

February 25, 2025
City Commission Room, 701 N. Jefferson, Junction City KS 66441

Mayor Pat Landes
Vice Mayor Al Gordon
Commissioner Ronna Larson
Commissioner Richard Pinaire
Commissioner Ricardo Gutierrez
City Manager Kim Zimmerman
City Attorney Britain Stites
City Clerk Ariana Diaz Lorenzo
City Finance Director Jamel Wilcox

- 1. 6:30 P.M. - CALL TO ORDER:**
 - a. Pledge of Allegiance.
- 2. PUBLIC COMMENT:** The Commission requests that comments be limited to a maximum of five minutes for each person. Please state your name and address for the record.
- 3. APPOINTMENT- Appointment of Commissioner Ricardo Gutierrez to Boards & Committees:**
- 4. UNFINISHED BUSINESS:**
 - a. Discussion with Highlands Enterprises, LLC regarding the Call Center Purchase Addendum. (p.2)
 - b. Consideration of Resolution No. R-3109, Rimrock - IRB - Termination of Lease. (p.262)
- 5. COMMISSIONER COMMENTS & COMMITTEE REPORTS:**
- 6. STAFF COMMENTS:**
- 7. ADJOURNMENT:**

City of Junction City
City Commission Agenda Memo
February 14, 2025

From: Britain D. Stites, City Attorney

To: City Commission

Subject: Presentation by Highlands Enterprises in re Call Center and VA Project

Background: Mickey Dean of the Chamber of Commerce and Economic Development Council was contacted by a Kansas City-based developer and their broker, Clint Junghans. Highlands Enterprises, LLC, made an offer.

In addition, City staff heard from ACT. They are good with moving forward with this arrangement. Now, there have been negotiations on terms of the purchase agreement formalizing the Letter of Intent.

The City and Highlands Enterprises, LLC, entered into an agreement in November 2024. It boils down to \$3,750,000 for the building and location with a 270 day (9 month) due diligence period. Highlands is still in the middle of their due diligence period. They reviewed and evaluated the property.

Discussion of Issue: Highlands as well as their agent, Clint Junghans, and EDC Director Mickey Fornaro-Dean should be present with a presentation and some discussion.

They are making a three-fold request essentially.

1. Based upon the condition of the Call Center, needed repairs, and other considerations, Highlands Enterprises will be asking for an Addendum to the original Agreement. The Addendum is based on a few things: required repairs of ~\$1.5 million up to ~\$2.3 million, desire by Highland for the property, and effect on the value upon the ACT Call Center lease agreement ending. The EDC and Highland will cover this more in-depth in the request; however, there are repairs & updates needed on the building regardless of who buys it. If Highland does not do them then the City will need to do so to

make the Call Center usable or marketable. Highland is not requesting for the full value of the estimated renovations due to wanting the property to my understanding. And if Highland does not acquire the building and ACT leaves its lease which is terminating this year, that may affect the property's value and the value will likely decrease if commercial activity is not occurring on it. If approved, that Addendum will lower the price from \$3,750,000 to \$3,250,000.

2. Highlands will be seeking Industrial Revenue Bonds ("IRBs") if awarded the project from the VA. This will be in an amount "not to exceed" an estimated cost of the project. IRBs are no risk to the City. IRBs do allow up to a ten (10) year exemption from *ad valorem* taxes (property). The City has done IRBs for a number of projects over the years including New Horizons (RV dealership), Hunters Ridge apartments, Michelin/CAMSO, et cetera.
3. Highlands will be offering a Payment In Lieu Of Taxes ("PILOT") Agreement. The amount will be \$40,000 per year for ten (10) years. This will offset the City for the tax emptions granted in the IRBs.

Chris Williams from Highlands and Mickey Fornaro-Dean from the EDC will present. Mr. Williams should have Clint Junghans, his real estate agent, with him.

Attached documents are a draft Addendum to the Purchase Agreement for the Call Center, resume of Mr. Williams, resume of Highlands, an estimate of issues needed to be addressed at the Call Center, and a recent re-appraisal of the Call Center conducted by the same appraisers as did the City's appraisal in 2022.

In November 2022, the Call Center was appraised at \$3,540,000. In February 2025, the same appraisers appraised the same property at \$1,080,000.

Recommendation: I recommend that you hear out Mr. Williams and the others. This will get the Call Center marketable and make the VA project more viable.

Possible Motions: Depends on the issue:

1. I move to accept and offer the Addendum for the amendment in price for the Call Center building at 2031 S Spring Valley Road from \$3,750,000 to \$3,250,000.
2. I move for the City Commission to consider Industrial Revenue Bonds and PILOT Agreement in the amount of \$40,000 if the federal Veterans Administration offers the project to Highlands Enterprises and the 2031 S Spring Valley location.

Call Center Purchase Addendum

This Call Center Addendum (hereinafter called the “**Addendum**”), dated as of the latest date set forth on the signature page hereto, by and between **City of Junction City, Kansas** (hereinafter called “**Seller**”), and **Highland Enterprises, LLC** (hereinafter called “**Buyer**”) of purchase to the Call Center (hereinafter called the “**Premises**”) previously agreed to by the parties;

Preliminary Statement

This Addendum is made to affect the Purchase Price contemplated in the Original Agreement (“**Agreement**”) dated November 19, 2024 in Section 2.3.

The parties do not desire or act to otherwise alter the Agreement.

The parties have reviewed the underlying issues as a part of their due diligence.

Addendum Terms to Agreement

In consideration of the mutual covenants and promises contained herein & previously agreed to in the original Purchase, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Prior Obligations and Duties.** The Lessor and Lessee both agree, assent, and hold each other to the same obligations, duties, terms, etc. prescribed and agreed to in the original Agreement aside from the following Section 2 of this Addendum.

2. **Amendment to Section 2.3 Purchase Price.** This section shall be amended to read as follows:

The purchase price of the property is Three Million, Two Hundred and Fifty Thousand and no/100 Dollars (\$3,250,000) (the “**Purchase Price**”) to be paid as follows:

(a) Ten thousand and no/100 Dollars (\$10,000) earnest money (the “**Deposit**”) to be deposited by the Buyer in escrow to First American Title Company, 1201 Walnut Street, Suite 700, Kansas City, Missouri (the “**Title Company**”), within five (5) days of Buyer’s receipt of a fully executed copy of this Agreement. Said Deposit is to be held by the Title Company in escrow until released pursuant to Section 2.4 herein.

(b) Three Million, Two Hundred and Forty Thousand and no/100 Dollars (\$3,240,000) (as may be increased or decreased by such sums as are required to take into account any Extension Fees, prorations, credits, or other adjustments required by this Agreement and Addendum) by wire transfer or other immediately available funds at the consummation of the purchase and sale contemplated by closing hereunder (the “**Closing**”).

[SIGNATURES FOLLOW ON NEXT PAGES]

[SIGNATURE PAGE TO CALL CENTER PURCHASE BETWEEN CITY OF JUNCTION
CITY, KANSAS AND HIGHLANDS ENTERPRISES, LLC]

CITY OF JUNCTION CITY, KANSAS

By: _____

Name: _____

Title: _____

Date: _____

ATTEST: (Seal)

Ariana Lorenzo, City Clerk

Address for Notice Purposes:

**[SIGNATURE PAGE TO CALL CENTER PURCHASE BETWEEN CITY OF JUNCTION
CITY, KANSAS AND HIGHLANDS ENTERPRISES, LLC]**

HIGHLANDS ENTERPRISES, LLC

By: _____
Name: Richard Gregory
Title: President & Managing Member

Date: _____

Address for Notice Purposes:
Highlands Enterprises, LLC
12911 W 105th Street
Overland Park, KS 66215
Attn: Richard Gregory



11101 Switzer Road | Suite 310
Overland Park, KS 66210

Junction City PEMB Site Visits Report
January 20, 2025
Client: Highlands Enterprises, LLC

SUMMARY

The conditions of the site and building exterior of the building located at 2031 South Spring Valley Road in Junction City, KS were reviewed by Brinkmann Constructors. Observations and recommendations below are a result of multiple site visits. Total recommended budget for site and building exterior repair costs expected is summarized in the table below. Reference balance of report for additional details and pictures.

Item	Suggested Repair Budget	Notes
Asphalt	\$ 520,000.00	
Storm Sewer Extension	\$ 125,000.00	
HVAC Unit Replacement	\$ 500,000.00	\$100,000/unit
Roof Repair	\$ 100,000.00	Full replacement = \$1,250,000
Curb and Concrete	\$ 300,000.00	Likely needed after asphalt demo
Exterior Lighting and Bollards	\$ 230,000.00	Not sure if lights are operational - Budget suggested until further testing
Replace Exterior Stone Cladding	\$ 125,000.00	
Replace EIFS	\$ 100,000.00	
Replace Glass and Glazing	\$ 115,000.00	
Repair LS/Add Irrigation	\$ 175,000.00	
Total Recommended Budget	\$ 2,290,000.00	

Observations & Recommendations

- The **existing asphalt parking lot** and rear drive lane is in poor condition and will require replacement or mill/overlay. Full replacement is recommended to correct base settlement and avoid further replacements in the near future. Photos are attached for reference of existing conditions.





- Brinkmann estimates a full site replacement cost of \$520,000

- The **existing storm system** appears to be insufficient due to indications of asphalt deterioration that appear to be the result of standing water exposure. Brinkmann recommends extending the existing storm sewer system further north with an additional manhole/inlet to provide better parking lot drainage coverage. Photo is attached for reference of existing condition.



- Brinkmann estimates a storm system extension cost of **\$125,000**
- While operational, the **existing HVAC units** are beyond their useful life. Brinkmann recommends that they be replaced with more efficient units that are more energy and maintenance friendly.
 - Brinkmann estimates a unit replacement cost of **\$100,000** per unit
- Please see attached supplemental **Roof** inspection report from Farha Roofing.
 - Brinkmann estimates a roof repair cost of **\$100,000**
 - Brinkmann estimates a full roof replacement cost of **\$1,250,000** (if required)

- **Site concrete** as well as **curb and gutter** has cracked/been damaged. For overall appearance and base protection of recommended new asphalt, Brinkmann recommends removal and replacement of majority of the site curb and gutter. Photos are attached for reference of existing conditions.



- Brinkmann estimates a replacement cost of **\$300,000** for complete site rip out and replacement.

- **Exterior bollards and site lighting** do not appear to work. It is hard to troubleshoot the issues with these items without an electrician onsite, but if underground corrections are required, we estimate a **\$230,000** cost for full replacement of existing items. Photos are attached for reference of existing conditions.



- **Existing generator** appears to be in good shape but will likely require modifications to bring it up to standard codes/regulations.

- **Exterior cladding** is deteriorating, and we recommend demolition and full replacement. This appears to be primarily an aesthetic issue, but exterior façade was not removed to confirm that no weather barrier issues were caused by this deterioration. Photo is attached for reference of existing conditions.



- Brinkmann estimates the cost of a complete system replacement to be **\$125,000**

- **Exterior EIFS** is deteriorating, and we recommend full replacement. This appears to be another primarily aesthetic issue, but it is possible that the weather barrier has been compromised by this deterioration. Photo is attached for reference of existing condition.



- Brinkmann estimates the cost of a complete system replacement to be **\$100,000**

- No broken window glass panes were broken however seals/gaskets appear to be cracked/broken. Replacement of seals/gaskets will be required at a minimum, but Brinkmann recommends full replacement of **glazing**.



- Brinkmann estimates the cost of a complete system replacement to be **\$115,000**

- The current **landscaping** appears to have been minimally maintenance and is overgrown or dead. Brinkmann recommends full replacement as well as installation of an irrigation system. Photos are attached for reference of the existing conditions.





- Brinkmann estimates the cost of a complete landscape and irrigation package to be \$175,000

Jacob Yates

Farha Roofing, LLC

1/20/2025 | 20 Photos



Roof Report 2031 South Spring Valley Road



Roof Report

This property has an exposed fastener sheet metal roof system installed on it.

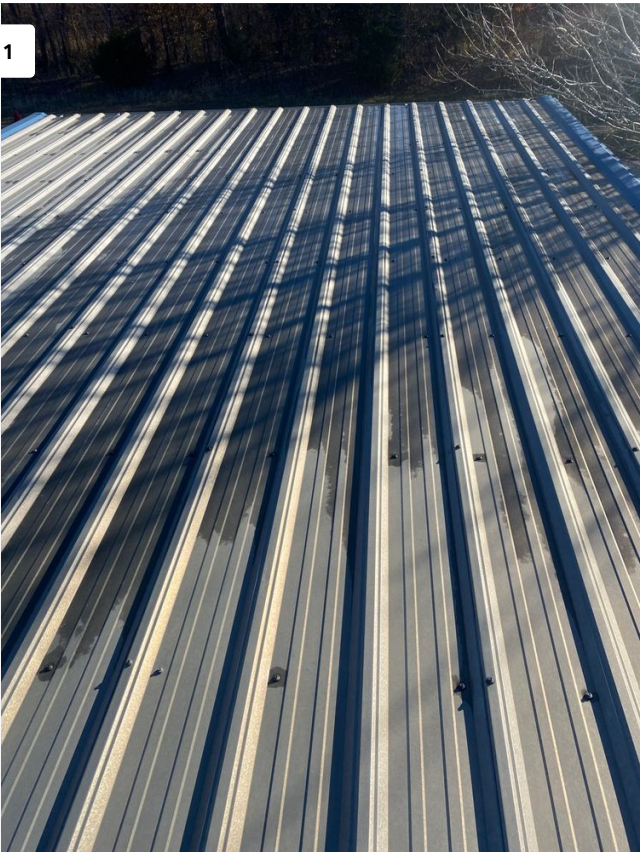
The field panels are in average condition, with a few of them covered in rust.

The pipe penetrations have been repaired multiple times to keep them water tight.

Throughout the roof the fasteners are backing out which will allow water to leak in the system over time.

Coping cap and the ridge cap in multiple areas has been damaged by the wind.

1

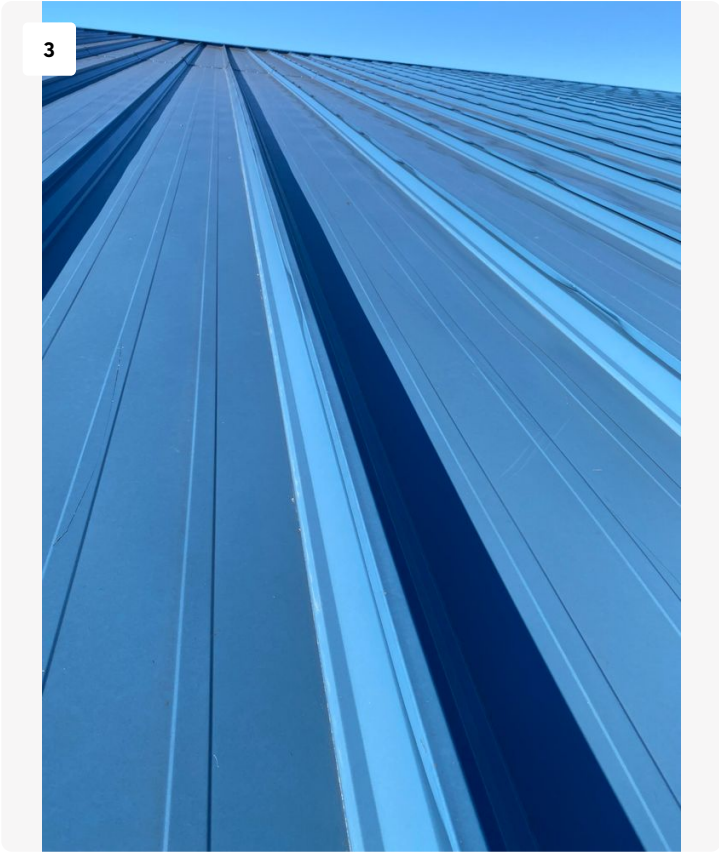


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Creator: Jacob Yates

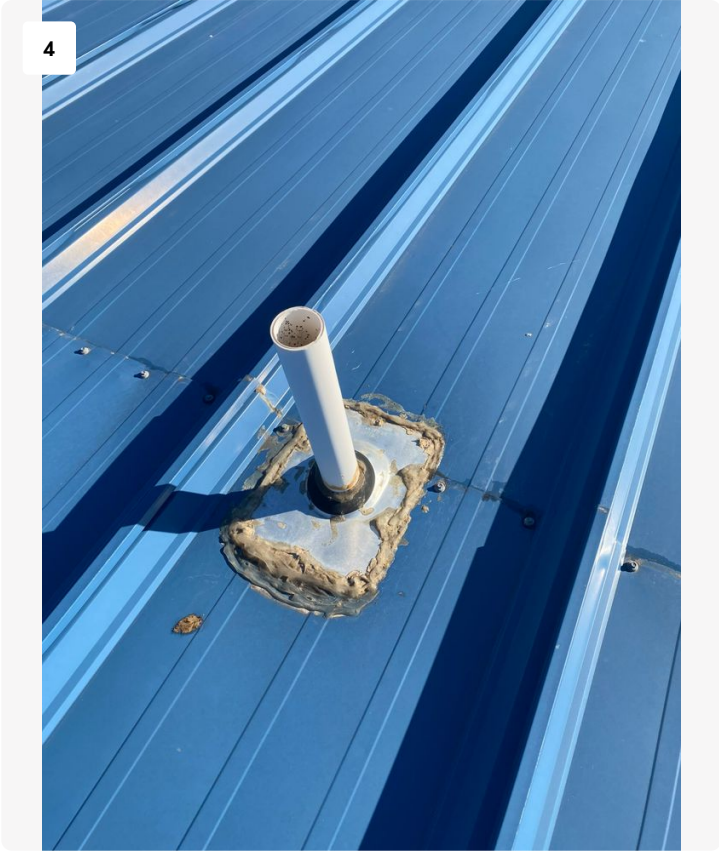
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Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:35am
Creator: Jacob Yates

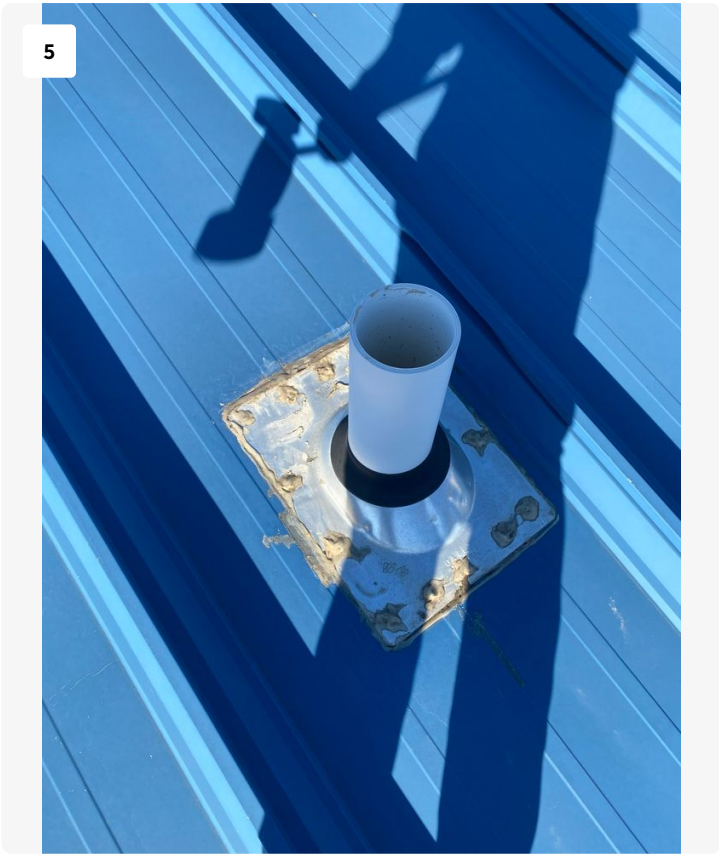


Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:35am
Creator: Jacob Yates



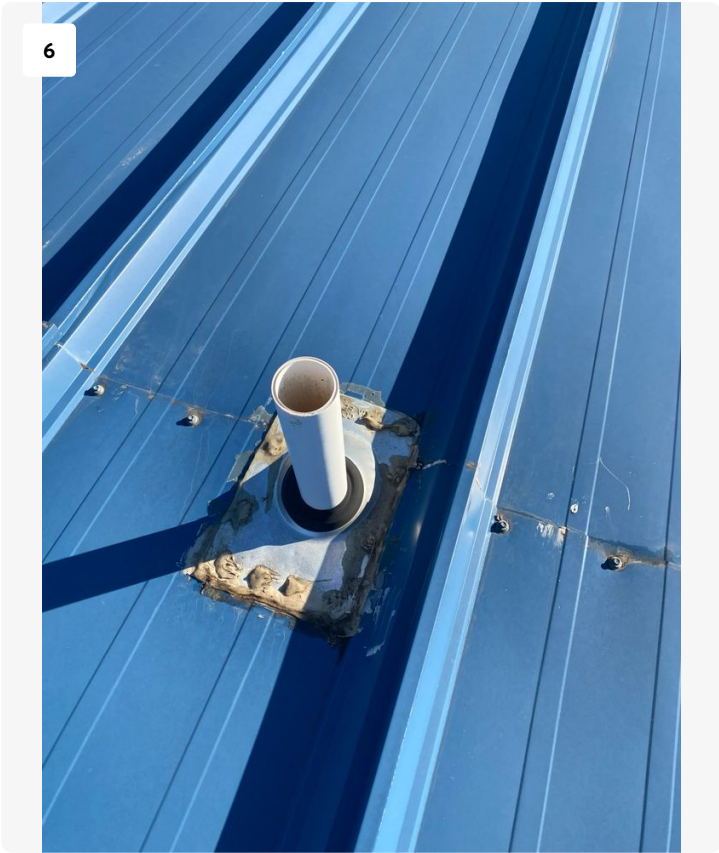
Pike jacks have been repaired multiple times

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:35am
Creator: Jacob Yates



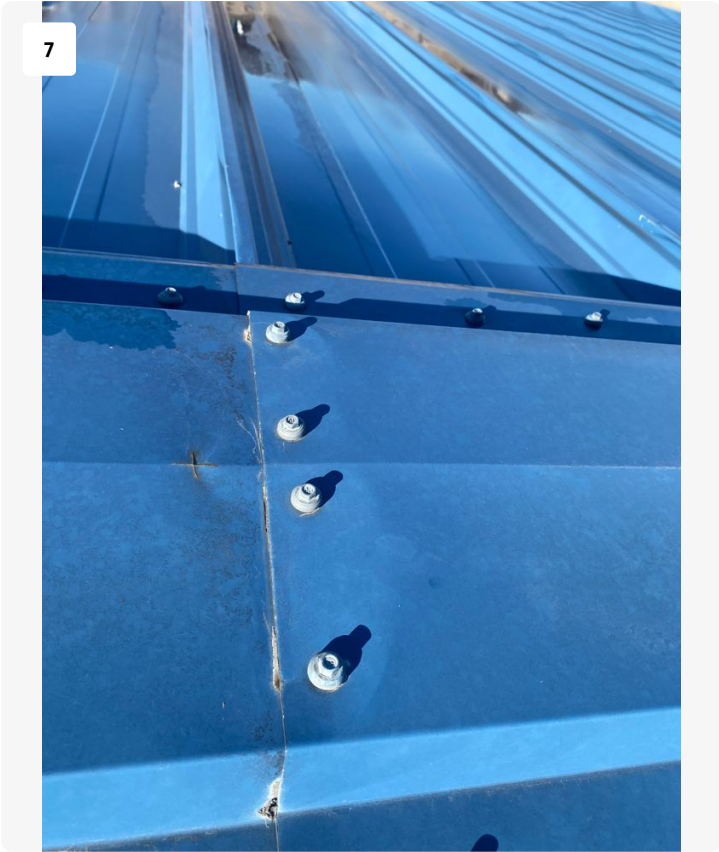
Pike jacks have been repaired multiple times

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:36am
Creator: Jacob Yates



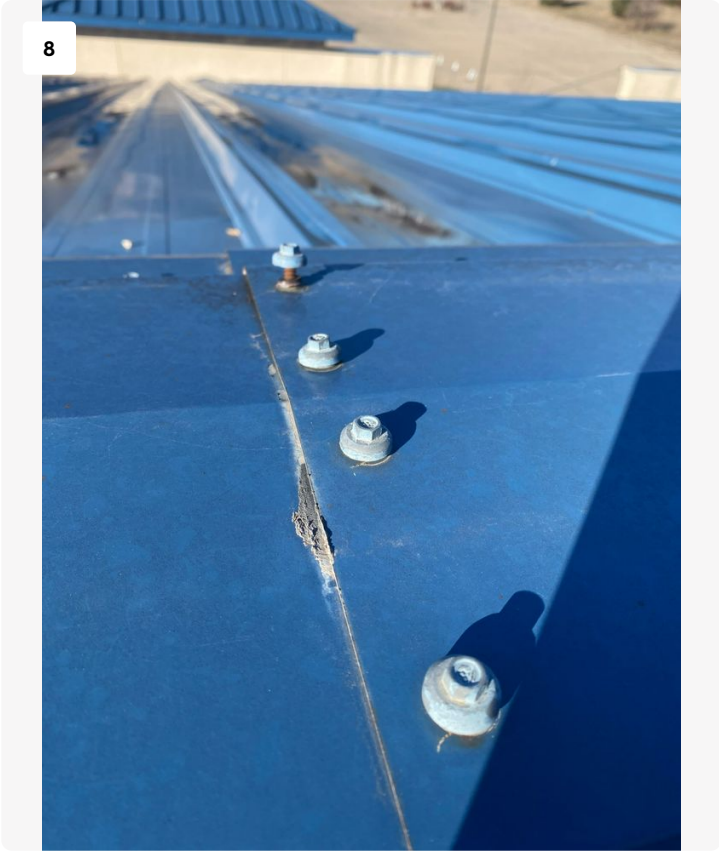
Pike jacks have been repaired multiple times

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:36am
Creator: Jacob Yates



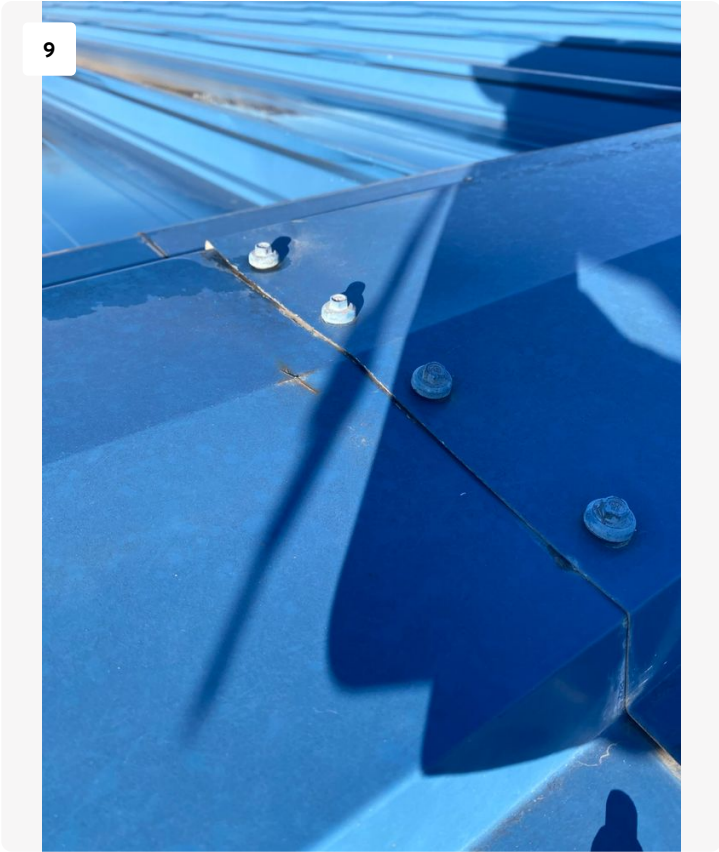
Roof ridge cap is damaged

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:36am
Creator: Jacob Yates



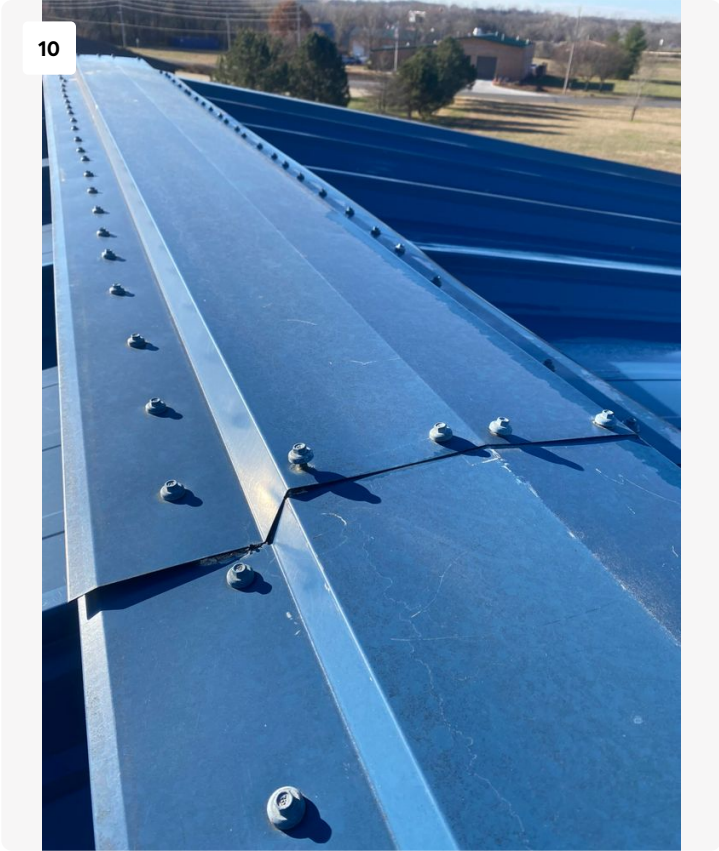
Screws are backing out

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:37am
Creator: Jacob Yates



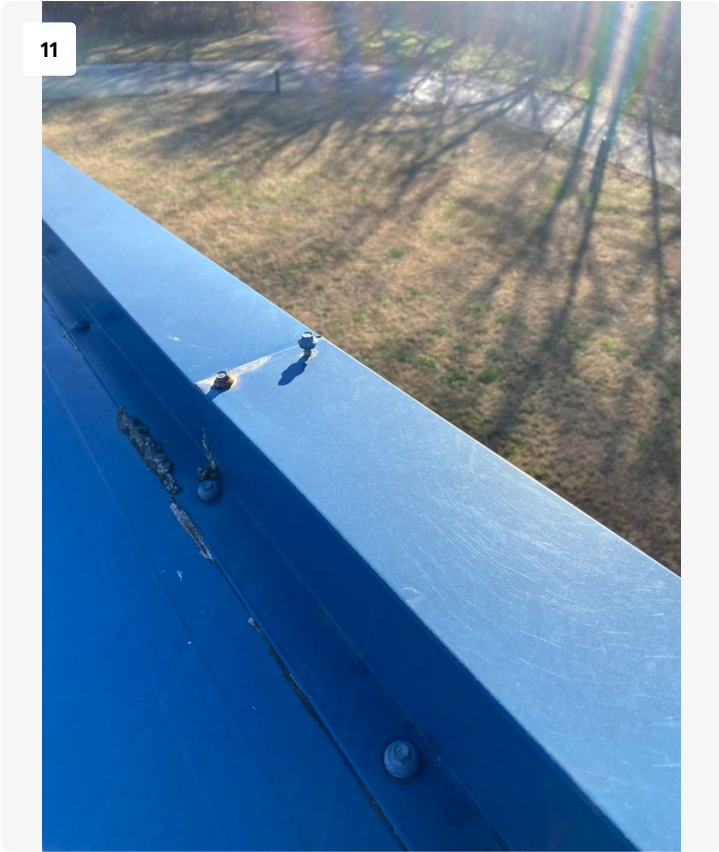
Screws are backing out

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Date: 12/4/2024, 9:39am
Creator: Jacob Yates



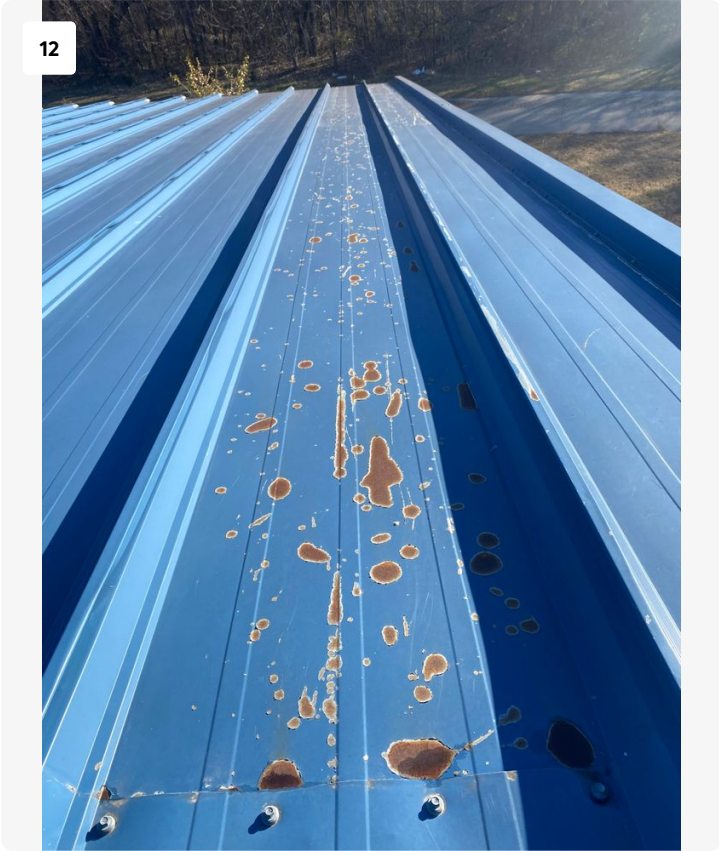
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Date: 12/4/2024, 9:40am
Creator: Jacob Yates



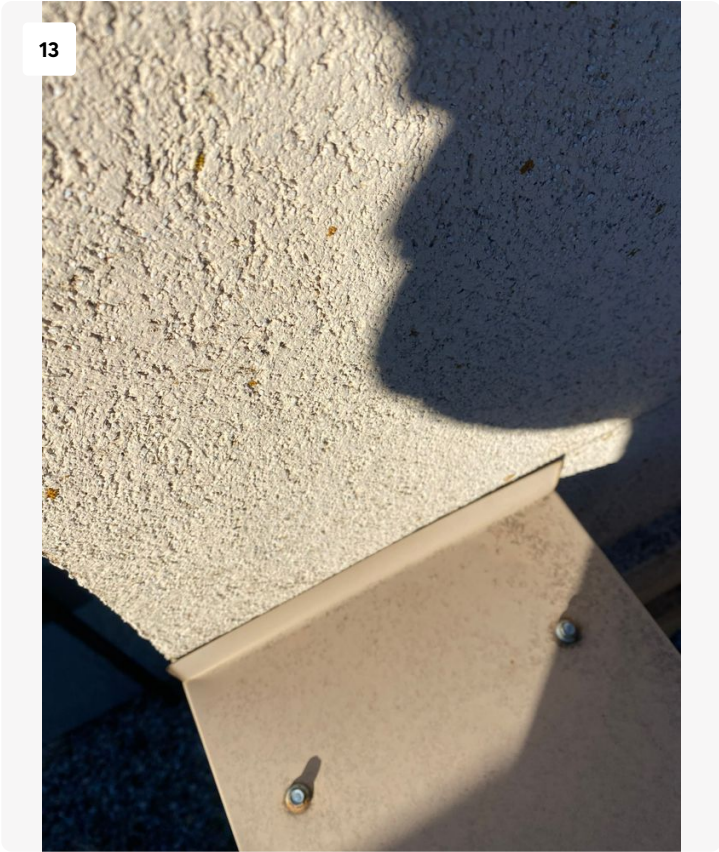
Screws are backing out

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Date: 12/4/2024, 9:40am
Creator: Jacob Yates

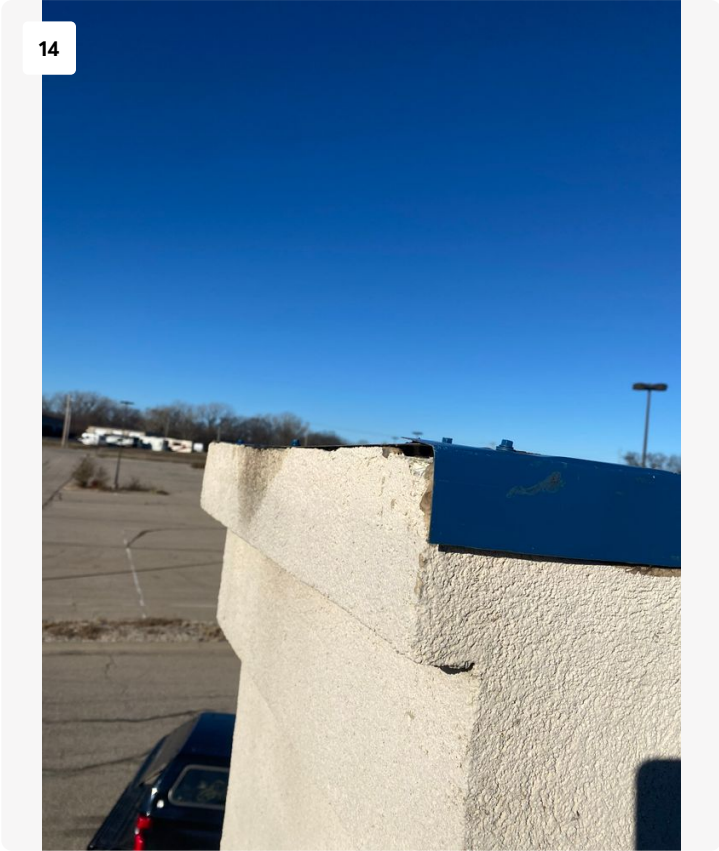


There are two panels on the roof that are covered in rust

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:41am
Creator: Jacob Yates

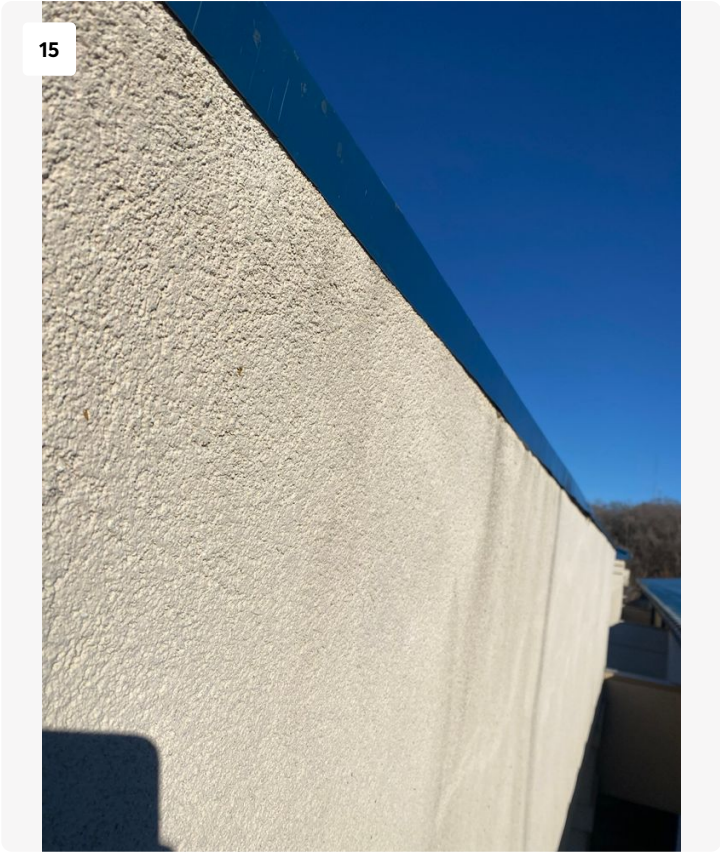


Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:43am
Creator: Jacob Yates

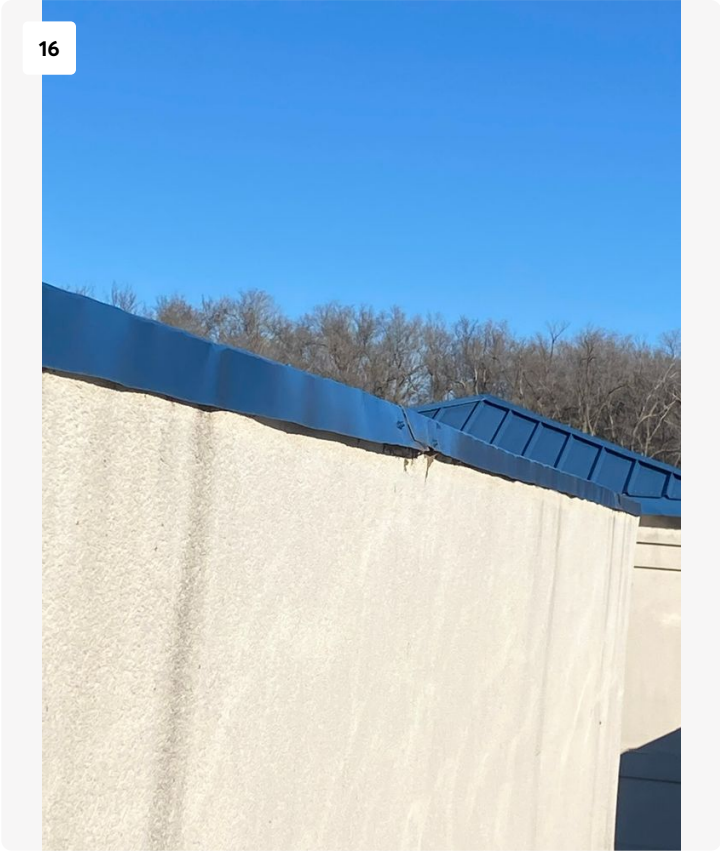


Coping cap does not go all the way over the wall

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:43am
Creator: Jacob Yates

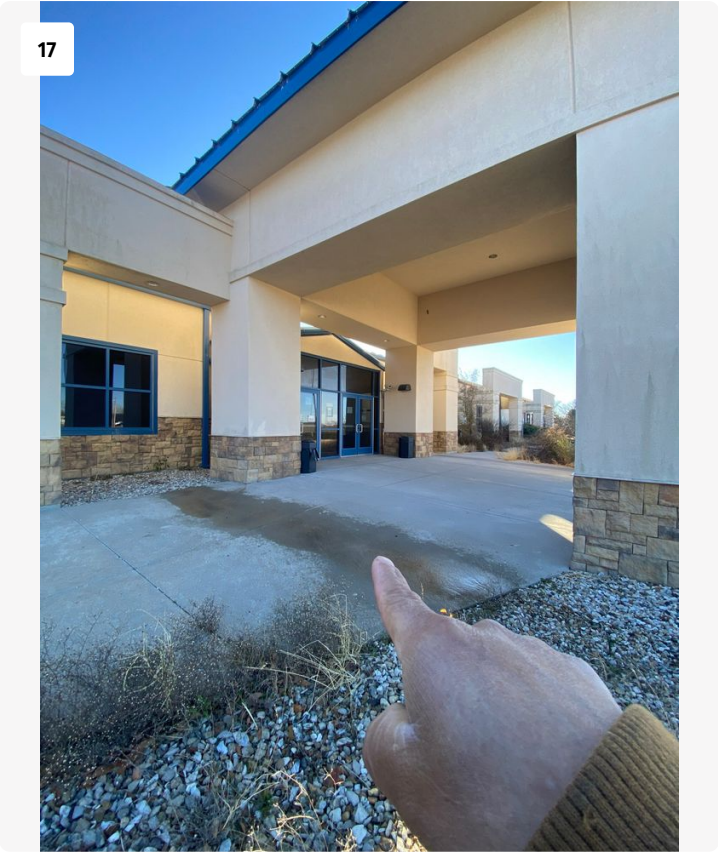


Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:43am
Creator: Jacob Yates



Coping is wind damaged

Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:43am
Creator: Jacob Yates

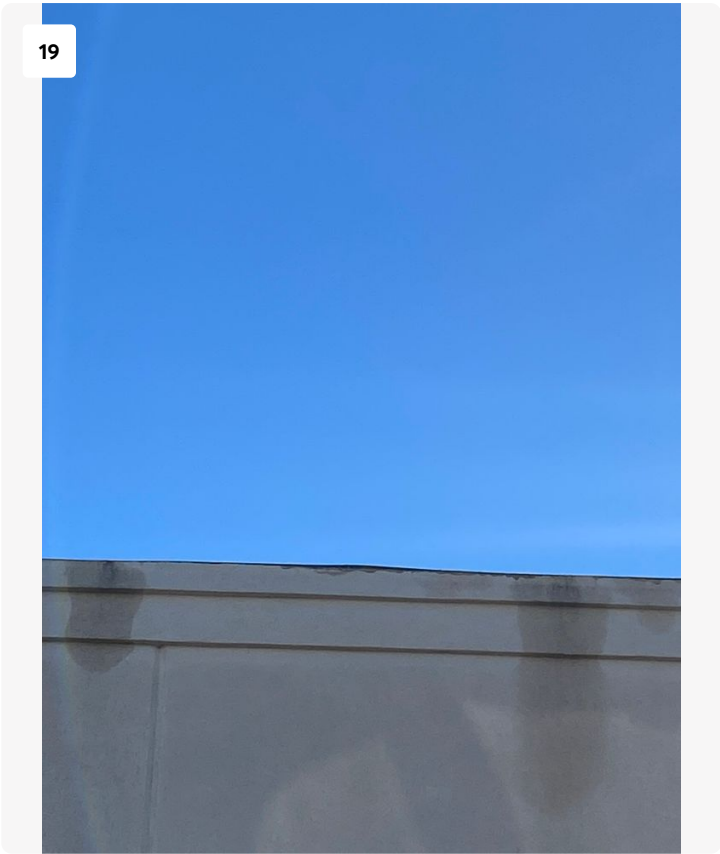


No gutter to catch water coming off the roof at the entrance

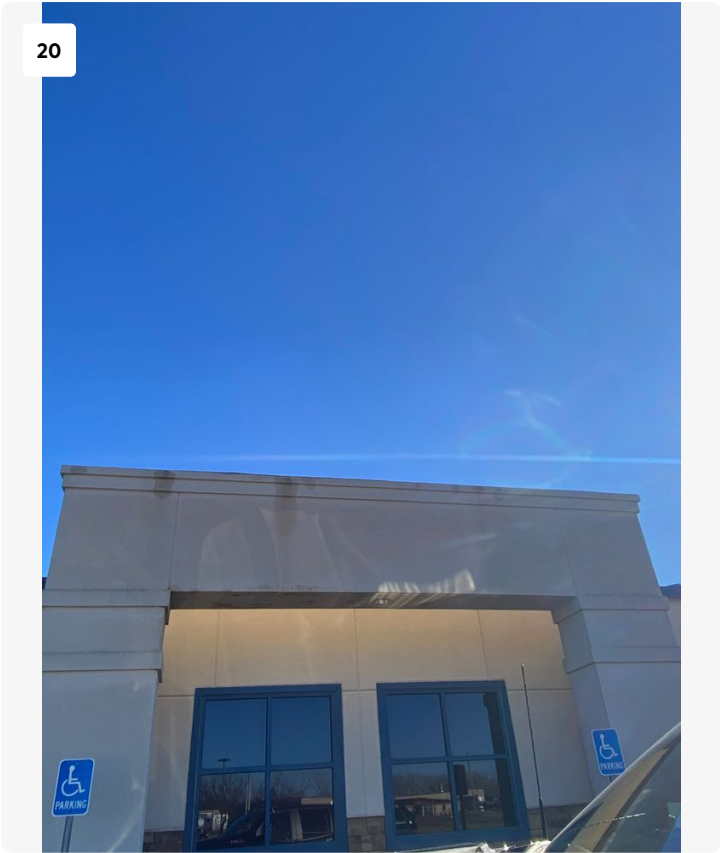
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Date: 12/4/2024, 9:46am
Creator: Jacob Yates



Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:47am
Creator: Jacob Yates



Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:50am
Creator: Jacob Yates



Project: 29961 2031 South Spring Valley Road
Date: 12/4/2024, 9:50am
Creator: Jacob Yates

Office Building

2031 S Spring Valley Road, Junction City, KS 66441



Effective Date
February 04, 2025

Prepared For
Mr Chris Williams
Highlands Enterprises LLC

Client File Number
N/A

Date of the Report
February 12, 2025

Internal File Number
25-652

Report Type
Appraisal Report

PREPARED BY:



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Transmittal Letter



6701 W 64th Street, Suite 310
Overland Park, KS 66202

www.kellercraig.com
P: 913-362-3222

February 12, 2025

Mr Chris Williams
Highlands Enterprises LLC
12909 W 105th St
Overland Park, KS 66215

RE: Appraisal Report for the property located at 2031 S Spring Valley Road, Junction City, KS 66441

Dear Mr Williams:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of value in the above captioned subject property. The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth. The report that follows is considered to be a summary of our analysis and conclusions. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. We are not responsible for unauthorized use of this report. Please take special note of any assumptions used in this assignment as they may have affected the results of the assignment.

