N/A	$15.07	2%	25%
2016	N/A	$16.98	13%	11%
YTD 2017	N/A	$18.88	11%	N/A

Average Asking Office Rental Rate (Base Rent) Larimer County				
Year	Count	Rate	YTY % Change	% Change to YTD 2017
2014	N/A	$13.86	N/A	13%
2015	N/A	$14.80	7%	5%
2016	N/A	$15.76	6%	-1%
YTD 2017	N/A	$15.61	5%	N/A

Average Asking Multi-Family Rental Rate Larimer County				
Year	Count	Rate	YTY % Change	% Change to YTD 2017
2014	N/A	$1,047	N/A	7%
2015	N/A	$1,081	3%	3%
2016	N/A	$1,079	0%	4%
YTD 2017	N/A	$1,117	4%	N/A

As shown above, Average asking rental rates for retail and multi-family properties have increased since 2015.

There have been an insufficient number of sales of properties within the City of Estes Park and immediate surrounding areas with which to accurately assess any upward or downward trend in median sale prices. Relying solely on average asking rental rates, we conclude to a conservative upwards market conditions adjustment of **10%** for Sale 3.

SALES ANALYSIS SUMMARY

The following table ranks the comparable sales based on their adjusted per square foot prices.

Ranking of the Subject Property		
Comparable	Price PSF	Comparison
1	$167.17	Superior
Listing 1	$140.25	Superior
2	$97.09	Superior
Subject		
3	$94.94	Inferior
Listing 2	$83.55	Inferior

The comparables sales indicate a value for the subject between Sale 3 at $94.94 per square foot, and Sale 2 at $97.09 per square foot. This represents a tight range. All of the comparables represent recent sales, or active listings of generally similar mixed-use properties in the City of Estes Park that would likely appeal to the most probable purchaser as alternatives to the subject. Based upon the data presented above, we conclude to a value for the subject near the middle of the indicated range at $95.00 per square foot. This equates to a total value for the subject of **$1,260,000 ($95.00 PSF x 13,247 SF), rounded.**

SALES COMPARISON APPROACH – "AS IS"

In our opinion, the market value of the leased fee estate of the subject "As is," as of the effective date, is:

MARKET VALUE INDICATION LEASED FEE ESTATE "AS IS"
One Million Two Hundred Sixty Thousand Dollars **$1,260,000** ($95.12 Per Square Foot of Gross Leasable Area) (Based on 13,247 SF)

SALES COMPARISON APPROACH – EXCESS LAND

The Sales Comparison Approach is used to compare similar properties that have recently sold or are currently listed for sale to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. This valuation technique is based on the principle of substitution, in that a prospective purchaser would not typically pay more for a property than would be required to purchase an equally desirable property.

BASIC PROCEDURE

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmations	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

Differing units of measure are used to value distinct property types. Typical units of measure, along with the unit of measure used in this analysis, are reported below.

	Units of Measure[20]
	Per Square Foot of Rentable Area: Occupiable floor area surcharged to reflect a pro rata share of common area; computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor.
	Per Square Foot of Usable Area: Area actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
	Per Square Foot of Gross Leasable Area: Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	Per Square Foot of Gross Building Area: Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	Per Dwelling Unit: Typically used for apartment properties.
✓	Per Square Foot of Land: Used in the valuation of vacant land.
	Per Acre of Land: Used in the valuation of vacant land.

[20] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

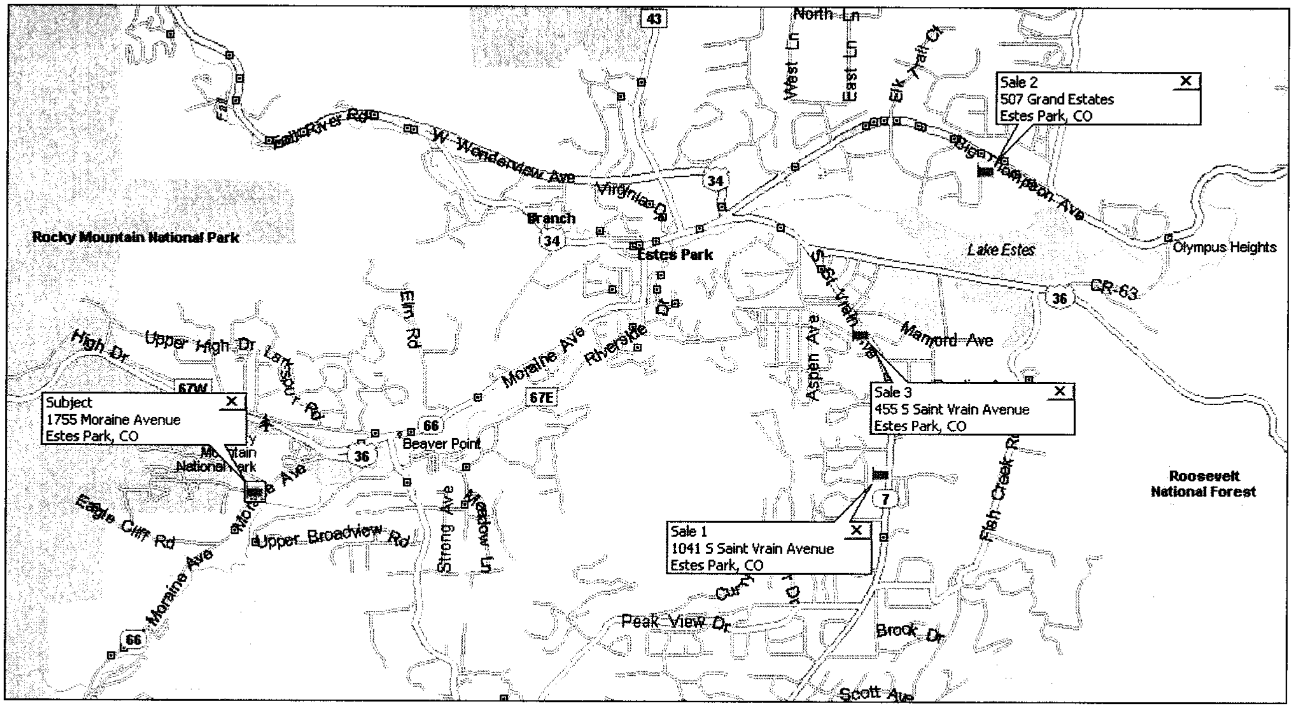
SUBJECT SALE HISTORY AND COMPARABLE SEARCH

Subject Listed for Sale/Price	No	N/A
Subject Under Contract/Price	No	N/A
Search for Comparables	Using third party data sources of CoStar, Loopnet, and a visual inspection of the neighborhood for listings, we searched for recent sales of vacant land parcels within the City of Estes Park. We limited our search for sales to those occurring on, or after January 1, 2015. Three sales that exhibit comparability were located within close proximity to the subject, and pertinent information was verified.	
Comparables Used	3 sales	

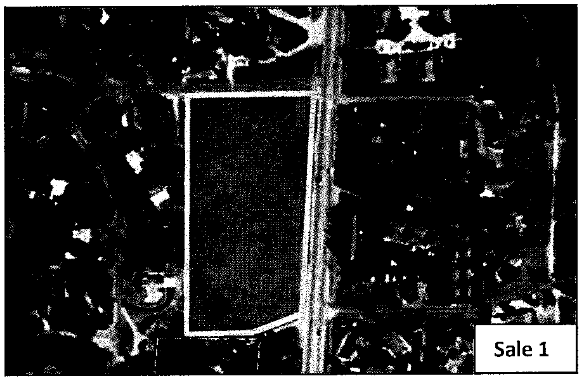
Comparable Sales Summary

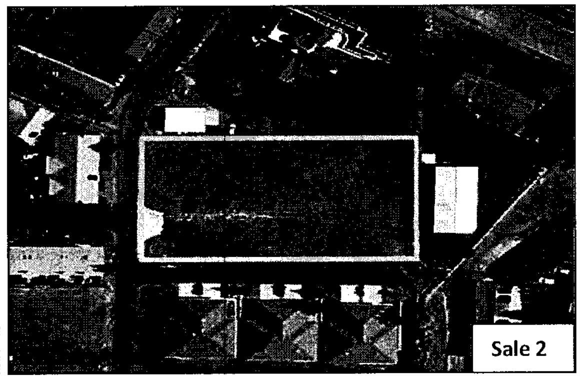
	Subject	Sale 1		Sale 2		Sale 3	
Address	1755 Moraine Avenue	1041 S Saint Vrain Avenue		507 Grand Estates Drive		455 S Saint Vrain Avenue	
City	Estes Park	Estes Park		Estes Park		Estes Park	
Property Type	Vacant Land	Vacant Land Parcels		Vacant Land Parcel		Vacant Land Parcel	
Parcel Number	35341-00-019	25311-64-001, 002		25194-05-035		25303-57-002	
Sale Date	N/A	Aug-17		Aug-17		Nov-16	
Sale Price	N/A	$ 2,180,000		$ 415,000		$ 590,000	
List Price	N/A	$ 2,440,000		Not Reported		Not Reported	
Days on Market	N/A	156		Not Reported		Not Reported	
Data Source	Assessor, Inspection, Owner	CoStar, Assessor, Deed		CoStar, Assessor, Deed		CoStar, Assessor, Deed	
Land Area (SF)	38,547	253,519		39,378		50,530	
Land Area (AC)	0.88	5.82		0.90		1.16	
Unadjusted Price PSF			$8.60		$10.54		$11.68
Quantified Adjustments							
Property Rights Conveyed		Fee Simple		Fee Simple		Fee Simple	
Financing		Unknown; assumed market based		Unknown; assumed market based		Unknown; assumed market based	
Terms/Conditions of Sale		N/A		N/A		N/A	
Expenditures After Sale		None known		None known		None known	
Market Conditions		0%	$0.00	0%	$0.00	0%	$0.00
Total Quantified Adjustment			$0.00		$0.00		$0.00
Quantitatively Adjusted Price			$8.60		$10.54		$11.68
Qualitative Adjustments							
Locational Factors							
General Location	*West Estes Park*	*South Estes Park*		*East Estes Park*		*South Estes Park*	
Surrounding Uses and Other Factors	*Located along a secondary thoroughfare; west of downtown core; surrounding uses comprised of a mix of lodging, residential, and commercial uses; average commercial synergy; located near RMNP entrance*	*Located along a primary thoroughfare; south of downtown core; surrounding uses comprised of a mix of residential and lodging uses; below-average commercial synergy; located near Estes Park Golf Club*		*Located along a secondary thoroughfare; east of downtown core; surrounding uses comprised of a mix of residential, lodging and commercial uses; average commercial synergy; located near Lake Estes*		*Located along a primary thoroughfare; south of downtown core; surrounding uses comprised of a mix of commercial and residential uses; above-average commercial synergy; located near Estes Park Medical Center*	
Overall Location Comparison	**Average**	**Below-Average**	(+)	**Average**	(=)	**Above-Average**	(-)
Site Size (AC)	**0.88**	**5.82**	(+++)	**0.90**	(=)	**1.16**	(+)
Zoning/Entitlement Factors							
Zoning	*CO*	*RM*		*CO*		*CO*	
Intended/Allowable Use	*Commercial, Retail*	*Multi-Family Residential*		*Commercial, Retail*		*Commercial, Retail*	
Building Height	*30'*	*30'*		*30'*		*30'*	
Entitlements/Approvals	*None*	*None*		*None*		*None*	
Zoning	**Average**	**Below-Average**	(+)	**Average**	(=)	**Average**	(=)
Infrastructure Factors							
Existing Improvements	*None*	*None*		*None*		*None*	
SF of Existing Improvements	*N/A*	*N/A*		*N/A*		*N/A*	
Availability of Utilities	*All utilities proximate to the site*	*All utilities proximate to the site*		*All utilities proximate to the site*		*All utilities proximate to the site*	
Infrastructure	**Average**	**Average**	(=)	**Average**	(=)	**Average**	(=)
Site Utility Factors							
Corner/Non-Corner	*Non-corner*	*Corner*		*Non-corner*		*Corner*	
Shape	*Irregular*	*Generally rectangular*		*Generally rectangular*		*Irregular*	
Topography	*Generally level*	*Slightly sloping*		*Generally level*		*Generally level*	
Other Factors	*Not located within a flood hazard area*	*Not located within a flood hazard area*		*Not located within a flood hazard area; developed access into site present via curb cut along Grand Estates Drive*		*Not located within a flood hazard area; developed access into site present via curb cut along S Saint Vrain Avenue*	
Site Utility Comparison	**Average**	**Above-Average**	(-)	**Above-Average**	(-)	**Above-Average**	(-)
Total Non Quantified Adj.			(++++)		(-)		(-)
Indication for Subject:		**Greater than**	$8.60	**Less than**	$10.54	**Less than**	$11.68

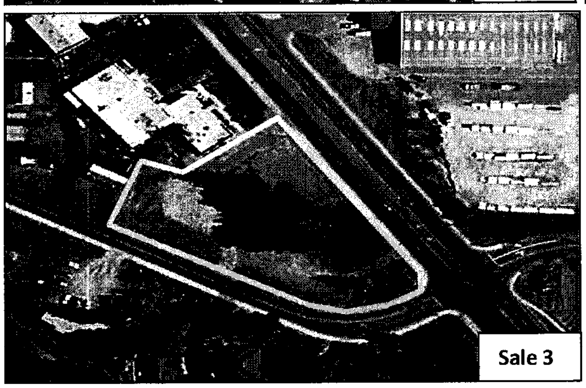
COMPARABLE LAND SALES MAP



COMPARABLE SALE PHOTOS







MARKET CONDITIONS

The market conditions adjustment accounts for market value changes from the date of the comparable sales, and the valuation date of the subject. Sale prices are influenced by the economic market trends and cycles, which have an impact on the demand for real estate.

Sales 1 and 2 occurred during 2017, and are considered reflective of current market conditions.

Sale 3 occurred during 2016, and warrants consideration for a market conditions adjustment. There have been an insufficient number of sales of vacant land parcels within the City of Estes Park and immediate surrounding areas with which to accurately assess any upward or downward trend in median sale prices. Therefore, we will not apply a market conditions adjustment to Sale 3.

SALES ANALYSIS SUMMARY

The following table ranks the comparable sales based on their adjusted per square foot prices.

Ranking of the Subject Property's Excess Land		
Comparable	**Price PSF**	**Comparison**
3	$11.68	Superior
2	$10.54	Superior
Subject		
1	$8.60	Inferior

The comparables sales indicate a value for the subject between Sale 1 at $8.60 per square foot, and Sale 2 at $10.54 per square feet. This represents a relatively tight range. All of the comparables represent recent sales of vacant land parcels within areas of the city of Estes Park outside of the downtown core that would likely appeal to the most probable purchaser as alternatives to the subject's excess land. Based on the data presented above, and considering Sale 1's significantly larger size in comparison to the subject's excess land, we conclude to a value closer to Sale 2 at $10.00 per square foot of land area. This equates to a total value for the subject's excess land of **$385,000 ($10.00 PSF x 38,547 SF), rounded.**

SALES COMPARISON APPROACH – "AS IS"

In our opinion, the market value of the fee simple estate of the subject's excess land "As is," as of the effective date, is:

MARKET VALUE INDICATION FEE SIMPLE ESTATE "AS IS"
Three Hundred Eighty-Five Thousand Dollars **$385,000** ($9.99 Per Square Foot of Land Area) (Based on 38,547 SF)

INCOME CAPITALIZATION APPROACH

MARKET RENT

To determine a market rent for the subject, we examine recent leasing activity at the subject, and we conduct a rental rate survey of comparable properties.

RECENT LEASING ACTIVITY

The subject is approximately 12% owner-occupied with one long-term lease agreement in place, and the remainder of the space occupied by local tenants on short-term lease agreements with twelve months or less remaining.

The only long-term lease agreement in place at the subject property is for Commercial Unit 2. This unit is occupied on an arm's-length lease agreement between S & E Enterprises, LLC (landlord) and CrossFit Estes Park (tenant). The lease stipulates an initial term of three years (36 months) with a commencement date of March 1, 2016 and a monthly rental rate of $1,400, or $4.38 per square foot on a modified gross basis. Per the provided lease agreement, the tenant is only responsible for paying for trash collection and interior repairs in addition to the monthly rental rate. All utilities, property taxes, insurance, and common area maintenance and structural/systems repairs are to be paid by the landlord. The lease agreement is scheduled to expire February 28, 2019, and includes an option to extend with unspecified terms.