Per conversations with the client and the intended user of the report, the scope of work in this report is intended to be consistent with industry standards and has been performed so as to develop a credible report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Fee Simple	02/04/2025	\$1,080,000

Sincerely,
Keller Craig & Associates, LLC



Samuel Stratton
State Certified General, KS No. G-5075
sstratton@kellercraig.com



Brian A. Klahr, MAI
State Certified General , KS No. G-1308
bklahr@kellercraig.com

Certification - Samuel Stratton

I certify that to the best of my knowledge and belief:

- 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 my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Samuel Stratton performed the following type of inspection of the subject property: Interior and Exterior Inspection
- No one provided significant real property appraisal assistance to Samuel Stratton.
- Samuel Stratton has appraised this property within the three year period prior to accepting this assignment.



Samuel Stratton

State Certified General, KS No. G-5075

Effective Date of Appraisal: February 04, 2025

Date of Report: February 12, 2025

Certification - Brian A. Klahr, MAI

I certify that to the best of my knowledge and belief:

- 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 my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Brian A. Klahr, MAI did not personally inspect the subject property.
- No one provided significant real property appraisal assistance to Brian A. Klahr, MAI.
- Brian A. Klahr, MAI has appraised this property within the three year period prior to accepting this assignment.
- I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Brian A. Klahr has completed the continuing education program for Designated Members of the Appraisal Institute.



Brian A. Klahr, MAI

State Certified General , KS No. G-1308

Effective Date of Appraisal: February 04, 2025

Date of Report: February 12, 2025

Summary of Salient Facts

Prepared for Highlands Enterprises LLC

Office Building

Property Overview

Property Class/Type
Office, General Purpose

Property Owner
City of Junction City



Valuations

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Fee Simple	02/04/2025	\$1,080,000

Indicated Values

Description	Indicated Value
Land Value	N/A
Cost Approach	N/A
Sales Comparison Approach	\$1,080,000
Income Approach	\$1,260,000

Site Characteristics

Site Characteristics

MSA	Junction City/Manhattan, Kansas	Legal Description	RPLT LT 3,JACK LACY IND PRK , BLOCK 2 , ACRES 12.8 , POB 95.26' S OF NW COR LOT 3A E 1057.19'; S 593.15'; W 578.6 NW 170.21'; W 366.93'; N 475.8 TO POB SECTION 15 TOWNSHIP 12 RANGE 05
Parcel Identifier	031-115-15-0-00-00-010.08-0	SF / Acres	555,826 / 12.7600
Shape	Irregular	Topography	Basically Level
Flood Zone	X	Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Zoning Characteristics

Zoning Characteristics

Zoning Jurisdiction	City of Junction City	Zoning Codes	IL
Zoning Description	Light Industrial District	Conformity Conclusion	Conforming

Improvement Characteristics

Improvement Characteristics

Gross Building Area (SF)	47,252	Rentable Area (SF)	47,252
# of Bldgs	1	# of Units	1
Year Built (Weighted Average)	2007	Construction Quality	Average
Building Condition	Average	# of Parking Spaces	507
Parking Ratio GBA	10.73	Land to Bldg Ratio (x:1)	11.76

Sales History

Sale History Remarks

There have been no sales or transactions of the subject property in the three years preceding the date of this appraisal. In addition, the subject is not listed for sale.

Scope of Work

Scope of Work Information

Client Name	Highlands Enterprises LLC
Report Type	Appraisal Report
Intended Use	Internal decision making purposes
Intended User	This appraisal report was prepared for the exclusive use of Client Company. No additional Intended Users or Uses are identified or intended by the appraisers. Due to the relationship between the client and the appraiser, reliance on this report by any other parties for any use whatsoever, is prohibited.

Assumptions

This appraisal assumes that the current tenant will not exercise the upcoming renewal option. If this is not the case, our estimate of value may be impacted.

It is an Extraordinary Assumption of this appraisal that the deferred maintenance items and associated costs to cure as provided by the client are accurate. Should the repair costs differ our estimate of value may be impacted.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the subject property.

Property Inspection

Appraiser	Extent of Inspection	Date Inspected
Sam Stratton	Interior and exterior	2-4-2025
Brian A Klahr, MAI	Did not inspect	N/A

Scope of Work

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property. This report was prepared to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).

No additional Intended Users or Uses are identified or intended by the appraisers. Due to the relationship between the client and the appraiser, reliance on this report by any other parties for any use whatsoever, is prohibited.

Property Identification

The property has been identified using the following sources:

- Postal address
- Public records
- Legal description

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Flood zone status
- Zoning Requirements
- Applicable Tax Data
- Demographics
- Public Record Data
- Comparable Data
- Proprietary Company Database

Type and Extent of Analysis

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

Approaches Performed

The appraisers have performed the sales comparison and income approaches to value. The cost approach is not developed herein given the age/condition of the subject improvements. Both the sales comparison and income approaches to value provide for opinions of value prior to the deduction of any costs to cure deferred maintenance. We were provided a third party contractor's report highlighting items in need of repair at the subject property. Select items in this report are considered priority, near-term capital expenditures which will be deducted from our opinion of value to reach our final opinion of value. A full discussion may be found within the Reconciliation section of this appraisal. Please also reference our Extraordinary Assumption regarding the deferred maintenance items and associated costs.

Subject Lease Note

The subject is encumbered by a sublease agreement through May 2025. We note that the sublandlord is Spirit of '76, Inc. a non-profit entity that is a related party to the City of Junction City, the fee simple owner of the subject. The subtenant, Advanced Call Center Technologies, LLC, has leased the subject property since June 2014 and is now in the first of three (3) five (5) year option periods. As a result of the COVID-19 pandemic, employees of the tenant company began working from home in 2020 and only several essential employees of the tenant organization continue to physically occupy the subject. We previously were advised by a representative of the tenant company that employees will continue to work from home indefinitely and that the company has shifted additional operations formerly at the subject to another location out of state. To the best of our knowledge, the tenant has continued paying rent since operations shuttered at the subject. It is our understanding that the subtenant will not exercise any remaining option periods. As such, the fee simple interest is analyzed and reported herein.

Data Sources

Item	Source (s)
Site Size	County
Zoning	City
Tax Data	County
Gross Building Area	County
Rentable Area	County
Year Built	County
Parking Spaces	Appraiser

Definitions

Pertinent definitions, including the definition of market value, are included in the Glossary, located in the Addenda to this report.

Assumptions and Conditions

This appraisal is subject to the following general assumptions and limiting conditions.

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All outstanding taxes, liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys or engineering reports.
4. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. Unless otherwise stated, this opinion of value applies to land and improvements only; the value of trade fixtures, furnishings and other equipment has not been included.
6. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
7. Subsurface rights (minerals, water, and oil) were not separately evaluated in making this appraisal.
8. The comparable sales data relied upon in this appraisal are believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
9. We inspected, as far as possible, by observation the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Likewise, no tests were made on the roof, mechanical, plumbing or electrical systems. Unless otherwise stated, no representations are made as to geotechnical conditions of the land or the quality and condition of the roof, heating, cooling, ventilating electrical and plumbing equipment.
10. Unless otherwise stated in this report, the existence of hazardous substances were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
11. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.

Extraordinary Assumptions and Hypothetical Conditions

This appraisal is subject to the following assumptions and limiting conditions that are specific to the subject property or to this report. Any assumptions used may have affected assignment results.

Assumptions

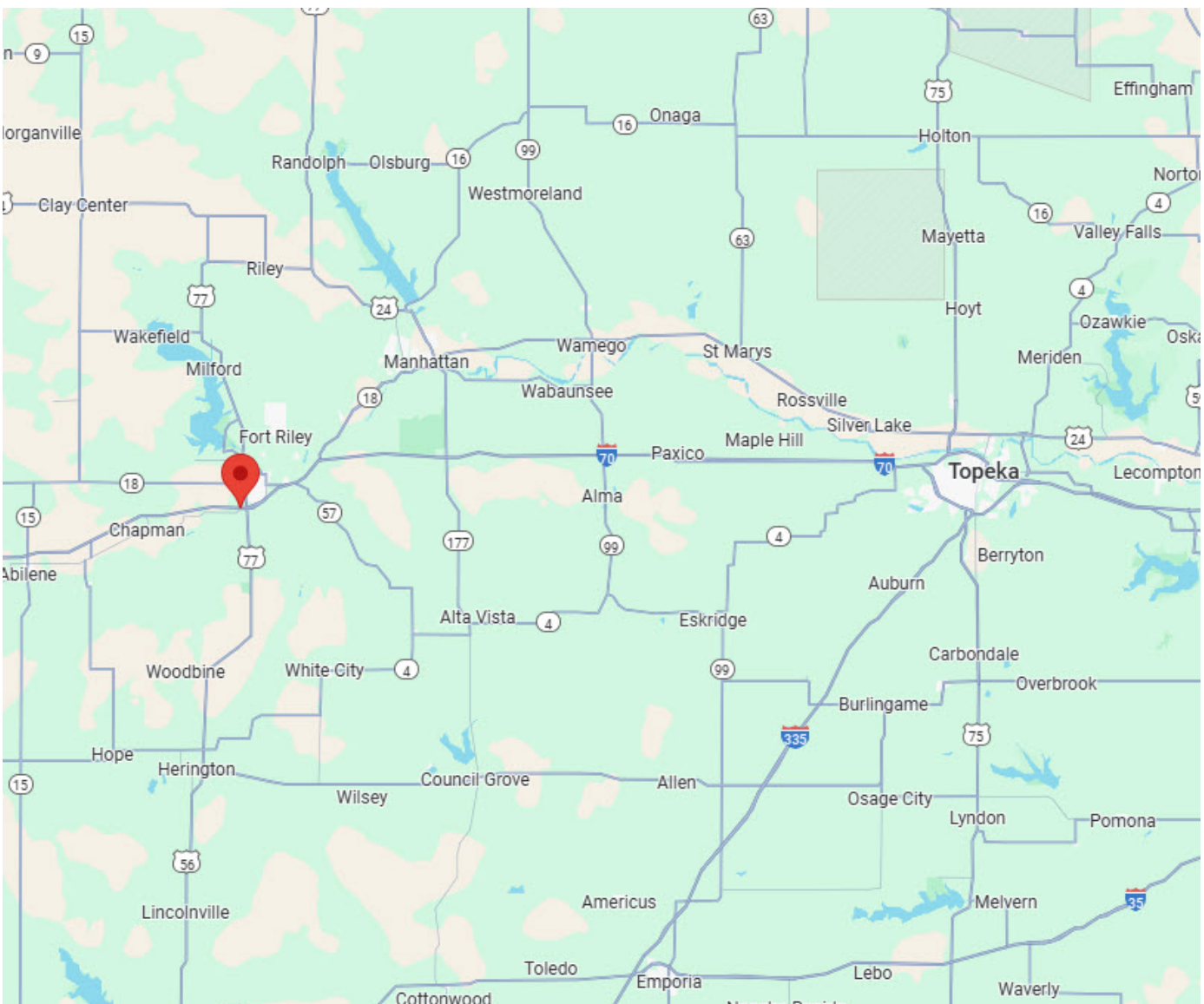
This appraisal assumes that the current tenant will not exercise the upcoming renewal option. If this is not the case, our estimate of value may be impacted.

It is an Extraordinary Assumption of this appraisal that the deferred maintenance items and associated costs to cure as provided by the client are accurate. Should the repair costs differ our estimate of value may be impacted.

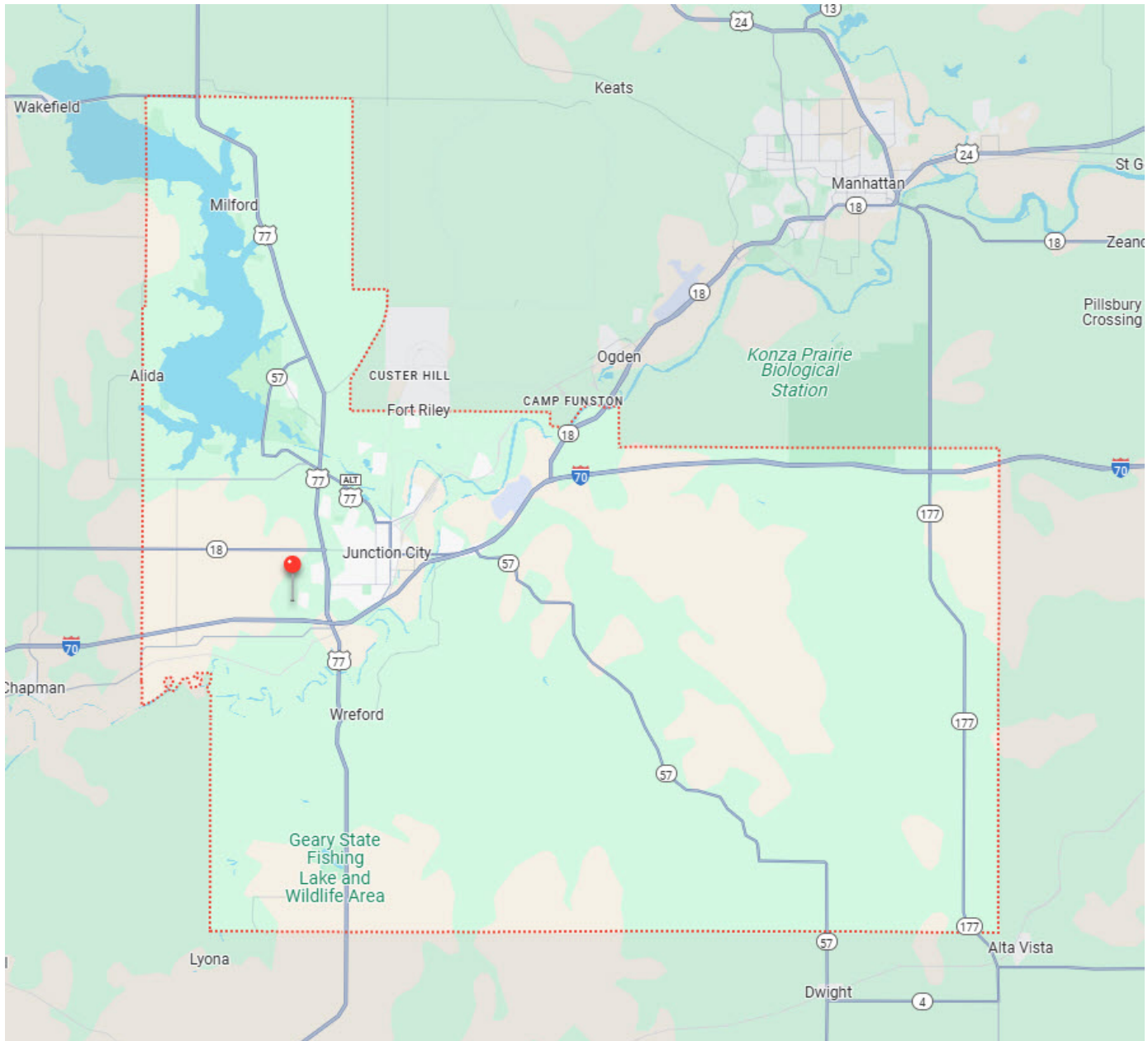
Area and Neighborhood

Area Overview

The subject is located in Junction City, Geary County, Kansas. Junction City is in north-central Kansas. Junction City is located along I-70, is the Geary County seat, and the home of Fort Riley, a major U.S. Army base. Junction City is also very close to the City of Manhattan to the east. Manhattan is the home of Kansas State University. Junction City is roughly 60 miles west of Topeka, the State Capital. The national economy experienced a downturn in 2020 due to the COVID-19 Pandemic. The pandemic created substantial turmoil in various financial markets, but the real estate market has largely recovered from COVID-19 related issues. However, inflation began increasing in 2022, which caused an increase in mortgage interest rates in the second half of 2022 and 2023 to try to tamp down inflation. These higher interest rates have placed additional pressure on the real estate market fundamentals.



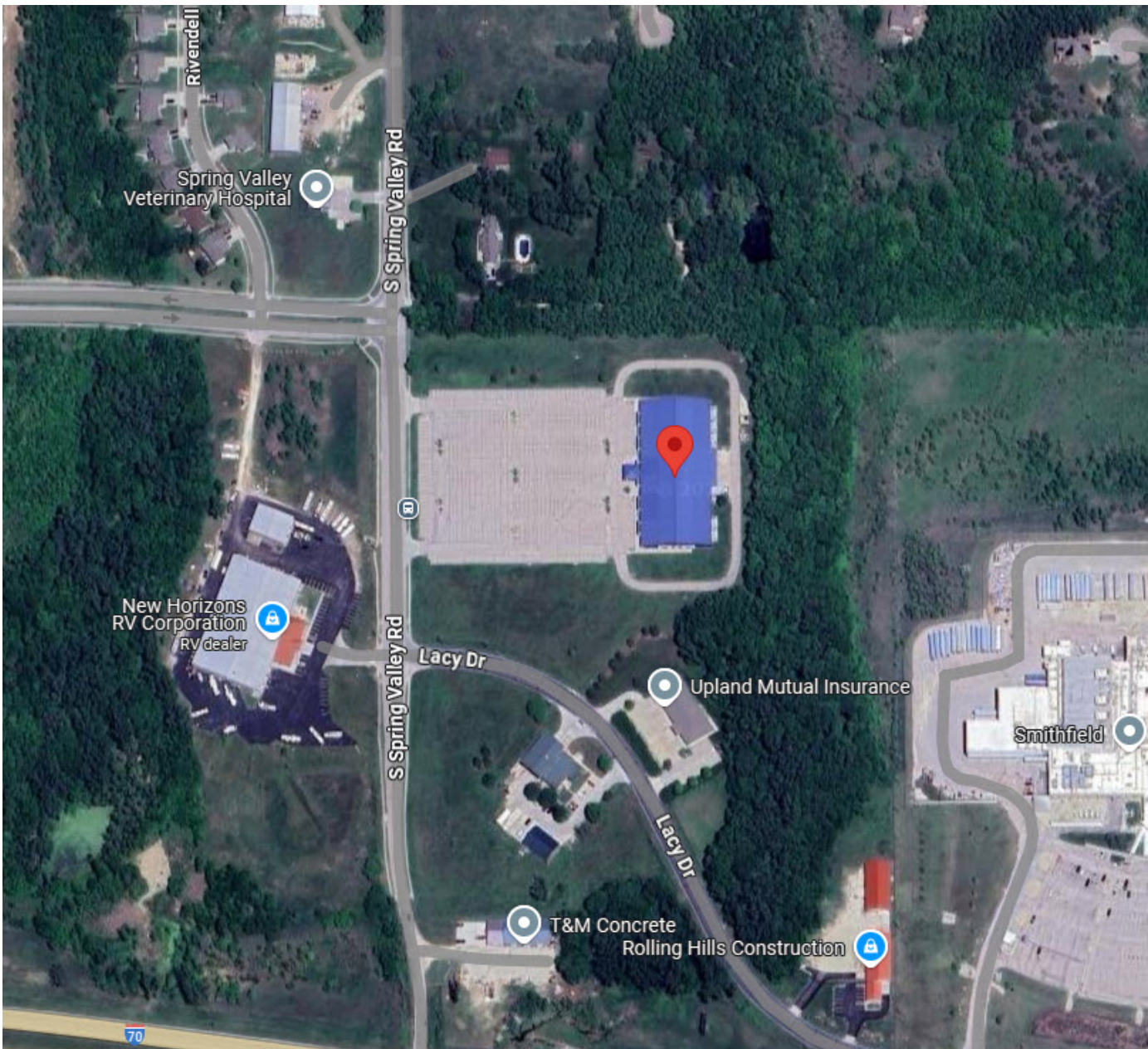
Neighborhood Overview



For the purposes of this report, the neighborhood boundaries are best described as Geary County.

The neighborhood is primarily influenced by its proximity to Fort Riley. Due to the proximity to Fort Riley, most of the residential use is from soldiers and civilian employees of Fort Riley. Neighborhood land use includes a mix of single-family residential, municipal uses, and light industrial.

Access to the area is mainly by Interstate 70, US Highway 77, and Kansas Highway 18.



Properties immediately adjacent to the subject are summarized below:

Direction	Zoning	Use
North	RS	Vacant Land
South	IL	Vacant Land/Office
East	IL	Vacant Land/Manufacturing
West	IL	RV Dealership

There has been limited recent development in the area. The majority of new development occurred in the late 2000s in anticipation of a projected increase in troops at Ft. Riley. Examples include the Junction City Middle School built in 2007, as well as several multifamily developments constructed in the past ten years. Hunter's Ridge is a 156-unit complex built in 2008. Quinton Pointe is a 192 unit complex built in 2008. Patriot Pointe is a 129 unit townhome development that was built in 2007. The Bluffs was constructed as a 602 unit property built in 2007 (two of the buildings, including more than 50 units have been destroyed by fires.) A Wal-Mart Neighborhood Market and Ace Hardware opened on US Highway 77 and McFarland Road during this time as well. It is also of note that a new car dealership was constructed at the northeast corner of the US Highway 77/Interstate 70 Interchange in 2012.

In November 2017, the local school district approved a \$105 million bond issue to build a new high school. The new campus is located across the highway from the Middle School complex on the north side of K-18 Highway on the western edge of the city. The campus covers 160 acres and includes new athletic fields.

The predominant driving force of the Junction City area is Fort Riley, the home of the First Infantry Division. In addition to the soldiers and their families living on post, many military personnel and civilian contractors commute from Junction City to the Fort. The base covers over 100,000 acres of which 71,000 acres are used for training purposes. There are approximately 15,000 active duty service members assigned to Fort Riley, with more than 18,000 family members, 29,000 veterans and retirees, and 5,600 civilian employees who live in the region and work at Fort Riley.

In July of 2021, approximately 3,700 Fort Riley troops were deployed to Europe as part of Operation: Atlantic Resolve. Deployment was recently extended for these troops. As of March 2022, an additional 300 soldiers from Fort Riley will join the previously deployed troops for Operation: Atlantic Resolve.

There is a large supply of developed single-family lots sitting vacant as there appears to be an oversupply in the market. Most of these lots are in the western portion of Junction City. In recent years, many developers who intended to sell their homes have instead rented them. No new multifamily development has been occurring.

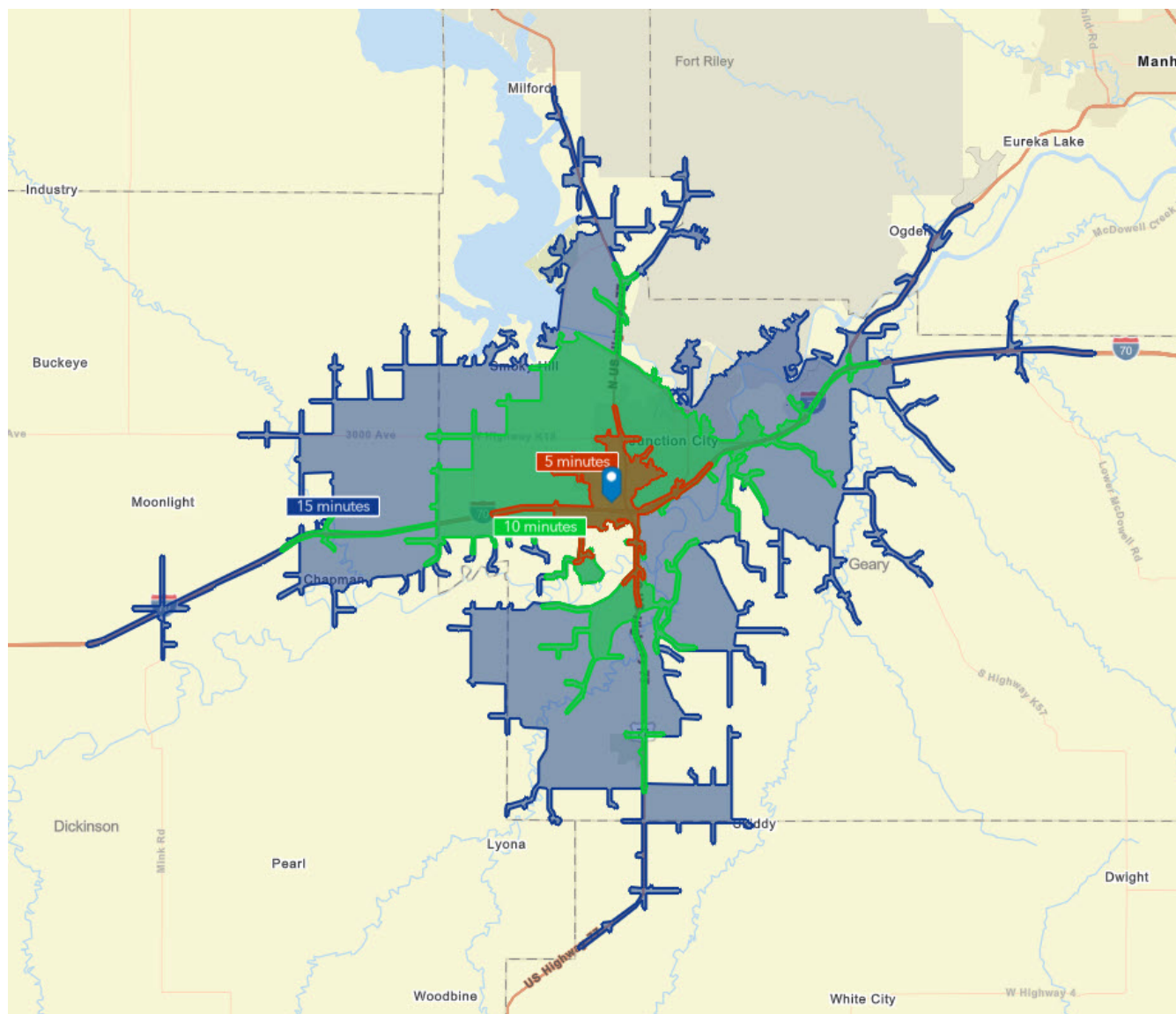
There has been minimal new commercial development occurring in Junction City's downtown area in recent years as well. However, new plans for a microbrewery at 726 Washington have surfaced. The owners of the proposed microbrewery were encouraged by the Junction City Main Street organization. The 18,000-square-foot building, which had previously been vacant for 25 years, was recently purchased and renovated into Highland Brewing Company.

Demographics

The appraisers have performed a drivetime analysis, which shows demographic information in 5, 10, and 15-minute drivetimes surrounding the subject. The supporting data is retained in the appraisers' work file. A summary of the demographic data is shown on the following page.

The neighborhood appears to be in the stability stage of its life cycle. Given the history of the neighborhood and the growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is continued stability with potential for moderate redevelopment and renovation of existing structures.

Demographics



5-Minute Drivetime

Site:  2031 S Spring Valley Rd, Junction City, Kansas, 66441 

5 minutes 

KEY FACTS

6,572

Population



2.6

Average Household Size

33.0

Median Age

\$75,000

Median Household Income

EDUCATION

3%

No High School Diploma



24%

High School Graduate



43%

Some College



31%

Bachelor's/Grad/Pr of Degree

BUSINESS



137

Total Businesses



2,658

Total Employees

EMPLOYMENT



59.2%

White Collar



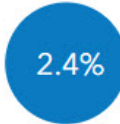
21.6%

Blue Collar



19.2%

Services



Unemployment Rate

INCOME



\$75,000

Median Household Income



\$32,550

Per Capita Income



\$122,349

Median Net Worth

2024 Households by income (Esri)

The largest group: \$100,000 - \$149,999 (22.4%)

The smallest group: \$200,000+ (3.9%)

Indicator ▲	Value	Diff	
<\$15,000	6.9%	-2.9%	
\$15,000 - \$24,999	9.5%	+1.1%	
\$25,000 - \$34,999	8.3%	-2.0%	
\$35,000 - \$49,999	5.5%	-9.0%	
\$50,000 - \$74,999	19.8%	-1.6%	
\$75,000 - \$99,999	14.6%	-0.1%	
\$100,000 - \$149,999	22.4%	+9.0%	
\$150,000 - \$199,999	9.1%	+3.3%	
\$200,000+	3.9%	+2.2%	

Bars show deviation from

Geary County 

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2024, 2029.

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10-Minute Drivetime

Site: 📍 2031 S Spring Valley Rd, Junction City, Kansas, 66441 ✎

10 minutes ▾

KEY FACTS

23,232

Population

32.5

Median Age

2.4

Average Household Size

\$55,549

Median Household Income

EDUCATION

6%

No High School Diploma

28%

High School Graduate

42%

Some College

24%

Bachelor's/Grad/Pr of Degree

BUSINESS



857

Total Businesses



9,507

Total Employees

EMPLOYMENT



51.3%

White Collar



29.8%

Blue Collar



18.9%

Services

2.7%

Unemployment Rate

INCOME



\$55,549

Median Household Income



\$28,244

Per Capita Income



\$66,015

Median Net Worth

2024 Households by income (Esri)

The largest group: \$50,000 - \$74,999 (21.9%)

The smallest group: \$200,000+ (1.4%)

Indicator ▲	Value	Diff	
<\$15,000	8.1%	-1.7%	
\$15,000 - \$24,999	10.4%	+2.0%	
\$25,000 - \$34,999	11.2%	+0.9%	
\$35,000 - \$49,999	13.6%	-0.9%	
\$50,000 - \$74,999	21.9%	+0.5%	
\$75,000 - \$99,999	14.2%	-0.5%	
\$100,000 - \$149,999	13.6%	+0.2%	
\$150,000 - \$199,999	5.7%	-0.1%	
\$200,000+	1.4%	-0.3%	

Bars show deviation from

Geary County ▾

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2024, 2029.

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15-Minute Drivetime

Site: 📍 2031 S Spring Valley Rd, Junction City, Kansas, 66441 ✎

15 minutes ▾

KEY FACTS

29,164

Population

32.1

Median Age



Average Household Size

\$56,603

Median Household Income

EDUCATION

6%

No High School Diploma



28%

High School Graduate



41%

Some College



25%

Bachelor's/Grad/Pr of Degree

BUSINESS



1,111

Total Businesses



24,726

Total Employees

EMPLOYMENT



52.9%

White Collar



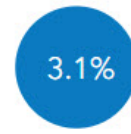
29.0%

Blue Collar



18.1%

Services



Unemployment Rate

INCOME



\$56,603

Median Household Income



\$28,437

Per Capita Income



\$69,700

Median Net Worth

2024 Households by income (Esri)

The largest group: \$50,000 - \$74,999 (22.0%)

The smallest group: \$200,000+ (1.8%)

Indicator ▲	Value	Diff	
<\$15,000	8.6%	-1.2%	
\$15,000 - \$24,999	9.5%	+1.1%	
\$25,000 - \$34,999	10.3%	0	
\$35,000 - \$49,999	13.7%	-0.8%	
\$50,000 - \$74,999	22.0%	+0.6%	
\$75,000 - \$99,999	14.3%	-0.4%	
\$100,000 - \$149,999	13.8%	+0.4%	
\$150,000 - \$199,999	6.0%	+0.2%	
\$200,000+	1.8%	+0.1%	

Bars show deviation from

Geary County ▾

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2024, 2029.

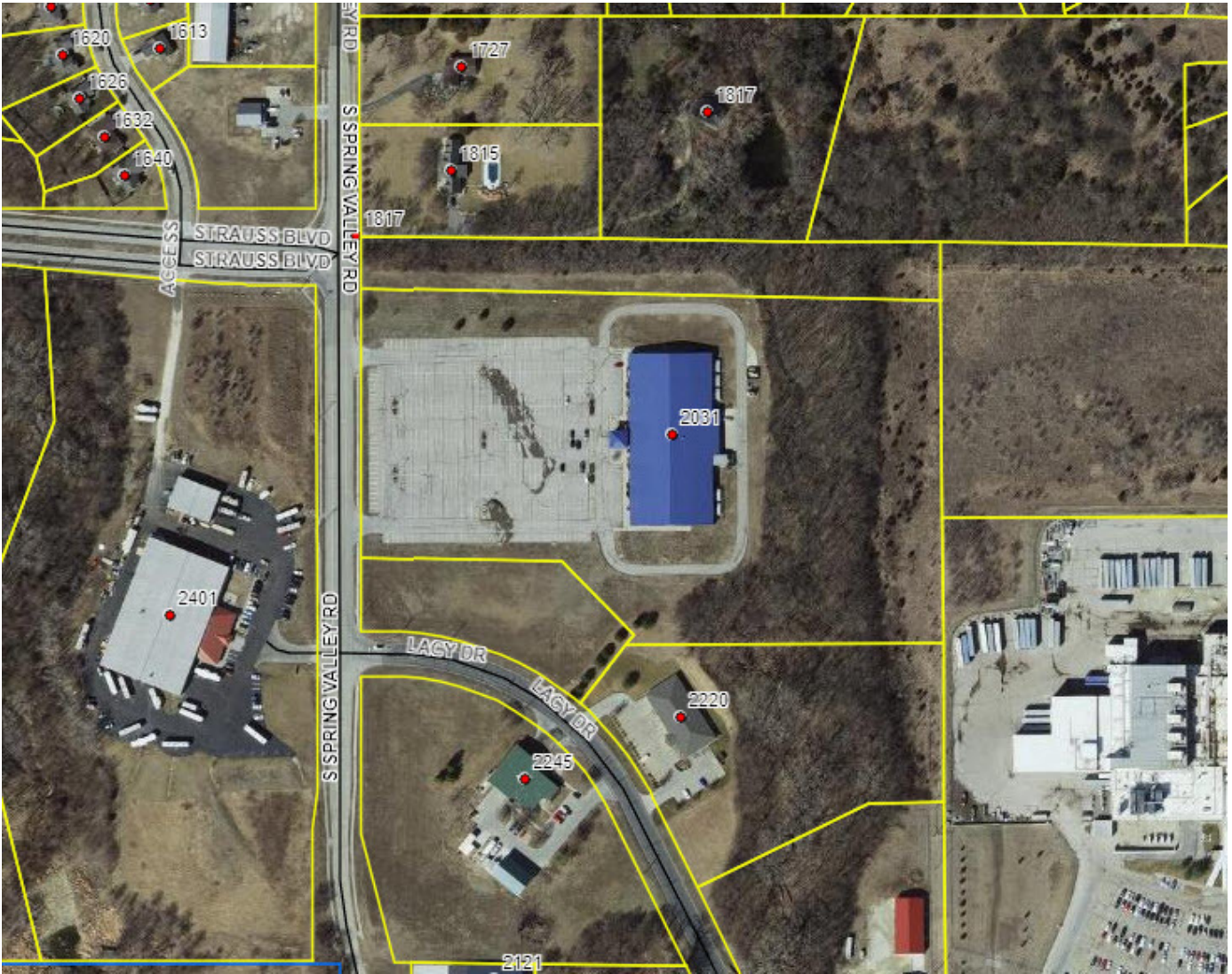
© 2025 Esri

Site Description

Location	
MSA	Junction City/Manhattan, Kansas
Section Township Range	15-12-05
Legal Description	RPLT LT 3,JACK LACY IND PRK , BLOCK 2 , ACRES 12.8 , POB 95.26' S OF NW COR LOT 3A E 1057.19'; S 593.15'; W 578.6 NW 170.21'; W 366.93'; N 475.8 TO POB SECTION 15 TOWNSHIP 12 RANGE 05
Location Description	Located at S Spring Valley Road and Strauss Boulevard
Parcel Identifier	031-115-15-0-00-00-010.08-0
Location of Parcel	Mid-Block
Size	
SF / Acres	555,826 / 12.7600
Land Description	County Record
Surplus Land Acres	4.9000
Surplus Land Square Feet	213,444
Surplus Land Description	Wasteland per County records
Access	
Traffic Count	2,155
Traffic Counter Description	Spring Valley Rd, S of Ash, per KDOT
Primary Frontage Type	Major Collector
Primary Frontage Curb Cuts	2
Frontage Description	Frontage along S Spring Valley Road
Access Description	Access from S Spring Valley Road
Encumbrances	
Flood Zone	X
Flood Map Number	20061C0088D
Flood Map Effective Date	04/05/2016
Flood Plain Description	Zone X: Area of minimal flood risk
Site Characteristics	
Shape	Irregular
Topography	Basically Level
Grade	Below Grade
Drainage	Appears to be adequate
Available Utilities	Electricity, Gas, Sewer, Trash, and Water
Utilities Description	All public utilities serve the site.

As referenced in the Assumptions and Limiting Conditions to this report, we are not considered experts nor competent to assess environmental issues. Given this limitation, it is noted that our physical inspection of the subject property did not reveal any indication of an environmental hazard.

We were not provided a current title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the use of the site. However, we recommend a title search be completed to determine whether any adverse conditions exist.



Parcel Map Aerial



2031 S SPRING VALLEY RD JUNCTION CITY, KS 66441-8429

LOCATION ACCURACY: Excellent

Flood Zone Determination Report

Flood Zone Determination: **OUT**

PANEL DATE

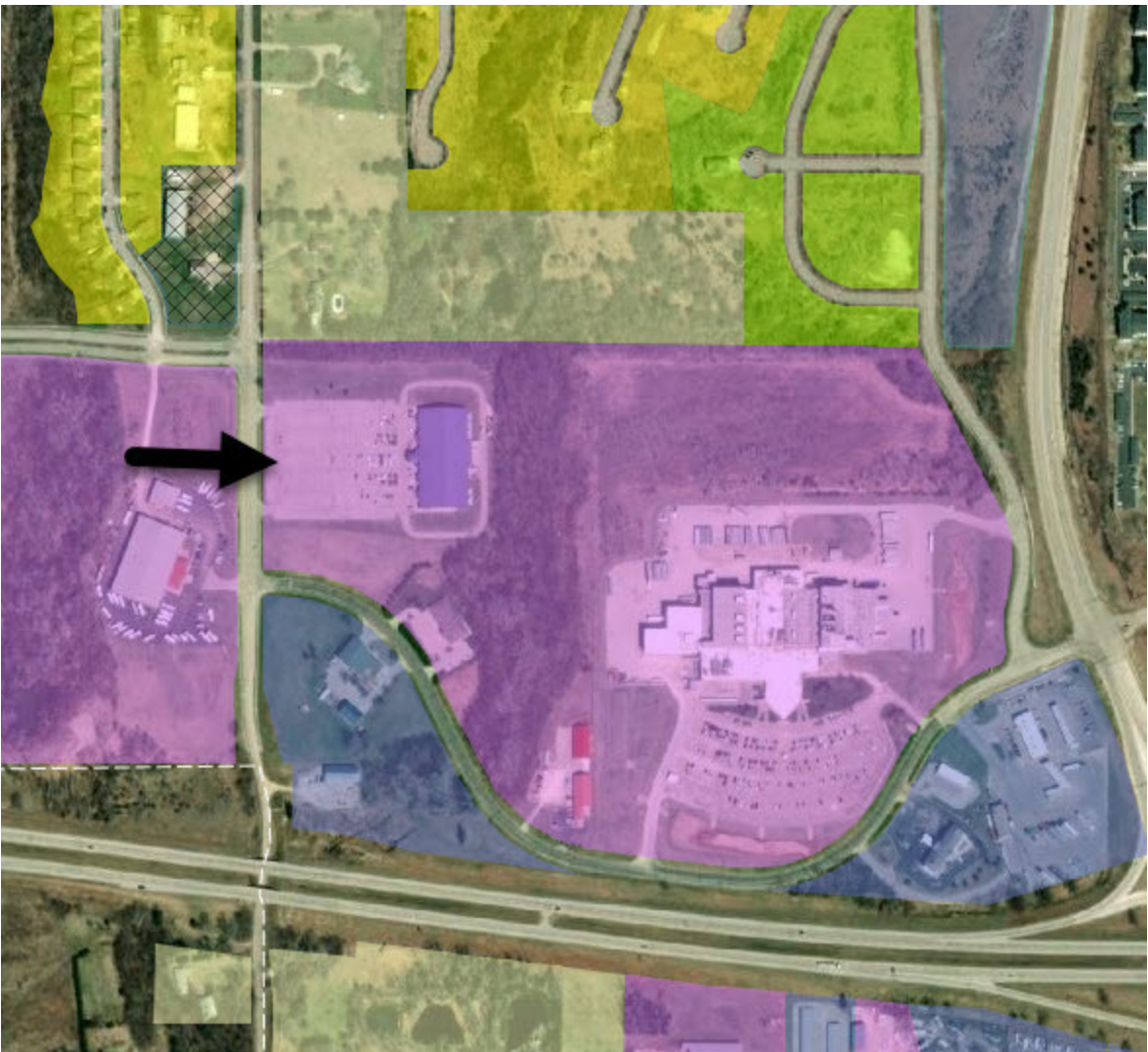
April 05, 2016

MAP NUMBER

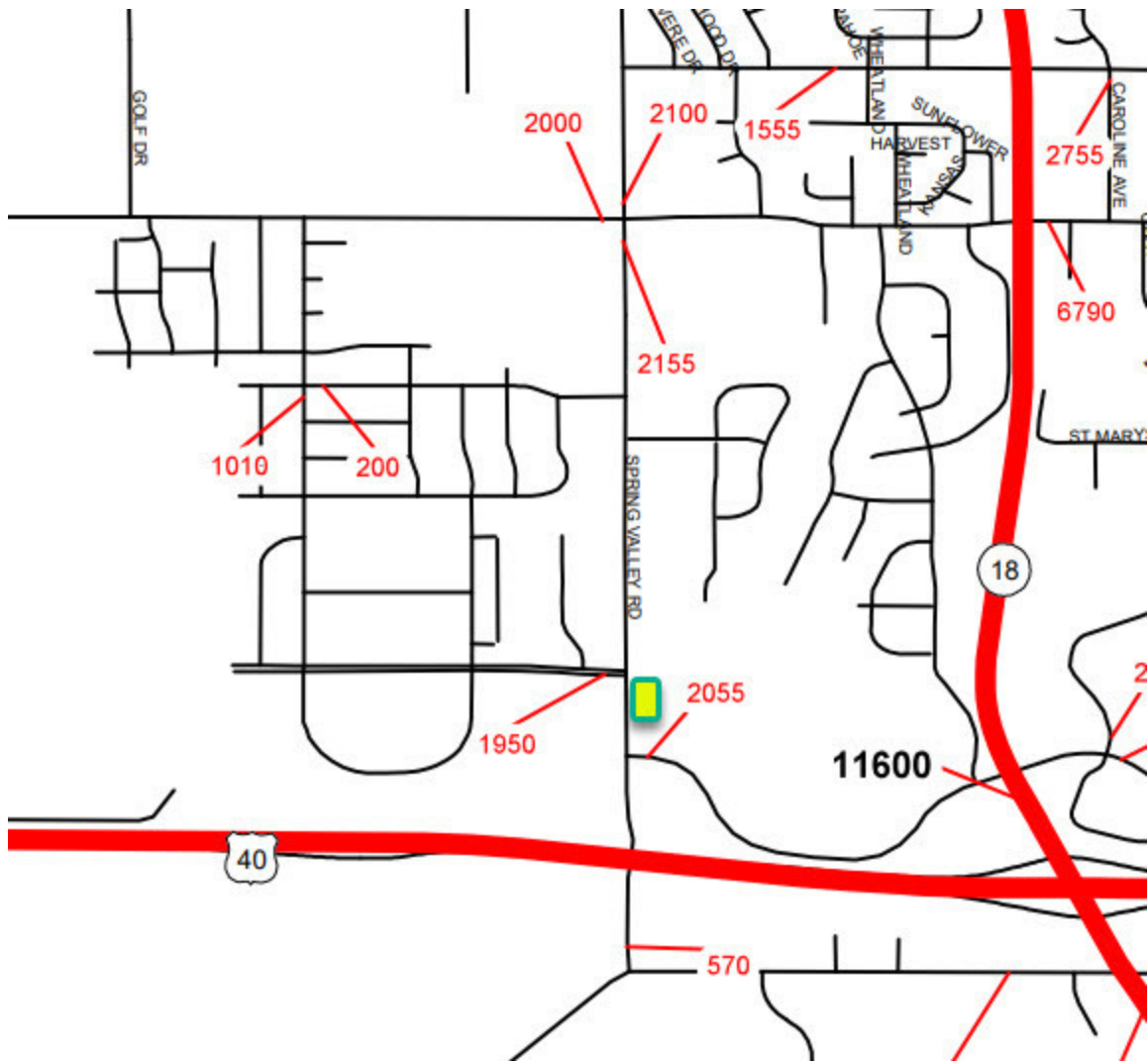
20061C0088D



Floodplain Map



Zoning Map



Traffic Count Map

Zoning

Primary Site

General Zoning Information	
Current Use	General office building
Zoning Jurisdiction	City of Junction City
Zoning Code	IL
Zoning Description	Light Industrial District
General Plan Designation	The IL District is designed to permit industrial activities of a limited nature. This includes uses which in many cases are compatible with adjacent use districts.
Permitted Uses	various light manufacturing and wholesaling, automobile assembly, repair and rental agency, contractor office and equipment storage yard, office buildings, warehousing, mobile home assembly, moving company with storage facility, sand and gravel storage yard, public utility plants and substations, tire repair shop, warehousing, wholesaling and distribution.

Conformity Conclusion

Conforming

Conformity Comments

The improvements appear to be legally conforming.

Improvement Description

CLASS: Office PUCS TYPE: General Purpose	
Size	
Gross Building Area	47,252
GBA Source	Building Plans
Rentable Area	47,252
Rentable Area Source	Building Plans
Efficiency	100.00
# of Buildings	1
# of Stories	1
# of Units	1
% Office	100.00%
General	
Year Built	2007
Tenancy Type	Single
Year Built Details (2007)	SF Built: 47,252, Comments: ---
Year Built Details (Totals)	Year Built: 2007, SF Built: 47,252
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	S
Exterior Walls	Metal with stone veneer
Building Frame	Metal/Wood
Foundation Type	Concrete Slab
Basement Type	None
Roof Type	Arched
Roof Material	Standing Seam Metal
Roof Description	Pitched Metal
Interior	
Interior Wall Cover	Painted Sheetrock
Ceiling Height	9'
Ceiling Description	Acoustic Tile
Lighting	A mix of fluorescent and incandescent
Floor Cover	Tile, Carpet

M.E.P.	
Fire Sprinkler Type	Wet Pipe
Fire Sprinkler Description	Wet Sprinklers
Heating Type	Gas
Cooling Type	Central
HVAC Comments	Central HVAC - 5 Units
Electrical Metering	The subject is designed with one electrical meter for the property.
Electrical Supply	Appears adequate to meet code requirements.
Emergency Power	Backup Generator
Plumbing	Appears adequate to meet code requirements.
Restrooms Description	Two banks of restrooms that include multiple fixtures
Security	Interior/Exterior Security Cameras, Badge Access Door Locks
Site Improvements	
Type of Parking	Surface
# of Surface Parking Spaces	507
Total Parking Spaces	507
Parking Description	asphalt parking lot - poor/fair condition
Drainage and Retention	Appears adequate to meet code requirements.
Other Site Improvements	10 Exterior Pole Lights; Rear Fenced In Covered Area

Ratios

Improvements Ratios	
Land to Bldg Ratio (x:1)	11.76
Floor to Area Ratio (x:1)	0.09
Parking Ratio GBA	10.73
Parking Ratio NRA	10.73
Parking Ratio (Spaces/Unit)	507.00

The subject consists of a 47,252 square foot office building most recently utilized as a call center. The primary improvement includes a reception area, two large open rooms previously utilized for employee workstations/cubicles, a central bank of restrooms, a central break room/kitchenette, as well as multiple private offices and conference rooms. The improvements are considered to be in average overall condition, noting that the client has recently had the improvements inspected by a third party contractor who found numerous issues of deferred maintenance present. These items and their projected costs to cure are summarized below:

Item	Suggested Repair Budget	Notes
Asphalt	\$ 520,000.00	
Storm Sewer Extension	\$ 125,000.00	
HVAC Unit Replacement	\$ 500,000.00	\$100,000/unit
Roof Repair	\$ 100,000.00	Full replacement = \$1,250,000
Curb and Concrete	\$ 300,000.00	Likely needed after asphalt demo
Exterior Lighting and Bollards	\$ 230,000.00	Not sure if lights are operational - Budget suggested until further testing
Replace Exterior Stone Cladding	\$ 125,000.00	
Replace EIFS	\$ 100,000.00	
Replace Glass and Glazing	\$ 115,000.00	
Repair LS/Add Irrigation	\$ 175,000.00	
Total Recommended Budget	\$ 2,290,000.00	

Our conversations with the client indicate that select items highlighted above are not necessarily immediately critical to correct. A full discussion on the potential capital expenditures to correct the deferred maintenance may be found within the Reconciliation section of this appraisal.

Based on our review of the property, the effective age and economic life are summarized below:

Effective Age	20 Years
Economic Life	45 Years
Remaining Economic Life	25 Years

With proper upkeep and maintenance, or remodeling, it is possible to extend the remaining economic life of the property.

Taxes and Assessment

2021 Real Estate Taxes	
Total Tax Value	\$2,965,880
Tax Assessed Value	\$741,470
Mill Levy/Tax Rate	163.718
Real Estate Taxes	\$121,392
Special Assessments	\$0
Total Taxes	\$121,392
Taxes per SF GBA	\$2.57
2022 Real Estate Taxes	
Total Tax Value	\$3,072,320
Tax Assessed Value	\$768,081
Mill Levy/Tax Rate	153.434
Real Estate Taxes	\$117,850
Special Assessments	\$0
Total Taxes	\$117,850
Taxes per SF GBA	\$2.49
2023 Real Estate Taxes	
Total Tax Value	\$3,484,800
Tax Assessed Value	\$871,201
Mill Levy/Tax Rate	151.212
Real Estate Taxes	\$131,736
Special Assessments	\$0
Total Taxes	\$131,736
Taxes per SF GBA	\$2.79
2024 Real Estate Taxes	
Total Tax Value	\$3,135,240
Tax Assessed Value	\$783,810
Mill Levy/Tax Rate	146.991
Real Estate Taxes	\$113,649
Special Assessments	\$0
Total Taxes	\$113,649
Taxes per SF GBA	\$2.41

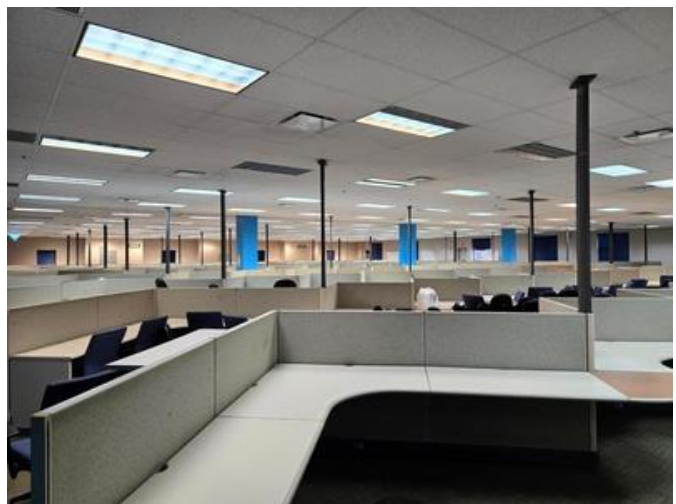
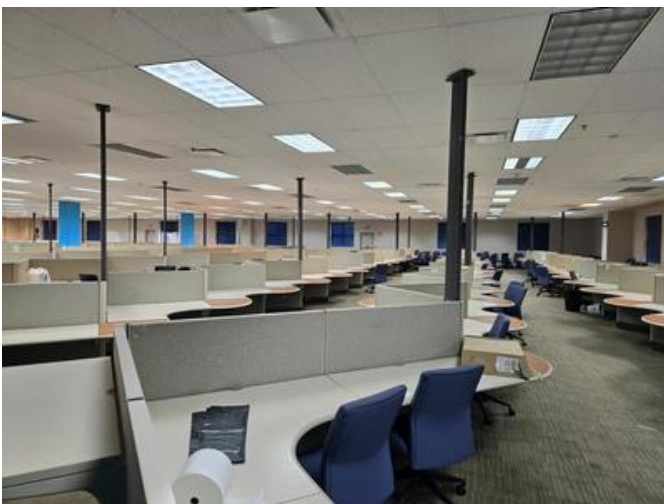
For the subject, the county has assigned a parcel identification number of 031-115-15-0-00-00-010.08-0. The historical taxes for the subject are shown in the table above. There are no active or pending special assessments. While the City of Junction City owns the subject property, the subject does not qualify for tax exemption given its current use. As will be shown herein, our estimate of value is well below the county's estimate of value. A tax appeal may be warranted. Within our forthcoming Income Approach, we project market rent based on a triple net lease structure. The payment of taxes is the responsibility of the tenant under this lease structure.

Subject Photos

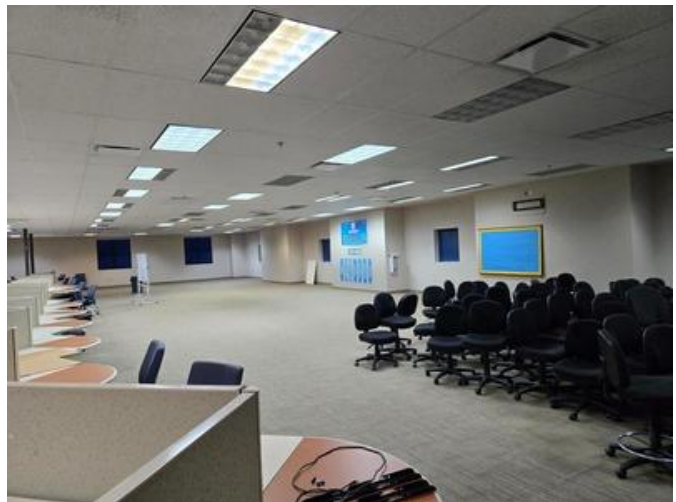
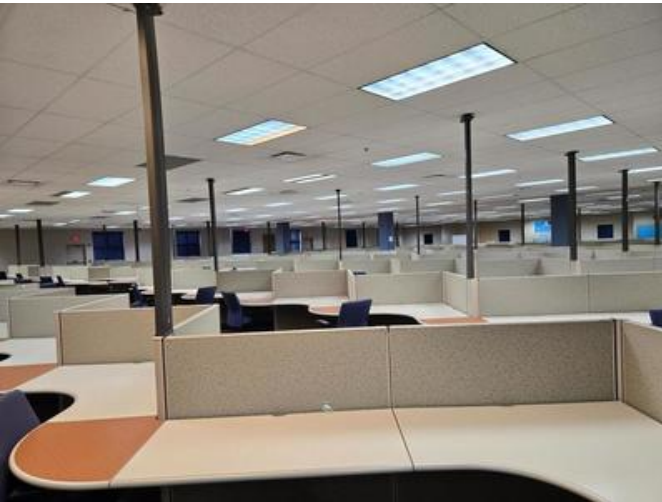
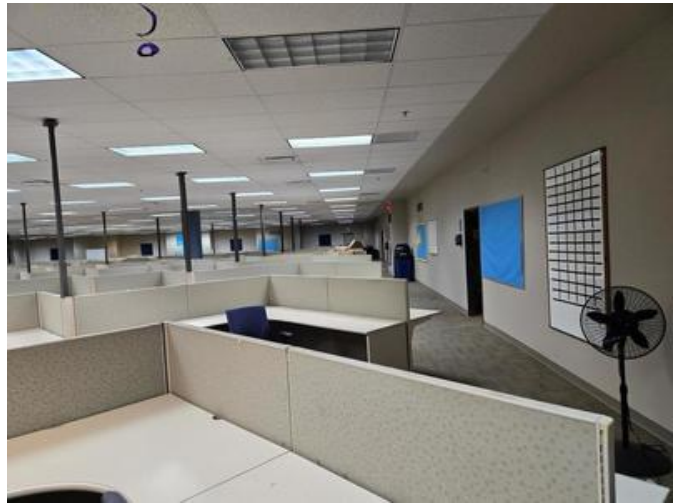


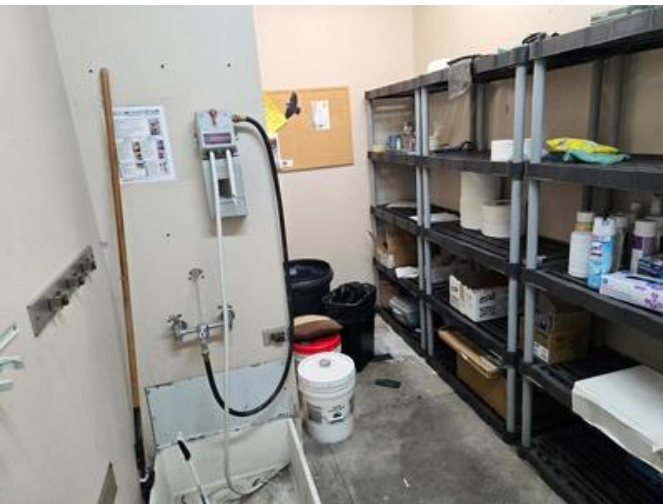


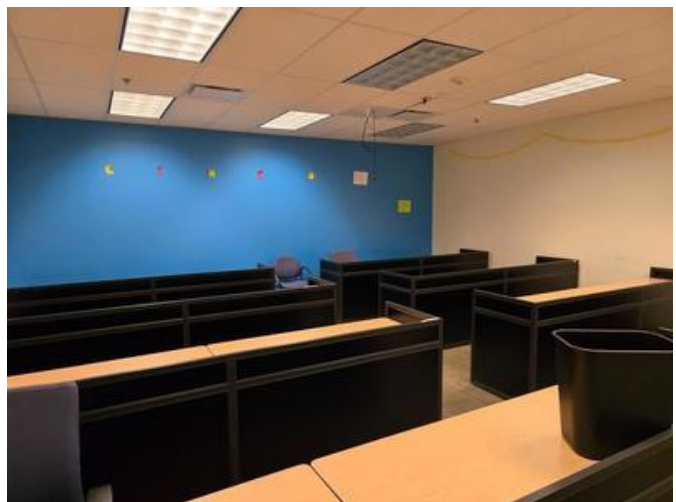












Highest and Best Use

Process – The highest and best use of the property must be determined for both the subject site as though vacant and for the property as currently improved (if applicable). The highest and best use is:

1. Physically possible for the site.
2. Permitted or reasonably probable under the zoning laws and deed restrictions that apply to the site.
3. Economically feasible.
4. The use which will produce the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

Highest and Best Use (Site as if Currently Vacant)

Physically Possible Use - The subject is adequately served by utilities and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Legally Permissible - The site is zoned IL, Light Industrial District. The IL District is designed to permit industrial activities of a limited nature. This includes uses which in many cases are compatible with adjacent use districts. Permissible uses include but are not limited to various light manufacturing and wholesaling, automobile assembly, repair and rental agency, contractor office and equipment storage yard, office buildings, warehousing, mobile home assembly, moving company with storage facility, sand and gravel storage yard, public utility plants and substations, tire repair shop, warehousing, wholesaling and distribution.

Feasible Use - Surrounding land uses include municipal service buildings, light industrial, vacant land awaiting development, and single family residential homes. The subject's neighborhood is partially developed with ample land available for future development. Current rents and occupancies do not justify new speculative construction and speculative development has not been occurring in the immediate market area. New construction toward a legally permitted use such as an office or light industrial facility would only be feasible for an owner occupant or under the scenario of a strong credit tenant having been secured prior to construction commencement.

Maximum Profitability - An office or light industrial development that is legally permitted in the IL district would be the maximally productive use of the site. However, development would only be warranted by an owner-occupant or if a strong credit tenant had been secured prior to construction commencement.

Highest and Best Use (Site as Currently Improved)

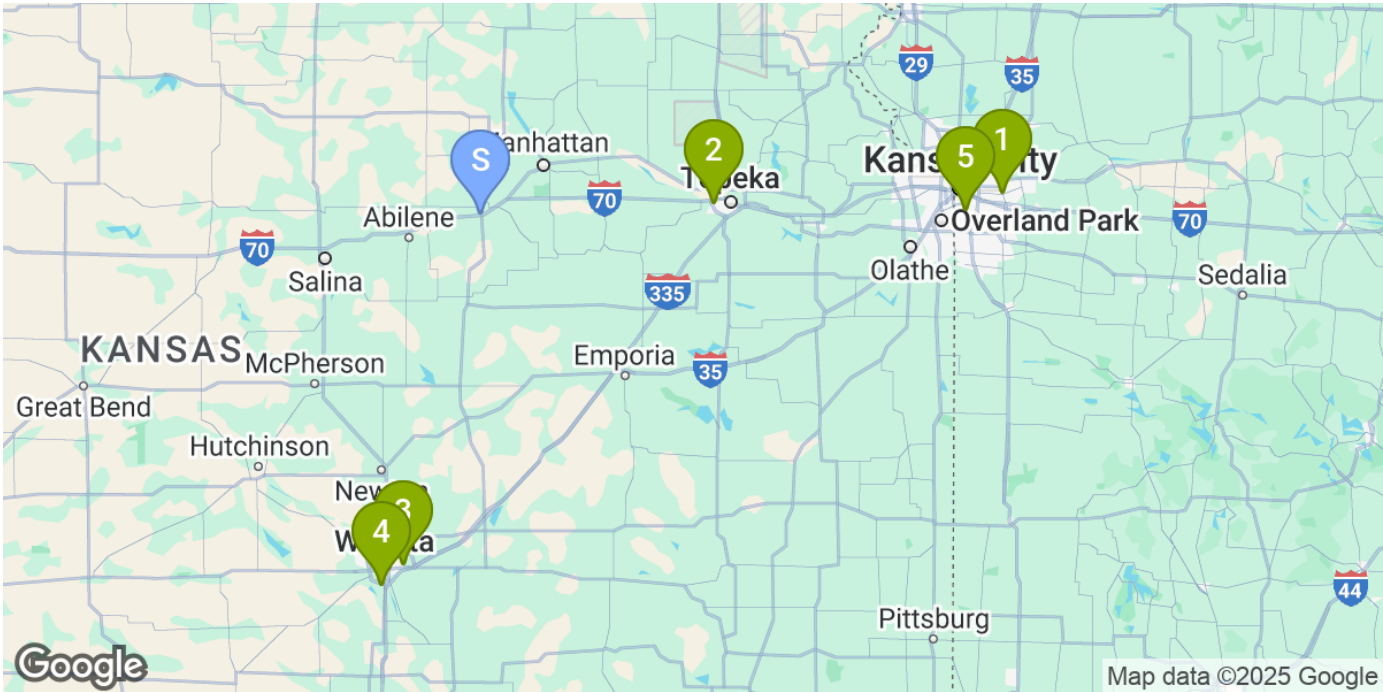
The subject property is improved with a 47,252 square foot office building and adjacent parking lot. This use is legally permitted within the IL district. Additionally, the improvements fit well within the confines of the subject site, meeting the test of being physically possible. The subject improvements were constructed in 2007 by the City of Junction City through the use of Industrial Revenue Bonds. The subject has been leased to a call center tenant for a number of years. The COVID-19 pandemic altered the tenant's operations in early 2020 with employees transitioning to working from home. As a result, the improvements have been physically vacant aside from a handful of essential employees since 2020. The tenant continues to pay rent and as such the improvements are economically 100% occupied. The current option period on the lease runs through May 2025. It is our understanding the tenant will not exercise the next option period and will vacate the property at the end of the current term.

The current improvements contribute significant value to the site and cannot be easily converted to another use. Accordingly, the existing use is concluded to be feasible. The typical buyer for the subject property "as improved" would be an owner-user. The subject may have an appeal to an investor, however the larger improvement size coupled with the smaller market the subject is located in limits the pool of potential investment-oriented purchasers. There is the possibility of an investor purchasing the subject and modifying/renovating the existing improvements toward a multi-tenant use. This would provide potentially smaller office suites which could be considered more appealing to the pool of office users in the market rather than the current large, single-tenant user setup.

There are no alternative uses that could reasonably be expected to provide a higher present value than the current use. The value of the subject under the existing use exceeds the potential value associated with the alternatives. Furthermore, the value produced by the existing improvements exceeds the value of the site, as if vacant. For these reasons, the existing use is concluded to be maximally productive, and the highest and best use of the site as improved.

Sale Comparison Approach

We have valued the subject according to its highest and best use, as improved. A summary of the sales follows. In evaluating the comparable sales, we selected Sales Price per square foot of gross building area as the primary unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject.



#	Property Name	Sale Date	Year Built	GBA SF	RA SF	Units	Sale Price	Sale Price / Unit	Sale Price / SF	Analysis Sale Price	Analysis SP / SF
1	Former Sprint Office	Listing	2001	33,624	33,624	0	\$2,100,000	\$---	\$62.46	\$2,100,000	\$62.46
2	Multi-Tenant Office	10/18/2024	1987	42,121	38,000	1	\$2,650,000	\$2,650,000	\$62.91	\$2,650,000	\$62.91
3	Lakeside Plaza	7/2/2024	1972	34,584	34,584	38	\$1,241,510	\$32,671	\$35.90	\$1,591,510	\$46.02
4	Portico Chase	3/6/2024	1992	74,739	72,199	2	\$2,250,000	\$1,125,000	\$30.10	\$4,897,000	\$65.52
5	Office Building	12/28/2022	1979	24,964	24,964	0	\$1,900,000	\$---	\$76.11	\$1,900,000	\$76.11

Sale #1 - Former Sprint Office



Property Information

Property Name	Former Sprint Office
Property Class	Office
Address	3445 S M 291 Hwy, Independence, MO 64057
County	Jackson
Property Type & Sub-Type	General Purpose / ---

Site Information - Land

SF / Acres	137,980 / 3.1700
Zoning Code	C-2

Improvement Information - Building

Gross Building Area	33,624
Rentable Area	33,624
Year Built	2001
Construction Quality	Good
Building Condition	Average
Total Parking Spaces	110

Transaction Information

Sale Status	Listing
Sale Date	09/24/2024
Seller	M & L Real Estates Investors LLC
Sale Price	\$2,100,000
Analysis Sale Price	\$2,100,000
Sale Price per SF GBA	\$62.46
Analysis Sale Price per SF GBA	\$62.46
Sale Confirmed By	Dennis Dull Updated 11/1/2024
Sale Remarks	Vacant building listed for sale by Newmark Zimmer as of 11/1/2024



Parcel Map



Property Information

Property Name	Multi-Tenant Office
Property Class	Office
Address	1420 SW Arrowhead Road, Topeka, KS 66604
County	Shawnee
Property Type & Sub-Type	General Purpose / ---

Site Information - Primary Site

SF / Acres	383,728 / 8.8100
Zoning Code	PUD (O&I-2 & M-3 uses)
Zoning Description	Planned Unit Development with O&I-2 and M-3 use groups.
Shape	Rectangular
Flood Zone	Out
Topography	Rolling
Available Utilities	Electricity, Gas, Water, Sewer, and Trash

Improvement Information - Main Building

Gross Building Area	42,121
Rentable Area	38,000
Year Built	1987
Construction Quality	Good
Building Condition	Average
# of Stories	3
# of Units	1
Total Parking Spaces	200

Transaction Information	
Sale Status	Closed
Sale Date	10/18/2024
Seller	Kansas Association of School Boards
Buyer	Magellan Financial & Insurance Services Inc
Sale Price	\$2,650,000
Analysis Sale Price	\$2,650,000
Sale Price per SF GBA	\$62.91
Analysis Sale Price per SF GBA	\$62.91
Sale Confirmed By	Sam Stratton
Sale Confirmed With	Marketing Materials
Sale Remarks	The property was listed in June 2023. There are several related party leases in place through June 2026, however the property is marketed as a fee simple asset.



Parcel Map Aerial

Property Information

Property Name	Lakeside Plaza
Property Class	Office
Address	250 N Rock Rd, Wichita, KS 67206
County	Sedgwick
Property Type & Sub-Type	General Purpose / ---

Site Information - Main Site

SF / Acres	104,478 / 2.3985
Zoning Code	GO
Zoning Description	General Office District
Shape	Irregular
Flood Zone	A
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Improvement Information - Main Building

Gross Building Area	34,584
Rentable Area	34,584
Year Built	1972
Construction Quality	Average
Building Condition	Average
# of Stories	3
# of Units	38
Total Parking Spaces	118

Transaction Information					
Sale Status	Closed				
Sale Date	07/02/2024				
Seller	Weigand-Omega Associates Inc				
Buyer	HJH Wichita Rock LLC				
Sale Price	\$1,241,510				
Analysis Sale Price	\$1,591,510				
Sale Price per SF GBA	\$35.90				
Analysis Sale Price per SF GBA	\$46.02				
Sale Confirmed By	Kim Nammavaly				
Sale Confirmed With	County Record				
Sale Remarks	The property was not listed on the open market. An appraisal completed at the time of sale indicated the sale price to be in line with market. The sellers approached the buyer and a sales price was negotiated. At the time of sale, the property was encumbered by multiple leases, however they generally were short term in nature. The buyer will receive a \$350,000 credit for deferred maintenance upon closing. The buyer will begin repairs shortly after closing on a variety of items, including HVAC, siding, parking lot, landscaping, etc. A full list of the items was not supplied to the appraisers. We have adjusted the sale price upwards by \$350,000, as the buyer plans to spend the full amount on repairs after the sale. This is considered to be a valid arms-length transaction.				
Scenario	Price Type	12M Per End	EGIM	OAR Bef Res	OAR Aft Res
Actual	Analysis Sale Price	12/31/2023	3.69	11.02%	11.02%
Appraiser's Pro Forma	Analysis Sale Price	03/05/2025	3.79	10.43%	10.43%
PGI	V/C	EGI	Expenses	NOI Before Res.	NOI After Res.
\$431,217	0.00%	\$431,217	\$255,824	\$175,393	\$175,393
\$466,884	10.00%	\$420,196	\$254,265	\$165,931	\$165,931



Parcel Map Aerial



Property Information

Property Name	Portico Chase
Property Class	Office
Address	4729 S Palisade Ave, Wichita, KS 67217
County	Sedgwick
Property Type & Sub-Type	General Purpose / ---

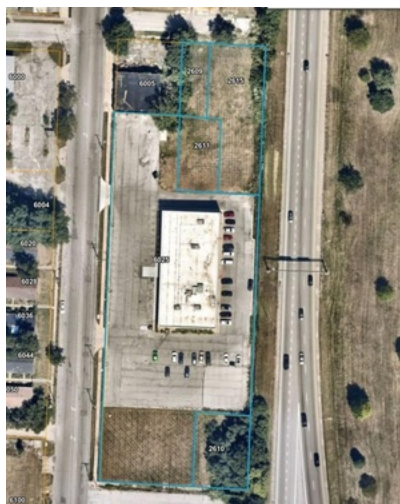
Site Information - Main Site

SF / Acres	317,709 / 7.2936
Zoning Code	LI
Zoning Description	Limited Industrial District
Shape	Rectangular
Flood Zone	X; X500 or B
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Improvement Information - Main Building

Gross Building Area	74,739
Rentable Area	72,199
Year Built	1992
Construction Quality	Average
Building Condition	Good
# of Stories	2
# of Units	2
Total Parking Spaces	400

Transaction Information	
Sale Status	Closed
Sale Date	03/06/2024
Seller	Royal Caribbean Cruises Ltd
Buyer	Lange Gen Y LLC
Sale Price	\$2,250,000
Analysis Sale Price	\$4,897,000
Sale Price per SF GBA	\$30.10
Analysis Sale Price per SF GBA	\$65.52
Sale Confirmed By	Denton Keller
Sale Confirmed With	Owner & SVQ
Sale Remarks	Per the buyer, the subject was not listed on the open market. An appraisal completed near the time of purchase indicates the sales price to be reflective of market. The buyer sent multiple offers over the years to purchase the property. The seller eventually agreed as their employees have transitioned to remote work environments. The property consists of a 74,739 SF office building. Historically the building was owner-occupied as a call center by Royal Caribbean cruises. The purchaser plans to renovate and occupy 22,730 SF on the second level. The proposed renovation budget is \$2,647,000. As part of this budget, the buyer will renovate some of the basement space (gym, conference room, and hallway), and additional common area space on the main level. We have not included the basement (10,725 SF) and the generator building (2,476 SF) in the gross building area or rentable area calls. The owner plans on leasing the remaining 49,469 SF.



Parcel Map

Property Information

Property Name	Office Building
Property Class	Office
Address	6025 Prospect Ave, Kansas City, MO 64130
County	Jackson
Property Type & Sub-Type	General Purpose / ---

Site Information - Main Site

SF / Acres	112,120 / 2.5700
Zoning Code	B3-2
Zoning Description	Neighborhood Business
Shape	Irregular
Available Utilities	Electricity, Gas, and Sewer

Improvement Information - Main Building

Gross Building Area	24,964
Rentable Area	24,964
Year Built	1979
Construction Quality	Good
Building Condition	Average
# of Stories	2
Total Parking Spaces	126

Transaction Information					
Sale Status	Closed				
Sale Date	12/28/2022				
Seller	LB Real Estate Holdings, LLC				
Buyer	The Salvation Army				
Sale Price	\$1,900,000				
Analysis Sale Price	\$1,900,000				
Sale Price per SF GBA	\$76.11				
Analysis Sale Price per SF GBA	\$76.11				
Sale Confirmed By	Austin Schlager/Kim Nammavalay				
Sale Confirmed With	3rd Party Appraiser/County Record				
Sale Remarks	Confirmed with third party appraiser. It was noted that the seller was Lead Bank who acquired the property via a deed in lieu of foreclosure. The property was marketed by Block for two years at \$2,150,000. After reducing the price to \$1,900,000, it went under contract within 60 days. The third party appraiser indicated that there was also a full price back up offer.				
Scenario	Price Type	12M Per End	EGIM	OAR Bef Res	OAR Aft Res
Actual	Sale Price	10/31/2022	10.00	10.00%	10.00%
PGI	V/C	EGI	Expenses	NOI Before Res.	NOI After Res.
\$190,000	0.00%	\$190,000	\$0	\$190,000	\$190,000

Elements of Comparison -- Related to the Transaction

We have evaluated the sale comparables based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms/financing, conditions of the sale, expenditures after the sale, excess land value, and market conditions.

Property Rights

The property rights involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Terms / Financing

The terms/financing involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Conditions of Sale

The conditions involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Expenditures After Sale

Sale #3 and #4 both had reported expenditures post sale related to repair/renovation work. The respective renovation/repair costs of \$350,000 and \$2,647,000 are added to the sale prices. The expenditures after purchase involved in the remaining sales did not appear to have a significant impact on the prices, and no other adjustments were required.

Excess Land Value

The excess land value involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Market Conditions

Comparable #1 is an active listing that has been listed since 2023 and with the current listing broker since mid-2024; a downward adjustment is applied to account for potential negotiations off the list price. Sale #5 is an older indicator having sold in December 2022. The overall office market has softened since the time of this sale, a downward adjustment is applied as a result. The remaining closed sales have occurred relatively recently. Available market data does not indicate any significant change in prices of comparable properties during this period, and no other adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical, and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Basement

The subject does not feature a basement and all gross building area is entirely above grade. Sale #2 and #4 include partial basements. Lower level/basement space is not as desirable in this market given the limited visibility and accessibility compared to above grade area. A minor upward adjustment is applied to these two sales. All other comparables did not include a basement such as the subject and no other adjustments are necessary.

Condition

The subject improvements are considered to be in average overall condition. All comparables with the exception of Sale #4 also are in average condition and not adjusted. Sale #4 following the expenditures after sale is anticipated to be in good overall condition and a downward adjustment is applied.

Location

The subject property is located in the smaller Junction City market. All comparables are located in larger and more active markets in the regional area; downward adjustments are applied to all comparables.

Parking Ratio

The subject is improved with a large parking lot providing 507 spaces which provides for a parking ratio of 10.73 for every 1,000 SF of GBA. Most municipalities require ratios of 3.0 to 4.0 for new office construction. The comparables all include lower parking ratios and are upwardly adjusted.

Quality

The subject improvement are considered to be of average overall building quality. Sale #1, #2 and #5 feature superior building qualities and include either pre-cast concrete or brick exteriors. Downward adjustments are applied to these three sales. Sale #3 and #4 include similar building qualities as the subject and no adjustments are required.

Size

Typically, larger properties tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small properties. We have concluded that this typical relationship applies to the subject sales. We have adjusted smaller properties downward and larger properties upward.

Sale Adjustments							
Subject		Sale #1		Sale #2		Sale #3	
Name	Office Building	Former Sprint Office		Multi-Tenant Office		Lakeside Plaza	
Street Address	2031 S Spring Valley Road	3445 S M 291 Hwy		1420 SW Arrowhead Road		250 N Rock Rd	
City	Junction City	Independence		Topeka		Wichita	
Sale Price		\$2,100,000.00		\$2,650,000.00		\$1,241,510.00	
Unit of Comp.	Gross Building Area	Gross Building Area		Gross Building Area		Gross Building Area	
UoC Value	47,252 sf	33,624 sf		42,121 sf		34,584 sf	
Sale Price / UoC		\$62.46		\$62.91		\$35.90	
Transactional Adjustments (calculated cumulatively)							
Property Rights	N/A	Fee Simple		Fee Simple		Leased Fee	
		Similar		Similar		Similar	
Terms/Financing	N/A	\$0.00		\$0.00		\$0.00	
		Similar		Similar		Similar	
Cond. of Sale	N/A	\$0.00		\$0.00		\$0.00	
		Similar		Similar		Similar	
Expend. After Sale	N/A	\$0.00		\$0.00		\$350,000.00	
Adjustment		\$0.00		\$0.00		\$10.12	
Excess Land Val.	N/A	\$0.00		\$0.00		\$0.00	
		Similar		Similar		Similar	
Market Cond.	N/A	Listing		10/18/2024		7/2/2024	
Adjustment		-5.00%	-\$3.12	0.00%	\$0.00	0.00%	\$0.00
Adj. Price per UoC	N/A	\$59.34		\$62.91		\$46.02	
Property Adjustments - Quantitative (not cumulative)							
Basement	None	None		Partial		None	
Adjustment		0.00%	\$0.00	2.50%	\$1.57	0.00%	\$0.00
Condition	Average	Average		Average		Average	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Location	---	Average		Average		Average	
Adjustment		-10.00%	-\$5.93	-10.00%	-\$6.29	-10.00%	-\$4.60
Parking Ratio	10.73	3.27		4.75		3.41	
Adjustment		7.50%	\$4.45	5.00%	\$3.15	7.50%	\$3.45
Quality	Average	Good		Good		Average	
Adjustment		-10.00%	-\$5.93	-10.00%	-\$6.29	0.00%	\$0.00
Size - Improvement , Gross Building Area	47,252 sf	33,624 sf		42,121 sf		34,584 sf	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Total Adjustments							
Gross % Adj's	N/A	31.11%		27.50%		50.61%	
Gross \$ Adj's	N/A	\$19.43		\$17.30		\$18.17	
Net % Adj's	N/A	-16.86%		-12.49%		24.99%	
Net \$ Adj's	N/A	-\$10.53		-\$7.86		\$8.97	
Net Adj Price / UoC	N/A	\$51.93		\$55.05		\$44.87	

Sale Adjustments					
Subject		Sale #4		Sale #5	
Name	Office Building	Portico Chase		Office Building	
Street Address	2031 S Spring Valley Road	4729 S Palisade Ave		6025 Prospect Ave	
City	Junction City	Wichita		Kansas City	
Sale Price		\$2,250,000.00		\$1,900,000.00	
Unit of Comp.	Gross Building Area	Gross Building Area		Gross Building Area	
UoC Value	47,252 sf	74,739 sf		24,964 sf	
Sale Price / UoC		\$30.10		\$76.11	
Transactional Adjustments (calculated cumulatively)					
Property Rights	N/A	Fee Simple		Fee Simple	
		Similar		Similar	
Terms/Financing	N/A	\$0.00		\$0.00	
		Similar		Similar	
Cond. of Sale	N/A	\$0.00		\$0.00	
		Similar		Similar	
Expend. After Sale	N/A	\$2,647,000.00		\$0.00	
Adjustment		\$35.42		\$0.00	
Excess Land Val.	N/A	\$0.00		\$0.00	
		Similar		Similar	
Market Cond.	N/A	3/6/2024		12/28/2022	
Adjustment		0.00%	\$0.00	-10.00%	-\$7.61
Adj. Price per UoC	N/A	\$65.52		\$68.50	
Property Adjustments - Quantitative (not cumulative)					
Basement	None	Partial		None	
Adjustment		2.50%	\$1.64	0.00%	\$0.00
Condition	Average	Good		Average	
Adjustment		-15.00%	-\$9.83	0.00%	\$0.00
Location	---	---		---	
Adjustment		-10.00%	-\$6.55	-10.00%	-\$6.85
Parking Ratio	10.73	5.35		5.05	
Adjustment		5.00%	\$3.28	5.00%	\$3.43
Quality	Average	Average		Good	
Adjustment		0.00%	\$0.00	-10.00%	-\$6.85
Size - Improvement , Gross Building Area	47,252 sf	74,739 sf		24,964 sf	
Adjustment		10.00%	\$6.55	-5.00%	-\$3.43
Total Adjustments					
Gross % Adj's	N/A	210.20%		37.01%	
Gross \$ Adj's	N/A	\$63.27		\$28.17	
Net % Adj's	N/A	101.36%		-28.00%	
Net \$ Adj's	N/A	\$30.51		-\$21.31	
Net Adj Price / UoC	N/A	\$60.61		\$54.80	

Adjusted Price Indications	
Minimum	\$44.87
Maximum	\$60.61
Average	\$53.45
Median	\$54.80
Standard Deviation	5.13

The adjustments are summarized in the above adjustment grid. Following adjustments, no comparable emerges as a low or high end outlier which strengthens our reliance on the assembled dataset. A value call of \$50.00 per square foot is applied herein. A value call falling slightly below the overall adjusted average and median of the adjusted comparables is considered appropriate given the subject's location in a smaller market.

Sales Comparison Value	
Unit of Comparison (UoC)	Gross Building Area
Sales Comparison Value / UoC	\$50.00
Sales Comparison Value	\$2,362,600
Rounded	\$2,360,000

To reach our final opinion of value via the Sales Comparison Approach, the costs necessary to correct the near-term deferred maintenance are deducted. The costs to cure total \$1,285,000; please reference the Reconciliation section for a full discussion.

Description	Indication	Inclusion
Sales Comparison	\$2,360,000	Add
Subtotal	\$2,360,000	
Adjustments to Sale Value		
Adjustment Description	Amount	
Deduct Near Term Deferred Maintenance Costs	-\$1,285,000	
Total Adjustments	-\$1,285,000	
Total Sale Valuation	\$1,075,000	
Rounded	\$1,080,000	

Income Approach

Operating Income

The subject's potential gross income is a function of rental payments under the terms of current and anticipated leases. This can include base rent as well as expense reimbursements and escalations.

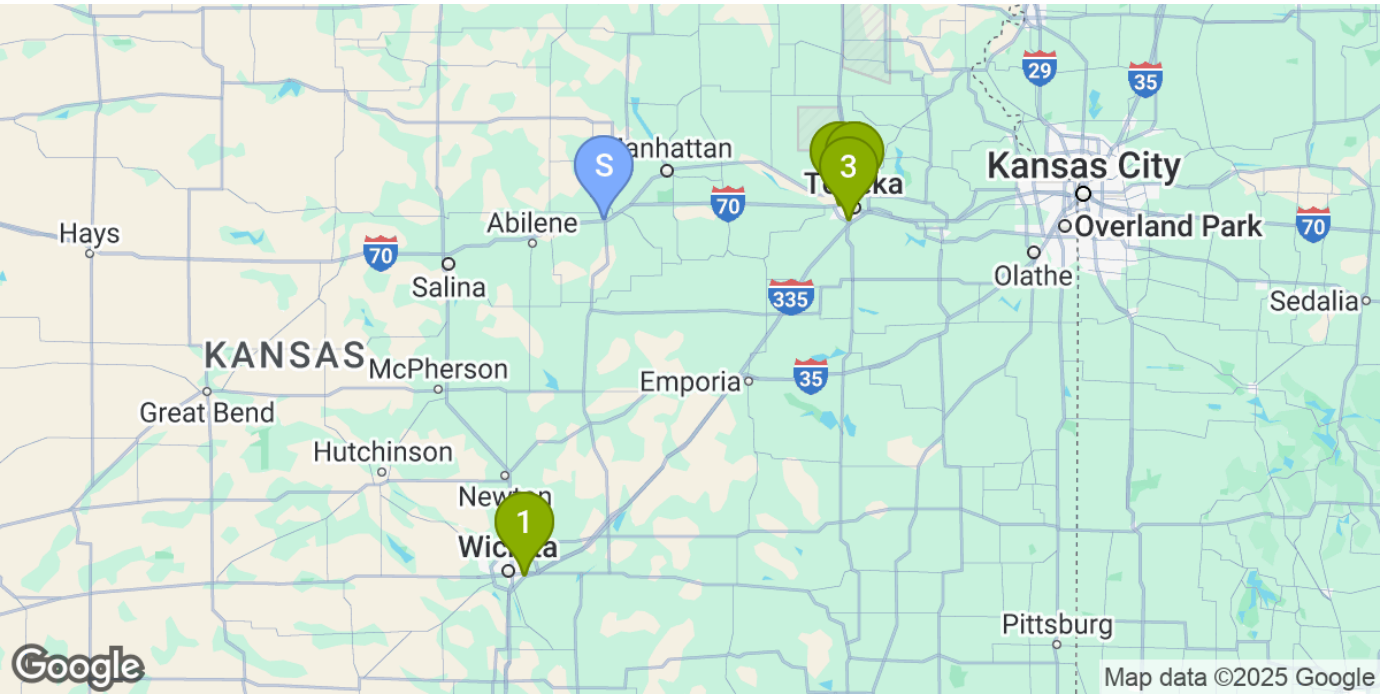
Existing Contract Leases

The current rent roll is shown below. The current tenant does not plan to exercise its next option period which would commence June 1, 2025. As a result, market rent is applied herein for the purposes of our analysis. It bears mention that the current lease rate was negotiated prior to the COVID-19 pandemic at a time when the overall office market was superior to the present day. As will be demonstrated herein, a lower overall market rental rate is appropriate.

Rent Roll							
Lessee	Start Date	Expiration Date	Leased SF	Eff. Rent per SF	LCE Rent per SF	Lease Structure	TI by Lessor
Advanced Call Center Technologies, LLC	06/01/2014	05/31/2025	47,252	\$9.24	\$8.91	NNN	\$0.00
Total			47,252	\$9.24	\$8.91		

Market Rent

In order to determine an opinion of market rent, the appraisers have reviewed both recent leases and current listings. A map of the comparables, as well as a brief summary of the comparable leases, follows. Detailed write-ups of the comparables are located on the following pages.



#	Property Name	Leased SF	Year Built	Lease Start Date	Initial Rent/SF	Eff Rent/SF	LE Rent/SF
1	Former Convergys Call Center	49,568	1989	Listing	\$10.00	\$10.00	\$10.00
2	The New England Building	55,595	1911	02/01/2025	\$11.73	\$11.73	\$11.73
3	Burlingame South Business Center	15,587	1978	12/01/2023	\$8.11	\$8.44	\$8.41
4	Physical Therapy/Sports Medicine Center	17,979	2008	07/01/2022	\$9.51	\$9.52	\$9.52

Rent #1 - Former Convergys Call Center



Property Information

Property Name	Former Convergys Call Center
Property Class	Office
Address	7236 E Harry Court, Wichita, KS 67207
County	Sedgwick
Property Type & Sub-Type	Other Office / ---

Site Information - Commercial Land

SF / Acres	310,147 / 7.1200
Zoning Code	GO, LC

Improvement Information - Office Building

Gross Building Area	49,568
Rentable Area	46,568
Year Built	1989
Construction Quality	Average
Building Condition	Good
# of Stories	1
# of Units	1
Total Parking Spaces	540

Transaction Information

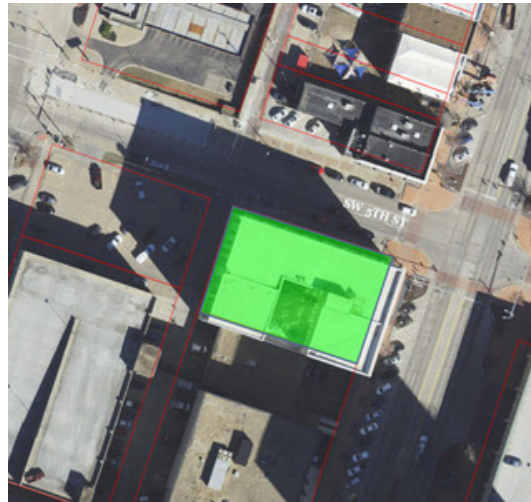
Lessee	Listing
Lessor	Amidon Plaza Re-Dev LLC
Commencement Date	12/16/2024
Lease Status	Listing
Expiration Date	01/16/2025
Effective Annual Rent per SF	\$10.00
Lease Structure	NNN
Lvl Equiv Rent per SF	\$10.00
Leased SF	49,568

Rent Month	Amount/Month
2024-12	\$41,307



R25545 06/15/2021

County Photo



Parcel Map

Property Information

Property Name	The New England Building
Property Class	Office
Address	503 S Kansas Ave, Topeka, KS 66603
County	Shawnee
Property Type & Sub-Type	General Purpose / ---

Site Information - Main Site

SF / Acres	15,820 / 0.3600
Zoning Code	D1
Zoning Description	Downtown District
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer

Improvement Information - Main Building

Gross Building Area	92,198
Rentable Area	86,661
Year Built	1911
Construction Quality	Average
Building Condition	Average
# of Stories	6

Transaction Information		
Lessee	Kansas Dept of Aging and Disability Services	
Lessor	Topeka Office LLC	
Commencement Date	02/01/2025	
Lease Status	Contract	
Expiration Date	01/31/2030	
Effective Annual Rent per SF	\$11.73	
Lease Structure	Modified Gross	
Lvl Equiv Rent per SF	\$11.73	
Leased SF	55,595	
Lease Remarks	Tenant pays electrici, water, gas, heat, telephone, custodial and trash removal. Five year renewal option at \$12/SF/YR	
	Rent Month	Amount/Month
	2025-02	\$54,348

Rent #3 - Burlingame South Business Center



Parcel Map



Property Information

Property Name	Burlingame South Business Center
Property Class	Office
Address	3712 SW Burlingame Road, Topeka, KS 66609
County	Shawnee
Property Type & Sub-Type	Other Office / ---

Site Information - Primary Site

SF / Acres	217,329 / 4.9900
Zoning Code	C2 & C4
Zoning Description	Commercial District
Shape	Irregular
Flood Zone	Out
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Improvement Information - Main Building

Gross Building Area	63,502
Rentable Area	62,057
Year Built	1978
Construction Quality	Average
Building Condition	Good
# of Stories	2
# of Units	9
Total Parking Spaces	260

Transaction Information		
Lessee	Gradient Insurance Brokerage Inc	
Lessor	K1 Realty Investments 03 LLC	
Commencement Date	12/01/2023	
Lease Status	Contract	
Expiration Date	11/30/2028	
Effective Annual Rent per SF	\$8.44	
Lease Structure	NNN	
Lvl Equiv Rent per SF	\$8.41	
Leased SF	15,587	
Lease Remarks	Tenant since 2008. 7th amendment to lease agreement. Base rent plus CAMS. Currently paying \$7.61SF for 20,975 square feet of space until 5/31/2023.	
	Rent Month	Amount/Month
	2023-12	\$10,534
	2024-12	\$10,745
	2025-12	\$10,960
	2026-12	\$11,179
	2027-12	\$11,403

Rent #4 - Physical Therapy/Sports Medicine Center



Parcel Map Aerial

Property Information

Property Name	Physical Therapy/Sports Medicine Center
Property Class	Office
Address	801 SW Fairlawn, Topeka, KS 66606
County	Shawnee
Property Type & Sub-Type	Medical / ---

Site Information - Medical Office

SF / Acres	119,382 / 2.7400
Zoning Code	C-2
Zoning Description	Commercial District
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, Sewer, and Trash

Improvement Information - Medical Office

Gross Building Area	17,979
Rentable Area	17,979
Year Built	2008
Construction Quality	Average
Building Condition	Good
# of Stories	1
# of Units	1
Total Parking Spaces	60

Transaction Information		
Lessee	Topeka Physician Group LLC	
Lessor	Realty Ventures LLC	
Commencement Date	07/01/2022	
Lease Status	Contract	
Expiration Date	06/30/2032	
Effective Annual Rent per SF	\$9.52	
Lease Structure	NNN	
Lvl Equiv Rent per SF	\$9.52	
Leased SF	17,979	
Lease Remarks	Option to extend lease extension for one period of 5 years. Landlord responsible for repair to roof, foundation, and all exterior and structural elements, including HVAC, mechanical, and electrical equipment serving the premise. Tenant pays all other expenses.	
	Rent Month	Amount/Month
	2022-07	\$14,250
	2023-07	\$14,253
	2024-07	\$14,256
	2025-07	\$14,259
	2026-07	\$14,261
	2027-07	\$14,264
	2028-07	\$14,267
	2029-07	\$14,270
	2030-07	\$14,273
	2031-07	\$14,276

Elements of Comparison -- Related to the Transaction

We have evaluated the comparables based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the transaction itself. These include the lease expense structure, concessions, and market conditions.

Expense Structure

Market rent is applied herein. Examining the comparables, the triple net lease structure is the dominant lease type for this property type in this market. As such, our market rent projection is also structured under this lease type. This also is a typical lease type for a single tenant oriented property. The tenant would be responsible for nearly all property expenses under the triple net structure. Comparable #2 is leased under modified gross terms which calls for fewer tenant reimbursements. A downward adjustment is applied for an accurate comparison to the triple net structure. Comparable #1, #3, and #4 are leased under the triple net expense structures and no adjustments are necessary.

Concessions

We are analyzing the comparables based on the effective average rental rate over the lease term. Any concessions built into the lease, such as free rent, are included in the effective rental rate and no adjustments for concessions are required.

Market Conditions

As can be seen, the comparables all commenced relatively. Available market data does not indicate any significant change in lease rates of comparable properties during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical, and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Basement

The subject does not feature a basement and all gross building area is entirely above grade. Comparable #2 and #3 include basements. Lower level/basement space is not as desirable in this market given the limited visibility and accessibility compared to above grade area. Upward adjustments are applied to these two comparables. All other comparables did not include a basement such as the subject and no other adjustments are necessary.

Condition

The subject is in average overall condition. Comparable #1, #3, and #4 are in superior condition and downwardly adjusted. Comparable #2 does not require adjustment.

Location

The subject property is located in the smaller Junction City market. All comparables are located in larger and more active markets in the regional area; downward adjustments are applied to all comparables.

Parking Ratio

The subject is improved with a large parking lot providing 507 spaces which provides for a parking ratio of 10.73 for every 1,000 SF of GBA. Most municipalities require ratios of 3.0 to 4.0 for new office construction. Comparable #1 is a former call center that includes a similar parking ratio to the subject and no adjustment is necessary. The remaining comparables all include lower parking ratios and are upwardly adjusted. Comparable #2 lacks on site parking and a larger adjustment is necessary.

Quality

The subject improvements are considered to be of average overall building quality. Comparable #4 includes an interior build out that includes medical office space which is superior to the subject. A downward adjustment is applied. All other comparables include similar improvement qualities as the subject and are not adjusted.

Size

Typically, larger properties tend to lease for lower rental rates, reflecting an inverse relationship between rate and size. This has to do, in part, with the fact that there is a larger pool of potential tenants for smaller spaces. We have concluded that this typical relationship applies to the subject leases. We have adjusted smaller spaces downward and larger spaces upward.