The remaining commercial unit, Commercial Unit 1, is occupied by a local tenant on an arm's-length lease agreement this is scheduled to expire July 31, 2018. This lease agreement includes an option to extend that must be exercised no less than 90 days prior to the lease expiration date. Per discussions with the property owner, the tenant intends to extend this agreement. Because this lease agreement is scheduled to expire within the next twelve months and written terms and conditions of an extension were not provided, we conclude that it would be highly speculative to rely on an extended lease agreement without written proof of intent, and specified terms and conditions. Additionally, we conclude that the most likely purchaser of the subject, a partial owner-user, or investor, would likely apply market rental rates to all of the space that is leased on a short-term basis.

COMPARABLE PROPERTY RENT SURVEY

The second method for determining market rent for the subject property is to conduct a rent survey of competing properties. Because the subject features both commercial and residential space, our rental survey first focused on generally similar commercial properties within the immediate market area that would compete with the subject for potential tenants. We were able to locate rental rate information for four commercial spaces within the City of Estes Park. These properties are detailed and compared to the subject in the following charts with photographs following. The location of each of the commercial comparables can be found on the maps on the following pages.

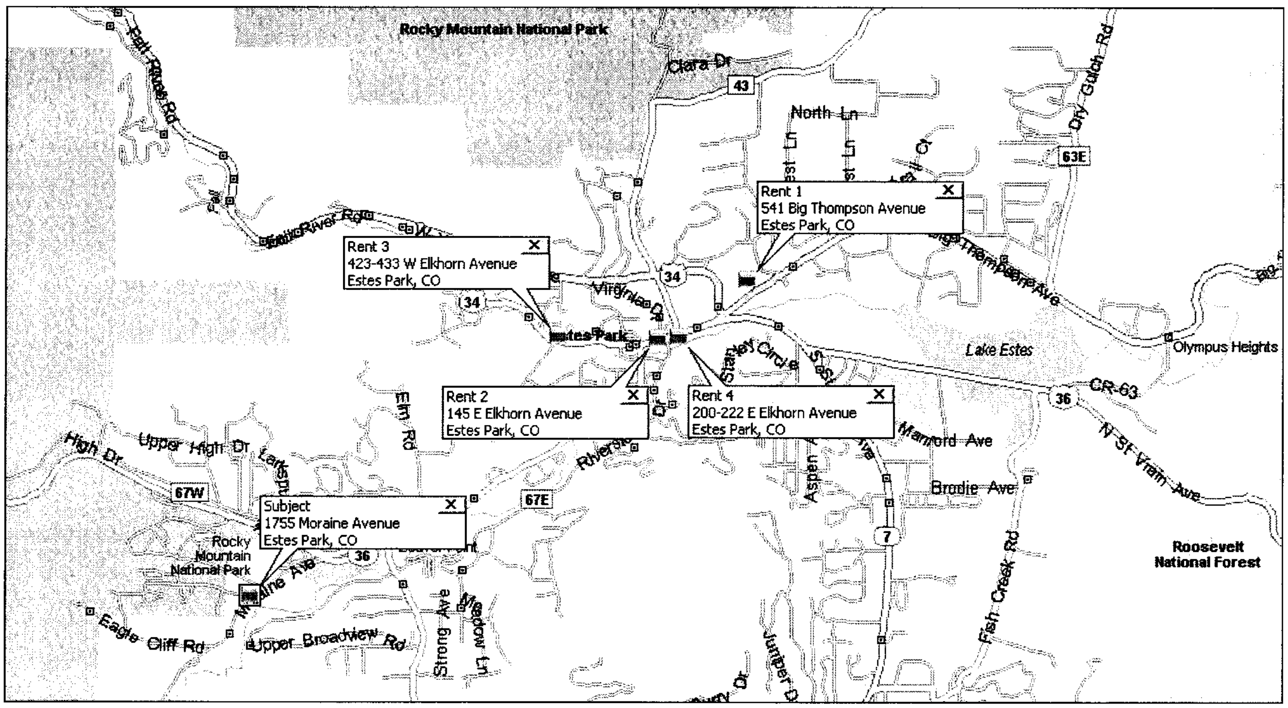
We also conducted a search for advertised long-term (6 to 12 month) residential rental properties within the City of Estes Park and immediate surrounding areas. We were able to locate asking rental rates for both one and two-bedroom units representing a mix of property types within this area. Due to the extremely limited amount of long-term residential rental properties in the City of Estes Park, a common phenomenon exhibited in many of Colorado's mountain and resort communities, we did not extend our search beyond this area recognizing that the effects of supply and demand create a unique, highly localized market.

1755 Moraine Avenue Reconstructed Rent Roll - 2017														
	Tenant	SF	SF Occupied	SF Vacant	Commence	Expire	Term (Mos)	Annual Rent PSF	Annual Contract Rent	Lease Terms	Pro-Rata Complex Total	Market Rent PSF	Annual Market Rent
Commercial Unit 1	Advantage Mechanical	3,411	3,411	0	8/1/2015	7/31/2018	36	$10.00	$34,110	MG	25.75%	$10.00	$34,110
Commercial Unit 2	CrossFit Estes Park	3,835	3,835	0	3/1/2016	2/28/2019	36	$4.38	$16,800	MG	28.95%	$10.00	$38,350
Apartment A	Shawna Rector	1,208	1,208	0			0	$9.19	$11,100	MG	9.12%	$9.19	$11,100
Apartment B	Colt Weber	868	868	0			0	$12.79	$11,100	MG	6.55%	$12.79	$11,100
Apartment C	Greg Yager	924	924	0			0	$12.01	$11,100	MG	6.98%	$12.01	$11,100
Apartment D	Whitney Wiggins	900	900	0			0	$13.33	$12,000	MG	6.79%	$13.33	$12,000
Storage Building	Owner-Occupied	1,581	0	1,581			0	$5.00	$7,905	MG	11.93%	$5.00	$7,905
Cabin	Theresa Ward	520	520	0			0	$21.35	$11,100	MG	3.93%	$21.35	$11,100
Totals		13,247	11,666 88%	1,581 12%					$115,215		100%		$136,765

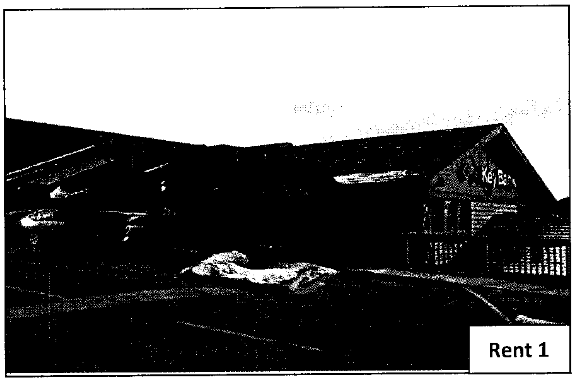
Comparable Improved Commercial Rentals Summary

Characteristics	Subject	Rent 1		Rent 2		Rent 3		Rent 4	
Address	1755 Moraine Avenue	541 Big Thompson Avenue		145 East Elkhorn Avenue		423-433 West Elkhorn Avenue		200-222 East Elkhorn Avenue	
City	Estes Park	Estes Park		Estes Park		Estes Park		Estes Park	
Approximate Location	West Estes Park	East Estes Park		Downtown		West Estes Park		Downtown	
Data Source	Assessor, Owner, Inspection	CoStar, Assessor, Listing Brochure		CoStar, Assessor		CoStar, Assessor		CoStar, Assessor	
Property Type	Mixed-Use Building	MT Retail Building		MT Mixed-Use Building		MT Retail Building		MT Mixed-Use Building	
Building Size (SF)	11,496	4,358		15,461		11,950		17,446	
Unit Type/Size	3,411 - 3,835	Various		Various		Varies		Varies	
Vacant SF Area	0	835		0		1,118		500	
Vacancy Rate	0%	19%		0%		9%		3%	
Representative Lease									
Actual or Asking Lease Rate	See Rent Roll	Actual		Actual		Actual		Asking	
Tenant(s)	See Rent Roll	Not Reported		Red Fox North America		Not Reported		TBD	
SF Area Leased	See Rent Roll	1,405		1,562		2,000		500	
Commencement	See Rent Roll	Sep-17		May-17		Mar-17		TBD	
Term	See Rent Roll	Not Reported		Not Reported		Not Reported		Negotiable	
TI Allowance	See Rent Roll	None Reported		None Reported		None Reported		None reported	
Lease Rate Expense Structure	See Rent Roll	NNN		MG		MG		MG	
Base Annual Rent	See Rent Roll	$15.50		$19.08		$11.00		$24.00	
Expenses	See Rent Roll	$6.41		$0.47		$0.47		$0.47	
Rent (NNN)		**$21.91**		**$19.55**		**$11.47**		**$24.47**	
Qualitative Adjustments	**Description**	**Description**	**Adjustmen**	**Description**	**Adjustmen**	**Description**	**Adjustmen**	**Description**	**Adjustmen**
Market Trends		Actual Rate	(-)	Actual Rate		Actual Rate		Asking Rate	(-)
Location	Frontage along a primary neighborhood thoroughfare; located west of downtown proximate to a mix of lodging, residential, and commercial uses with average surrounding commercial synergy	Set back from a primary neighborhood thoroughfare within the Stanley Village Shopping Center; located within east of downtown with good surrounding commercial synergy	(-)	Frontage along a primary neighborhood thoroughfare; located within downtown Estes Park with good surrounding commercial synergy	(-)	Frontage along a primary neighborhood thoroughfare; located west of downtown proximate to a mix of lodging, residential, and commercial uses with average surrounding commercial synergy		Frontage along a primary neighborhood thoroughfare; located within downtown Estes Park with good surrounding commercial synergy	(-)
Age/condition	1972 (ren) / Above-Average	1985 / Above-Average		1919 (ren 1987) / Above-Average		1970 / Average	(+)	1957 (ren) / Above-Average	
Size	3,411 - 3,835	1,405	(-)	1,562	(-)	2,000	(-)	500	(-)
Quality/Type	Average quality retail finishes; basic exterior detail	Average quality finishes; appealing exterior detail	(-)	Average quality retail finishes; appealing exterior detail	(-)	Average quality finishes; basic exterior detail		Average quality finishes; appealing exterior detail	(-)
Parking Ratio per 1,000 SF	Adequate on-site	Adequate in-common		Off-site	(+)	3.77		Off-site	(+)
Functional Utility	Ground-floor units with separate exterior access	Ground-floor unit with separate exterior access		Second-floor unit with interior access	(+)	Ground-floor unit with separate exterior access		Ground-floor unit with separate exterior access	
Overall Comparison to Subject			**(-)**		**(-)**		**(=)**		**(-)**
Rate for Subject Should be		**Less than**	**$21.91**	**Less than**	**$19.55**	**Similar to**	**$11.47**	**Less than**	**$24.47**

COMPARABLE RENTS MAP

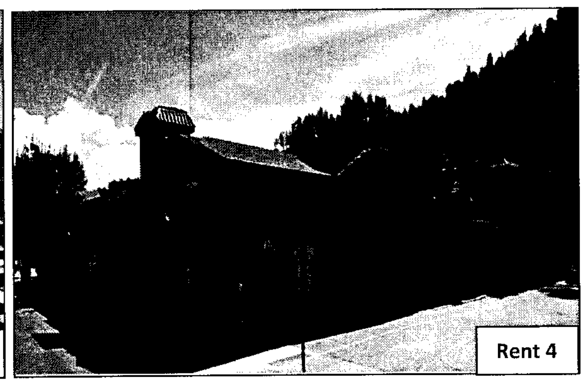


COMPARABLE RENT PHOTOS – COMMERCIAL UNITS


Rent 1


Rent 2


Rent 3


Rent 4

RENT SURVEY SUMMARY – COMMERCIAL UNITS

The following chart ranks the rent comparables:

Ranking of the Subject Property's Commercial Units		
Comparable	Rent PSF (MG)	Comparison
4	$24.00	Less than
1	$21.91	Less than
2	$19.55	Less than
3	$11.47	Similar to
Subject		

Based on our analysis, the subject's commercial units warrant a market rental rate near Comparable 3 at $11.47 per square foot on a modified gross basis. Because most commercial space within the market, including Rents 2, 3 and 4, is leased on a modified gross basis with the tenant also responsible for paying utilities either directly or on a pro-rata basis, and the subject's commercial lease rate includes all utilities, we have adjusted the comparables upward accordingly. All of the comparables represent recent leases or asking rates for generally similar commercial space within either downtown Estes Park or outlying areas to the east and west of the downtown core. Taking into account the data presented above, and considering Rent 3's smaller size in comparison to the subject's commercial units, we conclude to a market rental rate for the subject's two commercial units slightly below the most similar comparable at **$10.00 per square foot on a modified gross basis.**

We conclude that the subject's storage building would likely command a market rental rate well below what the subject's commercial units warrant primarily due to its frontage along a secondary thoroughfare, and minimal interior build-out. Overall, we conclude that the subject's storage building would command a market rental rate of **$5.00 per square foot on a modified gross basis.**

The mixed-use building also includes a 350-square foot storage unit, which is currently leased on a month-to-month basis. We conducted a survey of rental rates for storage units at several self-storage facilities within Estes Park in order to estimate a market rental rate for the subject's storage unit. Our survey included units ranging in size from 100 square feet to 500 square feet with monthly rental rates ranging from $115.00 to $275.00 per month. The units surveyed that were most similar to the subject's storage unit in size contained 300 square feet and 450 square feet, with rental rates of $175.00 per month and $250.00 per month respectively. We conclude to a monthly market rental rate for the subject's storage unit of $200.00 per month. Additionally, our survey revealed no current vacancies at either storage facility. Based upon the fact that the subject's storage unit has historically been leased, and both storage facilities surveyed report no vacancies, we conclude that the storage unit has potential to generate additional income that will be considered later in this analysis.

RENT SURVEY SUMMARY – RESIDENTIAL UNITS

A thorough search of available residential properties via third-party sources to include rental cabins, cottages, and apartment units within Estes Park returned a limited number of available long-term (6 to 12 months) rental units. Via observations made by the appraisers, and based upon our knowledge of the local market, a vast number of residential properties within the City of Estes Park and outlying areas are operated as short-term vacation rentals generally for terms extending no more than a few days to a week.

The table below summarizes our concluded market rental rates for the subject's one-bedroom units and cabin, as well as the two-bedroom unit. Our adjustment grid summarizing several properties that are currently available for long-term (6 to 12 months) rental in Estes Park that are generally similar to the subject is retained in the workfile.

Summary of Concluded Market Rental Rates	
Unit Type	Market Rental Rate (Monthly)
1 Bed / 1 Bath (Apartment)	$925
1 Bed / 1 Bath (Cabin)	$925
2 Bed / 1 Bath (Apartment)	$1,000

As a test of reasonableness for our concluded market rental rates, we also examined leasing information for several properties owned and operated by the Estes Park Housing Authority as affordable housing for low-to-moderate income households realizing that these rental rates will be below what the subject's units would be likely to achieve in an open market. These properties and the advertised rental rates for one and two-bedroom apartment units are detailed below.

Estes Park Housing Authority Rental Programs		
Property	Unit Type	Advertised Rental Rate (Monthly)
Cleave Street Apartments	1 Bed / 1 Bath	$650 to $740
	2 Bed / 1 Bath	$775
Lone Tree Village	1 Bed / 1 Bath	$533
	2 Bed / 1 Bath	$758

As illustrated above, the advertised rental rates at both properties for both unit types are well below the concluded market rental rate of $925 per month for the subject's one-bedroom units and cabin, and $1,000 per month for the subject's two-bedroom unit.