Rent Adjustments							
Subject		Lease #1		Lease #2		Lease #3	
Name	Office Building	Former Convergys Call Center		The New England Building		Burlingame South Business Center	
Street Address	2031 S Spring Valley Road	7236 E Harry Court		503 S Kansas Ave		3712 SW Burlingame Road	
City	Junction City	Wichita		Topeka		Topeka	
Eff. Annual Rent		\$495,680.04		\$652,179.96		\$131,569.08	
Leased SF	47,252 sf	49,568		55,595		15,587	
Eff. Annual Rent / SF		\$10.00		\$11.73		\$8.44	
Transactional Adjustments (calculated cumulatively)							
Expense Structure	N/A	NNN		Modified Gross		NNN	
Adjustment		\$0.00		-\$3.50		\$0.00	
Concessions	N/A	0		0		0	
		Similar		Similar		Similar	
Market Cond.	N/A	Listing		02/01/2025		12/01/2023	
Adjustment		-10.00%	-\$1.00	0.00%	\$0.00	0.00%	\$0.00
Adj. Price per UoC	N/A	\$9.00		\$8.23		\$8.44	
Property Adjustments - Quantitative (not cumulative)							
Basement	None	None		Full		Partial	
Adjustment		0.00%	\$0.00	5.00%	\$0.41	2.50%	\$0.21
Condition	Average	Good		Average		Good	
Adjustment		-15.00%	-\$1.35	0.00%	\$0.00	-10.00%	-\$0.84
Location	---	---		---		---	
Adjustment		-10.00%	-\$0.90	-10.00%	-\$0.82	-10.00%	-\$0.84
Parking Ratio	10.73	10.89		0.00		4.09	
Adjustment		0.00%	\$0.00	10.00%	\$0.82	7.50%	\$0.63
Quality	Average	Average		Average		Average	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Size	47,252 sf	49,568 sf		55,595 sf		15,587 sf	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	-10.00%	-\$0.84
Total Adjustments							
Gross % Adj's	N/A	32.50%		47.31%		39.81%	
Gross \$ Adj's	N/A	\$3.25		\$5.55		\$3.36	
Net % Adj's	N/A	-32.50%		-26.34%		-19.91%	
Net \$ Adj's	N/A	-\$3.25		-\$3.09		-\$1.68	
Net Adj Price / SF	N/A	\$6.75		\$8.64		\$6.76	

Rent Adjustments				
Subject		Lease #4		
Name	Office Building	Physical Therapy/Sports Medicine Center		
Street Address	2031 S Spring Valley Road	801 SW Fairlawn		
City	Junction City	Topeka		
Eff. Annual Rent		\$171,153.96		
Leased SF	47,252 sf	17,979		
Eff. Annual Rent / SF		\$9.52		
Transactional Adjustments (calculated cumulatively)				
Expense Structure	N/A	NNN		
Adjustment		\$0.00		
Concessions	N/A	0		
		Similar		
Market Cond.	N/A	07/01/2022		
Adjustment		0.00%	\$0.00	
Adj. Price per UoC	N/A	\$9.52		
Property Adjustments - Quantitative (not cumulative)				
Basement	None	None		
Adjustment		0.00%	\$0.00	
Condition	Average	Good		
Adjustment		-15.00%	-\$1.43	
Location	---	Average		
Adjustment		-10.00%	-\$0.95	
Parking Ratio	10.73	3.34		
Adjustment		7.50%	\$0.71	
Quality	Average	Average		
Adjustment		-10.00%	-\$0.95	
Size	47,252 sf	17,979 sf		
Adjustment		10.00%	\$0.95	
Total Adjustments				
Gross % Adj's	N/A	52.42%		
Gross \$ Adj's	N/A	\$4.99		
Net % Adj's	N/A	-17.54%		
Net \$ Adj's	N/A	-\$1.67		
Net Adj Price / SF	N/A	\$7.85		

Adjusted Price Indications	
Minimum	\$6.75
Maximum	\$8.64
Average	\$7.50
Median	\$7.31
Standard Deviation	0.80

The adjustments are summarized in the above adjustment grid. Comparable #1 is an active listing for a former call center such as the subject. Some additional consideration is given to this indicator given the similar property uses. Comparable #2 is a multi-level office building in downtown Topeka. While similar in size, the multi-story nature is significantly different than the subject's one story nature; less weight is given to this comparable. Comparable #3 and #4 are single story structures such as the subject and also given some consideration. Considering the above discussion, a market rent call at \$7.00 per square foot is considered appropriate and well supported.

Market Rent	
Units	47,252
Unit of Comparison (UoC)	Rentable Area
Market Rent / UoC	\$7.00

Based on our analysis on the previous pages, our estimate of rental income for the subject is shown in the table below:

Market					
Description	Units	Unit of Comparison	Projection	Period	Total
Market Rent	47,252	Rentable Area	\$7.00	Annual	\$330,764
				Subtotal	\$330,764
Total Rental Income					\$330,764

Expense Reimbursements

Market rent is applied herein and is based on a net lease structure, with the tenant being responsible for most operating expenses. However, for a single-tenant building such as the subject, the tenant typically pays most expenses directly, and we have not projected estimates for these individual expenses. Accordingly, no expense reimbursements were included in our cash flow forecast.

This following table shows the division of expense responsibilities between the owner and tenants:

	Owner	Tenant
Real Estate Taxes		X
Insurance		X
General/Administrative	X	
Utilities		X
Repairs & Maintenance	X - Structural/Roof	X

Other Income

No significant other income is anticipated for the subject and none was included in the forecast for this analysis.

Estimated Vacancy and Collection Loss

The subject has a current economic occupancy rate of 100%, noting that market rent is applied herein as the current tenant will vacate in several months. We have estimated stabilized vacancy and collection loss for the subject at 15.0% of potential gross income which includes the potential loss due to bad credit and collection problems. An elevated vacancy rate projection is warranted given the subject's larger improvement size and location in a smaller market.

Operating Expenses

As noted above, we apply market rent under a net lease scenario with the tenant paying most expenses directly. A small deduction for management and structural/roof repairs is incorporated in our forthcoming proforma. The management expense incorporates bookkeeping and periodic leasing commissions.

Pro Forma			
	Total	Per SF	% of EGI
Income			
Rental Income	\$330,764	\$7.00	117.65%
Potential Gross Income (PGI)	\$330,764	\$7.00	117.65%
Less Vacancy & Credit Loss	\$49,615	\$1.05	17.65%
Effective Gross Income (EGI)	\$281,149	\$5.95	100.00%
Variable Expenses	\$20,247	\$0.43	7.20%
Management Fees	\$8,434	\$0.18	3.00%
Repairs & Maintenance	\$11,813	\$0.25	4.20%
Total Operating Expenses	\$20,247	\$0.43	7.20%
Net Operating Income	\$260,902	\$5.52	92.80%

Direct Capitalization

In order to capitalize the estimated net operating income into a value estimate for the property, we used direct capitalization. Direct capitalization involves the capitalization of anticipated net operating income for the next year at an overall rate of return. This rate is also commonly referred to as the 'going-in' capitalization rate. There are several methods available to select an overall rate including a band of investment analysis, market surveys, and comparable sales.

CLASS DESCRIPTION

Class A - Relatively new building or older building that still attracts high-quality tenants and upper-tier rental rates.

- Higher quality of construction and finish.
- Prime location in relation to other projects.
- Very well professionally managed and maintained.
- Strong occupancy.
- Typically rents are at the high end of the market.

Class B - Relatively new building of good quality or an older building that is completely renovated and updated.

- Well located with good visibility.
- At or above moderate occupancy levels and rents.
- Well managed and maintained.
- Strong occupancy.
- Considered the "norm" in the marketplace.

Class C - Lesser quality new building or older renovated building in average condition with minimum functional deterioration and obsolescence.

- Mostly in non-prime locations.
- Moderate to average occupancy levels.
- Moderate to average rental rates.
- Normally well-managed building.

Class D - Below average newer or older building reaching the end of its economic life. Lower quality of construction and finish than found in other projects.

- Lower occupancy rates.
- Lower rental rates.
- Often in need of extensive renovation or repair.

- Usually in a non-prime location.
- Quality of management below average.

For analysis purposes, we consider the subject to be a class C property.

Band of Investment

This is a technique that "builds" a capitalization rate by weighting the individual components of a capitalization rate. In this case, we are looking at current mortgage rates, loan-to-value ratios, and anticipated equity dividend rates. The inputs were gathered by reviewing market studies as well as market participant interviews. With differences in each investment class, we have determined an indicated range for each class based on variables in available current financing and market participants' expectations.

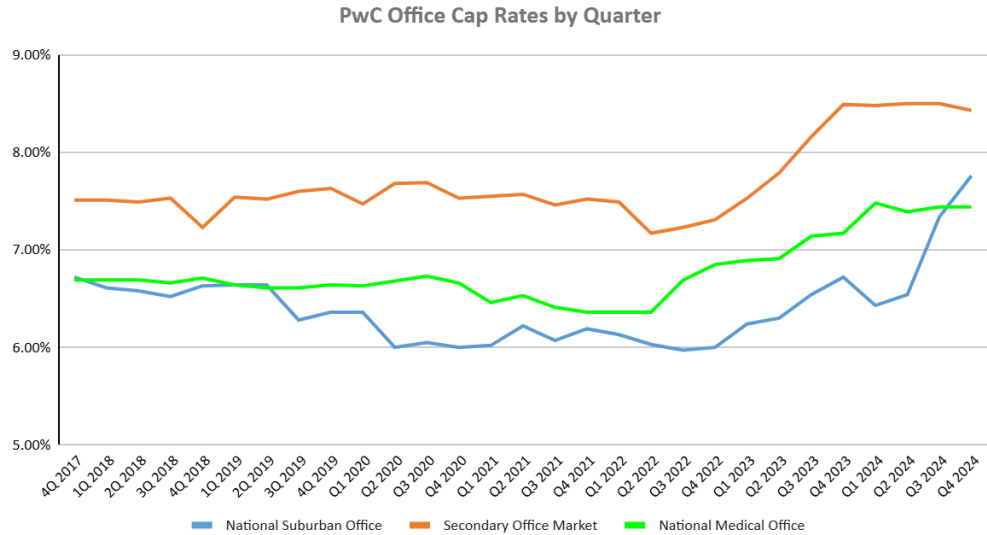
	MORTGAGE RATIO		MORTGAGE INT. RATE		AMORTIZATION PERIOD (YRS)		EQUITY DIVIDEND		OAR	
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
OFFICE <= 20,000 SF										
CLASS A	50%	75%	5.58%	5.88%	20	25	7%	10%	7.2%	9.3%
CLASS B	50%	75%	5.78%	6.08%	20	25	8%	12%	7.7%	10.3%
CLASS C	50%	65%	5.98%	6.38%	15	20	9%	14%	8.7%	12.2%
CLASS D	50%	65%	6.38%	7.38%	15	20	12%	20%	10.0%	15.5%
OFFICE > 20,000 SF										
CLASS A	50%	75%	5.58%	5.88%	20	25	7%	10%	7.2%	9.3%
CLASS B	50%	75%	5.78%	6.08%	20	25	8%	12%	7.7%	10.3%
CLASS C	50%	65%	5.98%	6.38%	15	20	9%	14%	8.7%	12.2%
CLASS D	50%	65%	6.38%	7.38%	15	20	12%	20%	10.0%	15.5%

Market Participant Interviews

We have considered trends from the *PwC Real Estate Investor Survey* as well as the *Realty Rates Investor Survey*. They are summarized below:

4th Quarter 2024 Surveys			
	Low	High	Average
<i>PwC Real Estate Investor Survey</i>			
National CBD Office	5.00%	9.50%	7.23
National Suburban Office	5.00%	9.5	7.76%
National Secondary Office	6.50%	10.25%	8.43%
National Medical Office	5.75%	10.00%	7.44%
<i>Realty Rates Investor Survey</i>			
Central Business District	6.45%	13.50%	9.66%
Suburban Office	5.68%	12.38%	8.86%
Medical Office	6.56%	13.02%	8.44%

The *PwC Real Estate Investor Survey* provides an indication of mostly institutional assets, and is superior to most properties in the region. However, Kansas City is included as a market within the National Secondary Office survey. As additional support to the sales comparables, we have reviewed trends from the *PwC Real Estate Investor Survey*. A chart showing the quarterly change in institutional grade capitalization rates is shown below.



While the subject is located in Junction City, we include below two recent capitalization rate surveys our firm completed for both Sedgwick and Shawnee Counties which provide some insight into regional capitalization rates. The Sedgwick County survey was completed in 2024 while the Shawnee County survey was completed in 2023.

Office - Recommended Market OAR w/o Reserves				
	Class A	Class B	Class C	Class D
20,000 SF or Greater	7.75% - 8.75%	8.25% - 9.25%	9.25% - 10.25%	10.25% - 12.50%
Less Than 20,000 SF	7.50% - 8.25%	8.00% - 9.00%	9.25% - 10.25%	10.50% - 12.50%

Recommended Market OAR w/o Reserves				
	Class A	Class B	Class C	Class D
Less Than 20,000 SF	7.50% - 8.50%	8.00% - 9.00%	9.00% - 10.00%	10.50% - 12.50%
20,000 SF or Greater	7.50% - 8.50%	7.75% - 9.00%	9.00% - 10.25%	10.00% - 12.50%

Both of the above surveys provide a generally similar capitalization rate range for Class C product such as the subject with the Sedgwick County survey indicating a range between 9.25% to 10.25% and the Shawnee County survey indicating a range from 9.0% to 10.0%.

Comparable Sales

Finally, we have considered comparable sales. When adequate data is available, the overall rate is best derived from comparable sales. The capitalization rates from comparable sales are shown in the table on the next page. The comparables range from 8.77% to 11.02% with an average of 9.60%. On a stabilized basis, labeled as appraiser's pro forma, the comparable range from 8.30% to 10.43%.

Placing some upward pressure on our capitalization rate selection is the fact that the subject is very large for the Junction City market and oriented toward a single-tenant/user given the existing interior build-out. As a result, there is likely a limited pool of potential market participants. Additionally, we note the overall softening demand for office space both locally and on a national level. The office sector of commercial real estate has largely not recovered from the COVID-19 pandemic as trends in working environments have shifted from traditional "in office" models to hybrid and remote work. This has lead to downsizing by tenants or vacating spaces entirely. We cite the subject's current tenant as one example of this change in work environment/setup. Considering the above discussion, a capitalization rate selection at 10.25% is applied herein.

Comparable Capitalization Rates									
Name	Year Built	Occupancy	Rentable Area	Sale Date	Analysis Sale Price / RSF	Scenario	OAR Before Reserves	OAR After Reserves	
The New England Building	1911	0.00%	86,661	Listing	\$68.15	Broker's Pro Forma	9.50%	9.50%	
Professional Office Building	1997	0.00%	19,089	Listing	\$104.51	Broker's Pro Forma	8.77%	8.77%	
Office Building	1925	95.00%	23,860	9/3/2024	\$72.09	Actual	9.50%	9.50%	
						Appraiser's Pro Forma	10.03%	10.03%	
Lakeside Plaza	1972	97.34%	34,584	7/2/2024	\$46.02	Actual	11.02%	11.02%	
						Appraiser's Pro Forma	10.43%	10.43%	
Indian Creek Office Park	2002	100.00%	12,000	4/18/2024	\$112.92	Actual	9.22%	9.22%	
						Appraiser's Pro Forma	8.30%	8.30%	
Multi Tenant Office & Vacant Lot	1988	85.00%	17,956	12/27/2023	\$41.77	Appraiser's Pro Forma	10.78%	10.78%	
Direct Capitalization							OAR	Amount	Per Rentable Area SF
Net Operating Income								\$260,902	\$5.52
Capitalized Value							10.25%	\$2,545,385	\$53.87
Low Range							10.25%	\$2,545,385	\$53.87
High Range							10.25%	\$2,545,385	\$53.87
Adjustments to Capitalized Value									
Description							Amount	Per Rentable Area SF	
Deduct Near Term Deferred Maintenance Costs							-\$1,285,000	-\$27.19	
Total Adjustments							-\$1,285,000	-\$27.19	
Indicated Value from Direct Capitalization							\$1,260,385	\$26.67	
Rounded							\$1,260,000		

As shown in the Direct Capitalization table, no adjustments were required to be made to the capitalized value.

Discounted Cash Flow Analysis

Discounted cash flow analysis is the second method of income capitalization often used for income producing properties. It is most commonly used for multi-tenant properties, where both existing leases and market lease terms must be considered or in properties where income is projected to be variable. However, our research indicates that few market participants apply this technique to properties similar to the subject. For this reason, we have not used discounted cash flow analysis in this appraisal report.

Income Approach Conclusions

To reach our final opinion of value via the Income Approach, the costs necessary to correct the near-term deferred maintenance are deducted. The costs to cure total \$1,285,000; please reference the Reconciliation section for a full discussion. The results from the income approach are summarized in the table below:

Direct Capitalization	Discounted Cash Flow	Income Approach
\$1,260,000	N/A	\$1,260,000

Reconciliation

Indicated Values

Description	Indicated Value
Land Value	N/A
Cost Approach	N/A
Sales Comparison Approach	\$1,080,000
Income Approach	\$1,260,000

Final Estimate of Value

Cost Approach

The cost approach is not necessary to produce a credible value opinion and was not applied in this appraisal. The age/condition of the improvements makes accurately estimating accrued depreciation difficult. Therefore, the cost approach to value has been omitted from the scope of work. This omission does not have a material impact on our opinion of market value.

Sales Comparison Approach

The sales comparison approach was developed and includes comparable larger office properties from the regional market. Conveyances of properties as large as the subject do not occur frequently in the immediate market, and as such our analysis includes comparables from a broader market area. The assembled data set represents the most applicable and recent sales of comparable properties. Appropriate adjustments were applied and the resulting value is considered credible and valid.

Income Approach

In the income approach, the net operating income was estimated for the subject property. There are several months remaining on the current lease term and the tenant has advised that they are not pursuing exercising an additional option period that would commence June 1, 2025. As a result, market rent is applied for the purposes of our analysis. Again, office rental comparables from the broader regional area were incorporated given the smaller market the subject is located in, coupled with the larger improvement size. Appropriate adjustments were applied to the comparables to reach a well-founded opinion of market rent. A market extracted capitalization rate was applied to the net operating income to estimate value. The data analyzed was reliable and applicable to the appraisal problem and provides a meaningful conclusion. This type of analysis is most relevant to income-producing properties.

Reconciliation Conclusion

Both the sales comparison and income approaches to value were considered in developing our opinion of market value. Primary consideration is given to the value developed within the Sales Comparison Approach given the fee simple interest appraised herein and as the subject is not encumbered by a long term lease. As noted, the current option period of the current lease will expire in May 2025 with the tenant intending to vacate.

Final Estimate of Value - As Is

In order to determine our final estimate of value for the subject's As Is nature, it is necessary to consider and deduct expected near-term capital expenditures. There are multiple items in need of repair at the subject improvements. The client provided a third-party contractor's report detailing items of deferred maintenance and their estimated costs to correct/repair. A summary of these items are included in the Addenda of this report as well as below:

Item	Suggested Repair Budget	Notes
Asphalt	\$ 520,000.00	
Storm Sewer Extension	\$ 125,000.00	
HVAC Unit Replacement	\$ 500,000.00	\$100,000/unit
Roof Repair	\$ 100,000.00	Full replacement = \$1,250,000
Curb and Concrete	\$ 300,000.00	Likely needed after asphalt demo
Exterior Lighting and Bollards	\$ 230,000.00	Not sure if lights are operational - Budget suggested until further testing
Replace Exterior Stone Cladding	\$ 125,000.00	
Replace EIFS	\$ 100,000.00	
Replace Glass and Glazing	\$ 115,000.00	
Repair LS/Add Irrigation	\$ 175,000.00	
Total Recommended Budget	\$ 2,290,000.00	

Our conversations with the client indicate that not all of the above items are in need of immediate repair and that some could be corrected in the coming years. The client noted that the parking lot asphalt, storm sewer extension, HVAC Unit replacement, curb and concrete, and roof repair are items needing more immediate attention. These costs total \$1,545,000 per the above estimates.

The subject's parking lot provides for approximately 500 parking spaces which accommodated the prior use of the main improvement as a call center. As noted previously, the current tenant does not intend to extend their lease at the end of the term and physically vacated the property several years ago. It is not anticipated that another market user/tenant would utilize the property in its historic capacity and an office use is the more likely use. Thus, the need for approximately 500 parking spaces is not anticipated in the future. The current zoning requirement for the City of Junction City calls for one parking space for each 200 square feet of floor area for offices. With 47,252 square feet of GBA, this equates to a parking requirement of 236.26 spaces, or approximately half of the existing parking spaces. Herein, we incorporate a cost estimate at half of the suggested asphalt expense, or \$260,000. This repair of half of the parking lot is also reasonable as there is the potential for this item to be repaired in several phases over a longer period and not necessarily a full repair in the immediate, near-term. Additionally, as noted previously in both the Sales Comparison and Market Rent adjustments and remarks, the subject's current parking ratio is well above what is typical based on the included comparables for office buildings. Repair/renovation of approximately half of the existing parking lot would still provide an ample parking ratio for office use based on the suggested parking ratios of the market comparables.

Barring the identification of areas of moisture intrusion, the items related to the building's walls including the stone cladding, EIFS, and glass and glazing may not require immediate attention. Our inspection of the subject improvements indicated areas where the stone veneer is damaged/missing as well as window sealant damaged, however, no visual signs of interior water intrusion were observed. Finally, the landscaping/irrigation and exterior lighting and bollards line items are not considered immediately necessary capital expenditures.

The near-term capital expenditures we deduct from our previously developed opinion of value are as follows:

Item	Cost
Asphalt	\$260,000
Storm Sewer Extension	\$125,000
HVAC Unit Replacement	\$500,000
Curb/Concrete	\$300,000
Roof Repair	\$100,000
Total Near Term Cap. Ex. Estimate	\$1,285,000

Deducting the near term capital expenditures necessary to correct deferred maintenance from our previously developed opinion of value of \$2,360,000 equates to a final opinion of value of \$1,075,000 - Rounded to \$1,080,000 or \$22.86 per square foot. Please reference our Extraordinary Assumption noting that should the client provided costs to cure the deferred maintenance differ from the actual costs our opinion of value may be impacted.

For further support of our value call following the repair costs deduction, we present below several supplemental comparable sales and listings. Please note Sale #1 is an active listing while Sale #2-#4 are closed sales. Full details of each comparable is included in the Addenda.

Sale #1	Sale #2	Sale #3	Sale #4
Dark Call Center	Office Building	Portico Chase	Lets Help
2201 Noria Road	2000 Bluffs Dr	4729 S Palisade Ave	2631 SW East Circle Drive
Lawrence	Lawrence	Wichita	Topeka
\$4,750,000.00	\$1,600,000.00	\$2,250,000.00	\$500,000.00
Gross Building Area	Gross Building Area	Gross Building Area	Gross Building Area
105,000 sf	49,194 sf	74,739 sf	24,500 sf
\$45.24	\$32.52	\$30.10	\$20.41

The four comparables suggest unadjusted pricing from \$20.41 per square foot to \$45.24 per square foot. Comparable #1, Sale #2 and #3 are all former call centers from the regional area in superior markets. Less weight is given to Comparable #1 as it is an active listing. Our conversation with the listing agent indicates there isn't a set list price, rather pricing guidance in the \$4,500,000 to \$5,000,000 range was provided. Most notably, there has been no real interest shown by the market since listing the property, a sale in this suggested price range is unlikely and a lower sale price would be anticipated. Sale #2 and #3 are very supportive of the final opinion of value for the subject when the superior locations of each is considered. We note Sale #3 was included in our primary Sales Comparison Approach dataset with the renovation costs incorporated. This supplemental sale is the sale of the property in inferior condition and more similar to the subject's current condition. Sale #4 is in a superior market, however, the improvement was in inferior condition with portions being in shell condition.

Considering the supplemental comparables, our final opinion of value at \$1,080,000 that incorporates the costs to cure the near-term deferred maintenance is considered reasonable and well supported.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 18-24 months, respectively, is considered reasonable and appropriate for the subject property assuming aggressive professional marketing.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Fee Simple	02/04/2025	\$1,080,000

Addenda

Appraiser Qualifications

Brian A. Klahr, MAI

bklahr@kellercraig.com

Work Experience

Keller, Craig & Associates, Lawrence/Topeka, Kansas

Director, Lawrence/Topeka Market

January 2016 to present

Martens Appraisal

Fee Appraiser

October 1993 – December 2015

Geographic Experience

Appraisal experience throughout the Midwest United States; including Kansas, Missouri and Oklahoma.

Property Types Appraised

Experienced in appraising a wide variety of commercial properties; including office, retail, restaurants, lodging facilities, multi-family, churches/religious facilities, agricultural and development land, etc.

Specializing in hotel/motel properties and industrial properties, including manufacturing and warehousing; particularly large facilities located in smaller, rural communities.

Organizations & Licenses

Member Appraisal Institute, Member Number 12535

Currently certified under the Appraisal Institute Continuing Education Program.

Certified General Real Property Appraiser - Kansas (No. G-1308)

Certified General Real Property Appraiser - Missouri (No. 2003025245)

Education

Bachelor of Business Administration, B.B.A.

Wichita State University - December 1993

Representative Clients

Clients include local and national lenders, attorneys, and various government entities. Have also done portfolio appraisals for estate purposes, investment analyses for holdings of individuals and corporations, condemnation appraisal, and work for litigation proceedings. A list of clients is available upon request.



SAMUEL T. STRATTON

sstratton@kellercraig.com

Primary Real Estate Business Experience

Keller, Craig & Associates, Lawrence, Kansas

Senior Appraiser

September 2019 - Present

The McEnery Company, New Orleans, Louisiana

Staff Appraiser

December 2014 - July 2019

The McEnery Company, New Orleans, Louisiana

Research Analyst

August 2013 - December 2014

Real Estate Education

15 Hour National USPAP Course - 2014

Basic Appraisal Principles - 2014

Basic Appraisal Procedures - 2014

Introduction to Green Buildings: Principles & Concepts - 2015

Business Practices and Ethics - 2015

Report Writing and Case Studies - 2015

Real Estate Finance, Statistics and Valuation Modeling - 2016

General Appraiser Sales Comparison Approach - 2016

General Appraiser Site Valuation and Cost Approach - 2017

General Appraiser Income Approach Part 1 - 2020

Residential Sales Comparison and Income Approaches - 2021

General Appraiser Market Analysis and Highest and Best Use - 2022

General Appraiser Income Approach Part 2 - 2022

Education

University of Kansas - Bachelor of Science - Journalism

Texas Christian University - Master of Environmental Management

Organizations/Licenses

Certified General Real Property Appraiser, Kansas (G-5075)





11101 Switzer Road | Suite 310
Overland Park, KS 66210

Junction City PEMB Site Visits Report
January 20, 2025
Client: Highlands Enterprises, LLC

SUMMARY

The conditions of the site and building exterior of the building located at 2031 South Spring Valley Road in Junction City, KS were reviewed by Brinkmann Constructors. Observations and recommendations below are a result of multiple site visits. Total recommended budget for site and building exterior repair costs expected is summarized in the table below. Reference balance of report for additional details and pictures.

Item	Suggested Repair Budget	Notes
Asphalt	\$ 520,000.00	
Storm Sewer Extension	\$ 125,000.00	
HVAC Unit Replacement	\$ 500,000.00	\$100,000/unit
Roof Repair	\$ 100,000.00	Full replacement = \$1,250,000
Curb and Concrete	\$ 300,000.00	Likely needed after asphalt demo
Exterior Lighting and Bollards	\$ 230,000.00	Not sure if lights are operational - Budget suggested until further testing
Replace Exterior Stone Cladding	\$ 125,000.00	
Replace EIFS	\$ 100,000.00	
Replace Glass and Glazing	\$ 115,000.00	
Repair LS/Add Irrigation	\$ 175,000.00	
Total Recommended Budget	\$ 2,290,000.00	

Glossary

Unless otherwise noted, the following definitions are taken from The Dictionary of Real Estate Appraisal, Seventh Edition, published by the Appraisal Institute in 2022.

Appraisal

The act or process of developing an opinion of value; an opinion of value. (p. 9)

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. (p. 51)

Effective Date

The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (p. 60)

Exposure Time

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

Extraordinary Assumption

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

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (p. 73)

Furniture, Fixtures and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (p. 80)

Gross Living Area (GLA)

The total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (p. 86)

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reahistoric district 89 sonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (p. 88)

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. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS) (p. 99)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (p. 128)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (p. 105)

Liquidation Value

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

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.

8. Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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

This definition can also be modified to provide for valuation with specified financing terms. (p. 109)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs). (p.116-117)

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) (p. 116)

Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (p. 118)

Neighborhood

1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. 2. A developed residential superpad within a master planned community usually having a distinguishing name and entrance. 3. A geographic area around a property that influences that property, i.e., its environment. (p. 130)

Personal Inspection

A physical observation performed to assist in identifying relevant property characteristics in a valuation service. Comment: An appraiser's inspection is typically limited to those things readily observable without the use of special testing or equipment. Appraisals of some types of property, such as gems and jewelry, may require the use of specialized equipment. An inspection by an appraiser is not the equivalent of an inspection by an inspection professional (e.g., a structural engineer, home inspector, or art conservator). (USPAP)

Replacement Cost

Estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (p. 163)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (p. 163)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. 150 prospectus Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (p. 149-150)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (p. 166)

Use Value

The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use. (p. 199)



Keller, Craig & Associates

Signature requested on January 29, 2025

Engagement Letter

Business: Keller, Craig & Associates Recipient: Chris Williams
billing@kellercraig.com 66202-4176
6701 W 64th St Ste 310, Mission, KS, chris@highlandskc.com

This contract is between Keller, Craig & Associates (the "Business") and Chris Williams (the "Client") dated 01/29/2025.

Terms

Client:

Highlands Enterprises, LLC

Subject Property

Address: 2031 S Spring Valley Road, Junction City, KS

Parcel #: 031-115-15-0-00-00-010.08-0

Property Type

Office Building

Interest to be Valued:

Fee Simple

Intended Use:

To assist Client in estimating the market value of the subject property for internal decision making purposes.

Intended User(s):

The client is the intended user of this report. Appraiser's identification of the intended user(s) of the appraisal is to determine the type and extent of research, analysis and reporting appropriate for the assignment. It is specifically not an acknowledgement or granting of permission by the Appraiser that such parties will or may rely on the appraisal.

Type of Value:

"As is" market value. The definition of the type of value will be stated in the report.

Date of Value:

Date of Appraiser's inspection, specific date to be stated in the report.

Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.

Anticipated Scope of Work:

Appraiser's anticipated scope of work for developing the appraisal will include: an inspection of the subject property and development of all relevant approaches to value.

Report Option and Format:

Narrative written report

Delivery Date:

February 14, 2025. Appraiser will use Appraiser's best efforts to deliver the appraisal report no later than such date. Appraiser's delivery of the report is contingent on Appraiser's timely receipt of information and documentation from Client and other parties. In the event of a delay beyond that date, Appraiser will inform Client promptly as soon as reasonably practicable.

Appraiser's Interest In Subject Property or in Client or Other Involved Parties: Appraiser has no knowledge of any current or prospective interest of the Appraiser in the subject property or in Client or other parties involved in the transaction to which this appraisal relates.

Prior Services Regarding Subject Property (USPAP Disclosure):

Appraiser has appraised the subject property within the three year period immediately preceding the date of this Agreement.

Fee:

\$4,000

Payment Terms:

The full fee is due in advance of any work commencing.

Signatures

This contract may be signed electronically or in hard copy. If signed in hard copy, it must be returned to the Business for valid record. Electronic signatures count as original for all purposes.

By typing their names as signatures below, both parties agree to the terms and provisions of this agreement.

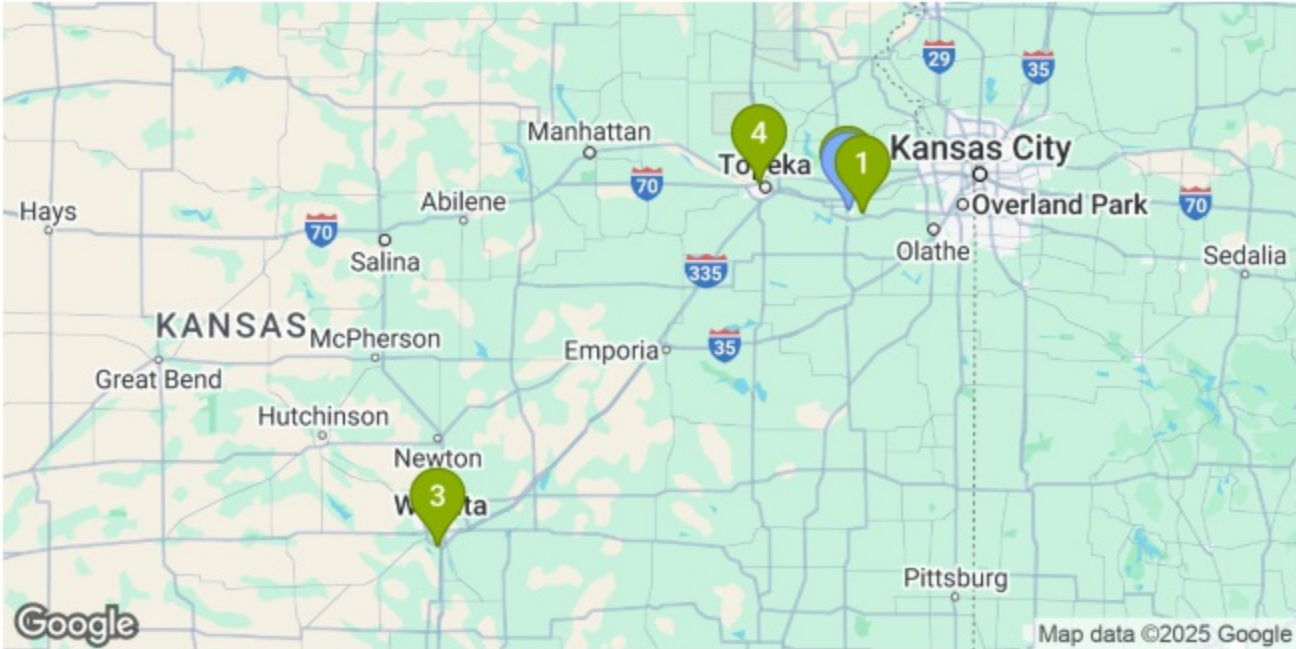
Business signature

Owner name Matt Speer, MAI
Owner signature <i>Matt Speer, MAI</i>
Business date signed 01/29/2025

Recipient signature

Recipient name Rich Gregory
Recipient signature
Recipient date signed 1-29-25

Comps



#	Property Name	Sale Date	Year Built	GBA SF	RA SF	Units	Sale Price	Sale Price / Unit	Sale Price / SF	Analysis Sale Price	Analysis SP / SF
1	Dark Call Center	Listing	2000	105,000	105,000	1	\$4,750,000	\$4,750,000	\$45.24	\$4,750,000	\$45.24
2	Office Building	12/23/2024	1987	49,194	49,194	0	\$1,600,000	\$---	\$32.52	\$1,600,000	\$32.52
3	Portico Chase	3/6/2024	1992	74,739	72,199	2	\$2,250,000	\$1,125,000	\$30.10	\$4,897,000	\$65.52
4	Lets Help	11/18/2022	1964	24,500	24,500	1	\$500,000	\$500,000	\$20.41	\$500,000	\$20.41

Sale #1 - Dark Call Center



Property Information

Property Name	Dark Call Center
Property Class	Office
Address	2201 Noria Road, Lawrence, KS 66046
County	Douglas
Property Type & Sub-Type	Other Office / ---

Site Information - NCS Pearson Complex

SF / Acres	523,266 / 12.0125
Zoning Code	M-2
Zoning Description	General Industrial
Shape	Rectangular
Topography	Basically Level

Improvement Information - Main Building

Gross Building Area	105,000
Rentable Area	105,000
Year Built	2000
Construction Quality	Average
Building Condition	Average
# of Stories	1
# of Units	1
Total Parking Spaces	1,150

Transaction Information	
Sale Status	Listing
Sale Date	02/01/2025
Seller	Orion Lawrence KS 2, LLC
Buyer	N/A - Active Listing
Sale Price	\$4,750,000
Analysis Sale Price	\$4,750,000
Sale Price per SF GBA	\$45.24
Analysis Sale Price per SF GBA	\$45.24
Sale Confirmed By	Sam Stratton
Sale Confirmed With	Listing Agent Ben Whetstone - CBRE
Sale Remarks	The property is a dark call center that has been vacant for several years. The property was listed in 2023 without a set list price. The listing agent noted that the sellers are motivated and he speculated that pricing between \$4,500,000 and \$5,000,000 would be acceptable. We have utilized a price of \$4,750,000 for the purposes of this write up. The property also is offered for lease with past marketing information indicating an asking lease rate of \$8.00 psf NNN, however the listing agent said the owners would prefer to sell rather than lease. Per the listing agent there has been minimal interest shown for either sale or lease since bringing the property to market.



Parcel Map

Property Information

Property Name	Office Building
Property Class	Office
Address	2000 Bluffs Dr, Lawrence, KS 66044
County	Douglas
Property Type & Sub-Type	General Purpose / ---

Site Information - Main Site

SF / Acres	257,004 / 5.9000
Zoning Code	RSO
Zoning Description	Single-Dwelling Residential - Office District
Shape	Irregular
Flood Zone	X
Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Improvement Information - Main Building

Gross Building Area	49,194
Rentable Area	49,194
Year Built	1987
Construction Quality	Average
Building Condition	Average
# of Stories	2

Transaction Information	
Sale Status	Closed
Sale Date	12/23/2024
Seller	DST Realty Masskan LLC
Buyer	Bluffs 2000 LLC
Sale Price	\$1,600,000
Analysis Sale Price	\$1,600,000
Sale Price per SF GBA	\$32.52
Analysis Sale Price per SF GBA	\$32.52
Sale Confirmed By	Sam Stratton
Sale Confirmed With	Member of Purchasing Party John Salvino; Local Media
Sale Remarks	This was an openly marketed, arm's length transaction. The property had been vacant and on the market for multiple years with a list price as high as \$5,900,000. In mid-2024 the property was considered by the City of Lawrence for purchase and conversion to a new city hall, however those plans did not materialize. Following the abandonment of the city hall plan the eventual purchaser submitted an offer with a quick close date that was accepted. The purchaser is a group of local investors. A member of the purchasing party Mr. John Salvino noted that there was no significant deferred maintenance to the improvements and that there were inspections completed prior to sale. Mr. Salvino noted that their plans for the property include the development of a new multi-family related building on one of the existing parking lots and a renovation of the existing building toward continued office use, however likely with multiple new smaller suites built-out.

Sale #3 - Portico Chase



Parcel Map Aerial



Property Information

Property Name	Portico Chase
Property Class	Office
Address	4729 S Palisade Ave, Wichita, KS 67217
County	Sedgwick
Property Type & Sub-Type	General Purpose / ---

Site Information - Main Site

SF / Acres	317,709 / 7.2936
Zoning Code	LI
Zoning Description	Limited Industrial District
Shape	Rectangular
Flood Zone	X; X500 or B
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, Trash, and Water

Improvement Information - Main Building

Gross Building Area	74,739
Rentable Area	72,199
Year Built	1992
Construction Quality	Average
Building Condition	Good
# of Stories	2
# of Units	2
Total Parking Spaces	400

Transaction Information	
Sale Status	Closed
Sale Date	03/06/2024
Seller	Royal Caribbean Cruises Ltd
Buyer	Lange Gen Y LLC
Sale Price	\$2,250,000
Analysis Sale Price	\$4,897,000
Sale Price per SF GBA	\$30.10
Analysis Sale Price per SF GBA	\$65.52
Sale Confirmed By	Denton Keller
Sale Confirmed With	Owner & SVQ
Sale Remarks	Per the buyer, the subject was not listed on the open market. An appraisal completed near the time of purchase indicates the sales price to be reflective of market. The buyer sent multiple offers over the years to purchase the property. The seller eventually agreed as their employees have transitioned to remote work environments. The property consists of a 74,739 SF office building. Historically the building was owner-occupied as a call center by Royal Caribbean cruises. The purchaser plans to renovate and occupy 22,730 SF on the second level. The proposed renovation budget is \$2,647,000. As part of this budget, the buyer will renovate some of the basement space (gym, conference room, and hallway), and additional common area space on the main level. We have not included the basement (10,725 SF) and the generator building (2,476 SF) in the gross building area or rentable area calls. The owner plans on leasing the remaining 49,469 SF.



Parcel Map



Property Information	
Property Name	Lets Help
Property Class	Office
Address	2631 SW East Circle Drive, Topeka, KS 66606
County	Shawnee
Property Type & Sub-Type	Other Office / ---
Site Information - Primary Site	
SF / Acres	177,093 / 4.0700
Zoning Code	PUD
Zoning Description	Planned Unit Development with R1, M2, OI3 and I1 use groups.
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, and Water
Improvement Information - Main Building	
Gross Building Area	24,500
Rentable Area	24,500
Year Built	1964
Construction Quality	Low Cost
Building Condition	Fair
# of Stories	1
# of Units	1

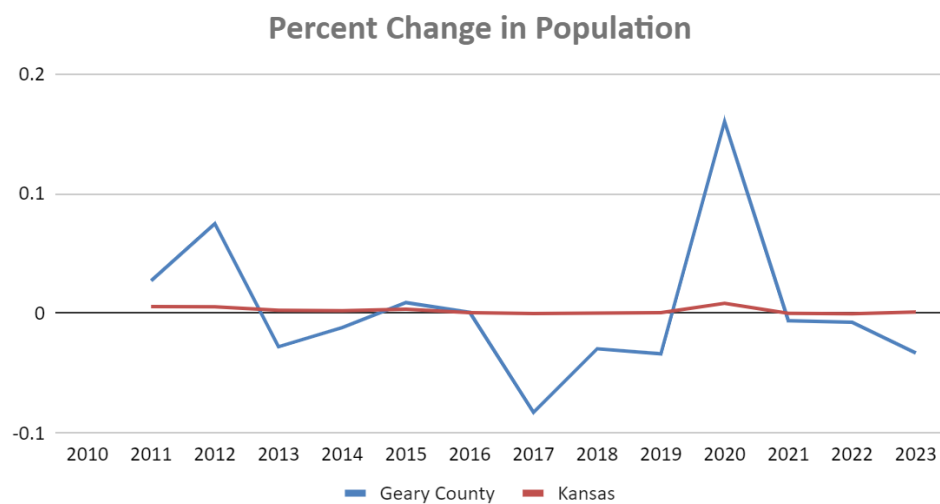
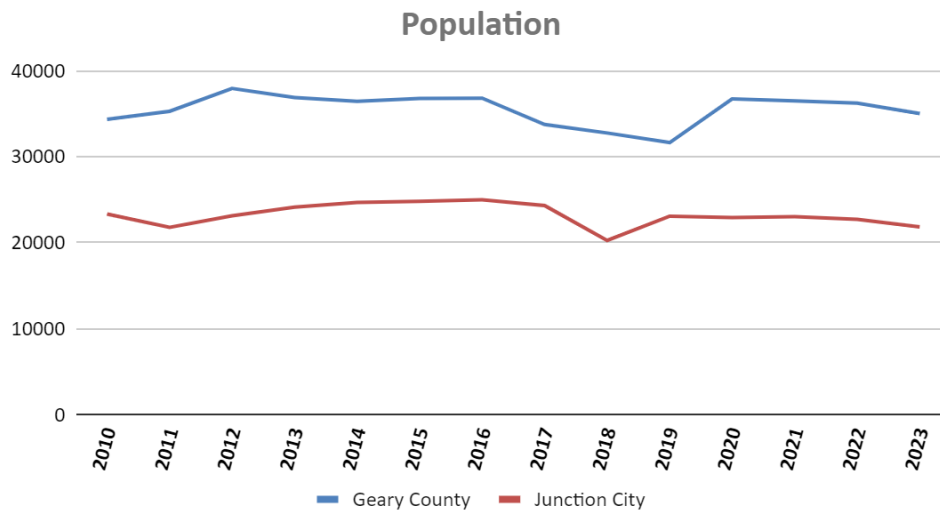
Transaction Information	
Sale Status	Closed
Sale Date	11/18/2022
Seller	Midland Care Connection Inc
Buyer	Let's Help Inc
Sale Price	\$500,000
Analysis Sale Price	\$500,000
Sale Price per SF GBA	\$20.41
Analysis Sale Price per SF GBA	\$20.41
Sale Confirmed By	Michaelson
Sale Confirmed With	COV, County Appraiser's office, and Mike Morse of KS Commercial
Sale History	Confirmed by Mike Morse on Ks Commercial to LA Michaelson on 5/1/2023.
Sale Remarks	The property was listed on the open market. Vacant at time of sale. Building was shell at sale. The property had been gutted and abated per agent.

Area Data

Area Defined

Junction City is the county seat and most populous city in Geary County. Junction City is part of the Manhattan-Junction City, KS Combined Statistical Area (which includes Pott County, Geary County, and Riley County). Geary County is a central-eastern county of Kansas. US-70 and KS-57 run through the center of Junction City. The closest major city is Manhattan.

Demographics



The estimated 2023 population for Junction City was 35,047, which makes up 62% of Geary County's population of 56,470 residents. Since 2010 the Junction City population has seen a 0.27% average annual decrease.

Education

Geary County USD 475 is the only school district to cover the entire county and includes 15 elementary schools, two middle schools, one high school and two miscellaneous schools. Junction City is the location of seven elementary schools, one middle school, and the high school. The following are higher education schools located near Junction City:

Cloud County Community College, Junction City, KS 0 mi

Barton County Community College, Fort Riley, KS 4.2 mi

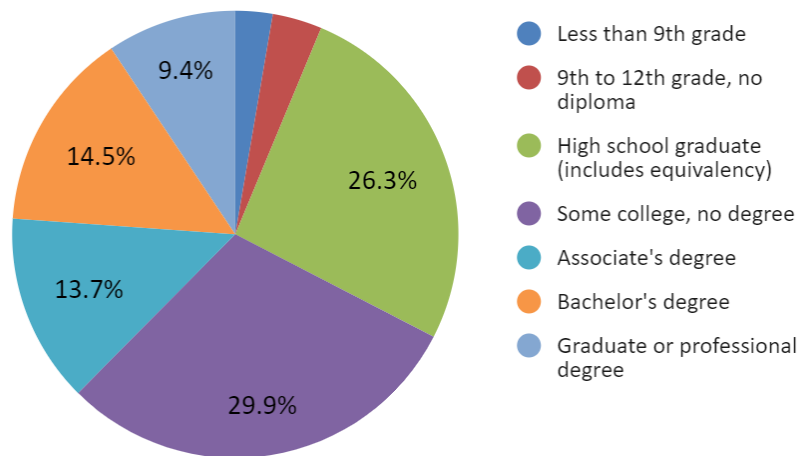
University of Kansas, Lawrence, KS 91 mi

Washburn University, Topeka, KS 64 mi

Kansas State University, Manhattan, KS 19 mi

High School degree or equivalent attainment is slightly higher on average in Geary County than state and national levels with 93.7% of residents completing high school or the equivalency compared to 92.1% in Kansas. Many fewer residents complete a bachelor's degree or higher (23.8%) compared to the state and national averages of 35%.