POTENTIAL GROSS RENTAL INCOME BY MARKET RENTS

Market Rents			
Space Type	SF	Rent	PGRI
Commercial Units	7,246	$10.00	$72,460
Residential Units	4,420	$12.76	$56,400
Storage Building	1,581	$5.00	$7,905
Total Potential Gross Rental Income	**13,247**	**$10.32**	**$136,765**

POTENTIAL GROSS RENTAL INCOME BY CONTRACT RENTS

PGRI – Contract Rents (Market Rent applied to Commercial Unit 1, Residential Units, and Owner-Occupied Storage Building)			
Space Type	SF	Rent	PGRI
Commercial Units	7,246	$7.03	$50,910
Residential Units	4,420	$12.76	$56,400
Storage Building	1,581	$5.00	$7,905
Total Potential Gross Rental Income	**13,247**	**$8.70**	**$115,215**

CONTRACT VS MARKET RENT ANALYSIS

The purpose of this appraisal is to value the subject's Leased Fee Estate "As Is". Therefore, contract rent is of primary importance. The current contract rent at the subject property is approximately 18% less than market rent, which indicates that the subject has deficit rent. Therefore, we will first utilize **market rents** in developing the Income Approach to value to determine the fee simple value of the subject, and then deduct the present value of the deficit rent to determine the subject's leased fee value.

OTHER INCOME

As previously discussed, the subject's mixed-use building includes a storage unit, which is currently leased on a month-to-month basis. Based upon our rental survey of competing storage facilities, which indicated no current vacancies, we conclude that this unit has the potential of generating up to $2,400 per year in additional income based upon our concluded market rental rate of $200.00 per month.

POTENTIAL GROSS PASS-THROUGH INCOMES (RECOVERIES)

Pass-through income is a charge to tenants for specified operating expenses, usually without limitation of the amount. The subject is comprised of a mix of commercial and residential space. Based upon the leases in place for the subject's commercial units, we are projecting rent for the commercial units on a modified gross basis, in which the landlord recovers only nominal expenses associated with this portion of the building. Residential units are typically leased on a modified gross basis in which some expenses would be passed through. In the case of the subject, a residential tenant would likely pay for utilities, but not taxes, insurance, CAM or management expenses.

The subject contains 8,827 square feet (67%) of commercial space and 4,420 square feet (33%) of residential space. In order to correctly model expenses for the subject, and because we are projecting rents for the commercial units on a modified gross basis, a majority of the expenses will not be passed through. However, a residential tenant would most likely pay for their pro rata share of utilities. Therefore, 33% of the subject's utility expense is passed through. The table below details pass-through income for each expense and provides the total amount of pass-through income for the subject.

Fixed Expenses	Total	% Reimb.	Pass-Through
Property Taxes	$8,190	0%	$0
Insurance	$1,815	0%	$0
Total Fixed Expenses	**$10,005**		**$0**
Variable Expenses			
Utilities (electric, gas, water/sewer)	$7,496	33%	$2,474
CAM	$14,427	0%	$0
Management	$4,037	0%	$0
Total Variable Expenses	**$25,960**		**$2,474**
Total Expenses	**$35,965**		**$2,474**

CONCESSIONS

Few concessions are currently being offered in the subject's market area. Our analysis of market rent is based on the premise that no rent concessions are offered.

VACANCY

Market Vacancy	
Source	Rate
CoStar - Larimer County Retail Market: MY 2017	5.00%
CoStar - Larimer County Retail Market: 5-Year Average	5.40%
CoStar - Larimer County Office Market: MY 2017	4.20%
CoStar - Larimer County Office Market: 5-Year Average	6.10%
CoStar - Larimer County Industrial Market: MY 2017	3.30%
CoStar - Larimer County Industrial Market: 5-Year Average	3.20%
CoStar - Larimer County Multi-Family Submarket: MY 2017	5.50%
CoStar - Larimer County Multi-Family Submarket: 5-Year Average	5.90%
Range	3.20% to 6.10%
Concluded Overall Vacancy Rate	**5.00%**

The third-party sources indicate a vacancy rate range of 3.20% to 6.10%. Because the subject is demised into a mix of commercial and residential space, we will analyze each type in estimating a vacancy allowance. For the blended rates to be appropriate, they must be weighted correctly.

Larimer County vacancy rates for retail, office, and industrial properties range from 3.30% to 5.00% percent as of mid-year 2017, and the long-term vacancy rates range from 3.20% to 6.10%. This suggests a vacancy allowance for the subject's commercial space of 4.00%. The Larimer County Multi-Family Market has a vacancy rate of 5.50% as of mid-year 2017, and reports a five-year average vacancy rate of 5.90%. This suggests a vacancy allowance for the subject's residential space near 5.50%.

For the overall blended vacancy rate, the concluded commercial vacancy rate was 4.00%, and the multi-family vacancy rate is estimated at 5.50%. So, a weighting, based on PGRI, equals a 5.00% overall (blended) rate. The calculation is shown in the table below.

Blended Vacancy Rate			
Space Type	Vacancy Rate	Weighted by PGRI	Weighted/Blended Rate
Commercial	4.00%	0.59	2.36%
Residential	5.50%	0.41	2.26%
Overall			4.62%
Rounded			**5.00%**

OPERATING EXPENSES

In order to estimate the net operating income for the subject, the annual operating expenses must be estimated. To estimate these expenses, we utilize the following sources:

- Historical Operating Expenses
- Comparable Property Operating Expenses
- Internal company research files

HISTORICAL OPERATING EXPENSES

Subject's Historical Expense Data - Based On 13,247 SF						
	2014		2015		2016	
	Total	PSF	Total	PSF	Total	PSF
Fixed Expenses						
Property Taxes	$7,774	$0.59	$8,087	$0.61	$8,190	$0.62
Insurance	$1,875	$0.14	$1,784	$0.13	$1,787	$0.13
Total Fixed Expenses	$9,649	$0.73	$9,871	$0.75	$9,977	$0.75
Utilities	$5,652	$0.43	$5,885	$0.44	$10,950	$0.83
CAM/Repairs and Maintenance	$24,214	$1.83	$5,743	$0.43	$13,325	$1.01
Management	$0	$0.00	$0	$0.00	$0	$0.00
Total Variable Expenses	$29,866	$2.25	$11,628	$0.88	$24,275	$1.83
Total Expenses	**$39,515**	**$2.98**	**$21,499**	**$1.62**	**$34,252**	**$2.59**

The appraisers were not provided with partial expense data for 2017. The expense projection that follows will be based primarily on the available historical data.

COMPARABLE OPERATING EXPENSES

Comparable Operating Expenses					
Property Type	Mixed-Use Building	Mixed-Use Building	Mixed-Use Building	Mixed-Use Building	Average
Size	10,826	8,689	6,580	8,000	
YOC	1930	1945	1965 (ren.)	1918 (ren)	
Expense Year	2015	2013	2015	2016	
Fixed Expenses					
Real Estate Taxes	$2.77	$2.79	$3.01	$2.63	$2.80
Insurance	$0.53	$0.76	$0.42	$0.66	$0.59
Total Fixed Expenses	$3.30	$3.55	$3.43	$3.29	$3.39
Variable Expenses					
Utilities	$0.24	$0.97	$0.20	$2.27	$0.92
CAM	$0.72	$1.38	$2.85	$0.93	$1.47
Management	$0.77	$0.69	$1.13	$0.00	$0.65
Total Variable Expenses	$1.73	$3.04	$4.18	$3.20	$3.04
Total Expenses	**$5.03**	**$5.92**	**$7.61**	**$6.49**	**$6.43**

SUMMARY OF PROJECTED OPERATING EXPENSES

Proforma Expense Estimate			
Fixed Expenses		Total	PSF
Property Taxes	We will rely on our estimate of the projected 2017 tax amount, payable in 2018 (see Property Tax section).	$8,190	$0.62
Insurance	The subject has reported a historical insurance expense of $0.14 per square foot for the past several years. We will rely on the historical expenses reported at the subject and therefore estimate an insurance expense of $0.14 per square foot.	$1,815	$0.14
Total Fixed Expenses		**$10,005**	**$0.76**
Variable Expenses			
Utilities	The lease agreements for the subject's commercial units are structured on a modified gross basis in which all utilities are included in the base rental rate. Additionally, the monthly rental rates for the subject's residential units reportedly are inclusive of all utilities. We do note that the subject's cabin is individually metered for gas, which is paid directly by the tenant. We conclude to a utilities expense near the average of the reported historicals of $0.57 per square foot.	$7,496	$0.57
CAM and Repairs and Maintenance	CAM/repairs and maintenance expenses can fluctuate from year to year. The subject has a historical CAM/repairs and maintenance expense ranging from $0.43 to $1.83 per square foot. Overall, we estimate a CAM/repairs and maintenance expense within the historical range at $1.09 per square foot.	$14,427	$1.09
Management	The subject does not report a historical management expense. Typical management expenses range from 2% to 5% of EGI. We conclude to a management expense near the middle of this range at 3%, which equates to $0.30 per square foot.	$4,037	$0.30
Total Variable Expenses		$25,960	$1.96
Total Expenses		**$35,965**	**$2.71**

Our projected operating expense total is outside the range of the comparables, but is based primarily on historical operating expense data for the subject provided to the appraisers. Much of the difference can be accounted for by the subject's low property taxes.

CAPITAL EXPENSES

Capital expenses such as tenant improvements, leasing commissions and replacement reserves may or may not be deducted to arrive at a net operating income in a direct capitalization valuation. In the subject's case, capital reserves are paid by the landlord. In the northern Colorado and mountain markets, capital reserves for retail and office investment properties are rarely deducted prior to the derivation of a property's net operating income. Therefore, no reserves will be deducted from our pro forma in order to stay consistent with the capitalization rate comparables.

PRO FORMA OPERATING STATEMENT

The following Pro Forma Income Statement is based on the income and expense projections detailed throughout this valuation.

Pro Forma Operating Statement				
Category		Projected Expenses	Projected Income	PSF
Potential Gross Rental Income (PGRI)			$136,765	$10.32
Plus: Other Income			$2,400	$0.18
Plus: Pass-Through Income			$2,474	$0.19
Total Potential Gross Rental Income			$141,639	$10.69
Less: Market Vacancy	5%	($7,082)		
Effective Gross Income (EGI)			$134,557	$10.16
Fixed Expenses				
Real Estate Taxes		$8,190		$0.62
Insurance		$1,815		$0.14
Total Fixed Expenses		$10,005		$0.76
Variable Expenses				
Utilities		$7,496		$0.57
CAM/Repairs and Maintenance		$14,427		$1.09
Reserves for Replacement		$0		$0.00
Management/Administration		$4,037		$0.30
Total Variable Expenses		**$25,960**		**$1.96**
Total Expenses		**$35,965**		**$2.71**
Net Operating Income			**$98,592**	**$7.44**

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a projected single year's income expectancy into an indication of value. Typically, dividing a property's net operating income by an appropriate market-derived capitalization rate can provide a value indication. This capitalization rate is known as the overall rate.

There are several methods that can be used in deriving an overall rate that can be used to capitalize the net operating income that was projected in the previous Pro Forma Operating Statement, including:

- Sale Comparables (Market-Derived)
- Third-Party Investor Surveys

CAPITALIZATION RATE SUMMARY AND CONCLUSIONS

The capitalization rates derived from listings and sales are summarized in the following table.

Capitalization Rate Summary and Conclusions	
Method	**Capitalization Rate**
Comparable Sales	7.00% - 8.00%
3rd Party Surveys	6.50%
Risk Assessment	↔
Appraiser's Estimate	**7.50%**

VALUE INDICATION – DIRECT CAPITALIZATION

Given the concluded capitalization rate range, we can apply the direct capitalization calculation to derive a value estimate. The following chart details this calculation:

Value Indications			
Category	**Value Range**		
Net Operating Income	$98,592	$98,592	$98,592
Capitalization Rate	7.25%	7.50%	7.75%
Value Indication	$1,359,890	$1,314,560	$1,272,155
Rounded	**$1,360,000**	**$1,315,000**	**$1,270,000**

We conclude to the middle of the range indicated above.

As previously discussed, the subject has deficit rent. In order to determine the leased fee value, we must now deduct the present value of the deficit rent, which has been calculated at $25,142, at an estimated 10% discount, from the concluded fee simple value above. This results in an indicated leased fee value for the subject of $1,290,000, rounded.

INCOME APPROACH – "AS IS"

In our opinion, the current market value of the leased fee estate of the subject "As Is," as of the effective date, is:

MARKET VALUE INDICATION LEASED FEE ESTATE "AS IS"
One Million Two Hundred Ninety Thousand Dollars **$1,290,000** ($97.38 Per Square Foot of Gross Leasable Area) (Based on 13,247 SF)

VALUE RECONCILIATION

VALUE CONCLUSIONS – 1755 MORAINE AVENUE

"As Is"			
Cost Approach	Not Developed		
Sales Comparison Approach	$1,260,000	$95.12	PSF GLA (Based on 13,247 SF)
Income Approach			
Direct Capitalization	$1,290,000	$97.38	PSF GLA (Based on 13,247 SF)
Yield Capitalization	Not Developed		
Approach Correlations			
"As Is"	Sales Comparison Approach		
Value Conclusions			
"As Is"	**$1,270,000**	**$95.87**	**PSF GLA (Based on 13,247 SF)**

CONCLUSION OF VALUE – "AS IS" – 1755 MORAINE AVENUE

The subject is a multi-tenant mixed-use property that is 12% owner-occupied with one long-term lease in place and the remaining units occupied by a mix of local tenants on month-to-month, or short-term lease agreements. Due to a limited number of long-term lease agreements, the subject has limited appeal to an investor, and appeals primarily to a partial owner-user. The Sales Comparison Approach simulates the valuation methodology that would be used by the subject's most likely purchaser. In the Sales Comparison Approach, similar properties that have sold recently or for which listing prices or offers are known are compared to the subject property. We were able to identify an adequate number of comparable properties, which provide a good indication of value for the subject property. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication, and we place the most weight on this approach in the final value reconciliation.

Because the subject is demised into multiple units, each of which features separate exterior access, it is well suited to function as an income producing investment property. We conclude that the subject has some appeal, albeit limited with only a limited number of long-term lease agreements in place, to an investor. The Income Approach simulates the valuation methodology that would likely be used by an investor. We were able to identify an adequate number of recently signed leases for commercial spaces, as well as asking rental rates for a variety of residential property types within the City of Estes Park to approximate market rental rates. Additionally, sufficient data was available to assist in applying an appropriate capitalization rate. Therefore, the Income Approach is considered to be a relevant valuation methodology, and will be considered in the final value reconciliation.

Overall, by applying equal weight to each approach, we correlate to a value for the subject property between both indicated values of $96.00 per square foot.

Based upon our analysis, the current market value of the Leased Fee Estate of the subject "As Is," as of the effective date is:

MARKET VALUE CONCLUSION LEASED FEE ESTATE "AS IS"
One Million Two Hundred Seventy Thousand Dollars **$1,270,000** ($95.87 Per Square Foot of Gross Leasable Area) (Based on 13,247 SF)