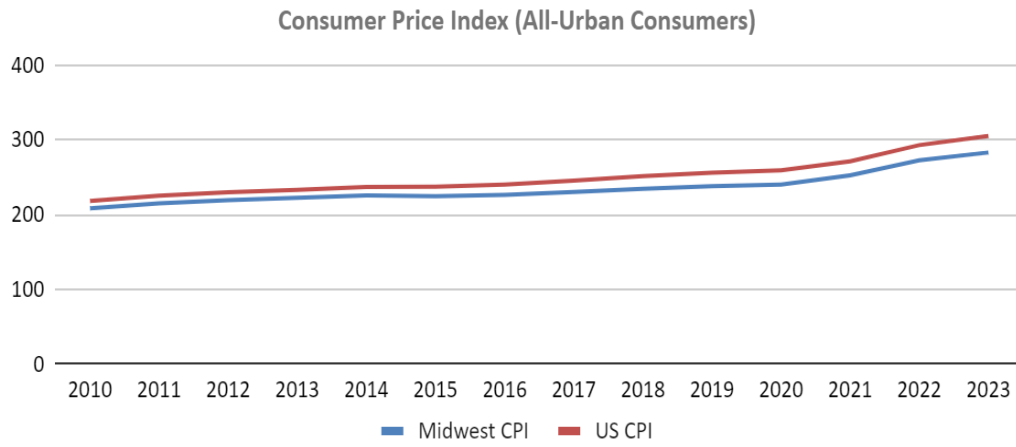
Educational Attainment



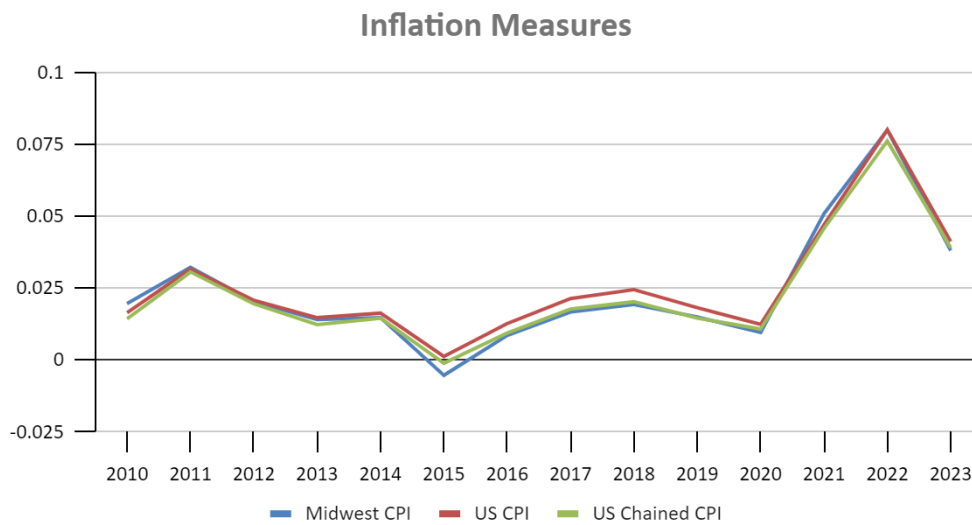
Source: American Community Survey

Income and Expenses

The Bureau of Labor Statistics encourages the use of large, regional metropolitan area CPI data over smaller metropolitan statistical area data. These larger areas are more accurately measured and less susceptible to large measurement swings caused by anomalous price fluctuations. In 2009, the nation and the Midwest area experienced slight deflation for the first time in decades, with the Midwest experiencing deflation of -0.64% and the nation at -0.36%. In early 2020, the Coronavirus (COVID-19) was declared a pandemic, with a national state of emergency in place. The pandemic created substantial turmoil in various financial markets. Beginning in 2021, the US began to experience the highest levels of inflation in nearly four decades. The Midwest has had an average inflation rate of 2.38% since 2010 compared with 2.55% for the nation for the same period.



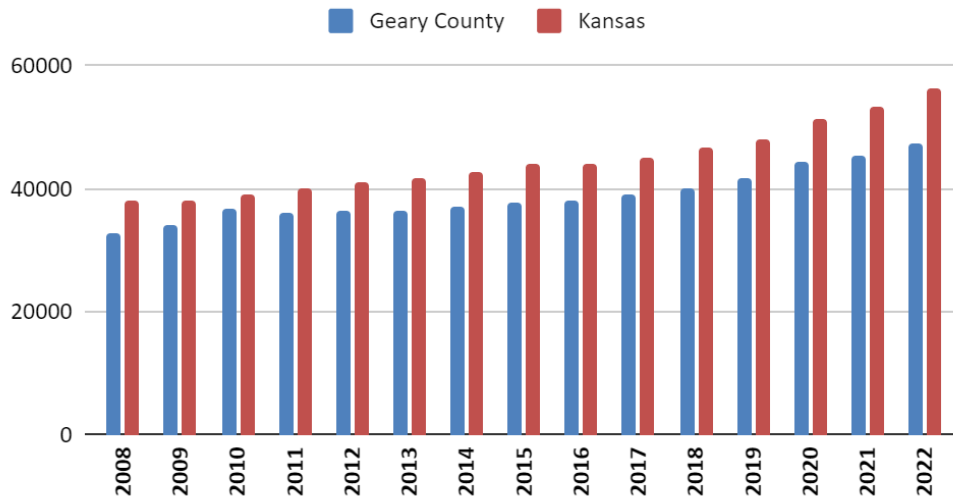
Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

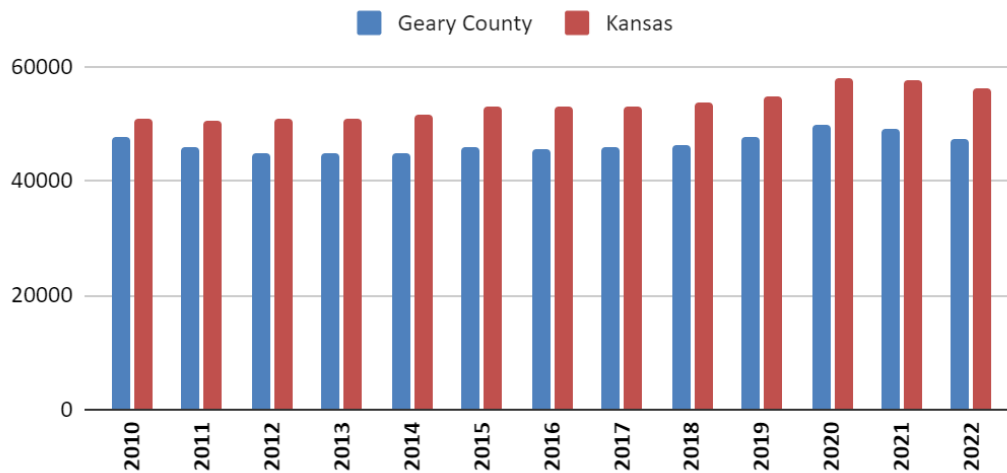
The nominal annual income in Geary County was \$47,264 in 2022. Residents of Geary County make 16% less per year than the average residents of the state. Since 2010 the real annual income has increased by an average of 1.06% annually, compared to 0.85% for the state of Kansas.

Nominal Annual Income



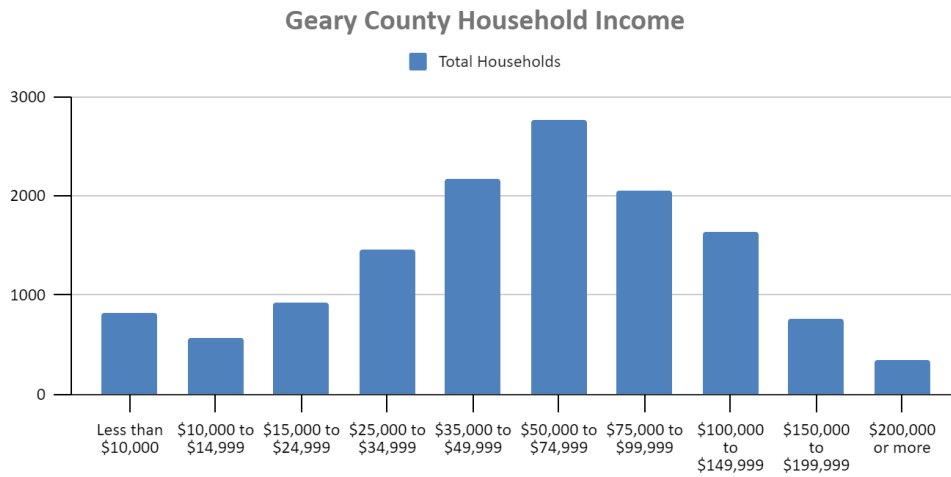
Source: Bureau of Labor Statistics

Real Annual Income



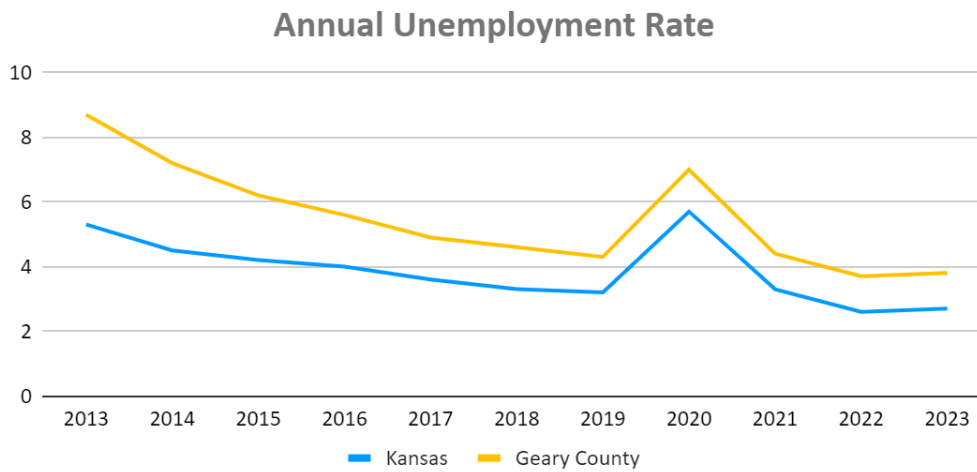
Source: Bureau of Labor Statistics, calculations made by Keller, Craig and Associates

The household income distribution for Geary is shown below, with 44% of households earning less than \$50,000 a year. The mean household income in 2022 was \$68,466 for Geary County and \$93,221 for Kansas.



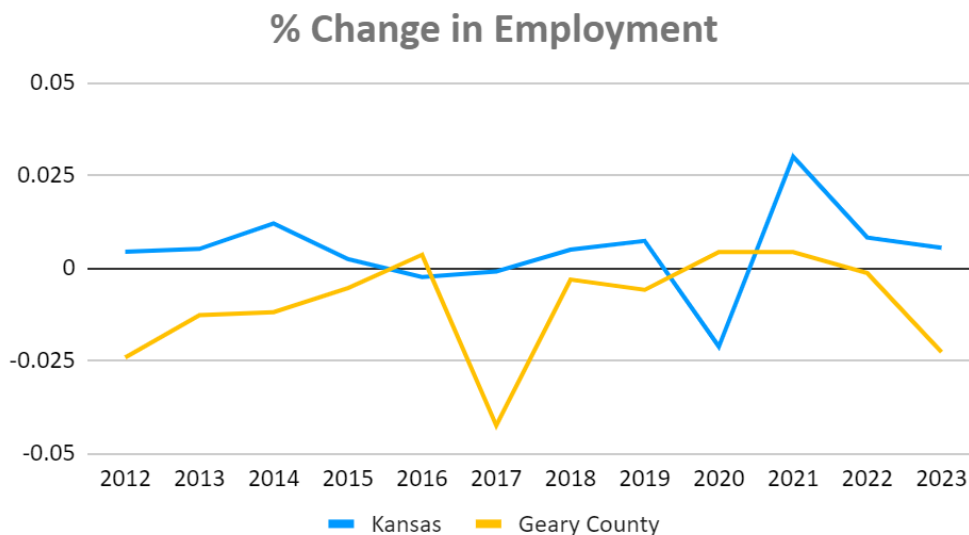
Source: American Community Survey

Employment and Industry



Source: Bureau of Labor Statistics

Unemployment in Geary County has trended higher than in Kansas in recent years. Unemployment in 2020 increased due to the global Coronavirus (COVID-19) pandemic but has since declined. Job growth can be seen in the table below.



Source: Bureau of Labor Statistics

The educational services and healthcare/social assistance industry are the largest industries in Geary County. The second and third largest industries in Geary County are the retail trade and public administration.

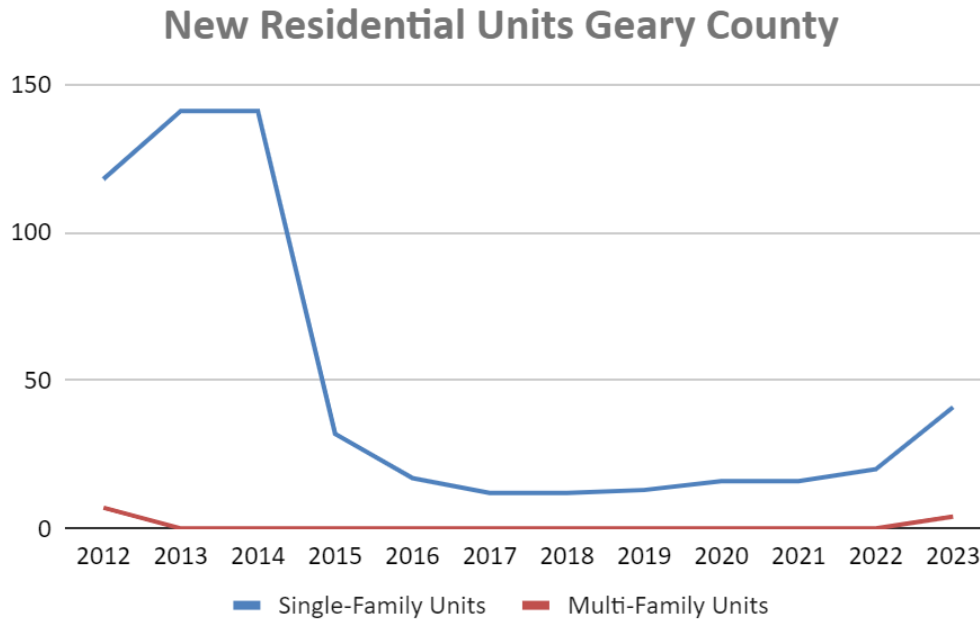
Geary County

Industry	Employed	% Employed
Agriculture, forestry, fishing and hunting, and mining	128	1.0%
Construction	875	6.6%
Manufacturing	1,023	7.7%
Wholesale trade	351	2.7%
Retail trade	2,024	15.3%
Transportation and warehousing, and utilities	573	4.3%
Information	161	1.2%
Finance and insurance, and real estate and rental and leasing	657	5.0%
Professional, scientific, and management, and administrative and waste management services	936	7.1%
Educational services, and health care and social assistance	3,104	23.5%
Arts, entertainment, and recreation, and accommodation and food services	1,258	9.5%
Other services, except public administration	722	5.5%
Public administration	1,417	10.7%
Total Employed	13,229	100.0%

Source: American Community Survey

Residential Market

The U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R) supports the Department's efforts to help create cohesive, economically healthy communities. PD&R is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. The Office provides reliable and objective data and analysis to help inform policy decisions. Building permit data from HUD can be seen below.

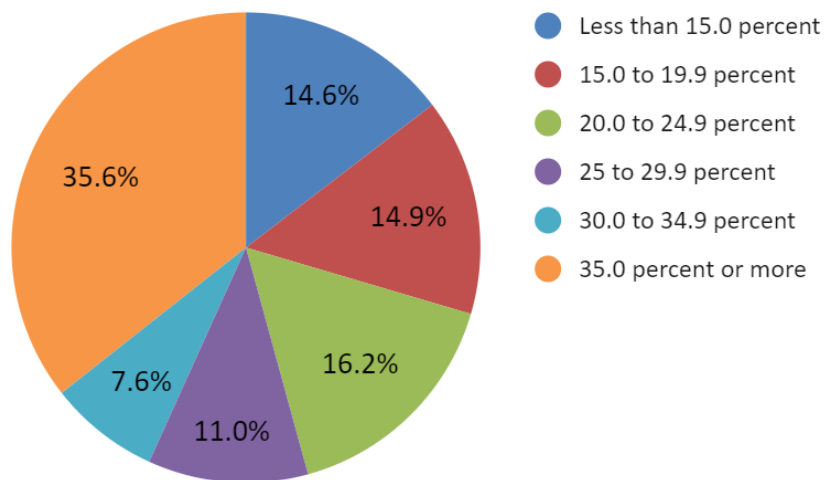


Source: HUD's Office of Policy Development and Research

Demand for residential building permits in Geary County has declined since 2015, with an annual average of 17 permits since 2015. Multifamily construction has been nonexistent for the last decade.

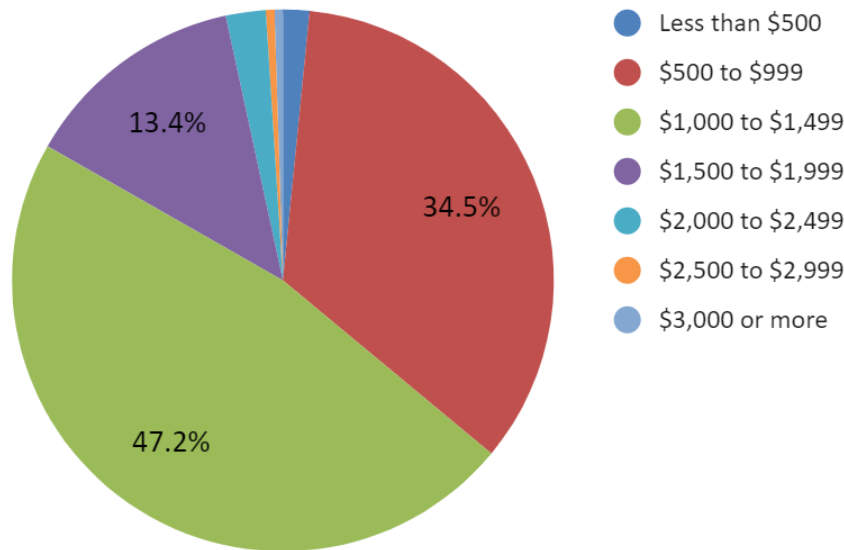
The median gross rent for Geary County in 2022 was \$1,132. The median gross rent for Kansas is \$975. The majority (52%) of households in Geary County pay \$1,000 to \$1,500 gross monthly rent. There are 64.4% of renters allocated 35 percent or more of their income toward rent.

Gross Rent as a percentage of Household Income



Source: American Community Survey

Gross Monthly Rent



Source: American Community Survey

Cultural Attractions

Junction City is the home of the Kansas Vietnam Memorial, which lists the names of 797 Kansans who were either killed or still listed as Missing in Action from the Vietnam War. Junction City also boasts the Buffalo Soldier Memorial, Desert Storm Memorial, Geary County Historical Museum and a completed historical downtown development. The Episcopal Church in Junction City was built in 1859 and is the oldest Episcopal Church in continuous use in Kansas. The Historic Opera House opened in January 1882. The stately red brick structure with a tall four faced clock tower was a bustling site for community gatherings. In January 1898, almost 16 years to the day after it opened its doors, the Opera House was destroyed by a fire. In 1982 the theatre closed its doors and is now being restored.

Known as the fishing capital of Kansas, Milford Lake is located just five minutes from I-70. It offers outdoor activities including fishing, boating, hiking, exploring, and camping. Just below the Milford Lake Dam is the Milford Lake Fish Hatchery and Nature Center, the outlet fishing area, and a large swimming area with numerous picnic areas. The Milford Nature Center features aquatic and terrestrial exhibits, live animal displays, nature trails, and one of the world's largest antique fishing lure collections.

Conclusion

In early 2020, the Coronavirus (COVID-19) was declared a pandemic, with a national state of emergency in place. The pandemic created substantial turmoil in various financial markets. The impact of this has varied over the region and by property type, but the majority of markets have fully recovered from COVID-19-related issues. However, increasing inflation in 2022 and 2023 added to economic pressures. Per JP Morgan's 2024 Market Outlook, "As we approach 2024, we expect both inflation data and economic demand to soften, as the tailwinds for growth and risk markets are fading."



Updated September 4, 2024

Re: Purchase Offer –
2031 S. Spring Valley Road
Junction City, KS 66441

Dear City of Junction City Kansas:

I am pleased to make the following proposal for the property as referenced above. The terms of the proposed contract are as follows:

PROPERTY: 47,252 SF Single Story Office Building
2031 S. Spring Valley Road, Junction City, KS 66441
Approx. 12.76 Acres with a single story building of 47,252 SF. The property is located within Junction City, KS.

SELLER: Junction City Kansas or legal ownership entity

BUYER: Highlands Enterprises, LLC or assigns

PURCHASE PRICE: An offer of \$3,750,000, cash at closing.

PROPERTY DESCRIPTION: A 47,252 SF Office Building in Junction City, KS. Exact legal descriptions shall be determined by a survey prepared by a bonded, licensed surveyor.

EARNEST DEPOSIT: Buyer will place a \$10,000 earnest money deposit to Accurate Title Company ("The Title Company") within Five (5) days of the execution of the purchase and sale agreement (the "Effective Date") to be applied towards the Purchase Price at Closing.

TITLE COMMITMENT: *Title Commitment and Survey*
Within 10 business days after the Effective Date, Seller shall deliver to Buyer a Commitment for Title Insurance (the "Title Commitment") from the Title Company, listing Buyer as the prospective named insured and showing as the policy amount the total Purchase Price for the Property, along with the most recent ALTA survey of the Property in Seller's possession. The survey provided by Seller and any survey obtained by Buyer are collectively referred to as the "Survey".

CONTRACTS/LEASES: Seller shall, as soon as possible, cause to be furnished to Buyer complete copies of the following, to the extent in Seller's possession:

- i. Any leases or rental agreements currently in effect with respect to the Property;

- ii. Any and all maintenance or service contracts currently in effect with respect to the Property; and
- iii. Any and all plans, specifications, documents, reports, studies, inventory, and records relating to the Property in Seller's possession, including, without limiting the generality of the foregoing, any environmental reports, audits, or assessments.

INSPECTION MATERIALS: Prior to execution of the Purchase Contract, Seller agrees to provide to Buyer with the following (collectively "Inspection Materials") that it has in Seller's possession:

- 1 – Existing ALTA Survey
- 2 – Environmental Reports in Seller's possession or any abatement information known.
- 3 – Any Title Reports or Title Policies in Seller's possession
- 4 – Any City agreements or correspondence including but not limited to roads running through property, zoning, etc.
- 5 – Existing ECR / REA / or other documents governing common areas or easements affecting the Property.
- 6 – A list of all know defects or malfunctions affecting the Property with respect to the foundations, walls, roofs, heating, electrical, plumbing, or air conditioning systems, parking lots or drainage and sewer systems.
- 7 – Any existing or previous leases related to the property.
- 8 – Any City documentation relating to any current or past building permits and remodeling plans.

DUE DILLIGENCE: During the Review Period (as such term is defined below), Buyer, and Buyer's agents, employees, contractors, and consultants may conduct, at Buyer's cost and expense, such inspections, soil tests, investigations, appraisals, surveys, evaluations, and determinations regarding the Property and Buyer's intended development of the Property, and review all other documents and information relating to the Property, as Buyer shall desire. Seller shall cooperate with Buyer's investigation of the Property and Buyer's intended development of the Property. Without limiting the generality of the foregoing, Seller shall cooperate with Buyer's efforts to obtain governmental approval of Buyer's intended changes to the zoning, Development Plan, site plan, and other land use entitlements affecting the Property, including platting the Land, if necessary. Buyer shall repair any damage that occurs to the Property as a result of Buyer's exercise of its rights under this paragraph, at Buyer's sole cost and expense.

REVIEW PERIOD: Buyer shall have two hundred seventy (270) days (the "Review Period") to perform all necessary Due Diligence from the Effective Date. At any time during the period that is Buyer may terminate this Contract for any reason or no reason, without any liability on the part of either party, by notifying Seller in writing of such termination prior to the end of the Review Period, upon which the Deposit shall be returned to Buyer and Seller shall have no recourse.

REVIEW PERIOD EXTENSION:

Buyer may, at Buyer's sole option, extend the Review Period for up to sixty (60) additional days by delivering Seller written notice of such extension, along with an additional non-refundable Deposit in the amount of Ten Thousand Dollars (\$10,000.00), for a total Deposit of Twenty Thousand Dollar (\$20,000). In the event Buyer elects to extend the Review Period as provided in this paragraph, the entire Deposit shall become non-refundable to Buyer, except in the event of a condemnation or casualty affecting the Property, a default by Seller, or the failure of a condition precedent.

REPRESENTATIONS:

Seller hereby represents and warrants as of the Effective Date and as of the Closing Date that Seller has full right, authority and capacity to execute and perform this Contract and to consummate all of the transactions contemplated herein.

CLOSING:

Seller shall deliver to the Buyer a General Warranty Deed, final policy of title insurance, evidence of the authority & capacity of Seller or as the Title Company may require, mechanics' lien and owner's affidavits of Seller, FIRPTA affidavit of seller. Seller and Buyer acknowledge their intent to close on or before Thirty (30) days after the Buyer's Review Period expires or earlier if Buyer choses to close earlier.

INDEMNIFICATION:

Highlands shall Indemnify and hold Seller harmless from any and all liability, damage, cost, penalty or expense, including without limitation, reasonable attorney's fees, court costs and other legal expenses resulting from the activities of Highlands or its agents in the course of the Inspection.

**EXCLUSIVE
NEGOTIATION:**

Seller agrees that upon execution of this letter, Seller and its agents shall cease negotiations with any existing or new prospective buyers of this Property and agrees not to enter into any agreements concerning the sale of transfer of the Property with any other person or entity other than Buyer following execution of this letter. Upon execution of this letter, Buyer and Seller shall negotiate in good faith to finalize the Purchase Contract.

EXPIRATION:

This offer shall become null and void unless accepted by September 20, 2024 at 5:00 PM. By acknowledgement below Buyer and Seller agree to work towards a completed sale contract no later than October 20, 2024.

BROKERS:

Buyer and Seller acknowledge that Clint Junghans with Complete Real Estate Solutions is acting as a transaction broker on this transaction. Buyer will pay a commission to Complete Real Estate Solutions thru a separate agreement as part of this transaction at closing.

EXISTING TENANT:

Buyer will purchase the property with existing lease in place and work with tenant as needed on vacating and ending their lease after closing.

It is understood and agreed that the foregoing constitutes a binding letter of intent setting forth our agreement in principle with respect to the purchase of the above referenced premises.

It is the intention of the parties to resolve all matters necessary to advance the project to the point where execution of definitive Purchase Contract documents are consummated, and further not to take any actions or enter into negotiations with any other parties, during the negotiations period.

If the foregoing correctly sets forth our agreement, please sign and return the enclosed copy of this letter.

Sincerely,

Richard Gregory, managing member
Highlands Enterprises, LLC

Chris Williams, member

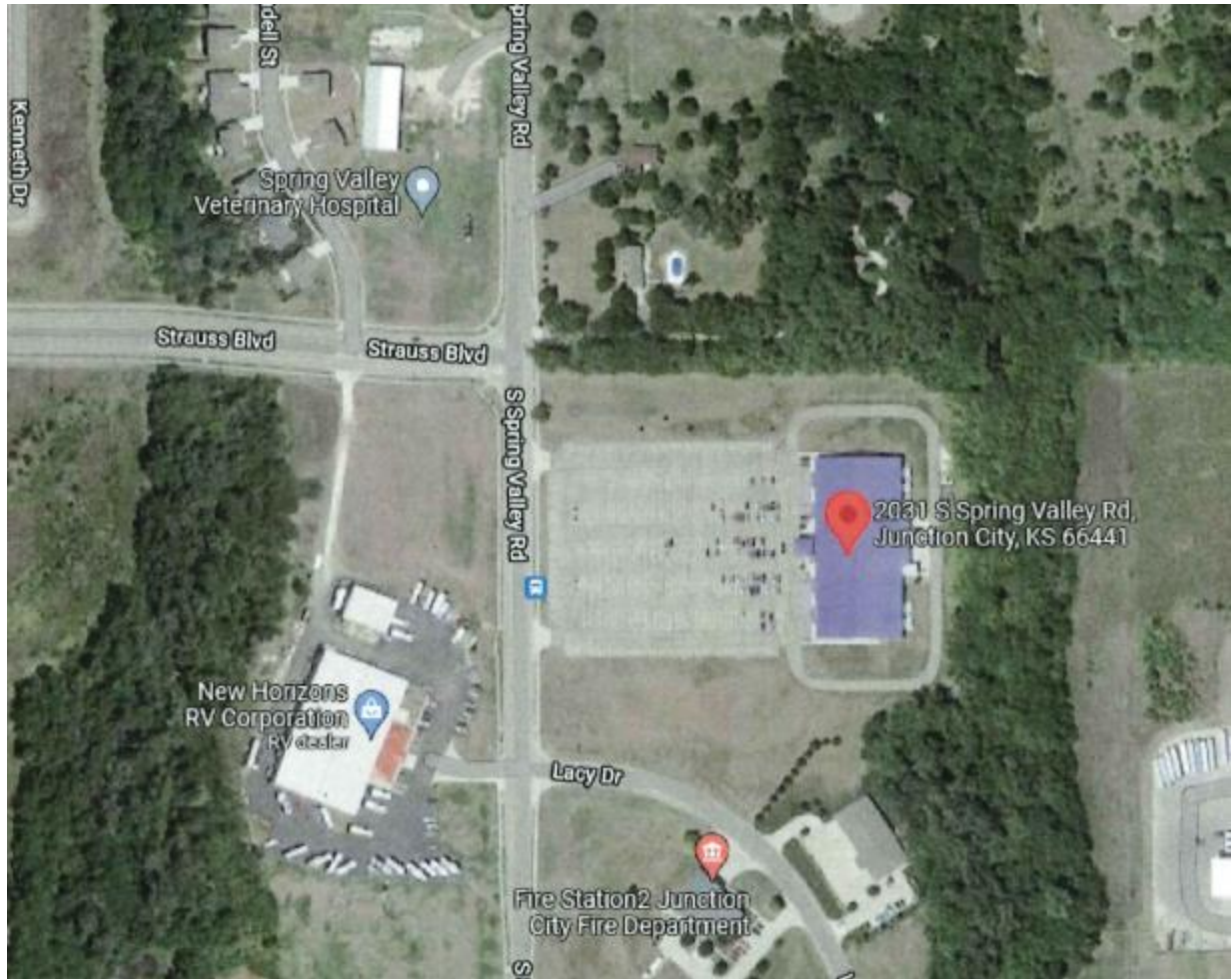
Buyer:

Seller:

By: _____
Name: Richard Gregory
Company: Highlands Enterprises
Title: President & Managing Member

By: _____
Name: _____
Company: _____
Title: _____

Property Exhibit



Christopher A. Williams, CCIM: Professional Resume

With over 18 years of Commercial Real Estate and development experience, Chris is well versed in the complete development process (site selection, zoning, revenue/cost analysis, working with design team to control costs, bidding the project, estimating costs, negotiating/awarding the contracts, managing the job cost reports, and overseeing the day-to-day coordination/operations). Chris spent 7 years with Briarcliff Development as their Vice President of Development prior to helping start NorthPoint Development in 2012. Chris left Briarcliff in 2012 to help start and was a founding member of Northpoint Development and served as their Vice President of Development.

Chris decided in 2014 to venture out on his own account and now serves as principal and managing member of Highlands Development, Highlands Real Estate and Highlands Property Management.

Over Chris' real estate development career, he has been responsible and involved in over \$950,000,000 worth of Development Projects to date involving retail, office, medical, multi-family, and industrial asset classes. Along with Development, Highlands is also focused on providing their clients with brokerage and property management. Currently, Highlands Real Estate, Highlands Development, and Highlands Property Management oversee over 1,000,000 SF of medical office, office and retail space for their own account, clients and partners. Chris also prides himself in working with various capital sources and private investors to raise the correct amount of capital needed for each project.

Chris takes great pride in his relationship and expertise he has built with the Department of Veteran Affairs which currently includes 17 VA Outpatient Clinics and a Transitional Residence facility just in the past 6 years. Chris understands the complexities of these facilities and what it takes to guide the entire design and construction team towards a successful completion and operation for the VA teams. Several of the VA facilities are noted below and in the Project Experience Resume of photos.

Noteworthy Development Projects: (attached are photos and descriptions of the various projects)

- Department of Veteran Affairs Community Based Outpatient Clinic-St. Charles, MO.
25,000 SF Class A Medical Facility -Completed and Accepted by VA on time and on budget
June 1, 2023- \$20,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Galesburg, IL.
22,000 SF Class A Medical Facility -Awarded by VA and Currently Under Construction to
be completed in July 2024- \$15,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Quincy, IL.
25,000 SF Class A Medical Facility -Completed and Accepted by VA on time and on budget
October 1, 2019- \$10,000,000 investment

- Department of Veteran Affairs Community Based Outpatient Clinic-Hays, KS.
10,000 SF Class A Medical Facility -Completed and Accepted by VA on time and on budget
October 31, 2023- \$7,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Waterloo, IA.
27,000 SF Class A Medical Facility -Completed and Accepted by VA on time and on budget
September 1, 2023- \$20,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Paola, KS.
12,000 SF Class A Medical Facility - Awarded by VA and Currently Under Construction to
be completed in November 2024- \$6,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Nevada, MO.
12,000 SF Class A Medical Facility - Awarded by VA and Currently Under Construction to
be completed in April 2024- \$6,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Ottumwa, Iowa.
20,000 SF Class A Medical Facility-currently in process-completion date expected of Spring
2020- \$8,000,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Warrensburg, MO.
10,000 SF Single Story Class A Medical Facility-\$4,800,000 Investment. Completed On
Time and On Budget October 2014.
- Department of Veteran Affairs Community Based Outpatient Clinic-Belton, MO.
8,600 SF Single Story Class A Medical Facility-Completed On Time and On Budget
September 2016- \$3,400,000 investment
- Department of Veteran Affairs Community Based Outpatient Clinic-Shawnee, KS. 13,000
SF Single Story Class A Medical Facility- Completed On Time and On Budget September
2017. \$6,000,000 Investment.
- Department of Veteran Affairs Transitional Residence- Kansas City, MO-20,000 SF
Transitional Residence Shelter Facility- Completed On Time and On Budget September 2018
-\$6,800,000 Investment.
- Department of Veteran Affairs Community Based Outpatient Clinic-Cameron, MO.
6,000 SF Single Story Class A Medical Facility- currently in process-completion date
expected of Summer 2020- \$3,000,000 investment
- Ottumwa Iowa VA Outpatient Clinic-Former Ottumwa IA Target Redevelopment Retail and
Professional Center- 95,000 SF Existing Retail Box converted into a VA Clinic and Future
Retail- October 1, 2020- \$10,000,000+ investment
- Former Sterling IL K-Mart Redevelopment Retail and Professional Center- 130,000 SF
Existing Retail Center converted into a VA Clinic, Retail and Outlot Development- Currently

Under Development and Construction- \$25,000,000+ investment

- Former Rice Lake WI Shopko Redevelopment Retail and Professional Center- 75,000 SF Existing Retail Center converted into a VA Clinic, Retail and Outlot Development- Currently Under Development- \$10,000,000+ investment
- Former Waterloo IA Hy-Vee Redevelopment Retail and Professional Center- 75,000 SF Existing Retail Center converted into a VA Clinic, Retail and Outlot Development- Currently Under Development- \$10,000,000+ investment
- Heartland Regional Medical Center – Mosaic Life Care – Total of 120,000 SF including urgent, primary, and ambulatory care facilities. Seven total projects including location in Gladstone, Kansas City, Smithville, Excelsior Springs and Parkville Missouri. Represents approximately a \$100,000,000 investment.
- Briarcliff Hilltop Office Tower – 9-story, 220,000 sq. ft. Class A office tower- \$50,000,000 investment including 300 car parking garage.
- CosMedic Dentistry- 7,000 SF Dentistry Offices with the latest technology in dentistry. Represents a \$3,000,000 investment. Delivered On Time and On Budget in July 2021.
- Social Security Administration Building at Briarcliff. 20,000 SF LEED Silver Facility. Represented approximately a \$4,000,000 investment.
- Residence of Burlington Creek, Kansas City, MO. – 298 Class A Luxury Apartments- \$45,000,000 Investment
- Briarcliff City Apartments – 263 unit Luxury Apartment Development-\$39,000,000 Investment
- Village West Luxury Apartments- 305 Class A Apartments- \$35,000,000 Investment
- Picture Hills Office Building: A 10,000 sf Professional Office Building that was purchased, remodeled and leased up by Highlands. Around a \$1,000,000 Investment
- Harbor Freight Retail Center: 18,000 SF Retail Building that was purchased and remodeled for Harbor Freight by Highlands. A \$3,000,000 investment.
- Heritage Biologics Office Headquarters: a 10,000sf office building purchase, remodel and move in that Highlands was involved in from acquisition to completion. A \$3,000,000 Investment.
- East Ridge Shopping Centers and Professional Office: approx. 160,000 sf of Retail and Office leased and managed by Highlands.

- McCrite Plaza at Briarcliff, Kansas City, MO. – 200,000 sq. ft. senior-care facility-\$45,000,000 Investment
- Riverside Horizons Industrial Park, Riverside, MO. – 260-acre industrial park including over 1 Million SF of Class A Industrial Warehouse Developed. \$75,000,000 Investment
- Briarcliff Office IV – 27,000 sq. ft. office space-\$5,000,000 investment
- Canterbury Daycare – 9,000 SF Daycare Facility
- Briarcliff Professional Plaza Office Building & Pad Sites – 10 acre Professional Office Park.

Advanced Education

- Licensed Real Estate Broker in Missouri and Kansas
- Commercial Investment Member (CCIM)

Affiliations:

- Kansas City Fisher House Past Board Member
- CCIM Kansas City Chapter Board Member- Current President
- Certified Commercial Investment Member (CCIM)
- National Association of Industrial & Office Properties, Member
- Urban Land Institute, Member

HIGHLANDS ENTERPRISES, LLC PAST PROJECT **EXPERIENCE**

(including principal members past project experience)

Highlands Enterprises and Members Past Project Summary:

- Currently Owns and Operates 16 VA Leased Clinic facilities**
 - 12 Years of VA specific development experience among ownership members**
 - Below are some of the member ownership development portfolio and experience**
-

**Rice Lake WI VA Outpatient Clinic- 16,000 SF Clinic
inside a 75,000 SF Shopko Redevelopment**



**Rice Lake WI VA Outpatient Clinic- 16,000 SF Clinic
inside a 75,000 SF Shopko Redevelopment (Continued)**



**St. Charles, Missouri VA Clinic- 25,000 SF
Completed July 2023**



Waterloo Iowa VA Community Based Outpatient Clinic- Completed October 2023



Hays Kansas VA Community Based Outpatient Clinic- Completed October 2023



Warrensburg, Missouri VA Outpatient Clinic- Completed 2014



**Belton Missouri VA CBOC- 10,000 SF-
Completed On Time and On Budget in 2016**



Ottumwa IA VA Outpatient Clinic- 18,000sf Remodel and Retrofit of an existing Target Building into the VA Medical Clinic



Quincy IL VA Outpatient Clinic- 23,000sf Remodel and Retrofit of an existing Best Buy Building into the VA Medical Clinic



Quincy IL VA Outpatient Clinic (cont.)



**Sterling IL VA Outpatient Clinic- 18,000 SF Clinic
inside a 90,000 SF Kmart Redevelopment**



Sterling IL VA CBOC Photos Continued



Johnson County KS VA Community Based Outpatient Clinic Minor
(Construction Completed November 2017- Completed Ahead of Schedule/On Budget)





Department of Veteran Affairs Transitional Residence Project

(18,000sf Existing Building Remodel-Planned to
be Completed February 1, 2018)





Cameron MO VA Outpatient Clinic- Completed for VISN 15 in October 2020- 7,000 SF



Sterling IL Kmart Redevelopment- Includes VA Outpatient Clinic, Marshalls, Five Below and other national retailers



Rice Lake WI Shopko Redevelopment- Includes VA Outpatient Clinic and other national retailers



**Heartland Regional Medical Center and Mosaic Life Care Development At
Shoal Creek in Kansas City Missouri**



**Shoal Creek Mosaic Life Care
Facility- 50,000 SF including a
Clinic Care Building, Life Center
Building and Ambulatory Surgery
Center**



**Shoal Creek Mosaic Life
Center 40 Ft Tall
Fountain with Living
Plant Columns**



**Shoal Creek Care Clinic
Main Entrance Lobby**



**Shoal Creek Care Clinic
Imaging and Physical
Therapy Hallway**



**Shoal Creek Care Clinic
Typical Exam Room
with Vinyl Plank Wood
Floors**



**Shoal Creek Care Clinic
Typical Exam Room
with Sink and Cabinets**



**Shoal Creek Care Clinic
Imaging Area-CT Room**



**Shoal Creek Care Clinic
Imaging Area- X-Ray
Room**



**Shoal Creek Care Clinic
Physical Therapy Area**



**Shoal Creek Mosaic Life
Care Main Entrance
View of the Campus**



**Shoal Creek Ambulatory
Surgery Center
Operating Room 1**



**Shoal Creek Ambulatory
Surgery Center Pre/Post
Rooms**

**Gladstone Missouri Mosaic Life Care-
Family Care Building- 9,000 SF**



**Kearney Mosaic Life Care Facility
with Urgent Care- 12,000 SF**



**Parkville, Missouri Mosaic Life
Care Center- Includes 16,000 SF of
Clinic and Imaging Space**



**Burlington Creek Mosaic Clinic, Imaging and Ambulatory Care Center-
22,000 SF. (A complete transformation of an existing office building)**





**The Briarcliff City Apartments-
263 High End Class A Apartments
(Energy Star Certified)-Built in
2009 & Sold in 2012**





**The Province of Briarcliff-
120 Unit Class A Apartments**



**The Residences at Burlington
Creek-298 Class A Apartment
Units-Currently Under
Construction**



**Village West Apartments
at the Legends in
Wyandotte County,
Kansas- Currently Under
Construction-302 Class A
Apartments**



Briarcliff Office I- Class A Office Space- 60,000 SF



Briarcliff Office II- Class A Office and Bank Building- 35,000 SF



Briarcliff Office III- Class A Office Building- 90,000 SF



**Briarcliff Village- Mixed Use
Development with Office, Retail,
and Restaurants**



**Briarcliff Hilltop Building- 220,000 SF
Class A - 9 Story Office Tower**



**Briarcliff Professional Plaza-
2 Single Story 15,000 SF
Class A Office Buildings**



Canterbury School- 7,000 SF



**Briarcliff SSA Building -
11,000 SF Class A Office
(LEED Silver)**



**Heritage Biologics Corporate
Headquarters- 10,000 SF
Office**



Office Building

2031 S Spring Valley Road, Junction City, KS 66441



Effective Date
November 08, 2022

Prepared For
Appraisal Manager
Emprise Bank

Client File Number
10-22-8351

Date of the Report
November 17, 2022

Internal File Number
22-1468

Report Type
Appraisal Report

PREPARED BY:



**KELLER, CRAIG
& ASSOCIATES**

REAL ESTATE APPRAISERS & CONSULTANTS



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Transmittal Letter



REAL ESTATE APPRAISERS & CONSULTANTS

6701 W 64th Street, Suite 310
Overland Park, KS 66202

www.kellercraig.com
P: 913-362-3222

November 17, 2022

Appraisal Manager
Emprise Bank
257 N. Broadway Street
Wichita, Kansas 67202

RE: Appraisal Report for the property located at 2031 S Spring Valley Road, Junction City, KS 66441

Dear Appraisal Manager:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of value in the above captioned subject property. The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth. The report that follows is considered to be a summary of our analysis and conclusions. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. We are not responsible for unauthorized use of this report. Please take special note of any assumptions used in this assignment as they may have affected the results of the assignment.

Per conversations with the client and the intended user of the report, the scope of work in this report is intended to be consistent with industry standards and has been performed so as to develop a credible report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Value Conclusions						
Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Leased Fee	11/08/2022	\$3,540,000

Sincerely,
Keller Craig & Associates, LLC

A handwritten signature in blue ink, appearing to read 'Samuel Stratton'.

Samuel Stratton
sstratton@kellercraig.com

A handwritten signature in blue ink, appearing to read 'Brian A. Klahr'.

Brian A. Klahr, MAI
State Certified General, KS No. G-1308
bklahr@kellercraig.com

Certification - Samuel Stratton

I certify that to the best of my knowledge and belief:

- 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 my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

In regards to the inspection of the property:

- Samuel Stratton performed the following type of inspection of the subject property: Interior and Exterior Inspection
- No one provided significant real property appraisal assistance to Samuel Stratton.
- Samuel Stratton has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this agreement.



Samuel Stratton

Effective Date of Appraisal: November 08, 2022

Date of Report: November 17, 2022

Certification - Brian A. Klahr, MAI

I certify that to the best of my knowledge and belief:

- 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 my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

In regards to the inspection of the property:

- Brian A. Klahr, MAI did not personally inspect the subject property.
- No one provided significant real property appraisal assistance to Brian A. Klahr, MAI.
- Brian A. Klahr, MAI has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this agreement.

In addition, as a member of the Appraisal Institute:

- I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Brian A. Klahr, MAI

State Certified General , KS No. G-1308

Effective Date of Appraisal: November 08, 2022

Date of Report: November 17, 2022

Summary of Salient Facts

Property Information	
Property Name	Office Building
Street Address	2031 S Spring Valley Road
City	Junction City
State/Province	KS
Zip Code/Postal Code	66441
County	Geary
Property Class	Office
Property Type	General Purpose
Property Owner Name	City of Junction City
Site Characteristics	
MSA	Junction City/Manhattan, Kansas
Legal Description	RPLT LT 3,JACK LACY IND PRK , BLOCK 2 , ACRES 12.8 , POB 95.26' S OF NW COR LOT 3A E 1057.19'; S 593.15'; W 578.6 NW 170.21'; W 366.93'; N 475.8 TO POB SECTION 15 TOWNSHIP 12 RANGE 05
Parcel Identifier	031-115-15-0-00-00-010.08-0
Land SF	555,826
Land Acres	12.76
Zoning Characteristics	
Zoning Codes	IL
Zoning Description	Light Industrial District
Improvements Characteristics	
Gross Building Area (SF)	47,252
Rentable Area (SF)	47,252
Year Built (Weighted Average)	2007
Land to Bldg Ratio (x:1)	11.76

Sale History Remarks

There have been no sales in the past three years. In addition, the subject is not currently listed for sale.

Scope of Work Information	
Client Name	Emprise Bank
Report Type	Appraisal Report
Intended Use	Federally related transaction
Intended User	Emprise Bank
Extraordinary Assumptions	
It is an extraordinary assumption of this appraisal that the current tenant will continue to lease the subject through the current lease term ending in May 2025.	

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the subject property.

Property Inspection

Appraiser	Extent of Inspection	Date Inspected
Sam Stratton	Interior and Exterior	11-8-2022
Brian A Klahr, MAI	Not Inspected	N/A

Scope of Work

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property. This report was prepared to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the guidelines set forth in the Financial Institutions Reform Recovery Enforcement Act (FIRREA).

No additional Intended Users or Uses are identified or intended by the appraisers. Due to the relationship between the client and the appraiser, reliance on this report by any other parties for any use whatsoever, is prohibited.

Property Identification

The property has been identified using the following sources:

- Postal address
- Public records
- Legal description

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Flood zone status
- Zoning Requirements
- Applicable Tax Data
- Demographics
- Public Record Data
- Comparable Data
- Lease Agreement
- Building Plans

Type and Extent of Analysis

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

Approaches Performed

The appraisers have performed the sales comparison and income approaches to value. The cost approach is not developed herein given the age/condition of the subject improvements.

Subject Lease Note

The subject is encumbered by a sublease agreement through May 2025. We note that the sublandlord is Spirit of '76, Inc. a non-profit entity that is a related party to the City of Junction City, the fee simple owner of the subject. The subtenant, Advanced Call Center Technologies, LLC, has leased the subject property since June 2014 and is now in the first of three (3) five (5) year option periods. As a result of the ongoing COVID-19 pandemic, employees of the tenant company began working from home in 2020 and only several essential employees of the tenant organization continue to physically occupy the subject. We were advised by a representative of the tenant company at the time of our inspection that employees will continue to work from home indefinitely and that the company has shifted additional operations formerly at the subject to another location out of state. To the best of our knowledge, the tenant has continued paying rent since operations shuttered at the subject. The representative of the tenant that we spoke with was not aware of future plans regarding exercising the next option period of the lease agreement.

As the current lease term has several years remaining, we will analyze the existing lease terms within this appraisal. As will be demonstrated within the forthcoming Income Approach, the current lease rate is considered to be in line with market rent. Given the uncertainty on the tenant's future plans for exercising their second option period of the lease agreement, a higher level of risk is present and will be reflected in our capitalization rate selection within the Income Approach.

Data Sources

Item	Source (s)
Site Size	County Records
Zoning	City Records
Tax Data	County Records
Gross Building Area	County Records
Rentable Area	County Records
Year Built	County Records
Parking Spaces	Appraiser Counted

Definitions

Pertinent definitions, including the definition of market value, are included in the Glossary, located in the Addenda to this report.

Indicated Values	
Land Value	N/A
Cost Approach	N/A
Sales Comparison Approach	\$3,540,000
Income Approach	\$3,560,000

Value Conclusions						
Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Leased Fee	11/08/2022	\$3,540,000

Assumptions and Conditions

This appraisal is subject to the following general assumptions and limiting conditions.