CONCLUSION OF VALUE – "AS IS" – EXCESS LAND

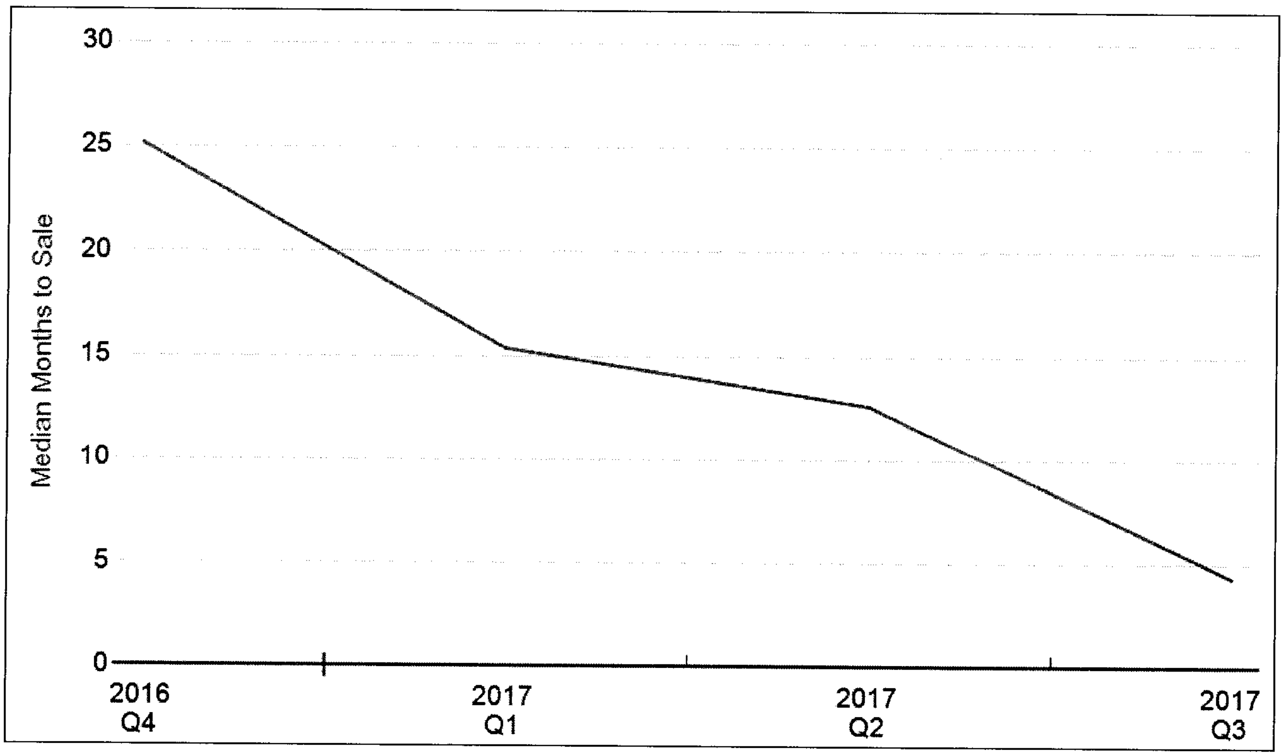
As previously discussed, the subject has 38,547 square feet (0.88 acres) of land area identifiable as excess land. We relied on the Sales Comparison Approach to value the subject's Excess Land. The Sales Comparison Approach simulates the valuation methodology that would be used by the most likely purchaser of the excess land, an owner user. We were able to identify several sales which were located within the City of Estes Park that indicated a tight range of value. Therefore, the Sales Comparison Approach is considered to provide a reliable value indication, and we place full weight on this approach in the final value reconciliation. Overall, we conclude to a value for the subject's excess land of **$385,000, or $10.00 per square foot of land area**.

REASONABLE MARKETING AND EXPOSURE

Actual marketing times for the sales analyzed herein are summarized as follows:

Days on Market	
Sale 1	25
Sale 2	619
Sale 3	897
Average	**514**

The comparable sales report marketing times of approximately 17 months on average. We also analyzed marketing times of all sales of commercial properties in the city of Estes Park as reported by CoStar.



CoStar shows these properties selling in approximately five months on average in the current market.

Financing is available to qualified buyers. We believe the subject would sell within 12 months at the appraised market value.

The exposure time is also estimated at less than twelve months; however; it could be slightly longer than the marketing time depending on any improvement in the market.

USPAP REPORTING DETAILS

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.
This report is prepared as a **Restricted Appraisal Report.** The content of a Restricted Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

2-2 (b) (i)	state the identity of the client, by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file
2-2 (b) (ii)	state the intended use of the appraisal
2-2 (b) (iii)	state information sufficient to identify the real estate involved in the appraisal
2-2 (b) (iv)	state the real property interest appraised
2-2 (b) (v)	state the type of value and cite the source of its definition
2-2 (b) (vi)	state the effective date of the appraisal and the date of the report
2-2 (b) (vii)	state the scope of work used to develop the appraisal
2-2 (b) (viii)	state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work file; exclusion of the sales comparison approach, cost approach, or income approach must be explained
2-2 (b) (ix)	state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal
2-2 (b) (x)	when an opinion of highest and best use was developed by the appraiser, state that opinion
2-2 (b) (xi)	clearly and conspicuously: state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results
2-2 (b) (xii)	include a signed certification in accordance with Standards Rule 2-3

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The value conclusions contained in this appraisal are subject to the following assumptions and limiting conditions.

- The values reported are based upon the condition of the national economy, the local economy, purchasing power of the dollar and the financing rates as of the date of the value estimate.
- The report and the values expressed in this report represent the opinion of the signers as of the date of the appraisal. The fee for preparing this report is not contingent upon reporting any specified value.
- By preparing this report, the appraisers and signers are not offering legal advice or conclusions of law. The client is advised that legal matters concerning the property may have a direct bearing on its value. If such matters are different from those presumed by the appraisers and set forth herein, the value conclusions contained in this report may be invalid.
- Title to the property is presumed to be good and merchantable. The legal description is presumed to be correct but it should not be used for any legal documents without verification by legal counsel. Therefore, the property rights appraised herein, are considered as being owned in fee simple title, modified only by existing tenancies, or unless otherwise noted, and are appraised as such.
- All opinions in the appraisals and all conclusions will be strictly our own, except where clearly stated as in part being derived from the opinion of others, and will be supported by what market evidence we can find, but will not be guarantees that any future prediction will actually happen.
- If the property being appraised is a fractional interest(s) of real estate, the value of the fractional interest(s), when added to the value of any other fractional interest(s), may or may not equal the value of the entire Fee Simple Estate.
- If the property being appraised is a geographical portion of a larger parcel, it, when combined with the remaining geographical portion(s), may or may not equal the value of the whole.
- The distribution of the total valuation concluded in this report between land and improvements applies only under the existing utilization and zoning of the property, or under the conclusion of highest and best use, if different from existing and actual.
- A visual inspection was made of the improvements as well as of the land, and items of deferred maintenance, structural components, layouts and equipment were observed insofar as any reasonable visual inspection conducted on less than engineering standards would allow. Where deemed important, we have noted these items in the report. However, we assume no responsibility for any hidden or unapparent conditions which would render the property more or less valuable and which would require an inspection of either unreasonable length or engineering capability to locate, nor do we assume any responsibility for engineering which might be required to discover such factors.
- Unless otherwise stated in the report, any possible existence of hazardous substances, including, without limitation, asbestos, urea formaldehyde, foam insulation, polychlorinated biphenyls, petroleum leakage, agricultural chemicals, or other environmental concerns, was not called to the attention of the appraisers, nor did we become aware of such during our inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated and, in any case, are not qualified to test for such substances or conditions. The values estimated are predicated on the assumption that there are no such conditions on or in the property, or in such proximity that they would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of chemical or industrial hygiene if so desired.
- Sketches in this report may not be to scale and are included only to assist the reader in visualizing what is illustrated. As to the subject property, we have made no survey and assume that no encroachments exist unless where specifically noted.

- Information, estimates and opinions furnished to us and contained in this report were obtained from sources considered reliable and are believed to be true and correct; however, we make no guarantee for the accuracy of such items.
- The removal or loss of any portion of this report invalidates the entire appraisal.
- We are not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.
- As members or affiliates of the Appraisal Institute, we are required to state certain constraints upon the use of the report. These may be summarized as:
    - A client is allowed to reproduce and distribute as many facsimiles as he wishes, provided that each reproduction is in whole and is not a fragment;
    - The report cannot be used for publicity through media advertising without consent; and
    - The identity of the appraiser and his affiliations cannot be used for advertising purposes without consent.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If not in compliance, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the Requirements of ADA in estimating the value of the property.
- In the event of breach of any condition or provision hereof, the appraisers and any other signers' obligations hereunder are limited to correction of any incomplete, inaccurate or defective work, without additional cost, or, at the option of Appraiser, to refund the purchase price for this Appraisal without further obligation. Appraisers and signers assume no obligation for incidental or consequential damages.

Other assumptions or limiting conditions may be made when and where they apply.