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All outstanding taxes, liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys or engineering reports.
4. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. Unless otherwise stated, this opinion of value applies to land and improvements only; the value of trade fixtures, furnishings and other equipment has not been included.
6. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
7. Subsurface rights (minerals, water, and oil) were not separately evaluated in making this appraisal.
8. The comparable sales data relied upon in this appraisal are believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
9. We inspected, as far as possible, by observation the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Likewise, no tests were made on the roof, mechanical, plumbing or electrical systems. Unless otherwise stated, no representations are made as to geotechnical conditions of the land or the quality and condition of the roof, heating, cooling, ventilating electrical and plumbing equipment.
10. Unless otherwise stated in this report, the existence of hazardous substances were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
11. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.

Extraordinary Assumptions and Hypothetical Conditions

This appraisal is subject to the following assumptions and limiting conditions that are specific to the subject property or to this report. Any assumptions used may have affected assignment results.

Extraordinary Assumptions

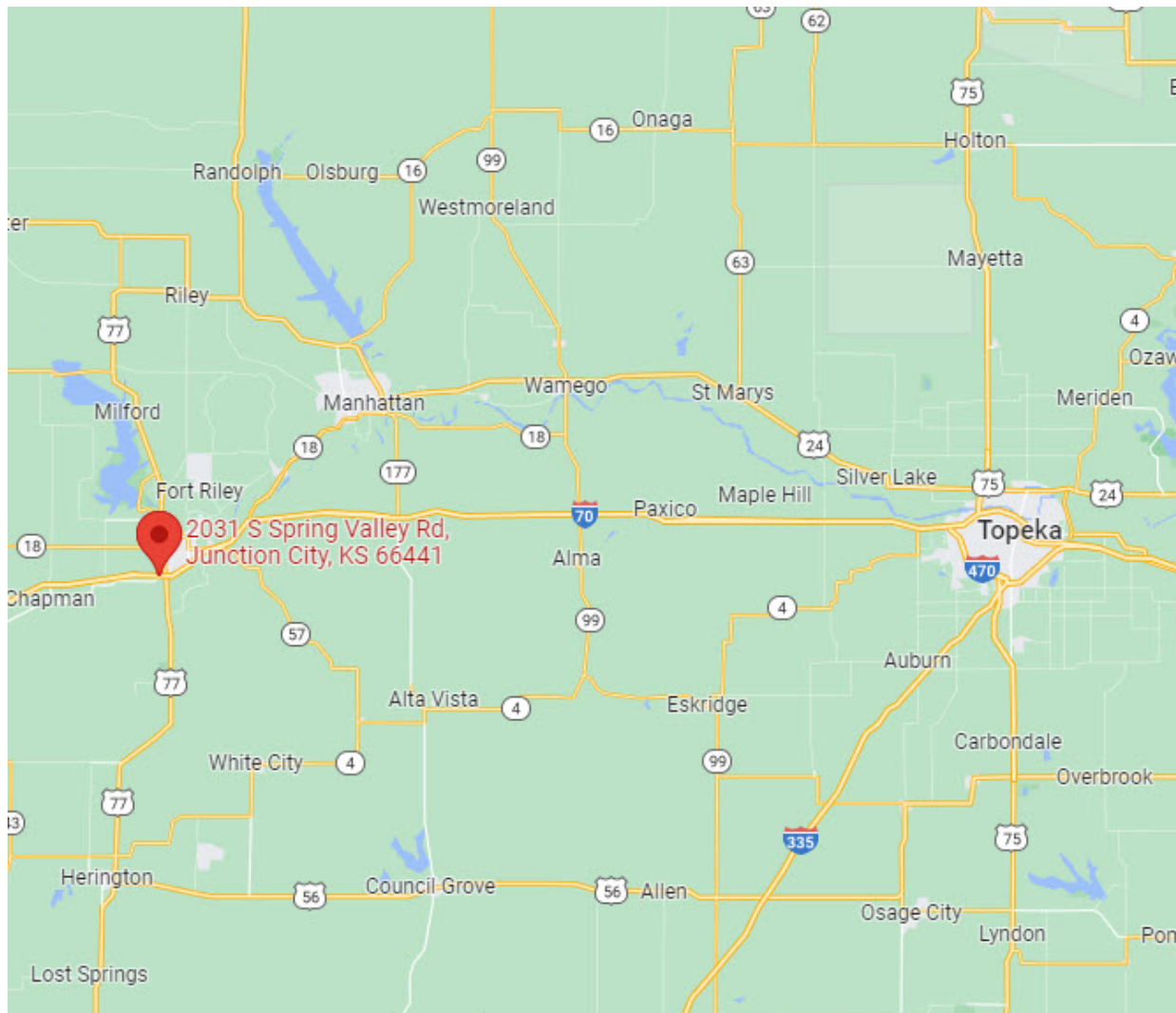
It is an extraordinary assumption of this appraisal that the current tenant will continue to lease the subject through the current lease term ending in May 2025.

Area and Neighborhood

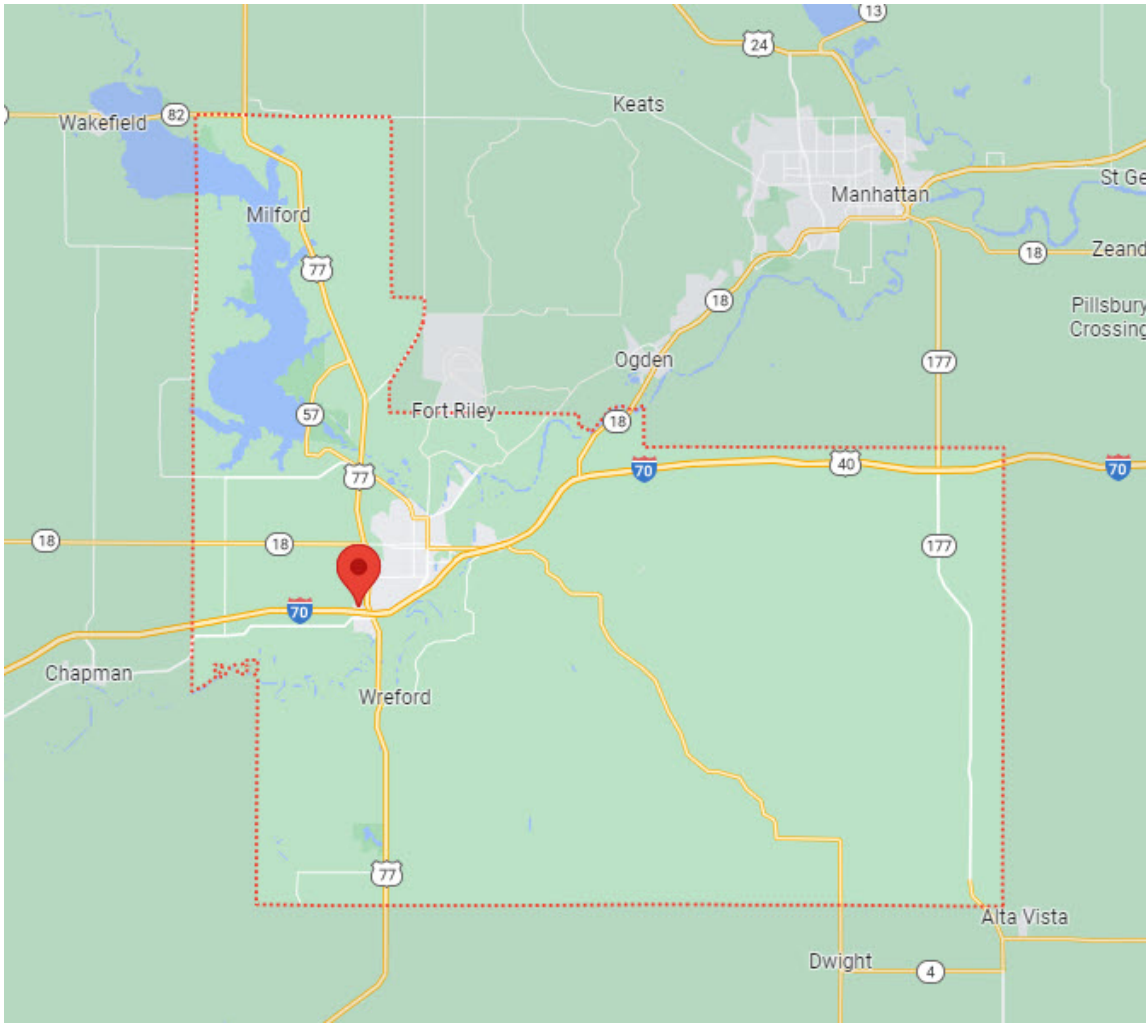
Area Overview

The subject is located in Junction City, Geary County, Kansas. Junction City is in north-central Kansas. Junction City is located along I-70, is the Geary County seat, and the home of Fort Riley, a major U.S. Army base. Junction City is also very close to the City of Manhattan to the east. Manhattan is the home of Kansas State University. Junction City is roughly 60 miles west of Topeka, the State Capital. The national economy experienced a downturn in 2020 due to the COVID-19 Pandemic. To help slow the economic downturn, the federal government has passed several stimulus plans, including the most recent in March 2021 called the American Rescue Plan. The first COVID-19 vaccine began rolling out in the US in December 2020. There are currently three vaccines on the market, with more in the works. According to the federal government, all adults and children over 5 years old have access to these vaccines.

Market forecasts expect continued economic recovery through 2022. The Center for Economic Development and Business Research also notes "substantial downside risks remain present that could derail or slow the recovery. These include brittle supply chains, difficulty attracting workers back to the labor force, and potential spikes in the novel coronavirus."



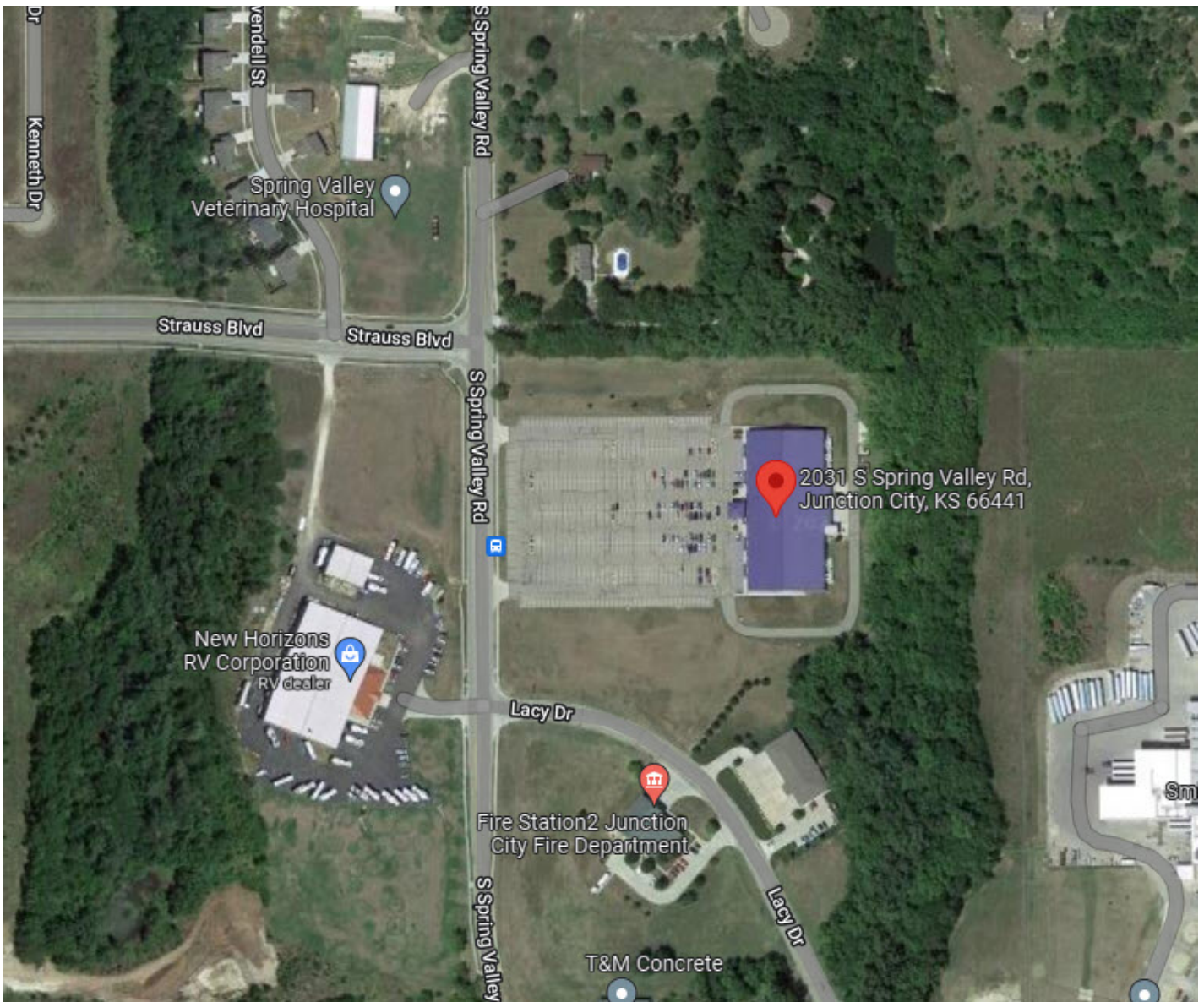
Neighborhood Overview



For the purposes of this report, the neighborhood boundaries are best described as Geary County.

The neighborhood is primarily influenced by its proximity to Fort Riley. Due to the proximity to Fort Riley, most of the residential use is from soldiers and civilian employees of Fort Riley. Neighborhood land use includes a mix of single-family residential, municipal uses, and light industrial.

Access to the area is mainly by Interstate 70, US Highway 77, and Kansas Highway 18.



Properties immediately adjacent to the subject are summarized below:

Direction	Zoning	Use
North	RS	Vacant Land
South	IL	Vacant Land/Office
East	IL	Vacant Land/Manufacturing
West	IL	RV Dealership

There has been limited recent development in the area. The majority of new development occurred in the late 2000s in anticipation of a projected increase in troops at Ft. Riley. Examples include the Junction City Middle School built in 2007, as well as several multifamily developments constructed in the past ten years. Hunter's Ridge is a 156-unit complex built in 2008. Quinton Pointe is a 192 unit complex built in 2008. Patriot Pointe is a 129 unit townhome development that was built in 2007. The Bluffs was constructed as a 602 unit property built in 2007 (two of the buildings, including more than 50 units have been destroyed by fires.) A Wal-Mart Neighborhood Market and Ace Hardware opened on US Highway 77 and McFarland Road during this time as well. It is also of note that a new car dealership was constructed at the northeast corner of the US Highway 77/Interstate 70 Interchange in 2012.

In November 2017, the local school district approved a \$105 million bond issue to build a new high school. The new campus is located across the highway from the Middle School complex on the north side of K-18 Highway on the western edge of the city. The campus covers 160 acres and includes new athletic fields.

The predominant driving force of the Junction City area is Fort Riley, the home of the First Infantry Division. In addition to the soldiers and their families living on post, many military personnel and civilian contractors commute from Junction City to the Fort. The base covers over 100,000 acres of which 71,000 acres are used for training purposes. There are approximately 15,000 active duty service members assigned to Fort Riley, with more than 18,000 family members, 29,000 veterans and retirees, and 5,600 civilian employees who live in the region and work at Fort Riley.

In July of 2021, approximately 3,700 Fort Riley troops were deployed to Europe as part of Operation: Atlantic Resolve. Deployment was recently extended for these troops. As of March 2022, an additional 300 soldiers from Fort Riley will join the previously deployed troops for Operation: Atlantic Resolve.

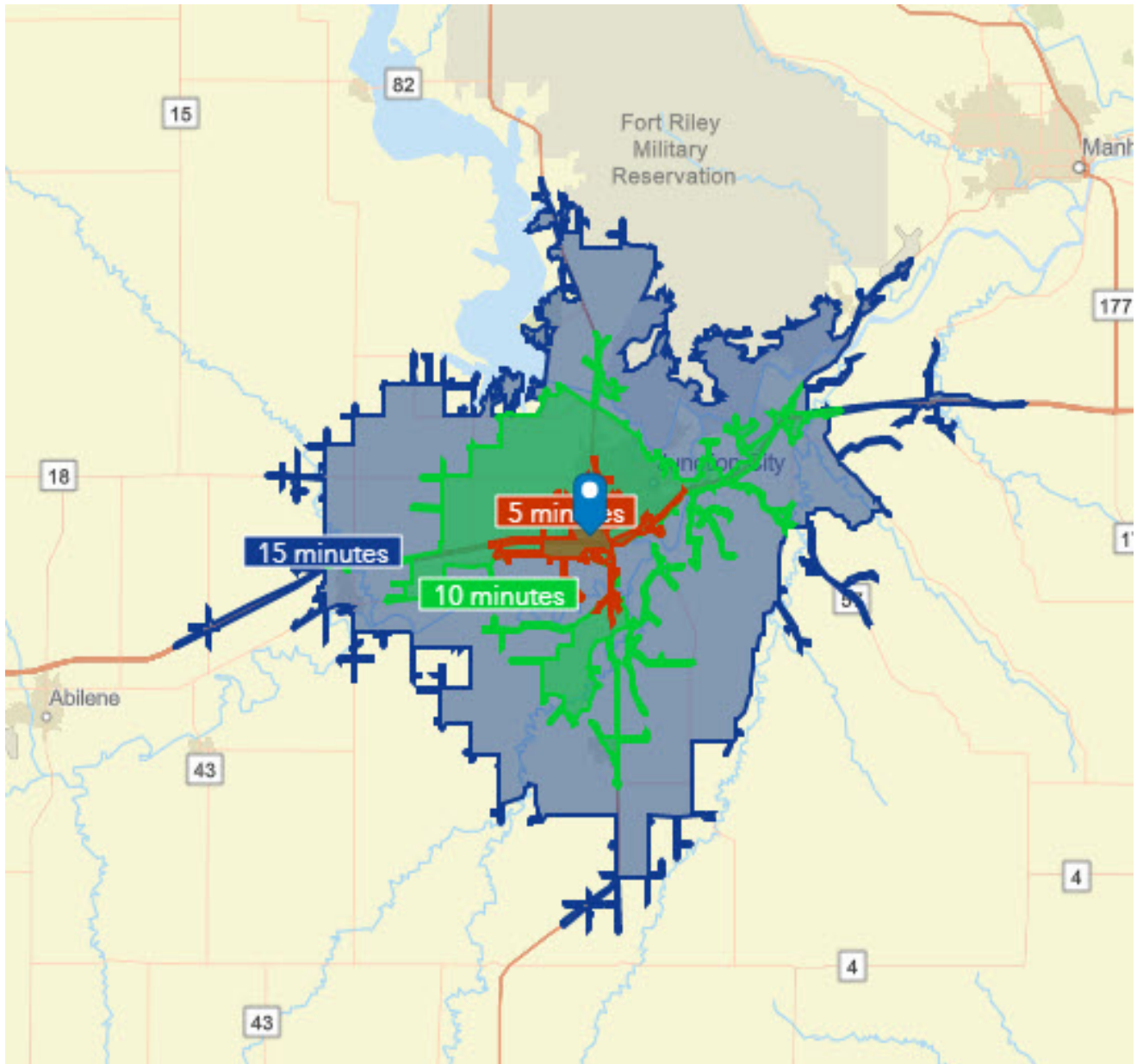
There is a large supply of developed single-family lots sitting vacant as there appears to be an oversupply in the market. Most of these lots are in the western portion of Junction City. In recent years, many developers who intended to sell their homes have instead rented them. No new multifamily development has been occurring.

There has been minimal new commercial development occurring in Junction City's downtown area in recent years as well. However, new plans for a microbrewery at 726 Washington have surfaced. The owners of the proposed microbrewery were encouraged by the Junction City Main Street organization. The 18,000-square-foot building, which had previously been vacant for 25 years, was recently purchased and is in the process of being gutted and renovated into Highland Brewing Company. The current estimated completion date is summer 2023.

The appraisers have performed a drivetime analysis, which shows demographic information in 5, 10, and 15-minute drivetimes surrounding the subject. The supporting data is retained in the appraisers' work file. A summary of the demographic data is shown on the following page.

The neighborhood appears to be in the stability stage of its life cycle. Given the history of the neighborhood and the growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is continued stability with potential for moderate redevelopment and renovation of existing structures.

Demographics



5-Minute Drivetime

2031 S Spring Valley Rd, Junction City, Kansas, 66441

5 minutes

KEY FACTS

6,216

Population

32.9

Median Age

2.7

Average Household Size

\$69,606

Median Household Income

BUSINESS



124

Total Businesses



1,653

Total Employees

INCOME



\$69,606

Median Household Income



\$30,377

Per Capita Income



\$82,064

Median Net Worth

EDUCATION

4%

No High School Diploma



20%

High School Graduate



44%

Some College



32%

Bachelor's/Grad/Pr of Degree

EMPLOYMENT



58.1%

White Collar



20.0%

Blue Collar



21.8%

Services

3.8%

Unemployment Rate

Households By Income

The largest group: \$50,000 - \$74,999 (27.2%)

The smallest group: \$200,000+ (2.5%)

Indicator ▲	Value	Diff	
<\$15,000	2.8%	-4.4%	
\$15,000 - \$24,999	4.2%	-1.0%	
\$25,000 - \$34,999	9.3%	-0.2%	
\$35,000 - \$49,999	10.7%	-6.6%	
\$50,000 - \$74,999	27.2%	+0.8%	
\$75,000 - \$99,999	21.5%	+7.0%	
\$100,000 - \$149,999	16.9%	+2.1%	
\$150,000 - \$199,999	5.0%	+0.8%	
\$200,000+	2.5%	+1.5%	

Bars show deviation from Geary County

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2022, 2027.

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10-Minute Drivetime

2031 S Spring Valley Rd, Junction City, Kansas, 66441

10 minutes

KEY FACTS

24,025

Population

32.0

Median Age

2.5

Average Household Size

\$57,599

Median Household Income

BUSINESS



872

Total Businesses



8,810

Total Employees

INCOME



\$57,599

Median Household Income



\$28,661

Per Capita Income



\$55,494

Median Net Worth

EDUCATION

6%

No High School Diploma



26%

High School Graduate



44%

Some College



24%

Bachelor's/Grad/Pr of Degree

EMPLOYMENT



53.2%

White Collar



26.0%

Blue Collar



20.9%

Services

3.8%

Unemployment Rate

Households By Income

The largest group: \$50,000 - \$74,999 (26.5%)

The smallest group: \$200,000+ (0.9%)

Indicator ▲	Value	Diff	
<\$15,000	7.1%	-0.1%	
\$15,000 - \$24,999	5.7%	+0.5%	
\$25,000 - \$34,999	9.3%	-0.2%	
\$35,000 - \$49,999	16.9%	-0.4%	
\$50,000 - \$74,999	26.5%	+0.1%	
\$75,000 - \$99,999	14.7%	+0.2%	
\$100,000 - \$149,999	15.2%	+0.4%	
\$150,000 - \$199,999	3.6%	-0.6%	
\$200,000+	0.9%	-0.1%	

Bars show deviation from Geary County

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2022, 2027.

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15-Minute Drivetime

2031 S Spring Valley Rd, Junction City, Kansas, 66441

15 minutes

KEY FACTS

38,075

Population



2.6

Average Household Size

29.0

Median Age

\$56,321

Median Household Income

BUSINESS



1,152

Total Businesses



14,641

Total Employees

INCOME



\$56,321

Median Household Income



\$26,364

Per Capita Income



\$33,367

Median Net Worth

EDUCATION

5%

No High School Diploma



26%

High School Graduate



45%

Some College



24%

Bachelor's/Grad/Pr of Degree

EMPLOYMENT



White Collar

53.1%



Blue Collar

26.7%



Services

20.2%

4.2%

Unemployment Rate

Households By Income

The largest group: \$50,000 - \$74,999 (25.9%)

The smallest group: \$200,000+ (1.0%)

Indicator ▲	Value	Diff	
<\$15,000	7.3%	+0.1%	
\$15,000 - \$24,999	5.9%	+0.7%	
\$25,000 - \$34,999	9.8%	+0.3%	
\$35,000 - \$49,999	17.9%	+0.6%	
\$50,000 - \$74,999	25.9%	-0.5%	
\$75,000 - \$99,999	14.2%	-0.3%	
\$100,000 - \$149,999	14.0%	-0.8%	
\$150,000 - \$199,999	4.1%	-0.1%	
\$200,000+	1.0%	0	

Bars show deviation from Geary County

This infographic contains data provided by Esri, Esri-Data Axle. The vintage of the data is 2022, 2027.

© 2022 Esri

Site Description

Location

MSA	Junction City/Manhattan, Kansas
Section Township Range	15-12-05
Legal Description	RPLT LT 3,JACK LACY IND PRK , BLOCK 2 , ACRES 12.8 , POB 95.26' S OF NW COR LOT 3A E 1057.19'; S 593.15'; W 578.6 NW 170.21'; W 366.93'; N 475.8 TO POB SECTION 15 TOWNSHIP 12 RANGE 05
Location Description	Located at S Spring Valley Road and Strauss Boulevard
Parcel Identifier	031-115-15-0-00-00-010.08-0
Location of Parcel	Mid-Block

Size

Land Acres	12.76
Land SF	555,826
Land Description	County Record
Surplus Land Acres	4.90
Surplus Land SF	213,444
Surplus Land Description	Wasteland per County records
Density	0.08

Access

Traffic Count	2,155
Traffic Counter Description	Spring Valley Rd, S of Ash, per KDOT
Primary Frontage Type	Major Collector
Primary Frontage Curb Cuts	2
Frontage Description	Frontage along S Spring Valley Road
Access Description	Access from S Spring Valley Road

Encumbrances

Flood Zone	X
Flood Map Number	20061C0088D
Flood Map Effective Date	04/05/2016
Flood Plain Description	Zone X: Area of minimal flood risk

Zoning

Current Use	General office building
Zoning Jurisdiction	City of Junction City
Zoning Code	IL
Zoning Description	Light Industrial District
General Plan Designation	The IL District is designed to permit industrial activities of a limited nature. This includes uses which in many cases are compatible with adjacent use districts.
Permitted Uses	various light manufacturing and wholesaling, automobile assembly, repair and rental agency, contractor office and equipment storage yard, office buildings, warehousing, mobile home assembly, moving company with storage facility, sand and gravel storage yard, public utility plants and substations, tire repair shop, warehousing, wholesaling and distribution.
Conformity Conclusion	Conforming
Conformity Comments	The improvements appear to be legally conforming.

Site Characteristics

Shape	Irregular
Topography	Basically Level
Grade	Below Grade
Drainage	Appears to be adequate
Available Utilities	Electricity, Gas, Sewer, Trash, and Water
Utilities Description	All public utilities serve the site.

As referenced in the Assumptions and Limiting Conditions to this report, we are not considered experts nor competent to assess environmental issues. Given this limitation, it is noted that our physical inspection of the subject property did not reveal any indication of an environmental hazard.

We were not provided a current title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the use of the site. However, we recommend a title search be completed to determine whether any adverse conditions exist.

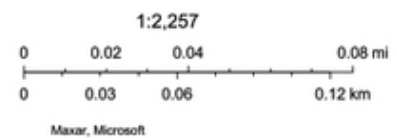
Parcel Map



11/1/2022, 9:14:49 AM

NG911_Imagery_2018_SID

- | | |
|---------------|--------------------|
| Red: Band_1 | Parcels |
| Green: Band_2 | AddressPoints |
| Blue: Band_3 | RoadCenterline |
| | Municipal Boundary |



Geary County User
Maxar, Microsoft | FSA, USDA, | Esri, HERE, Garmin, USGS, NGA, EPA, USDA, NPS |

Parcel Map



2031 S SPRING VALLEY RD JUNCTION CITY, KS 66441-8429

LOCATION ACCURACY: 9 Excellent

Flood Zone Determination Report

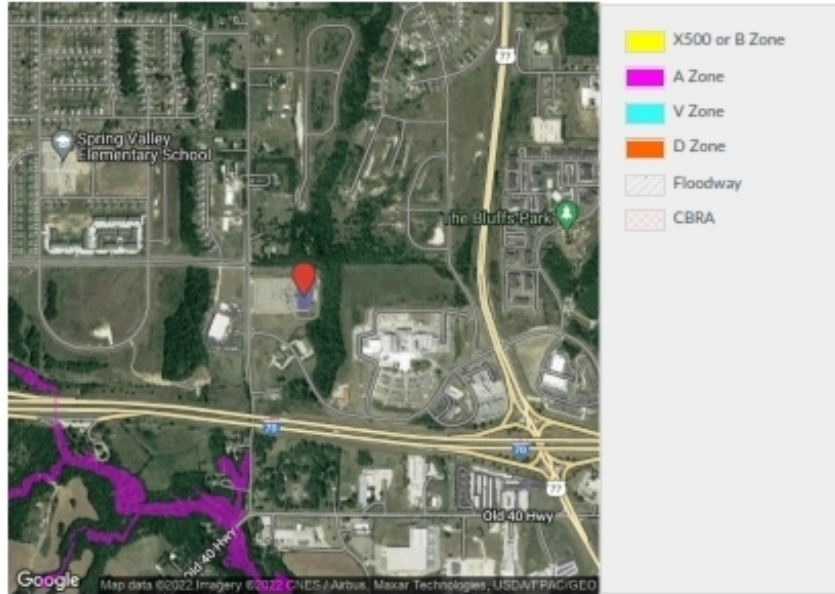
Flood Zone Determination: **OUT**

PANEL DATE

April 05, 2016

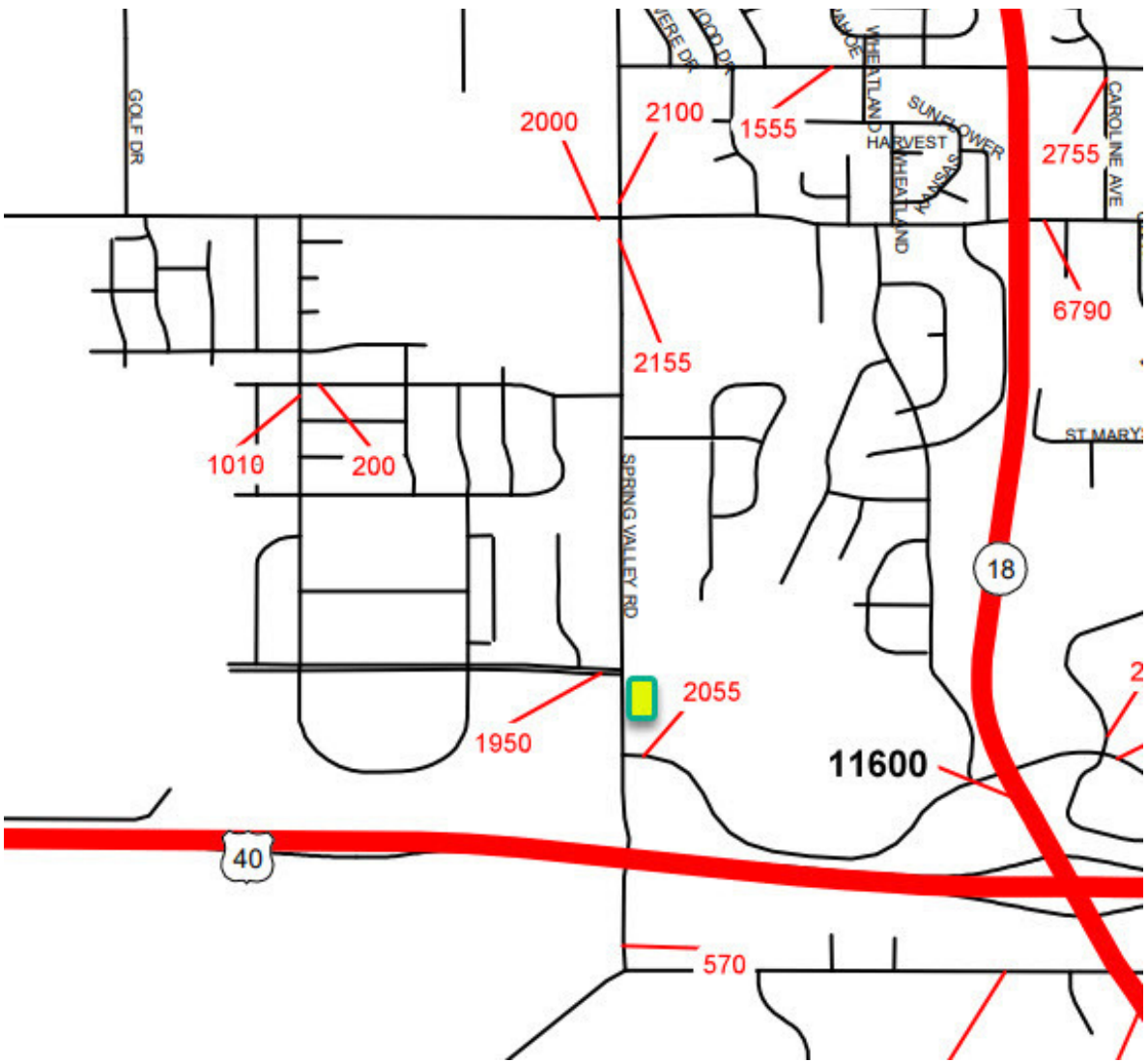
MAP NUMBER

20061C0088D





Zoning Map



Traffic Count Map

Improvement Description

CLASS: Office PUCS TYPE: General Purpose	
Size	
Gross Building Area	47,252
GBA Source	Building Plans
Rentable Area	47,252
Rentable Area Source	Building Plans
Efficiency	100.00
# of Buildings	1
# of Stories	1
# of Units	1
% Office	100.00%
General	
Year Built	2007
Tenancy Type	Single
Year Built Details (2007)	SF Built: 47,252, Comments: ---
Year Built Details (Totals)	Year Built: 2007, SF Built: 47,252
Structural	
Construction Quality	Average
Building Condition	Good
Construction Class	S
Exterior Walls	Metal
Building Frame	Metal/Wood
Foundation Type	Concrete Slab
Basement Type	None
Roof Type	Arched
Roof Material	Standing Seam Metal
Roof Description	Pitched Metal
Interior	
Interior Wall Cover	Painted Sheetrock
Ceiling Height	9'
Ceiling Description	Acoustic Tile
Lighting	A mix of fluorescent and incandescent
Floor Cover	Tile, Carpet
M.E.P.	
Fire Sprinkler Type	Wet Pipe
Fire Sprinkler Description	Wet Sprinklers
Heating Type	Gas
Cooling Type	Central
HVAC Comments	Central HVAC
Electrical Metering	The subject is designed with one electrical meter for the property.
Electrical Supply	Appears adequate to meet code requirements.
Emergency Power	Backup Generator
Plumbing	Appears adequate to meet code requirements.
Restrooms Description	Two restrooms that include multiple fixtures
Security	Interior/Exterior Security Cameras, Badge Access Door Locks

Site Improvements

Type of Parking	Surface
# of Surface Parking Spaces	507
Total Parking Spaces	507
Parking Description	asphalt parking lot
Drainage and Retention	Appears adequate to meet code requirements.
Other Site Improvements	10 Exterior Pole Lights; Rear Fenced In Covered Area

Ratios

Improvements Ratios

Land to Bldg Ratio (x:1)	11.76
Floor to Area Ratio (x:1)	0.09
Parking Ratio GBA	10.73
Parking Ratio NRA	10.73
Parking Ratio (Spaces/Unit)	507.00

Based on our review of the property, the effective age and economic life are summarized below:

Effective Age	5 Years
Economic Life	40 Years
Remaining Economic Life	35 Years

With proper upkeep and maintenance, or remodeling, it is possible to extend the remaining economic life of the property.

Real Estate Taxes

2019 Real Estate Taxes	
Tax Appraised Value	\$3,095,420
Assessment Ratio	25.00%
Tax Assessed Value	\$773,855
Mill Levy	164.378
Real Estate Taxes	\$127,205
Special Assessments	\$0
Total Taxes	\$127,205
Due	\$0
Taxes per SF GBA	\$2.69
2020 Real Estate Taxes	
Tax Appraised Value	\$3,013,410
Assessment Ratio	25.00%
Tax Assessed Value	\$753,353
Mill Levy	164.141
Real Estate Taxes	\$123,656
Special Assessments	\$0
Total Taxes	\$123,656
Due	\$0
Taxes per SF GBA	\$2.62
2021 Real Estate Taxes	
Tax Appraised Value	\$2,965,880
Assessment Ratio	25.00%
Tax Assessed Value	\$741,470
Mill Levy	163.718
Real Estate Taxes	\$121,392
Special Assessments	\$0
Total Taxes	\$121,392
Due	\$0
Taxes per SF GBA	\$2.57
2022 Real Estate Taxes	
Tax Appraised Value	\$3,072,320
Assessment Ratio	25.00%
Tax Assessed Value	\$768,080
Mill Levy	0.000
Real Estate Taxes	\$0
Special Assessments	\$0
Total Taxes	\$0
Due	\$0

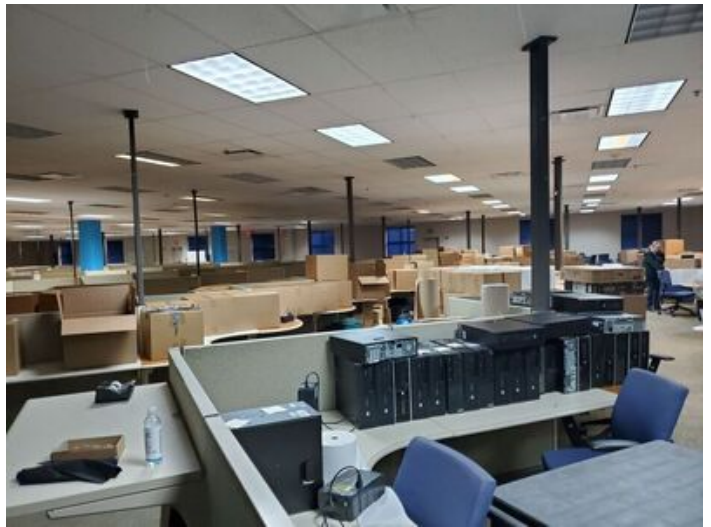
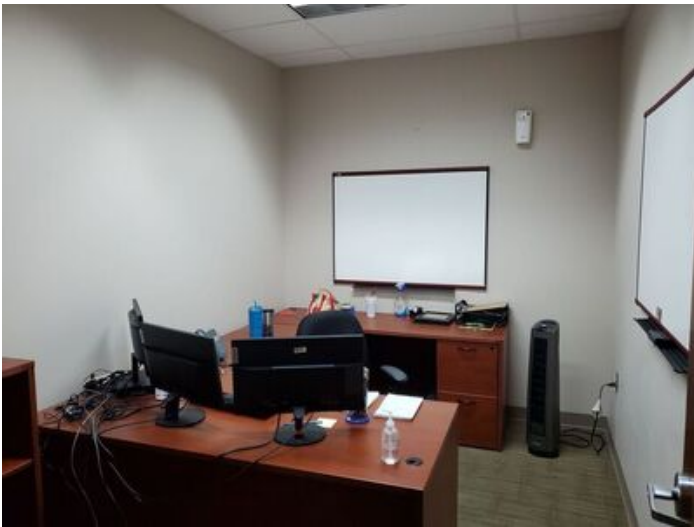
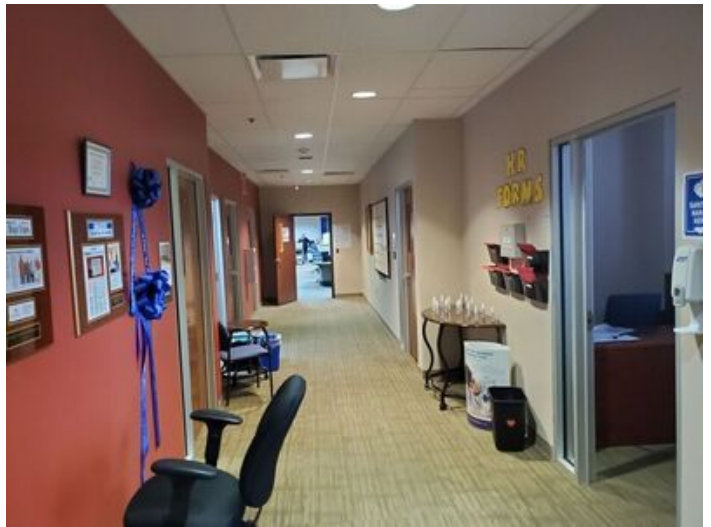
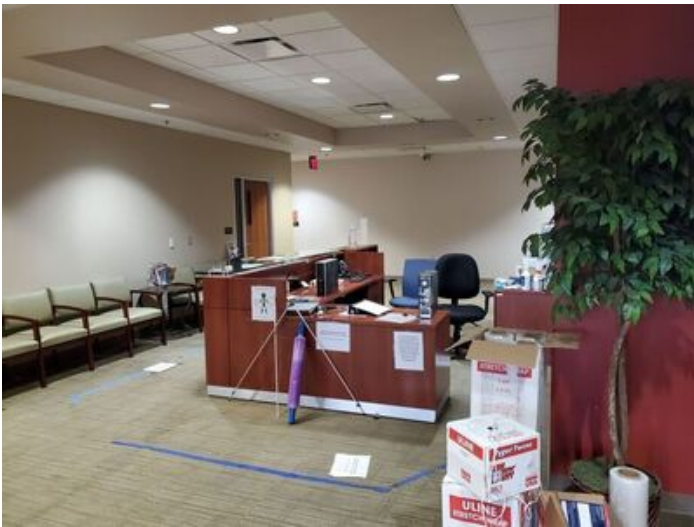
For the subject, the county has assigned a parcel identification number of 031-115-15-0-00-00-010.08-0. The historical taxes for the subject are shown in the table above. We are not aware of any current or pending special assessments. While the City of Junction City owns the subject property, the subject does not qualify for tax exemption given its current use. As will be shown herein, our estimate of value is above the county's estimate of value. Given the current triple net lease in place, any increase in taxes would be the responsibility of the tenant.

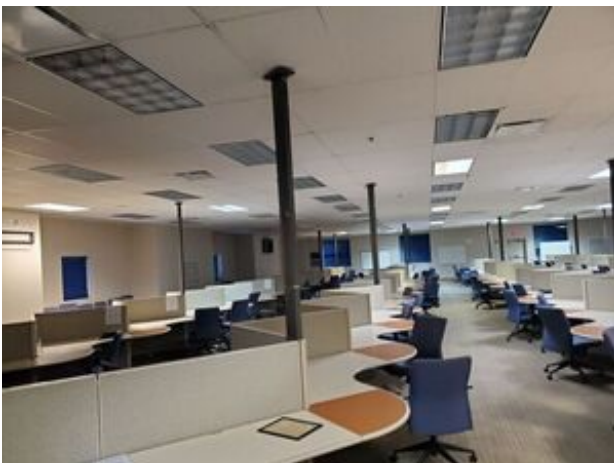
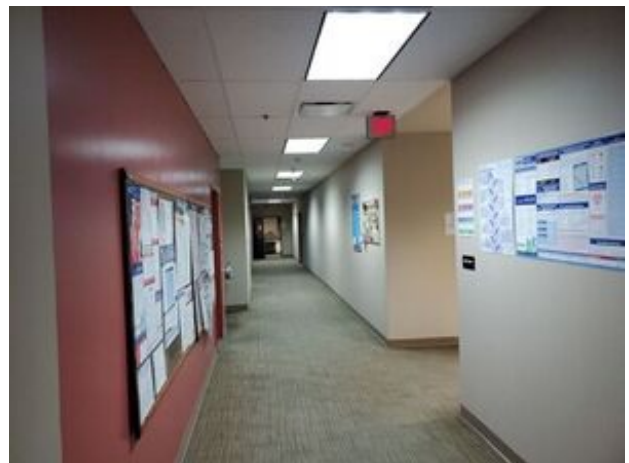
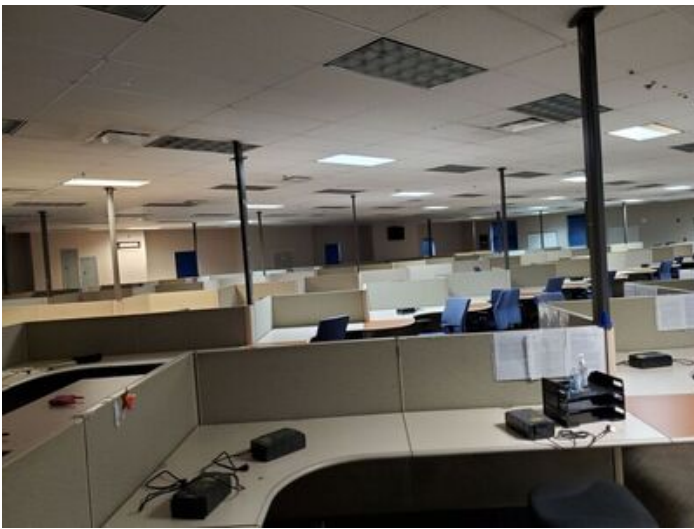
Subject Photos

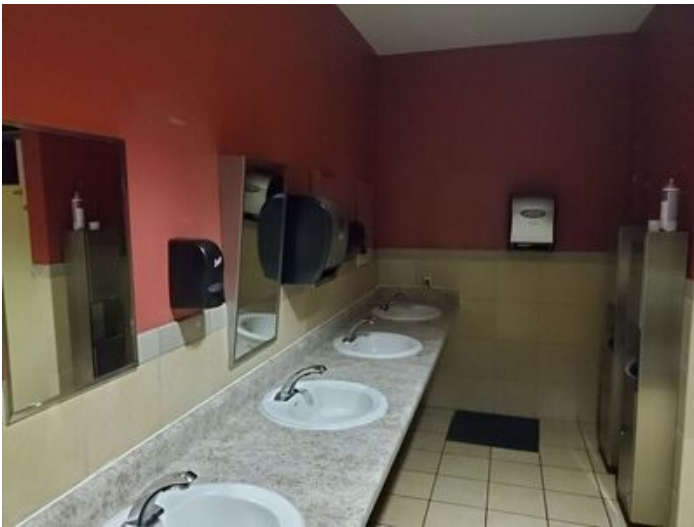
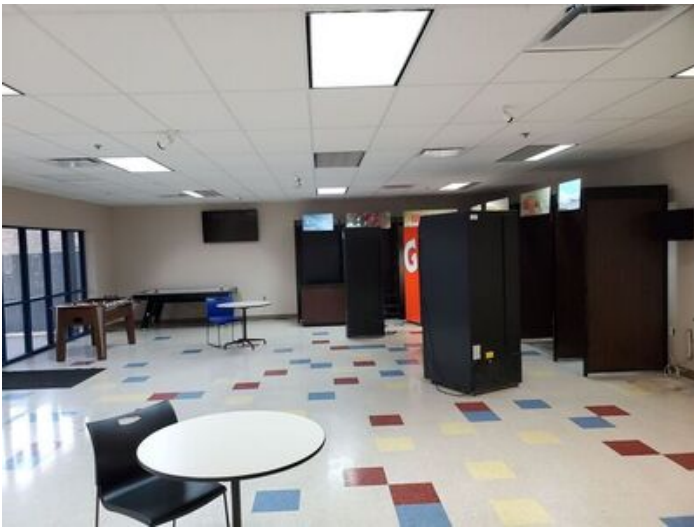


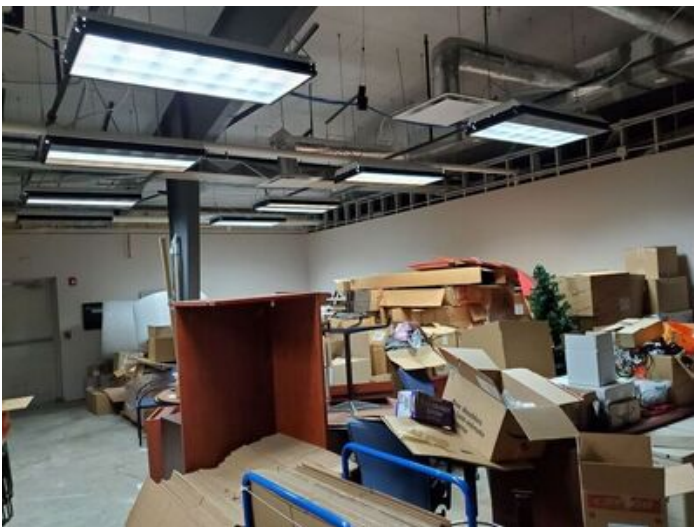
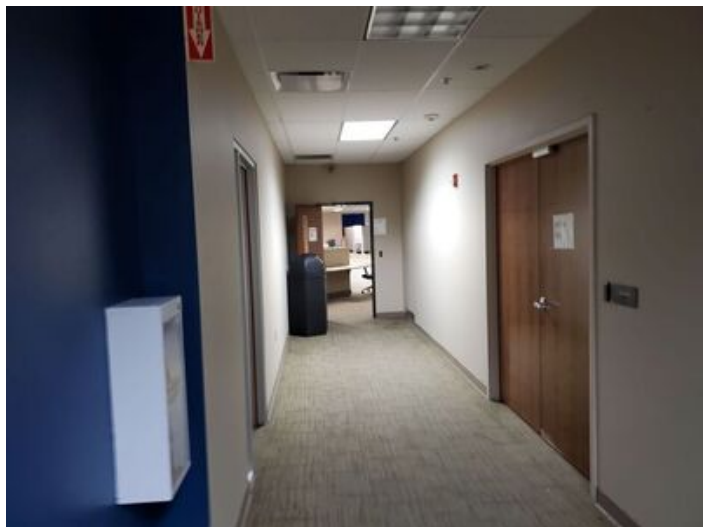
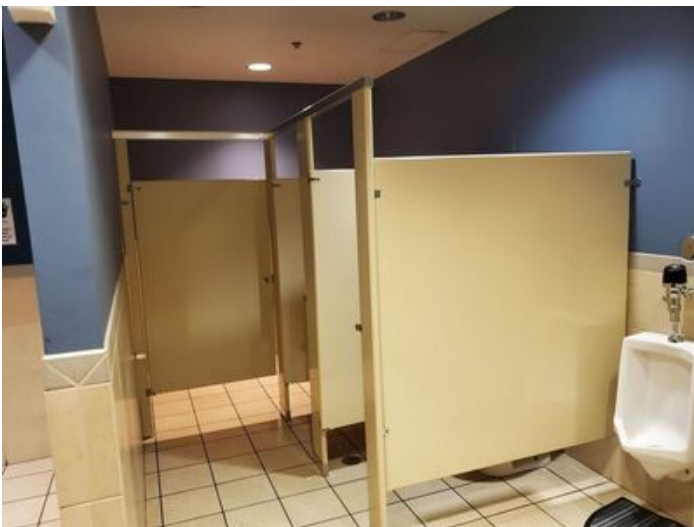
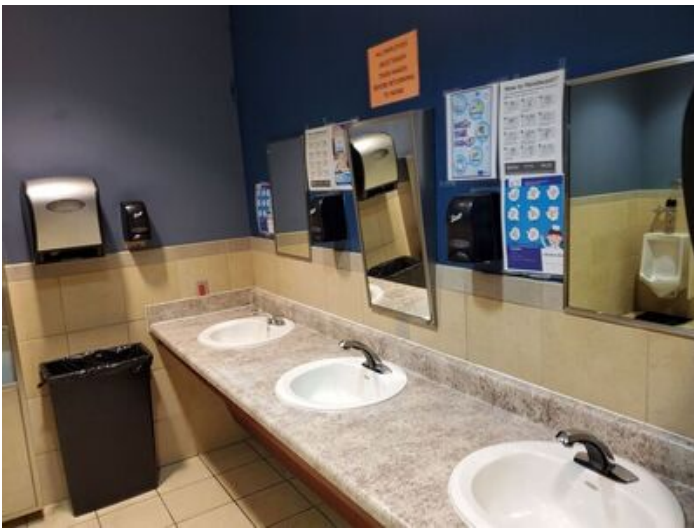


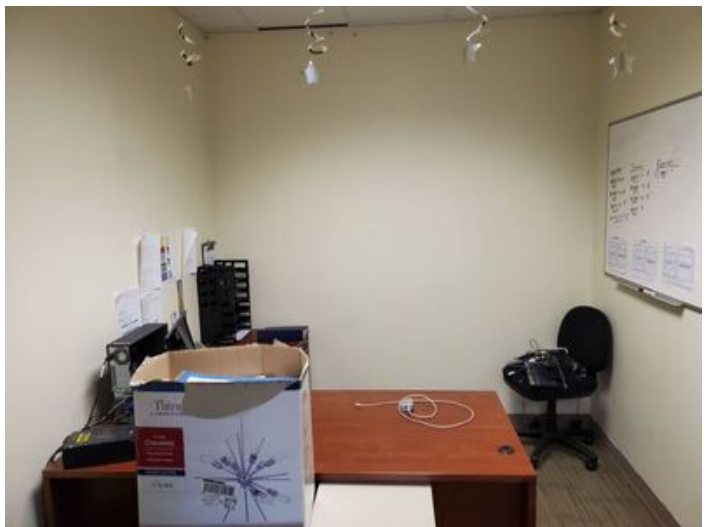
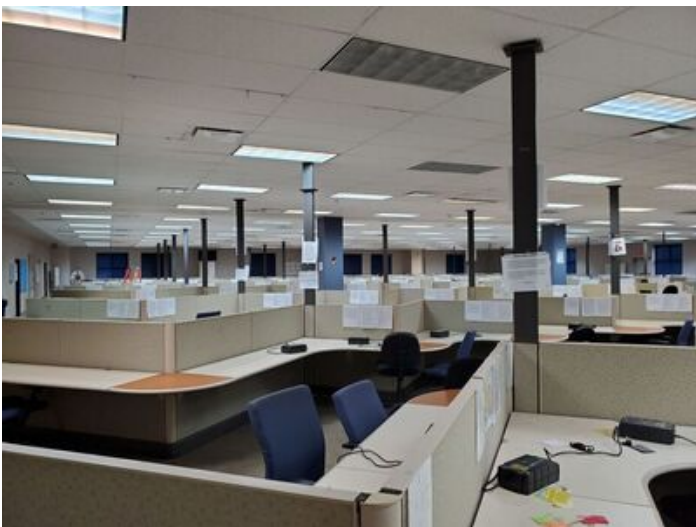
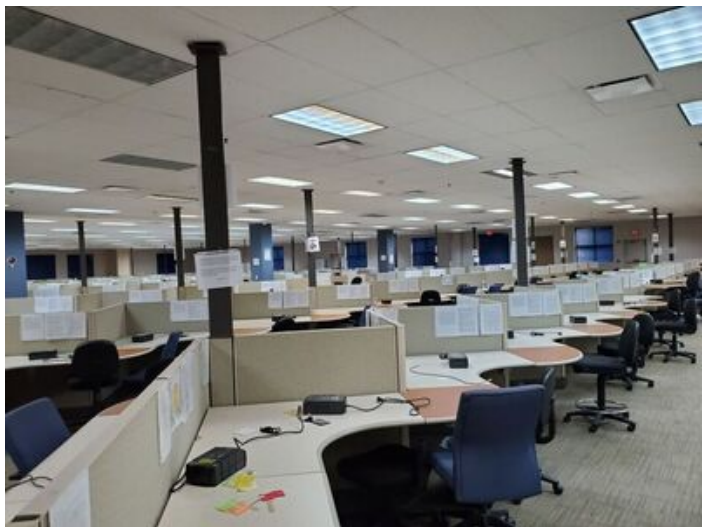


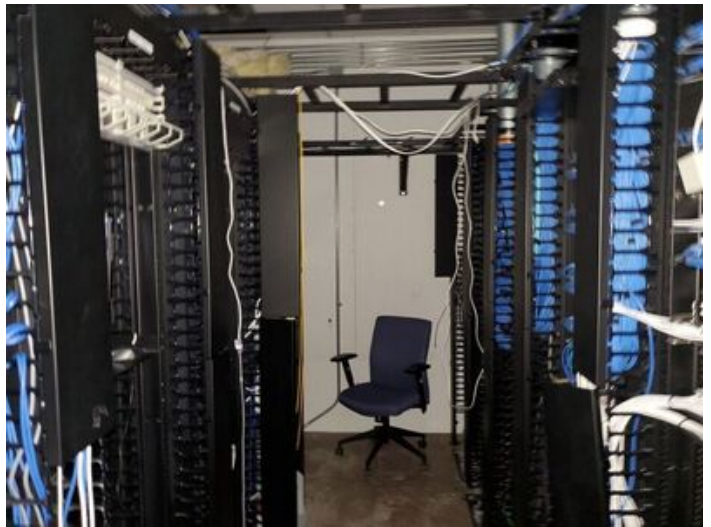
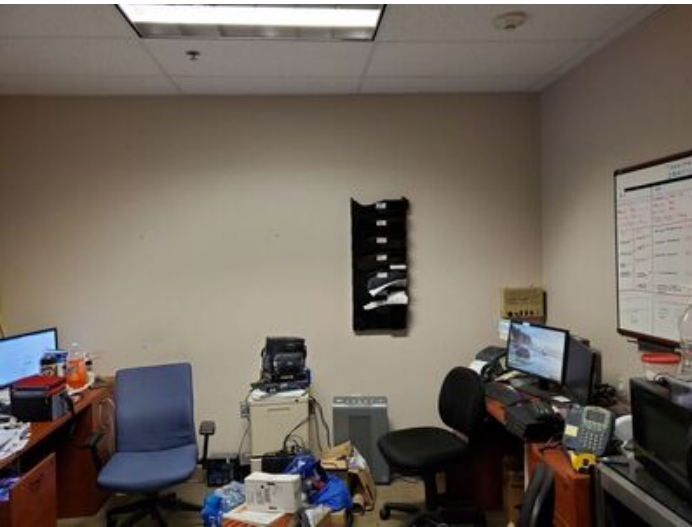
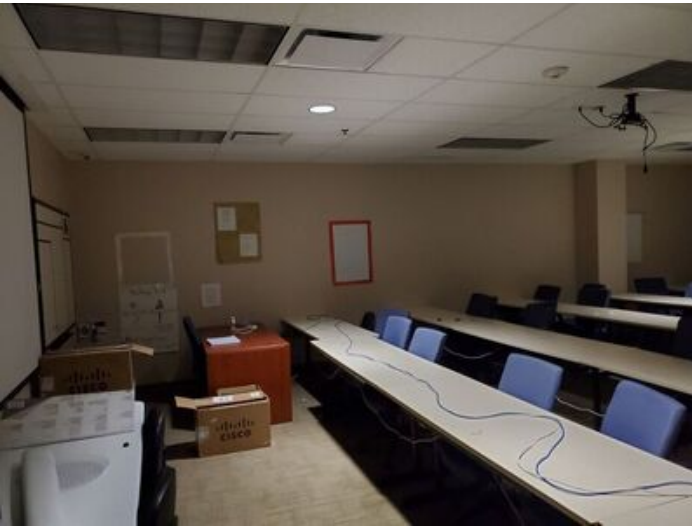












Highest and Best Use

Process – The highest and best use of the property must be determined for both the subject site as though vacant and for the property as currently improved (if applicable). The highest and best use is:

1. Physically possible for the site.
2. Permitted or reasonably probable under the zoning laws and deed restrictions that apply to the site.
3. Economically feasible.
4. The use which will produce the highest net return on investment (i.e. highest value) from among the possible, permissible, and economically feasible uses.

Highest and Best Use (Site as if Currently Vacant)

Physically Possible Use - The subject is adequately served by utilities and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Legally Permissible - The site is zoned IL, Light Industrial District. The IL District is designed to permit industrial activities of a limited nature. This includes uses which in many cases are compatible with adjacent use districts. Permissible uses include but are not limited to various light manufacturing and wholesaling, automobile assembly, repair and rental agency, contractor office and equipment storage yard, office buildings, warehousing, mobile home assembly, moving company with storage facility, sand and gravel storage yard, public utility plants and substations, tire repair shop, warehousing, wholesaling and distribution.

Feasible Use - Surrounding land uses include municipal service buildings, light industrial, vacant land awaiting development, and single family residential homes. The subject's neighborhood is partially developed with ample land available for future development. Current rents and occupancies do not justify new speculative construction and speculative development has not been occurring in the immediate market area. New construction toward a legally permitted use such as an office or light industrial facility would only be feasible for an owner occupant or under the scenario of a strong credit tenant having been secured prior to construction commencement.

Maximum Profitability - An office or light industrial development that is legally permitted in the C-2 district would be the maximally productive use of the site. However, development would only be warranted by an owner-occupant or if a strong credit tenant had been secured prior to construction commencement.

Highest and Best Use (Site as Currently Improved)

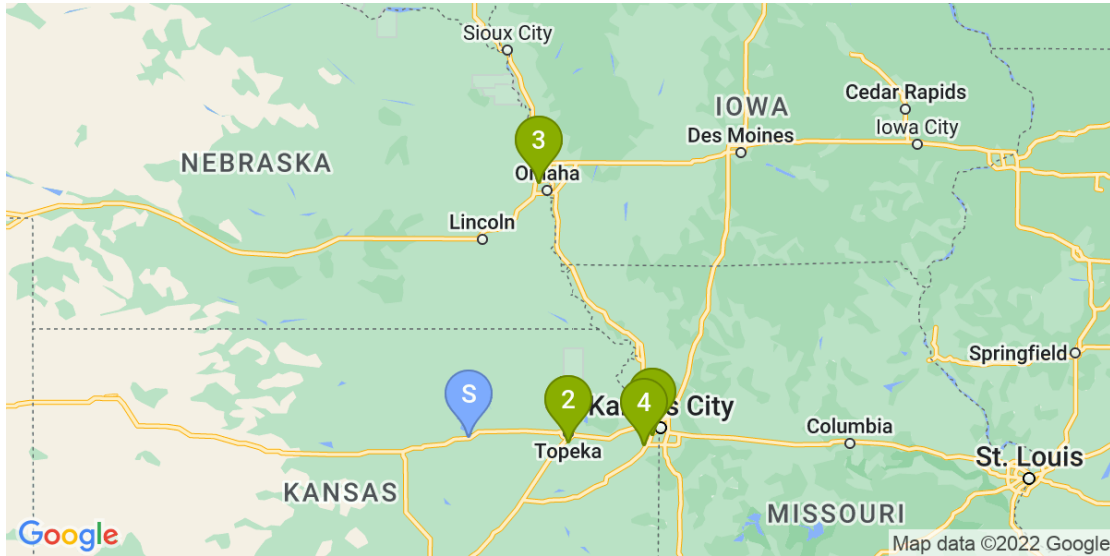
The subject property is improved with a 47,252 square foot office building and adjacent parking lot. This use is legally permitted within the IL district. Additionally, the improvements fit well within the confines of the subject site, meeting the test of being physically possible. The subject improvements were constructed in 2007 by the City of Junction City through the use of Industrial Revenue Bonds. The entirety of the property was leased in 2014 for a five year period with a call center tenant. Subsequent to the tenant exercising their first of three option periods in 2019, the COVID-19 pandemic altered the tenant's operations in early 2020 with employees transitioning to working from home. As a result, the improvements have been physically vacant aside from a handful of essential employees since 2020. The tenant continues to pay rent and as such the improvements are economically 100% occupied. The current option period on the lease runs through May 2025. The representative of the tenant we spoke with during our inspection of the subject was not aware if an additional option period would be exercised. As will be demonstrated herein, the current lease rate is considered at market. Given the length of time remaining on the lease the leased fee estate is reported herein incorporating the existing lease.

The current improvements contribute significant value to the site and cannot be easily converted to another use. Accordingly, the existing use is concluded to be feasible. Given the uncertainty of the tenant's future plans and if the current lease will be extended, it is most probable that the typical buyer for the subject property "as improved" would be an owner-user. The subject may have an appeal to an investor, however the heightened level of risk with the current tenant would certainly be considered in any potential purchase with a high rate of return expected. There is the possibility of an investor purchasing the subject and modifying/renovating the existing improvements toward a multi-tenant use. This would provide potentially smaller office suites which could be considered more appealing to the pool of office users in the market rather than the current large, single-tenant user setup.

There are no alternative uses that could reasonably be expected to provide a higher present value than the current use. The value of the subject under the existing use exceeds the potential value associated with the alternatives. Furthermore, the value produced by the existing improvements exceeds the value of the site, as if vacant. For these reasons, the existing use is concluded to be maximally productive, and the highest and best use of the site as improved.

Sale Comparison Approach

We have valued the subject according to its highest and best use, as improved. A summary of the sales follows. In evaluating the comparable sales, we selected Sales Price per square foot of gross building area as the primary unit of comparison. This is the unit of comparison most commonly quoted by brokers, sellers, and purchasers when discussing sales transactions and is considered the most relevant for the subject.



#	Property Name	Sale Date	Year Built	GBA SF	RA SF	Units	Sale Price	Sale Price / SF	Analysis Sale Price	Analysis SP / SF
1	Confidential Property	In-Contract	2012	59,525	59,525	3	\$4,170,000	\$70.05	\$4,170,000	\$70.05
2	Kansas Department of Health & Environment	12/03/2021	1997	68,500	64,000	2	\$5,100,000	\$74.45	\$5,470,000	\$79.85
3	Office/Call Center	09/20/2021	1978	37,800	37,800	0	\$2,500,000	\$66.14	\$2,500,000	\$66.14
4	General Office	06/15/2021	1991	31,177	31,177	0	\$2,150,000	\$68.96	\$2,150,000	\$68.96
5	Merriam Oaks	08/06/2019	1980	53,816	53,816	0	\$3,700,000	\$68.75	\$3,700,000	\$68.75



Parcel Map

Property Information	
Property Name	Kansas Department of Health & Environment
Property Class	Office
Address	6531 SE Forbes Avenue, Topeka, KS 66611
County	Shawnee
Property Type & Sub-Type	General Purpose / ---
Site Information - Primary Site	
Land SF	83,863
Land Acres	1.93
Zoning Code	I-1
Zoning Description	Light Industrial District
Shape	Rectangular
Flood Zone	X or C
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
Improvement Information - Kansas Department of Health & Environment	
Gross Building Area	68,500
Rentable Area	64,000
Year Built	1997
Construction Quality	Average
Building Condition	Average
# of Stories	1
# of Units	2
Total Parking Spaces	95

Transaction Information					
Sale Status	Closed				
Sale Date	12/03/2021				
Seller	Grandmothers, Inc.				
Buyer	Government Acquisition Partners LLC				
Sale Price	\$5,100,000				
Analysis Sale Price	\$5,470,000				
Price per SF GBA	\$74.45				
Analysis Sale Price per SF GBA	\$79.85				
Sale Confirmed By	Brian A. Klahr, MAI				
Sale Confirmed With	Purchase contract				
Sale Remarks	Government Acquisition Partners LLC will transfer ownership to GIP Topeka LLC. Both entities share common ownership. KDHE leases 35,800 SF; the 28,200 SF former Kansas Department of Agriculture lab space is vacant. Lease up costs were estimated based on an appraisal at the time of sale.				
Scenario	Price Type	12M Per End	EGIM	OAR Bef Res	OAR Aft Res
Appraiser's Pro Forma	Analysis Sale Price	07/26/2022	6.90	8.82%	8.82%
Owner's Pro Forma	Sale Price	09/30/2022	8.54	7.60%	7.40%
PGI	V/C	EGI	Expenses	NOI Before Res.	NOI After Res.
\$905,446	12.50%	\$792,265	\$310,028	\$482,237	\$482,237
\$597,500	0.00%	\$597,500	\$283,981	\$313,519	\$303,077



Property Information	
Property Name	Office/Call Center
Property Class	Office
Address	7720 Crown Point Ave, Omaha, NE 68134
County	Douglas
Property Type & Sub-Type	General Purpose / ---
Site Information - Main	
Land SF	451,717
Land Acres	10.37
Zoning Code	GI
Zoning Description	General Industrial
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
Improvement Information - Main Improvement	
Gross Building Area	37,800
Rentable Area	37,800
Year Built	1978
Construction Quality	Good
Building Condition	Average

Transaction Information	
Sale Status	Closed
Sale Date	09/20/2021
Seller	P&S Leasing
Buyer	DKD Investments, LLC
Sale Price	\$2,500,000
Analysis Sale Price	\$2,500,000
Price per SF GBA	\$66.14
Analysis Sale Price per SF GBA	\$66.14
Sale Confirmed By	Sam Stratton
Sale Confirmed With	Public Record, Offering Memorandum
Sale Remarks	The property was listed for \$3,795,000 and was on the market since July 2018. During the marketing period, the property was encumbered by a lease through December 2020 at a rate of \$9.14 per square foot on triple net terms which provided for an annual income of \$345,600. This was reflective of a 9.11% capitalization rate based on the list price. The property sold following the lease expiration and conveyed as a fee simple asset.



Property Information	
Property Name	General Office
Property Class	Office
Address	11250 Corporate Ave, Lenexa, KS 66219
County	Johnson
Property Type & Sub-Type	General Purpose / ---
Site Information - Main Site	
Land SF	216,982
Land Acres	4.98
Zoning Code	BP1
Shape	Irregular
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
Improvement Information - Main Building	
Gross Building Area	31,177
Rentable Area	31,177
Year Built	1991
Construction Quality	Average
Building Condition	Average
Total Parking Spaces	150
Transaction Information	
Sale Status	Closed
Sale Date	06/15/2021
Seller	Conifer Properties LLC
Buyer	K-Frans LLC
Sale Price	\$2,150,000
Analysis Sale Price	\$2,150,000
Price per SF GBA	\$68.96
Analysis Sale Price per SF GBA	\$68.96
Sale Confirmed With	County Records
Sale Remarks	According to SQ, the property was not leased at the time of sale.



046-063-07-0-30-12-051.00-0 01/16/2016



Property Information	
Property Name	Merriam Oaks
Property Class	Office
Address	8500 Shawnee Mission Pkwy, Merriam, KS 66202
County	Johnson
Property Type & Sub-Type	General Purpose / ---
Site Information - Main Site	
Land SF	141,824
Land Acres	3.26
Zoning Code	PUD-G
Shape	L-shaped
Flood Zone	X
Available Utilities	Electricity, Gas, Water, and Sewer
Improvement Information - Main	
Gross Building Area	53,816
Rentable Area	53,816
Year Built	1980
Construction Quality	Average
Building Condition	Average
# of Stories	3
Total Parking Spaces	160
Transaction Information	
Sale Status	Closed
Sale Date	08/06/2019
Seller	VT Inc
Buyer	CE Merriam Oaks
Sale Price	\$3,700,000
Analysis Sale Price	\$3,700,000
Price per SF GBA	\$68.75
Analysis Sale Price per SF GBA	\$68.75
Sale Confirmed With	County Records
Sale Remarks	Cohen-Esrey is purchasing the building, and will be occupying roughly 27,000 of the 55,000 square feet immediately. Over time, as leases in the building expire they will occupy more of the building.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms/financing, conditions of the sale, expenditures after the sale, excess land value, and market conditions.

Property Rights

The property rights involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Terms / Financing

The terms/financing involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Conditions of Sale

Sale #2 sold as a partially occupied asset. Estimated lease-up costs are estimated at \$340,000. This figure is added to the sale price to reach the effective sale price. The conditions involved in the remaining sales did not appear to have a significant impact on the prices, and no other adjustments were required.

Expenditures After Sale

The expenditures after sale involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Excess Land Value

The excess land value involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Market Conditions

As can be seen, the sales have occurred relatively recently. Available market data does not indicate any significant change in prices of comparable properties during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Basement

The subject does not feature a basement and all gross building area is entirely above grade. Sale #2 included an approximately 5,000 square foot basement. Lower level/basement space is not as desirable in this market given the limited visibility and accessibility compared to above grade area. A minor upward adjustment is applied to Sale #2. All other comparables did not include a basement such as the subject and no other adjustments are necessary.

Condition

The subject and Sale #1 are in good condition and no adjustments is necessary for this sale. All other comparables are in inferior condition and upwardly adjusted. It is notable that Sale #1 included two warehouse buildings in addition to the primary office building. The warehouses are in slightly inferior condition, however this is mainly due to the fact the interior of one is not built out. This factor is adjusted for within the forthcoming percent finish adjustment.

Land to Building Ratio

The subject features a land to building ratio of 11.76 to 1. Upward adjustments are applied to Sale #2, #4, and #5 for their smaller ratios. Sale #1 and #3 featured a similar land to building ratio and are not adjusted.

Location

The subject property is located in the smaller Junction City market. Sale #1 is located in Great Bend which is a smaller market and an upward adjustment is applied. All remaining comparables are located in larger, stronger markets and downward adjustments are applied.

Size

Typically, larger properties tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This has to do, in part, with the fact that there is a larger pool of potential purchasers for small properties. We have concluded that this typical relationship applies to the subject sales. We have adjusted smaller properties downward and larger properties upward.

Sale Adjustments				
	Subject	Sale # 1	Sale # 2	Sale # 3
Name	Office Building	Confidential Property	Kansas Department of Health & Environment	Office/Call Center
Street Address	2031 S Spring Valley Road	Confidential Property	6531 SE Forbes Avenue	7720 Crown Point Ave
City	Junction City	Great Bend	Topeka	Omaha
Sale Price		\$4,170,000.00	\$5,100,000.00	\$2,500,000.00
Unit of Comparison (UoC)	Gross Building Area	Gross Building Area	Gross Building Area	Gross Building Area
UoC Value	47,252 sf	59,525 sf	68,500 sf	37,800 sf
Sale Price / UoC		\$70.05	\$74.45	\$66.14
Transactional Adjustments (calculated cumulatively)				
Property Rights	N/A	Fee Simple	Leased Fee	Fee Simple
		Similar	Similar	Similar
Terms / Financing	N/A	\$0.00	\$0.00	\$0.00
		Similar	Similar	Similar
Conditions of Sale	N/A	\$0.00	\$370,000.00	\$0.00
Adjustment		\$0.00	\$4.96	\$0.00
Expenditures After Sale	N/A	\$0.00	\$0.00	\$0.00
		Similar	Similar	Similar
Excess Land Value	N/A	\$0.00	\$0.00	\$0.00
		Similar	Similar	Similar
Market Conditions	N/A	In-Contract	12/03/2021	09/20/2021
		Similar	Similar	Similar
Adj Price / UoC after Transactional Adjs	N/A	\$70.05	\$79.41	\$66.14
Property Adjustments - Quantitative (not cumulative)				
Basement	None	None	Partial	None
Adjustment		0.00% \$0.00	2.50% \$1.99	0.00% \$0.00
Condition	Good	Good and Average	Average	Average
Adjustment		0.00% \$0.00	10.00% \$7.94	10.00% \$6.61
Land to Building Ratio	11.76	10.61	1.22	11.95
Adjustment		0.00% \$0.00	7.50% \$5.96	0.00% \$0.00
Location	---	---	Average	---
Adjustment		5.00% \$3.50	-10.00% -\$7.94	-15.00% -\$9.92
Percent Finish	100.00	76.82	92.70	100.00
Adjustment		5.00% \$3.50	2.50% \$1.99	0.00% \$0.00
Size	47,252 sf	59,525 sf	68,500 sf	37,800 sf
Adjustment		0.00% \$0.00	2.50% \$1.99	0.00% \$0.00
Total Adjustments				
Gross % Adj's	N/A	9.99%	44.02%	24.99%
Gross \$ Adj's	N/A	\$7.00	\$32.77	\$16.53
Net % Adj's	N/A	9.99%	22.69%	-5.00%
Net \$ Adj's	N/A	\$7.00	\$16.89	-\$3.31
Net Adj Price / UoC	N/A	\$77.05	\$91.34	\$62.83

Sale Adjustments					
Subject		Sale # 4		Sale # 5	
Name	Office Building	General Office		Merriam Oaks	
Street Address	2031 S Spring Valley Road	11250 Corporate Ave		8500 Shawnee Mission Pkwy	
City	Junction City	Lenexa		Merriam	
Sale Price		\$2,150,000.00		\$3,700,000.00	
Unit of Comparison (UoC)	Gross Building Area	Gross Building Area		Gross Building Area	
UoC Value	47,252 sf	31,177 sf		53,816 sf	
Sale Price / UoC		\$68.96		\$68.75	
Transactional Adjustments (calculated cumulatively)					
Property Rights	N/A	Fee Simple		Leased Fee	
		Similar		Similar	
Terms / Financing	N/A	\$0.00		\$0.00	
		Similar		Similar	
Conditions of Sale	N/A	\$0.00		\$0.00	
Adjustment		\$0.00		\$0.00	
Expenditures After Sale	N/A	\$0.00		\$0.00	
		Similar		Similar	
Excess Land Value	N/A	\$0.00		\$0.00	
		Similar		Similar	
Market Conditions	N/A	06/15/2021		08/06/2019	
		Similar		Similar	
Adj Price / UoC after Transactional Adj's	N/A	\$68.96		\$68.75	
Property Adjustments - Quantitative (not cumulative)					
Basement	None	None		None	
Adjustment		0.00%	\$0.00	0.00%	\$0.00
Condition	Good	Average		Average	
Adjustment		10.00%	\$6.90	10.00%	\$6.88
Land to Building Ratio	11.76	6.96		2.64	
Adjustment		5.00%	\$3.45	7.50%	\$5.16
Location	---	---		---	
Adjustment		-15.00%	-\$10.34	-15.00%	-\$10.31
Percent Finish	100.00	100.00		100.00	
Adjustment		0.00%	\$0.00	0.00%	\$0.00
Size	47,252 sf	31,177 sf		53,816 sf	
Adjustment		-2.50%	-\$1.72	0.00%	\$0.00
Total Adjustments					
Gross % Adj's	N/A	32.50%		32.51%	
Gross \$ Adj's	N/A	\$22.41		\$22.35	
Net % Adj's	N/A	-2.48%		2.52%	
Net \$ Adj's	N/A	-\$1.71		\$1.73	
Net Adj Price / UoC	N/A	\$67.25		\$70.48	

Adjusted Price Indications	
Minimum	\$62.83
Maximum	\$91.34
Average	\$73.79
Median	\$70.48
Standard Deviation	9.92

The adjustments are summarized in the above adjustment grid. Sale #2 is viewed as a high end outlier as its adjusted value is nearly \$15.00 per square foot higher than the next highest indicator. At the time of sale, Sale #2 was partially leased to the State of Kansas, a high credit tenant. This factor likely contributed to a higher price per square foot. Less consideration is given to this sale herein. The remaining four adjusted sale prices provide a much narrower range from \$62.83 per square foot to \$77.05 per square foot. A value for the subject at \$75.00 per square foot is considered appropriate and well supported by these four primary comparables.

Sales Comparison Value	
Unit of Comparison (UoC)	Gross Building Area
Sales Comparison Value / UoC	\$75.00
Sales Comparison Value	\$3,543,900
Rounded	\$3,540,000

Income Approach

Operating Income

The subject's potential gross income is a function of rental payments under the terms of current and anticipated leases. This can include base rent as well as expense reimbursements and escalations.

Existing Contract Leases

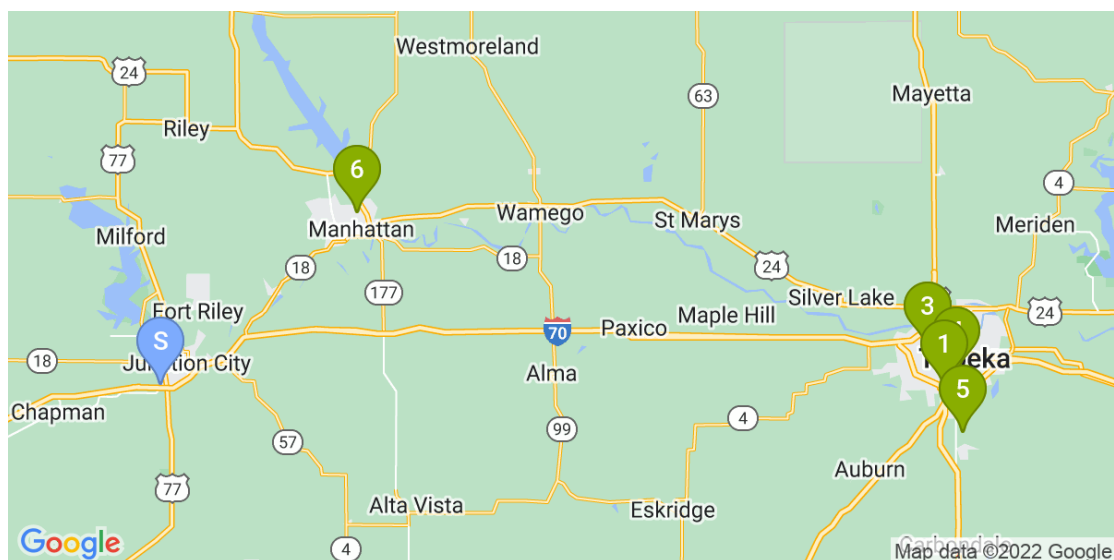
The current rent roll is shown below.

Rent Roll							
Lessee	Start Date	Expiration Date	Leased SF	Eff. Rent per SF	LCE Rent per SF	Lease Structure	TI by Lessor
Advanced Call Center Technologies, LLC	06/01/2014	05/31/2025	47,252	\$9.24	\$8.91	NNN	\$0.00
Total			47,252	\$9.24	\$8.91		

Market Rent

In order to determine an opinion of market rent, the appraisers have reviewed both recent leases and current listings. A map of the comparables, as well as a brief summary of the comparable leases, follows. Detailed write-ups of the comparables are located on the following pages.

Market Rent



#	Property Name	Leased SF	Year Built	Lease Start Date	Initial Rent/SF	Eff Rent/SF	LE Rent/SF
1	Burlingame South Business Center	15,275	1978	06/01/2023	\$12.78	\$13.28	\$13.23
2	Confidential Property	10,220	2015	10/01/2020	\$15.00	\$15.00	\$15.00
3	BT & Co. Office Building - Proposed Remodel	20,052	1959	12/01/2019	\$11.37	\$13.19	\$12.60
4	Office Building	42,590	1961	06/01/2019	\$13.75	\$15.66	\$15.54
5	Building #281 - Office	41,751	1960	01/01/2016	\$15.00	\$15.63	\$15.57
6	Department of Agriculture Building	49,956	2014	09/01/2014	\$13.95	\$13.95	\$13.95



Parcel Map

Property Information	
Property Name	Burlingame South Business Center
Property Class	Office
Address	3712 SW Burlingame Road, Topeka, KS 66609
County	Shawnee
Property Type & Sub-Type	Other Office / ---
Site Information - Primary Site	
Land SF	217,329
Land Acres	4.99
Zoning Code	C2 & C4
Zoning Description	Commercial District
Shape	Irregular
Flood Zone	Out
Topography	Basically Level
Available Utilities	Electricity, Gas, Sewer, Trash, and Water
Improvement Information - Main Building	
Gross Building Area	63,502
Rentable Area	62,057
Year Built	1978
Construction Quality	Average
Building Condition	Good
# of Stories	2
# of Units	7
Total Parking Spaces	260

Transaction Information	
Lessee	Gradient Insurance Brokerage Inc
Lessor	K1 Realty Investments 03 LLC
Commencement Date	06/01/2023
Lease Status	Contract
Expiration Date	05/31/2030
Effective Annual Rent per SF	\$13.28
Lease Structure	NNN
Lvl Equiv Rent per SF	\$13.23
Leased SF	15,275
Lease Remarks	Tenant since 2008. 7th amendment to lease agreement. Base rent plus CAMS. Currently paying \$7.61SF for 20,975 square feet of space until 5/31/2023.

Rent Month	Amount/Month
2023-06	\$16,263
2024-06	\$16,470
2025-06	\$16,680
2026-06	\$16,895
2027-06	\$17,114
2028-06	\$17,338
2029-06	\$17,566



Building Photo



Parcel Map (Aerial)

Property Information	
Property Name	BT & Co. Office Building - Proposed Remodel
Property Class	Office
Address	4301 SW Huntoon Street, Topeka, KS 66618
County	Shawnee
Property Type & Sub-Type	General Purpose / ---
Site Information - Office Building	
Land SF	45,738
Land Acres	1.05
Zoning Code	M-2
Zoning Description	Multiple Family Dwelling District
Shape	Irregular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, Sewer, and Trash
Improvement Information - Proposed BT & Co. Office Building	
Gross Building Area	20,052
Rentable Area	20,052
Year Built	1959
Construction Quality	Good
Building Condition	Good
# of Stories	1
# of Units	1
Total Parking Spaces	53

Transaction Information	
Lessee	Barbara Trahan & Co., P.A.
Lessor	BT Real Estate LLC
Commencement Date	12/01/2019
Lease Status	Contract
Expiration Date	11/30/2039
Effective Annual Rent per SF	\$13.19
Lease Structure	NNN
Lvl Equiv Rent per SF	\$12.60
Leased SF	20,052
Lease Remarks	The base takes into account the purchase, renovation, and improvements to the premises up to a cost of \$2.5 million. Lessee is responsible for cost exceeding \$2.5 million. Lessee pays taxes, utilities, and maintains/repairs property.

Rent Month	Amount/Month
2019-12	\$19,000
2024-12	\$20,900
2029-12	\$22,990
2034-12	\$25,289



County Photo



Parcel Map

Property Information	
Property Name	Office Building
Property Class	Office
Address	419 SW 29th Street, Topeka, KS 66611
County	Shawnee
Property Type & Sub-Type	General Purpose / ---
Site Information - Parking Lot	
Land SF	134,340
Land Acres	3.08
Zoning Code	C4
Zoning Description	Commercial District
Shape	Irregular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, Sewer, and Trash
Site Information - Primary Site	
Land SF	150,120
Land Acres	3.45
Zoning Code	OI2
Zoning Description	Office & Institutional District
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, Sewer, and Trash
Improvement Information - Main Building	
Gross Building Area	67,376
Rentable Area	58,928
Year Built	1961
Construction Quality	Average
Building Condition	Average
# of Stories	2
Total Parking Spaces	233

Transaction Information	
Lessee	KVC Behavioral Healthcare Inc
Lessor	823 Topeka LLC
Commencement Date	06/01/2019
Lease Status	Contract
Expiration Date	06/30/2024
Effective Annual Rent per SF	\$15.66
Lease Structure	Full Service
Lvl Equiv Rent per SF	\$15.54
Leased SF	42,590
Lease Remarks	The lease is for Floors 2, 3 and 4 and landlord is providing tenant access to up to 1,500 SF of unfinished storage space at no change. Tenant has the option to renew for 2 additional 2-year terms with rent increase by 3% each year. Tenant also has the option to purchase: Yr 1 \$2,050,000; Yr 2 \$2,100,000; Yr 3 \$2,200,000; Yr 4 \$2,300,000; Yr 5 \$2,350,000.

Rent Month	Amount/Month
2019-06	\$0
2019-07	\$53,237
2020-07	\$54,834
2021-07	\$56,467
2022-07	\$58,170
2023-07	\$59,909



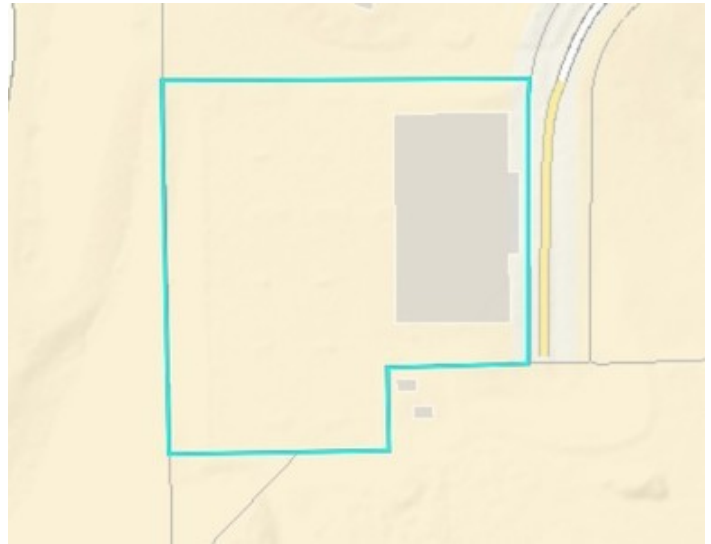
Property Information	
Property Name	Building #281 - Office
Property Class	Office
Address	650 SE Airport Drive West, Topeka, KS 66619
County	Shawnee
Property Type & Sub-Type	General Purpose / ---
Site Information - Maximus Building - 281	
Land SF	111,514
Land Acres	2.56
Zoning Code	I-1
Zoning Description	Light Industrial District
Shape	Irregular
Flood Zone	X
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, and Sewer
Improvement Information - Maximus Building	
Gross Building Area	46,093
Rentable Area	46,093
Year Built	1960
Construction Quality	Average
Building Condition	Good
# of Stories	2
Total Parking Spaces	31

Transaction Information	
Lessee	Maximus, Inc
Lessor	Rural Development Corp.
Commencement Date	01/01/2016
Lease Status	Contract
Expiration Date	12/31/2021
Effective Annual Rent per SF	\$15.63
Lease Structure	Modified Gross
Lvl Equiv Rent per SF	\$15.57
Leased SF	41,751
Lease Remarks	Tenant pays utilities, janitorial, and trash removal. Landlord pays for insurance and provides maintenance and repairs. There is no tax expense as the property is on a ground lease with a municipal entity.

	Rent Month	Amount/Month
	2016-01	\$52,189
	2017-01	\$53,059
	2018-01	\$53,928
	2019-01	\$54,798
	2020-01	\$55,668
	2021-01	\$56,538



Front



Parcel map

Property Information

Property Name	Department of Agriculture Building
Property Class	Office
Address	1320 Research Park Drive, Manhattan, KS 66502
County	Riley
Property Type & Sub-Type	General Purpose / ---

Site Information - Department of Agriculture Building

Land SF	115,734
Land Acres	2.66
Zoning Code	U
Zoning Description	University
Shape	Irregular
Flood Zone	Out
Topography	Basically Level
Available Utilities	Electricity, Gas, Water, Sewer, and Trash

Improvement Information - Main Building

Gross Building Area	49,956
Rentable Area	49,956
Year Built	2014
Construction Quality	Average
Building Condition	Good
# of Stories	3

Transaction Information

Lessee	State Of Kansas
Lessor	KSU Foundation
Commencement Date	09/01/2014
Lease Status	Contract
Expiration Date	08/31/2034
Effective Annual Rent per SF	\$13.95
Lease Structure	Modified Gross
Lvl Equiv Rent per SF	\$13.95
Leased SF	49,956

Rent Month

Amount/Month

2014-09

\$58,074

Elements of Comparison -- Related to the Transaction

We have evaluated the comparables based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the transaction itself. These include the lease expense structure, concessions, and market conditions.

Expense Structure

Comparable #1, #2 and #3 are leased under triple net terms which call for the tenant to reimburse most expenses. This current subject lease is also structured under these terms. No adjustments are necessary for Comparable #1-#3. Comparable #4, #5 and #6 are leased under full service gross or modified gross terms which calls for fewer expense reimbursements from the tenant to the landlord. Typically, a higher rental rate is assigned under this lease type as the landlord would look to recoup expenses from the overall rental rate. Downward adjustments are applied to these three comparables for an accurate comparison to the triple net lease type.

Concessions

We are analyzing the comparables based on the effective average rental rate over the lease term. Any concessions built into the lease, such as free rent, are included in the effective rental rate and no adjustments for concessions are required.

Market Conditions

Comparable #1-#4 all commenced relatively recently. Available market data does not indicate any significant change in lease rates of comparable properties during this period, and no adjustments for market conditions were required for these indicators. Comparable #5 and #6 are more dated lease comparables and upward adjustments are applied for improvement in overall market conditions.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Condition

The subject property is considered to be in good overall condition. A downward adjustment is applied to Comparable #2 as it is in superior condition. An upward adjustment is applied to Comparable #4 as it is in inferior condition. All other comparables are in similar condition to the subject and do not require adjustment.

Land to Building (LTB) Ratio

The subject property features a land to building ratio of 11.76 to 1. Typically with office properties in this market, a larger land to building ratio translates to more off-street parking. All comparables except Comparable #2 include lower ratios and are upwardly adjusted. Comparable #2 include a higher land to building ratio and is downwardly adjusted.

Location

The subject is located in the smaller market of Junction City. All comparables are from larger and more active markets in central and northeast Kansas and require downward adjustments. Our search for comparable office rentals in the immediate Junction City market did not yield any applicable results therefore expanding our search to the broader regional market was necessary.

Quality

The subject improvements are of average construction quality. Comparable #2 and #3 include superior construction/building components and are downwardly adjusted. The remaining comparables are of similar quality to the subject and no other adjustments are necessary.

Size

Typically, larger properties tend to lease for lower rental rates, reflecting an inverse relationship between rate and size. This has to do, in part, with the fact that there is a larger pool of potential tenants for smaller spaces. We have concluded that this typical relationship applies to the subject leases. We have adjusted smaller spaces downward and larger spaces upward.

Rent Adjustments							
Subject		Lease #1		Lease #2		Lease #3	
Name	Office Building	Burlingame South Business Center		Confidential Property		BT & Co. Office Building - Proposed Remodel	
Street Address	2031 S Spring Valley Road	3712 SW Burlingame Road		Confidential Property		4301 SW Huntoon Street	
City	Junction City	Topeka		Manhattan		Topeka	
Eff. Annual Rent		\$202,843.20		\$153,300.00		\$264,537.00	
Leased SF	47,252 sf	15,275		10,220		20,052	
Eff. Annual Rent / SF		\$13.28		\$15.00		\$13.19	
Transactional Adjustments (calculated cumulatively)							
Expense Structure	N/A	NNN		NNN		NNN	
Adjustment		\$0.00		\$0.00		\$0.00	
Concessions	N/A	0		0		0	
		Similar		Similar		Similar	
Market Conditions	N/A	06/01/2023		10/01/2020		12/01/2019	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Adj Price / UoC after Transactional Adjs	N/A	\$13.28		\$15.00		\$13.19	
Property Adjustments - Quantitative (not cumulative)							
Condition	Good	Good		Excellent		Good	
Adjustment		0.00%	\$0.00	-10.00%	-\$1.50	0.00%	\$0.00
Land to Building Ratio	11.76	3.42		14.25		2.28	
Adjustment		5.00%	\$0.66	-2.50%	-\$0.38	7.50%	\$0.99
Location	---	---		Average		Average	
Adjustment		-15.00%	-\$1.99	-10.00%	-\$1.50	-10.00%	-\$1.32
Quality	Average	Average		Good		Good	
Adjustment		0.00%	\$0.00	-5.00%	-\$0.75	-5.00%	-\$0.66
Size	47,252 sf	15,275 sf		10,220 sf		20,052 sf	
Adjustment		-10.00%	-\$1.33	-10.00%	-\$1.50	-7.50%	-\$0.99
Total Adjustments							
Gross % Adj's	N/A	29.97%		37.53%		30.02%	
Gross \$ Adj's	N/A	\$3.98		\$5.63		\$3.96	
Net % Adj's	N/A	-20.03%		-37.53%		-15.01%	
Net \$ Adj's	N/A	-\$2.66		-\$5.63		-\$1.98	
Net Adj Price / SF	N/A	\$10.62		\$9.37		\$11.21	

Rent Adjustments							
Subject		Lease #4		Lease #5		Lease #6	
Name	Office Building	Office Building		Building #281 - Office		Department of Agriculture Building	
Street Address	2031 S Spring Valley Road	419 SW 29th Street		650 SE Airport Drive West		1320 Research Park Drive	
City	Junction City	Topeka		Topeka		Manhattan	
Eff. Annual Rent		\$667,161.48		\$652,359.96		\$696,886.20	
Leased SF	47,252 sf	42,590		41,751		49,956	
Eff. Annual Rent / SF		\$15.66		\$15.63		\$13.95	
Transactional Adjustments (calculated cumulatively)							
Expense Structure	N/A	Full Service		Modified Gross		Modified Gross	
Adjustment		-\$6.00		-\$5.00		-\$5.00	
Concessions	N/A	1		0		0	
		Similar		Similar		Similar	
Market Conditions	N/A	06/01/2019		01/01/2016		09/01/2014	
Adjustment		0.00%	\$0.00	5.00%	\$0.53	5.00%	\$0.45
Adj Price / UoC after Transactional Adjs	N/A	\$9.66		\$11.16		\$9.40	
Property Adjustments - Quantitative (not cumulative)							
Condition	Good	Average		Good		Good	
Adjustment		10.00%	\$0.97	0.00%	\$0.00	0.00%	\$0.00
Land to Building Ratio	11.76	4.22		2.42		2.32	
Adjustment		5.00%	\$0.48	5.00%	\$0.56	5.00%	\$0.47
Location	---	---		---		---	
Adjustment		-10.00%	-\$0.97	-10.00%	-\$1.12	-10.00%	-\$0.94
Quality	Average	Average		Average		Average	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Size	47,252 sf	42,590 sf		41,751 sf		49,956 sf	
Adjustment		0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Total Adjustments							
Gross % Adj's	N/A	53.77%		46.13%		49.18%	
Gross \$ Adj's	N/A	\$8.42		\$7.21		\$6.86	
Net % Adj's	N/A	-35.25%		-32.18%		-35.99%	
Net \$ Adj's	N/A	-\$5.52		-\$5.03		-\$5.02	
Net Adj Price / SF	N/A	\$10.14		\$10.60		\$8.93	

Adjusted Price Indications	
Minimum	\$8.93
Maximum	\$11.21
Average	\$10.15
Median	\$10.37
Standard Deviation	0.78

The adjustments are summarized in the above adjustment grid. Following adjustments, the comparable rental rate range tightens. No comparable emerges as a high or low end outlier. While more dated indicators, Comparable #4, #5 and #6 are all larger office properties similar in size to the subject. Some additional consideration is given to the adjusted rental rate of these three comparables. The subject's current effective rental rate at \$9.24 per square foot on NNN terms is considered to be supported by these three primary indicators.