CERTIFICATION

The undersigned do hereby certify that, to the best of our knowledge and belief:

- To the best of our knowledge, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or hypothetical interest in the subject property, and have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon reporting a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, the prospect of future employment, or the occurrence of a subsequent event.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- The analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP) and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practices adopted by the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Troy Danek and Brett Wilkerson personally inspected the property that is the subject of this report.
- The Colorado Division of Real Estate currently licenses Brett Wilkerson as a Certified General Appraiser.
- Jacob Gordon is not currently licensed by the Colorado Division of Real Estate; he contributed to this report as a research analyst.
- Brett Wilkerson, *Supervising Appraiser* – was involved throughout the appraisal process in a supervisory capacity and reviewed the appraisal report to ensure compliance with established appraisal methodology and to confirm all reconciled value estimates. Completed an exterior examination of the subject property including exterior pictures with additional analysis provided.
- Troy Danek, *Trainee Appraiser* – provided significant real property appraisal assistance by collaborating with other report contributors. Assisted in defining the scope of work for the appraisal process. Researched and confirmed pertinent details regarding the subject property by reviewing information available through public sources as well as information provided by other market participants. Reviewed and detailed market trends and significant factors impacting property valuation. Confirmed pertinent details for any applicable construction cost estimates, comparable sales, and/or comparable rental properties. Provided significant input in reconciling value indications from generally accepted appraisal methodologies into value conclusions.
- Brett J. Wilkerson has sufficient educational background and experience in the appraisal and review of real estate properties similar to the subject. This knowledge and experience allows us to complete this appraisal assignment in accordance with the competency provision of USPAP and Title 12 CFR Part 1608.4.

- Pursuant to the Conduct Section of the Ethics Rule of USPAP, "If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in the subsequent report certification any services regarding the subject property performed by the appraiser within the three-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity."
- BBG, Inc. has not provided any services regarding the subject property within the three-year period immediately preceding acceptance of the assignment, either in an appraisal capacity, or in any other capacity. Additionally, none of the individuals who contributed to this report have provided any services regarding the subject property.
- As of the date of this report, Brett J. Wilkerson has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Candidates for Designation. Brett J. Wilkerson and R. Andrew Dougan have completed the Appraisal licensing requirements of the State in which the subject property is located

By: Brett Wilkerson
Managing Director
Certified General Appraiser
State of Colorado, CG200000805

Centennial Lending
4112 Kodiak Court, Unit D * Longmont, Colorado 80504
Phone: 720-494-2769 * Fax: 720-494-2720

November 20, 2017

BBG Appraisals

Attn: Brett Wilkerson

E-mail: co-bids@bbgres.com

Re: S&E Enterprises, LLC
1755 Moraine Ave
Estes Park, CO 80517

Dear Brett:

Please prepare a **Commercial Restricted Appraisal Report** of the property referred to above. This is a "real estate-related financial transaction" subject to the regulations implemented to effect the appraisal provisions of the Financial Institutions Reform Act of 1989 ("FIRREA"). Your appraisal of the property must conform to the Uniform Standards of Professional Appraisal Practice ("USPAP") and the minimum standards required by FIRREA regulations.

The appraisal should be based upon the definition of "Market Value" appearing on Section II of this letter. Any special instructions or other information relevant to this assignment appears in Section III. The effective date of your appraisal should be no later than **December 8, 2017** and **a bound, color copy and CD** of the report should be delivered to Centennial Lending by **December 11, 2017.** A copy of this letter is to be included in your reports as an exhibit.

Section I: Description of the property and property interest to be appraised (assume property interest to be fee simple unless otherwise indicated):

1755 Moraine Ave Estes Park, CO 80517

Section II: Definition of Market Value
"Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this

definition is the consummation of a sale as of a specified date and the passing of the 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 to the open market;

4. Payment is made in terms of cash in U.S. dollars or in term of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special of creative financing of sales concessions granted by anyone associated with the sale.

Section III: Special Instructions and Other Information:

The user of the report will be:

Lender: Premier Members Credit Union c/o Centennial Lending, LLC

****(Please be sure to address the report & invoice exactly as listed above)****

For information please contact:

Chuck Santagati 970-214-3000

We understand that the report will cost $1,800.00.

Please email appraisal report to: commercialappraisals@centennial-lending.com once completed. If you have any questions or require additional information concerning this agreement, please contact me at 720-494-2773. Thank you for your assistance.

Sincerely,

Crystal Wilson

Crystal Wilson
Commercial Servicing

BBG

Brett Wilkerson
Managing Director – Denver
Work: 303-420-1052 x118
bwilkerson@bbgres.com

PROFILE

Brett Wilkerson is the Managing Director of the Denver office. He has significant expertise with multi-family valuation, feasibility, and market studies of conventional and affordable properties. His experience also includes the valuation of commercial properties, including office buildings; office/warehouses; industrial properties, retail properties; condominiums, and vacant land. He successfully completed many neighborhood, city, and market studies.

Brett began his career with Butler Burgher, Inc. in 2005 as an analyst. He continued his advancement by becoming a General Certified Appraiser followed by Director prior to becoming Managing Director- Denver.

EXPERIENCE

Managing Director – Denver **2017-Present**
BBG *Denver, CO*

- Building brand awareness using social media, conference attendance, and direct client interactions.
- New client development.
- Appraisals of investment grade office properties nationwide, including portfolio valuations.
- Advanced user of Microsoft Excel, ARGUS, and other Microsoft Office products.

Director **2015-2016**
BBG *Dallas, TX*

- As management team member, participates in ongoing strategic planning, including revenue/expense forecasting, and identification of growth opportunities.
- Maintain existing client relationships.
- Appraisals and market studies of selected commercial valuation projects.
- Advanced user of Microsoft Excel, ARGUS, and other Microsoft Office products.

Senior Real Estate Appraiser **2008-2015**
BBG *Dallas, TX*

- Responsible for commercial valuation projects, which included site analysis, market analysis, feasibility studies, and providing written appraisal reports. Variety of property types appraised, including multi family, vacant development land, retail, office, and industrial properties.

PROFESSIONAL AFFILIATIONS

General Certified Appraiser:
State of Colorado (License # CG 200000805))
State of Texas (License # TX-1337852)
State of Louisiana (License # G 3714)
State of Utah (License # 10190993-CG00)
State of Arizona (License # 32190)
State of Wyoming (License # AP-1547)
State of New Mexico (License # 03517-G)
State of Kansas (License # G-1322)
State of Nebraska (License # CG2017007R)
State of Montana (License # REA-RAG-LIC-8701)
State of Arkansas (License # CG3298)
State of Idaho (License # CGA-4330)
State of Oklahoma (License # 13268CGA)
HUD MAP Certified, May 2009
General Associate Member, #480652 (Appraisal Institute)

EDUCATION

Bachelor of Business Administration, Major in Finance, 2002
University of North Texas

COURSEWORK

Appraisal Institute Courses

- *Uniform Standards of Professional Appraisal Practice*
- *Appraisal Principles & Procedures*
- *Report Writing & Valuation Analysis*
- *Advanced Income Capitalization*
- *Advanced Applications*
- *Quantitative Analysis*
- *Introduction to Green Buildings: Principles & Concepts*
- *Business Practices and Ethics*
- *Basic Income Capitalization*
- *Highest & Best Use and Market Analysis*
- *Advanced Sales Comparison & Cost Approaches*
- *Introduction to Green Buildings: Principles & Concepts*
- *Apartment Appraisal, Concepts & Applications*
- *AI sponsored seminars and CE courses*

COLORADO
Department of Regulatory Agencies
Division of Real Estate

1560 Broadway, Suite 925
Denver, CO 80202-5111

Dear Brett J Wilkerson

Congratulations! Below are your electronic wallet cards and a larger wall license to use as proof of your licensure. You may also print your license any time through your Online E-Services account by visiting our homepage at dora.colorado.gov/dre and selecting "Online E-Services" from our "Quick Links".

If you have any questions about your credential, or if you require any additional assistance, please contact our Customer Support Team at (303) 894-2166 or by email at dora_realestate_website@state.co.us.

Brett J Wilkerson
8300 Douglas Avenue Suite 600
Dallas, TX 75225

State of Colorado
Department of Regulatory Agencies
Division of Real Estate

Board of Real Estate Appraisers

Brett J Wilkerson

Certified General Appraiser

Director: Marcia Waters

License #: CG.200000805
Status: Active
Expires: 12/31/2018

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

Colorado Department of Regulatory Agencies
Division of Real Estate
Brett J Wilkerson
Certified General Appraiser

CG.200000805	01/01/2017
License Number	Issue Date
Active	12/31/2018
License Status	Expiration

Verify this license at http://dora.colorado.gov/dre

Director: Marcia Waters — Licensee Signature