Market Rent	
Units	47,252
Unit of Comparison (UoC)	Rentable Area
Market Rent / UoC	\$9.24

Based on our analysis on the previous pages, our estimate of rental income for the subject is shown in the table below:

In-Place							
Lease	Units	Unit of Comparison	Rent / SF	As Of	Period	Scenario	Total
Advanced Call Center Technologies, LLC 2014-06-01	47,252	Rentable Area	\$9.24	11/08/2022	Annual	Effective	\$436,608
						Subtotal	\$436,608
Total Rental Income							
\$436,608							

Expense Reimbursements

Expense reimbursements are based on the structure of the lease currently in place. The current triple net lease calls for the tenant to pay most operating expenses. As a single tenant building, the tenant typically pays most expenses directly, and we have not projected estimates for these individual expenses. Accordingly, only a vacancy consideration, management expense for bookkeeping and periodic leasing commissions, and a maintenance expense covering structural/roof considerations and parking lot repair is deducted in our cash flow forecast.

The following table shows the division of expense responsibilities between the owner and tenants:

	Owner	Tenant
Real Estate Taxes		X
Insurance		X
General/Administrative	X	
Utilities		X
Repairs & Maintenance	X - Structural/Roof, Parking Lot	X

Other Income

No significant other income is anticipated for the subject and none was included in the forecast for this analysis.

Estimated Vacancy and Collection Loss

The subject has a current occupancy rate of 100%, based on the single tenant lease in place. It is also prudent to consider the potential loss due to bad credit and collection problems. Based on these indications, we have estimated stabilized vacancy and collection loss for the subject at 10.0% of potential gross income.

Operating Expenses

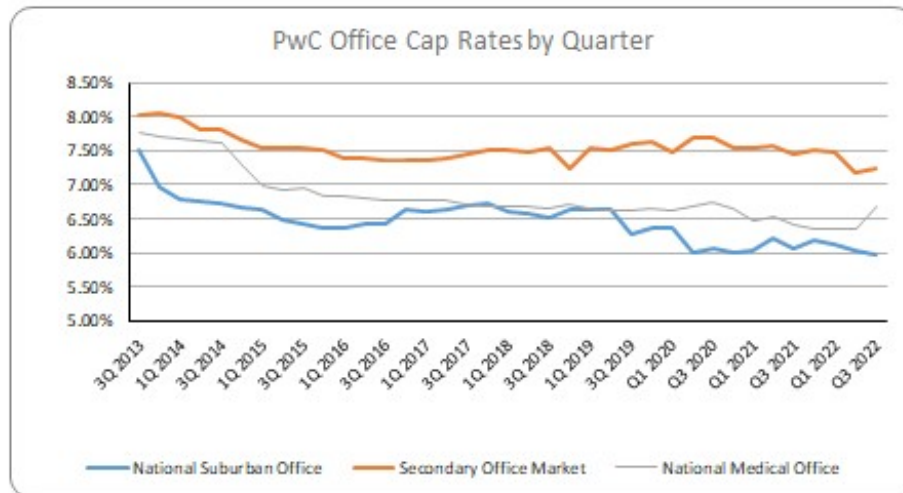
As noted above, our pro-forma includes only a minor maintenance/repair expense for the parking lot and structural/roof reserves, a bookkeeping/management expense, and the aforementioned vacancy deduction.

Pro Forma			
	Total	Per SF	% of EGI
Income			
Rental Income	\$436,608	\$9.24	111.11%
Potential Gross Income (PGI)	\$436,608	\$9.24	111.11%
Less Vacancy & Credit Loss (% of PGI : 10.00%)	\$43,661	\$0.92	11.11%
Effective Gross Income (EGI)	\$392,948	\$8.32	100.00%
Variable Expenses	\$28,327	\$0.60	7.21%
Management Fees	\$11,788	\$0.25	3.00%
Repairs & Maintenance	\$16,538	\$0.35	4.21%
Total Operating Expenses	\$28,327	\$0.60	7.21%
Net Operating Income	\$364,621	\$7.72	92.79%

Direct Capitalization

In order to capitalize the estimated net operating income into a value estimate for the property, we used direct capitalization. Direct capitalization involves the capitalization of anticipated net operating income for the next year at an overall rate of return. This rate is also commonly referred to as the 'going-in' capitalization rate. When adequate data is available, the overall rate is best derived from the comparable sales. The capitalization rates from comparable sales are shown in the table below.

Additionally, we have reviewed trends from the *PwC Real Estate Investor Survey*. A chart showing the quarterly change in institutional grade capitalization rates is shown below.



The above national survey indicates average capitalization rates for secondary office market properties hovering near 7.25% as of Q3 2022. This survey is reflective of high quality, Class A investment product whereas the subject aligns more to a Class B- or C+ given the age of the improvements and location in the smaller market of Junction City. A capitalization rate falling above this national survey is appropriate.

Of significant consideration in our capitalization rate selection is the quality of tenant currently in place. The subject's tenant has physically vacated the improvements over the past two years given the operational shift of employees mainly working from home instead of at the subject. Additionally, select operations and employees have moved to another location out of state. While the representative of the tenant we spoke with during the course of this appraisal was not aware if the second of three option periods of the lease would be exercised, there is a heightened level of risk with the tenant not exercising the next option in May 2025 given the operational shift and vacancy of the property. A potential purchaser of the subject would certainly consider this factor and undoubtedly expect a higher rate of return. Additionally, the size of the subject improvement coupled with the location in a smaller market places upward pressure on our capitalization rate selection. There simply are few users in the Junction City market that have a need for a building as large as the subject. While there is potential for possible conversion of the improvements toward a multi-tenant setup, this would involve renovations and added risk for an investor.

Considering the above discussion, a capitalization rate of 10.25% is applied. This rate selection falls above the assembled comparable capitalization rate range, however, this is appropriate given the uncertainty of the existing tenant's future plans and limited demand for large office space in Junction City.

Comparable Capitalization Rates								
Property Name	Year Built	Occ. Rate	Rentable Area (SF)	Sale Date	Analysis Sale Price / SF	Scenario	OAR Before Reserves	OAR After Reserves
Office Building	1986	98.96%	56,378	In-Contract	\$98.58	Appraiser's Pro Forma	7.90%	7.90%
Kansas Department of Health & Environment	1997	56.00%	64,000	12/03/2021	\$85.47	Appraiser's Pro Forma	8.82%	8.82%
						Owner's Pro Forma	7.60%	7.40%
Office Building	2003	46.00%	12,783	08/19/2021	\$65.71	Appraiser's Pro Forma	10.92%	10.92%
Two Multi-Tenant Office Buildings	1982	0.00%	25,760	08/19/2021	\$72.01	Actual	8.81%	8.81%
						Appraiser's Pro Forma	9.52%	9.52%
Lawrence Office Center	1986	78.00%	18,767	05/01/2020	\$69.27	Actual	6.82%	6.82%
						Appraiser's Pro Forma	8.79%	8.79%
Direct Capitalization								
Net Operating Income				\$364,621				
Overall Capitalization Rate (OAR)				10.25%				
Capitalized Value				\$3,557,278				

As shown in the Direct Capitalization table, no adjustments were required to be made to the capitalized value.

Discounted Cash Flow Analysis

Discounted cash flow analysis is the second method of income capitalization often used for income producing properties. It is most commonly used for multi-tenant properties, where both existing leases and market lease terms must be considered or in properties where income is projected to be variable. However, our research indicates that few market participants apply this technique to properties similar to the subject. For this reason, we have not used discounted cash flow analysis in this appraisal report.

Income Approach Conclusions

The results from the income approach are summarized in the table below:

Income Approach Conclusions	
Direct Capitalization	\$3,560,000
Discounted Cash Flow	N/A
Income Approach	\$3,560,000

Reconciliation

Indicated Values	
Land Value	N/A
Cost Approach	N/A
Sales Comparison Approach	\$3,540,000
Income Approach	\$3,560,000

Final Estimate of Value

Cost Approach

The cost approach is not necessary to produce a credible value opinion and was not applied in this appraisal. The age/condition of the improvements makes accurately estimating accrued depreciation difficult. Therefore, the cost approach to value has been omitted from the scope of work. This omission does not have a material impact on our opinion of market value.

Sales Comparison Approach

The sales comparison approach was developed and includes comparable larger office properties from the regional market. Conveyances of properties as large as the subject do not occur frequently in the immediate market, and as such our analysis includes comparables from a broader market area. The assembled data set represents the most applicable and recent sales of comparable properties. Appropriate adjustments were applied and the resulting value is considered credible and valid.

Income Approach

In the income approach, the net operating income was estimated for the subject property. The subject's current contract rental rate was compared with office rental comparables from the broader regional area. Appropriate adjustments were applied to the comparables and the current subject lease rate is considered to be in line with market. A market extracted capitalization rate was applied to the net operating income to estimate value. The data analyzed was reliable and applicable to the appraisal problem and provides a meaningful conclusion. This type of analysis is most relevant to income-producing properties.

Reconciliation Conclusion

Both the sales comparison and income approaches to value were considered in developing our opinion of market value. Primary consideration is given to the value developed within the Sales Comparison Approach given the uncertainty of the existing tenant's future plans at the subject property. As noted, the current option period of the lease will expire in May 2025 and the tenant has physically vacated the property following an operational shift as a result of COVID-19.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 months, respectively, is considered reasonable and appropriate for the subject property assuming aggressive professional marketing.

Value Conclusions						
Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
N/A	Current	Market Value	As Is	Leased Fee	11/08/2022	\$3,540,000

Addenda

Appraiser Qualifications

Glossary

Client's Letter of Engagement

Appraiser Qualifications**SAMUEL T. STRATTON**

sstratton@kellercraig.com

Primary Real Estate Business Experience

Keller, Craig & Associates, Lawrence, Kansas
 Associate Appraiser
 September 2019 - Present

The McEnergy Company, New Orleans, Louisiana
 Staff Appraiser
 December 2014 - July 2019

The McEnergy Company, New Orleans, Louisiana
 Research Analyst
 August 2013 - December 2014

Real Estate Education

5 Hour National USPAP Course - 2014
 Basic Appraisal Principles - 2014
 Basic Appraisal Procedures - 2014
 Introduction to Green Buildings: Principles & Concepts - 2015
 Business Practices and Ethics - 2015
 Report Writing and Case Studies - 2015
 Real Estate Finance, Statistics and Valuation Modeling - 2016
 General Appraiser Sales Comparison Approach - 2016
 General Appraiser Site Valuation and Cost Approach - 2017
 General Appraiser Income Approach Part 1 – 2020
 Residential Sales Comparison and Income Approaches – 2021
 General Appraiser Market Analysis and Highest and Best Use - 2022

Education

University of Kansas - Bachelor of Science - Journalism - 2008
 Texas Christian University - Master of Environmental Management - 2012

Organizations/Licenses

United States Green Building Council, LEED Green Associate – GBCI #10852388

Brian A. Klahr, MAI
bklahr@kellercraig.com

Work Experience

Keller, Craig & Associates, Lawrence/Topeka, Kansas
Director, Lawrence/Topeka Market
January 2016 to present

Martens Appraisal
Fee Appraiser
October 1993 – December 2015

Geographic Experience

Appraisal experience throughout the Midwest United States; including Kansas, Missouri and Oklahoma.

Property Types Appraised

Experienced in appraising a wide variety of commercial properties; including office, retail, restaurants, lodging facilities, multi-family, churches/religious facilities, agricultural and development land, etc.
Specializing in hotel/motel properties and industrial properties, including manufacturing and warehousing; particularly large facilities located in smaller, rural communities.

Organizations & Licenses

Member Appraisal Institute, Member Number 12535
Currently certified under the Appraisal Institute Continuing Education Program.
Certified General Real Property Appraiser - Kansas (No. G-1308)
Certified General Real Property Appraiser - Missouri (No. 2003025245)

Education

Bachelor of Business Administration, B.B.A.
Wichita State University - December 1993

Representative Clients

Clients include local and national lenders, attorneys, and various government entities. Have also done portfolio appraisals for estate purposes, investment analyses for holdings of individuals and corporations, condemnation appraisal, and work for litigation proceedings. A list of clients is available upon request.



Glossary

Unless otherwise noted, the following definitions are taken from The Dictionary of Real Estate Appraisal, Seventh Edition, published by the Appraisal Institute in 2022.

Appraisal

The act or process of developing an opinion of value; an opinion of value. (p. 9)

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. (p. 51)

Effective Date

The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (p. 60)

Exposure Time

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

Extraordinary Assumption

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

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (p. 73)

Furniture, Fixtures and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (p. 80)

Gross Living Area (GLA)

The total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (p. 86)

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (p. 88)

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. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS) (p. 99)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (p. 128)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (p. 105)

Liquidation Value

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

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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

This definition can also be modified to provide for valuation with specified financing terms. (p. 109)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution market support 117 of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated; • Both parties are well informed or well advised, and acting in what they consider their best interests; • Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and • The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs). (p. 116-117)

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) (p. 116)

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 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. (FIRREA)

Neighborhood

1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. 2. A developed residential superpad within a master planned community usually having a distinguishing name and entrance. 3. A geographic area around a property that influences that property, i.e., its environment. (p. 130)

Personal Inspection

A physical observation performed to assist in identifying relevant property characteristics in a valuation service. Comment: An appraiser's inspection is typically limited to those things readily observable without the use of special testing or equipment. Appraisals of some types of property, such as gems and jewelry, may require the use of specialized equipment. An inspection by an appraiser is not the equivalent of an inspection by an inspection professional (e.g., a structural engineer, home inspector, or art conservator). (USPAP)

Replacement Cost

Estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (p. 163)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (p. 163)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. 150 prospectus Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (p. 149-150)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (p. 166)

Use Value

The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use. (p. 199)

Client's Letter of Engagement



October 31, 2022

Keller, Craig, and Associates

RE: City of Junction City

Property Address: 2031 Spring Valley Junction City KS

Dear Keller, Craig, and Associates:

Please accept this as your engagement letter to provide an appraisal report for the above captioned property. The Commercial Loan Appraisal Request Form with detailed property information is included.

Intended Use: To document the standard value for a federally related transaction.

Intended User: Emprise Bank

We would appreciate your acknowledgment of acceptance of this engagement by completing the section below and returning to me by 5:00 pm the first business day following the date of this letter. If you have any questions with regard to this engagement, please contact us. We appreciate your assistance with this request. Thank you.

Sincerely,

The Appraisal Desk
316-383-4342

Appraiser Certification:

By accepting this assignment, I hereby certify that I will independently and impartially set forth an opinion as to the market value of the subject property listed above, supported by the presentation and analysis of the relevant market information. I will perform the appraisal in compliance with the Uniform Standards of Professional Appraisal Practice.

Cost of Appraisal: \$ 3,000

Expected Completion Date: 11/21/2022

(Appraiser's Signature)

10/31/2022

(Date)

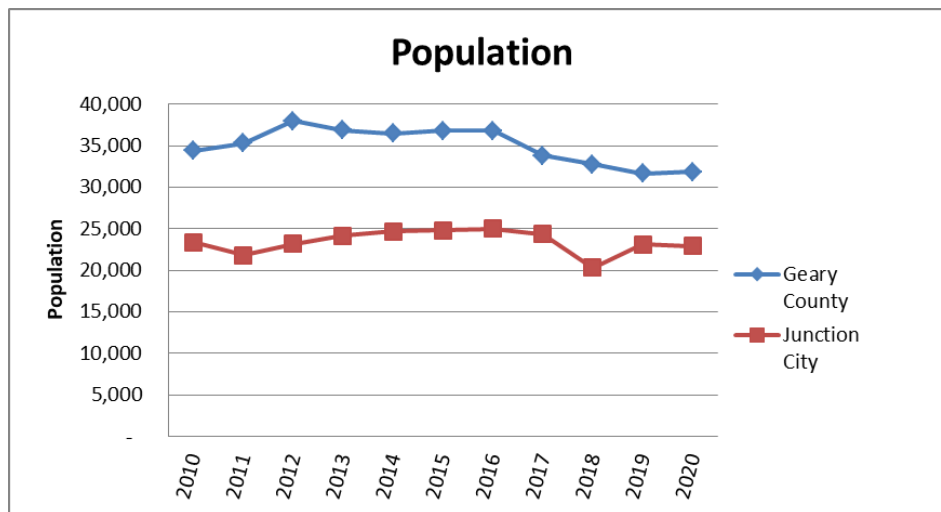
Area Data

Area Data

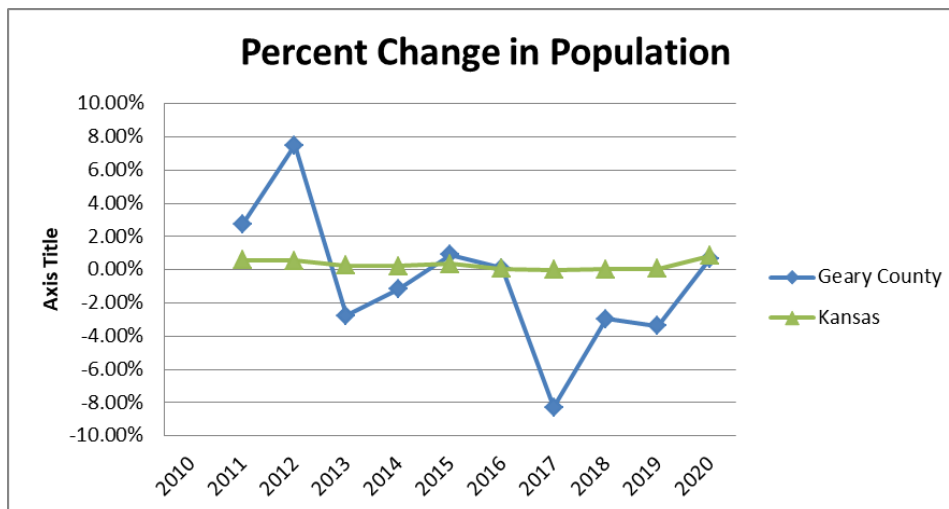
Area Defined

Junction City is the county seat and most populous city in Geary County, a central eastern county of Kansas. US-70 and KS-57 run through the center of Junction City. The closest major city is Manhattan with a population of about 52,281 located to the northeast by a 20 mi drive. Fort Riley, a large army base is home to the 1st infantry division, and is located in between Junction City and Manhattan.

Population



Source: U.S. Census Bureau



Source: U.S. Census Bureau

The estimated 2020 population for Junction City is 22,932 people which make up 72% of Geary County's population. Since 2010 the Junction City population has increased by 0.12% on average annually and Geary County has decreased an average of 0.67% annually. Kansas's population has increased by an annual average of 0.29% for the same time period.

Education

Geary County USD 475 is the only school district to cover the entire county and includes 15 elementary schools, two middle schools, one high school and two miscellaneous schools. Junction City is the location of seven elementary schools, one middle school, and the high school. The following are higher education schools located near Junction City:

Cloud County Community College, Junction City, KS 0 mi

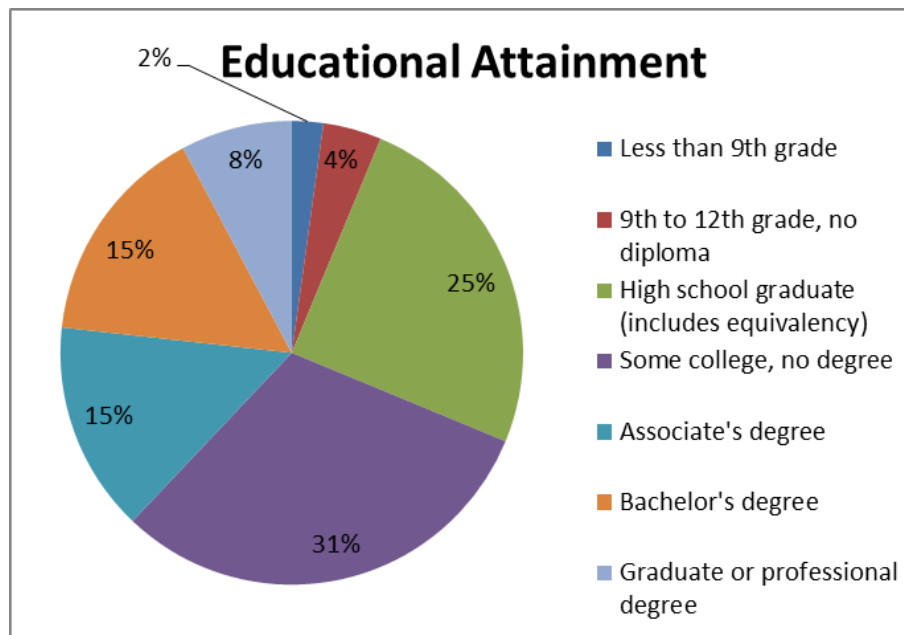
Barton County Community College, Fort Riley, KS 4.2 mi

University of Kansas, Lawrence, KS 91 mi

Washburn University, Topeka, KS 64 mi

Kansas State University, Manhattan, KS 19 mi

In Junction City 93.8% of residents graduate high school or higher, this is very similar to the Kansas percentage. However, only 23.2% will get a bachelor's degree or higher which is more than 10% less than the state.

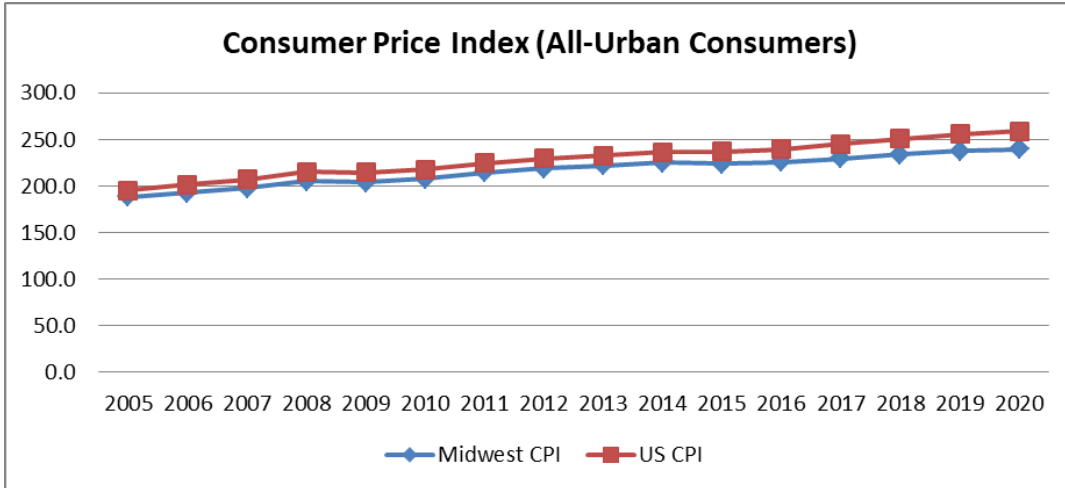


Source: American Community Survey

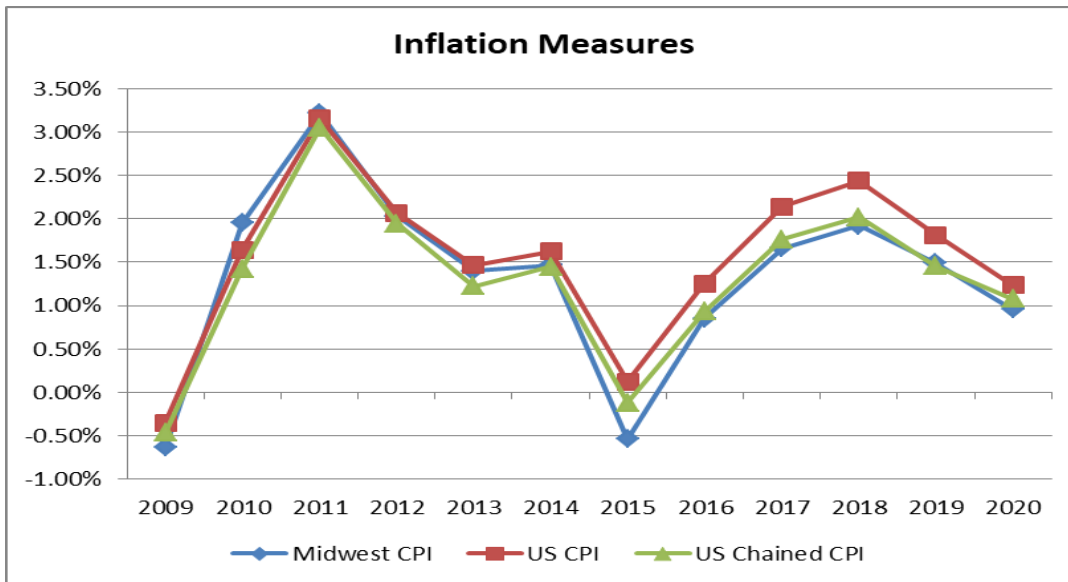
Income and Expenses

In early 2020, the Coronavirus (COVID-19) was declared a pandemic, with a national state of emergency in place. The pandemic has created substantial turmoil in various financial markets. While COVID-19 continues to impact the economy, market participants anticipate the market to maintain its positive momentum in 2022.

The Bureau of Labor Statistics encourages the use of large, regional metropolitan area CPI data over smaller metropolitan statistical area data. These larger areas are more accurately measured and less susceptible to large measurement swings caused by anomalous price fluctuations. In 2009, the nation and the Midwest area experienced slight deflation for the first time in decades, with the Midwest experiencing deflation of -0.64% and the nation at -0.36%. Still, the Midwest has had an average inflation rate of 1.63 % since 2006.

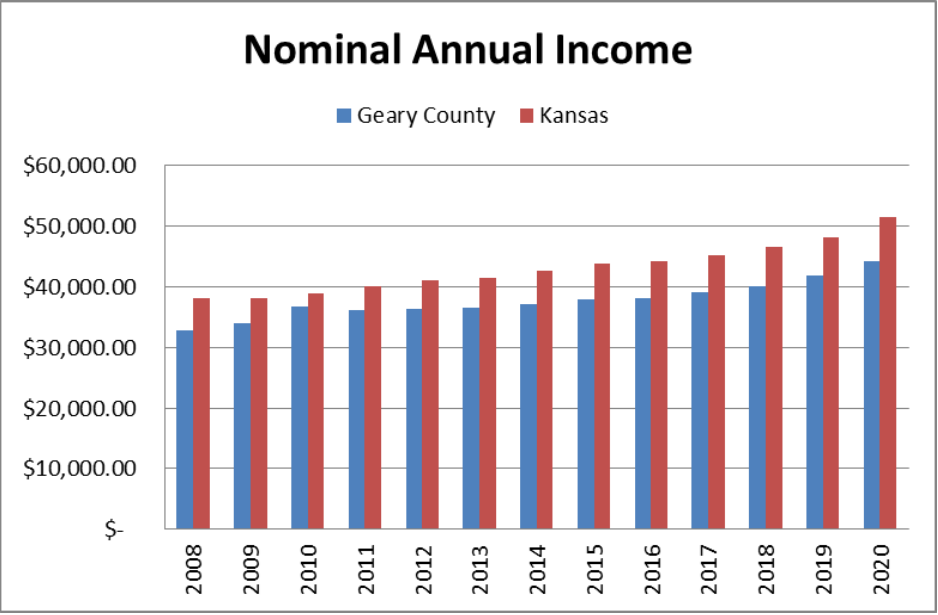


Source: Bureau of Labor Statistics

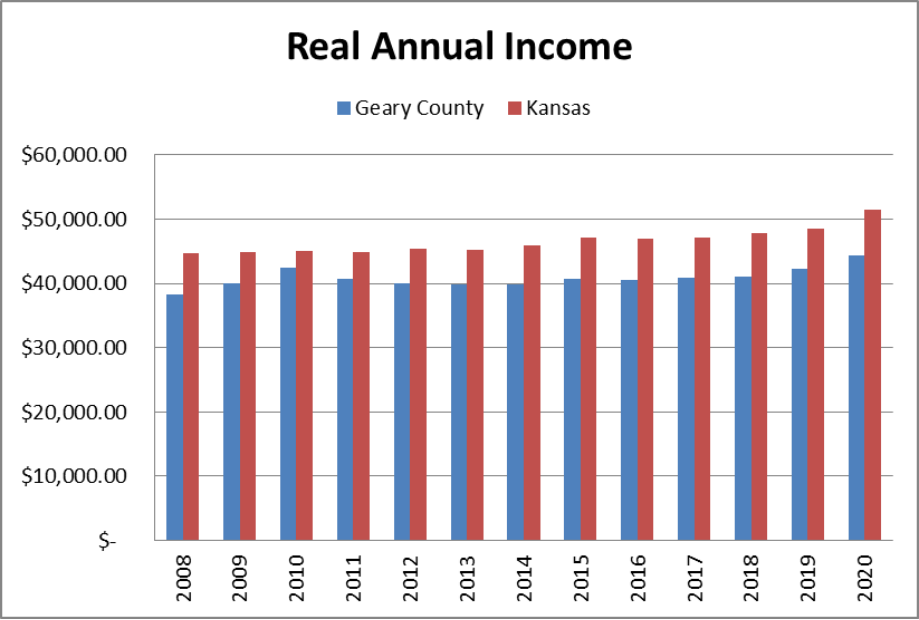


Source: Bureau of Labor Statistics

Nominal annual income in Geary County was \$44,302 for 2020, which is 14% less than the state. In the past 10 years, Geary County's real annual income has increased by an average of 1.55% annually since 2005 compared to 1.17% for Kansas.

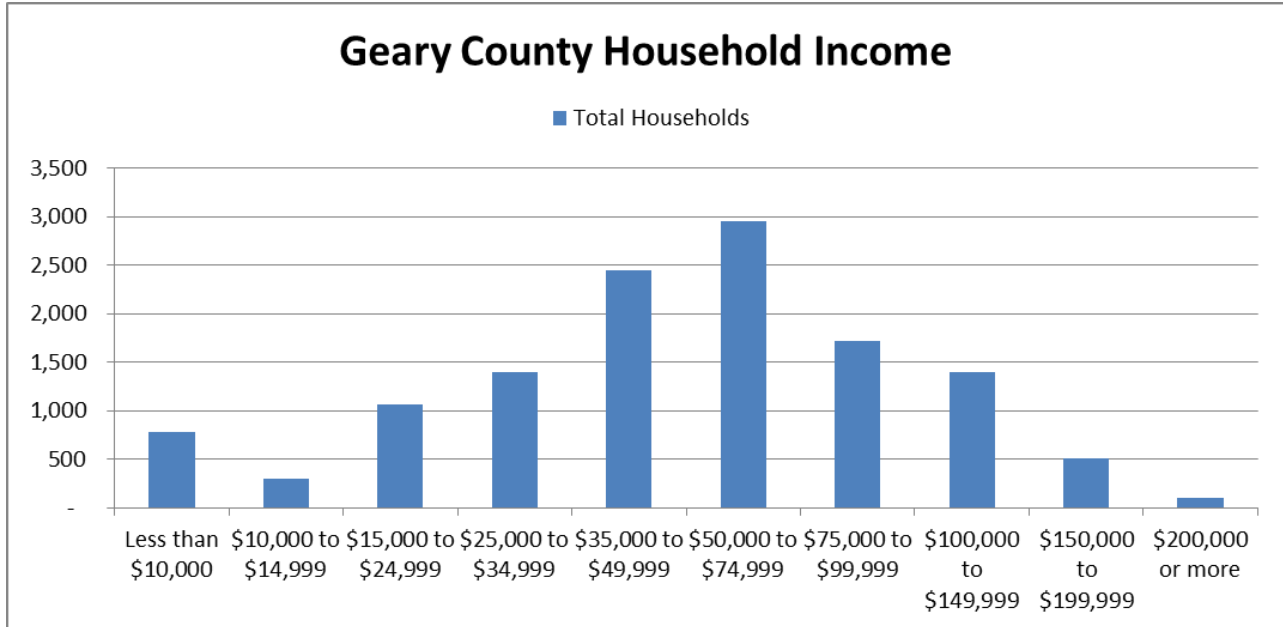


Source: Bureau of Labor Statistics



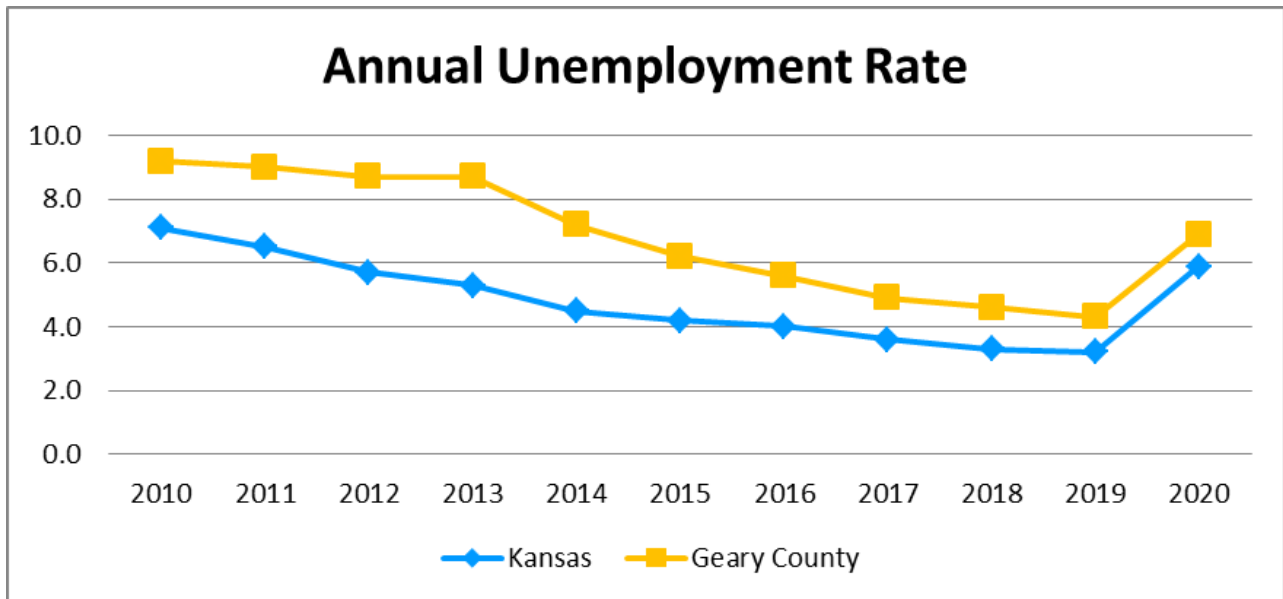
Source: Bureau of Labor Statistics; calculations by Keller, Craig, and Associates

The household income distribution for Geary County has more households in the lower income bracket, with 47.3% of households earning less than \$50,000 a year. The mean household income in 2019 was \$61,506 for Geary County and \$82,270 for Kansas.



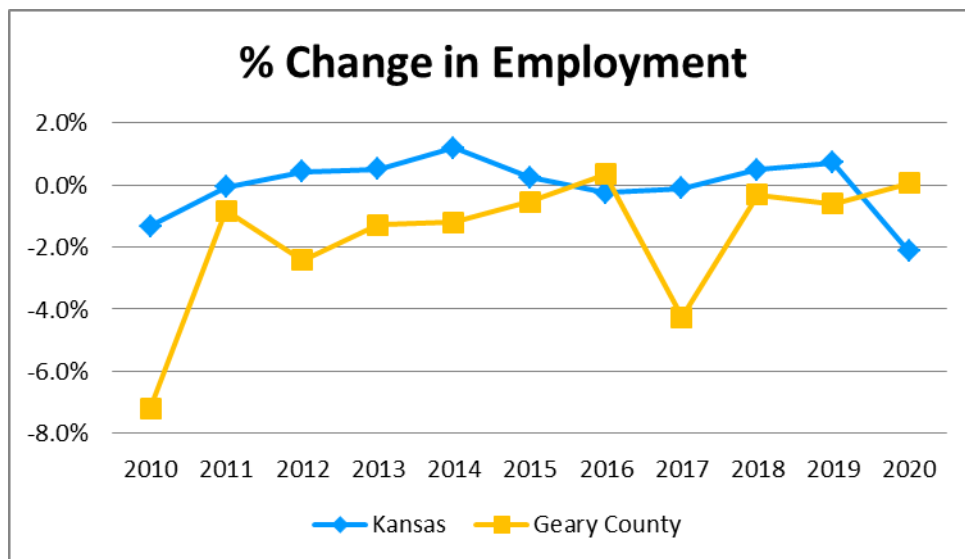
Source: American Community Survey

Employment and Industry



Source: Bureau of Labor Statistics

Unemployment in Geary County has trended higher than Kansas in recent years. Unemployment in 2020 increased due to the global Coronavirus (COVID-19) pandemic. Employment in Geary County hasn't seen major growth since the recession, since then Geary County had struggled to maintain a positive growth rate.



Source: Bureau of Labor Statistics

In Geary County, the largest segment with 24.6% of laborers is in educational services and healthcare and the second largest with 15.3% is public administration.

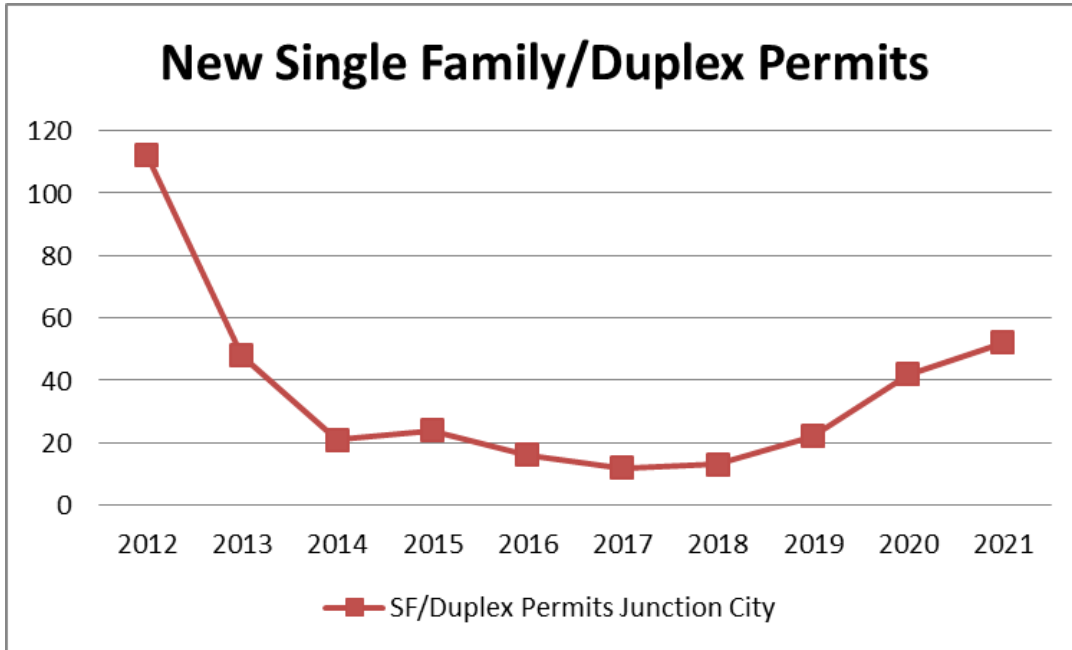
Geary County

Industry	Employed	% Employed
Agriculture, forestry, fishing and hunting, and mining	100	0.8%
Construction	570	4.7%
Manufacturing	1,182	9.8%
Wholesale trade	244	2.0%
Retail trade	1,254	10.4%
Transportation and warehousing, and utilities	527	4.4%
Information	173	1.4%
Finance and insurance, and real estate and rental and leasing	601	5.0%
Professional, scientific, and management, and administrative and waste management services	1,052	8.8%
Educational services, and health care and social assistance	2,955	24.6%
Arts, entertainment, and recreation, and accommodation and food services	1,007	8.4%
Other services, except public administration	496	4.1%
Public administration	1,840	15.3%
Total Employed	12,001	100.0%

Source: American Community Survey

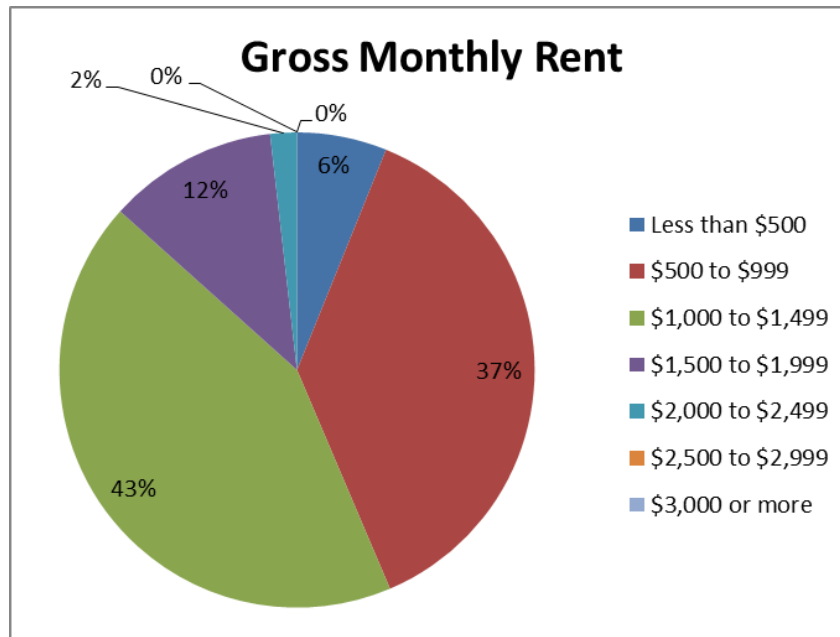
Residential Market

There has been limited recent development. In the fall of 2018, a major troop deployment was announced that has impacted roughly 1/3 of the approximate 15,000 troops on base. No new multifamily development has been occurring. The chart below shows the number of single family/duplex permits issued in Junction City, KS. According to city permit records, there has been no multi-family development in the last decade.

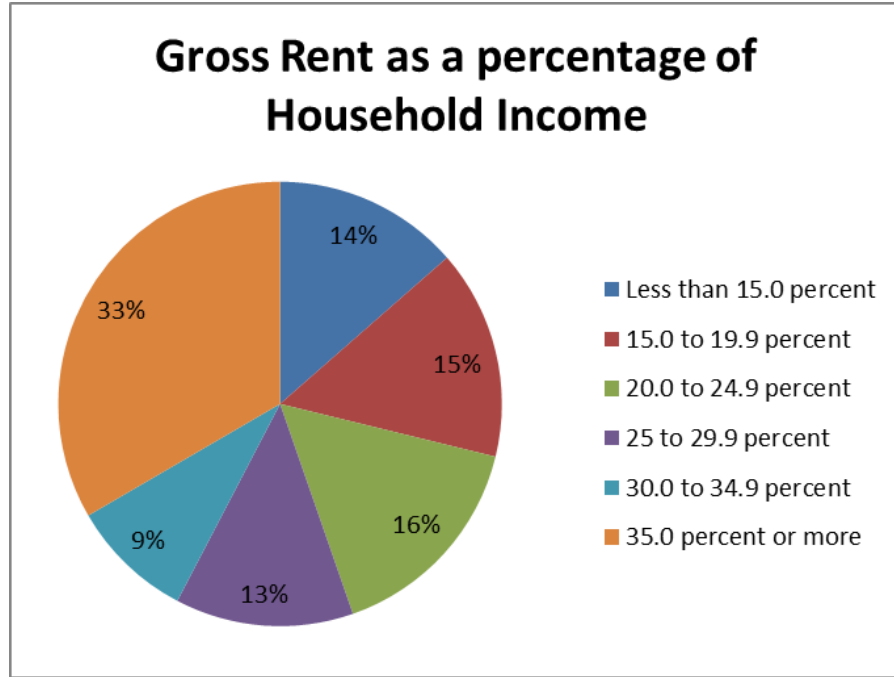


Source: Junction City, KS Zoning and Development

The median gross rent for Junction City in 2019 was \$1,052 which is much higher than the \$862 median for Kansas. 33.4% of citizens in Geary County put 35% or more of their income towards rent. The majority of households, 43%, pay rent in the \$1000 to \$1499 range.



Source: American Community Survey



Source: American Community Survey

Cultural Attractions

Junction City is the home of the Kansas Vietnam Memorial, which lists the names of 797 Kansans who were either killed or still listed as Missing in Action from the Vietnam War. Junction City also boasts the Buffalo Soldier Memorial, Desert Storm Memorial, Geary County Historical Museum and a completed historical downtown development. The Episcopal Church in Junction City was built in 1859 and is the oldest Episcopal Church in continuous use in Kansas. The Historic Opera House opened in January 1882. The stately red brick structure with a tall four faced clock tower was a bustling site for community gatherings. In January 1898, almost 16 years to the day after it opened its doors, the Opera House was destroyed by a fire. In 1982 the theatre closed its doors and is now being restored.

Known as the fishing capital of Kansas, Milford Lake is located just five minutes from I-70. It offers outdoor activities including fishing, boating, hiking, exploring, and camping. Just below the Milford Lake Dam is the Milford Lake Fish Hatchery and Nature Center, the outlet fishing area, and a large swimming area with numerous picnic areas. The Milford Nature Center features aquatic and terrestrial exhibits, live animal displays, nature trails, and one of the world's largest antique fishing lure collections.

Conclusion

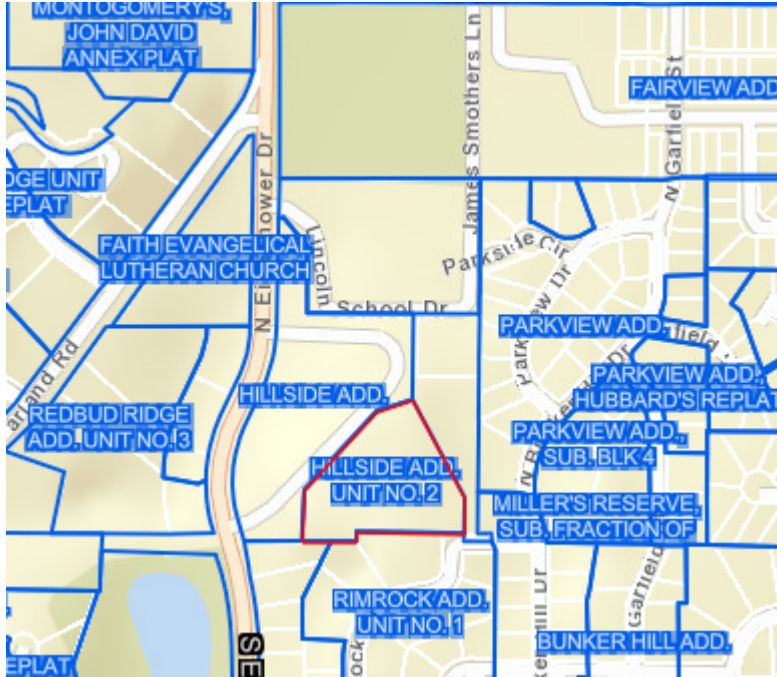
Junction City is a large city located near the Fort Riley base and Manhattan. Household income is mostly in the lower income bracket and average nominal income in the county is 14% lower than the state. Unemployment has trended above the state for the years studied. Single family construction has slowed considerably since 2006, only having minimal construction from 2015-2020. Additionally, no new multifamily development has been occurring. Geary County and Junction City have had minimal to no growth in population, employment, and housing while renters are paying nearly double than what the rest of the state pays on average.

In early 2020, the Coronavirus (COVID-19) was declared a pandemic, with a national state of emergency in place. The pandemic created substantial turmoil in various financial markets. The impact of which has varied over the region and by property type. While headwinds remain, the outlook for 2022 appears to be more stable.

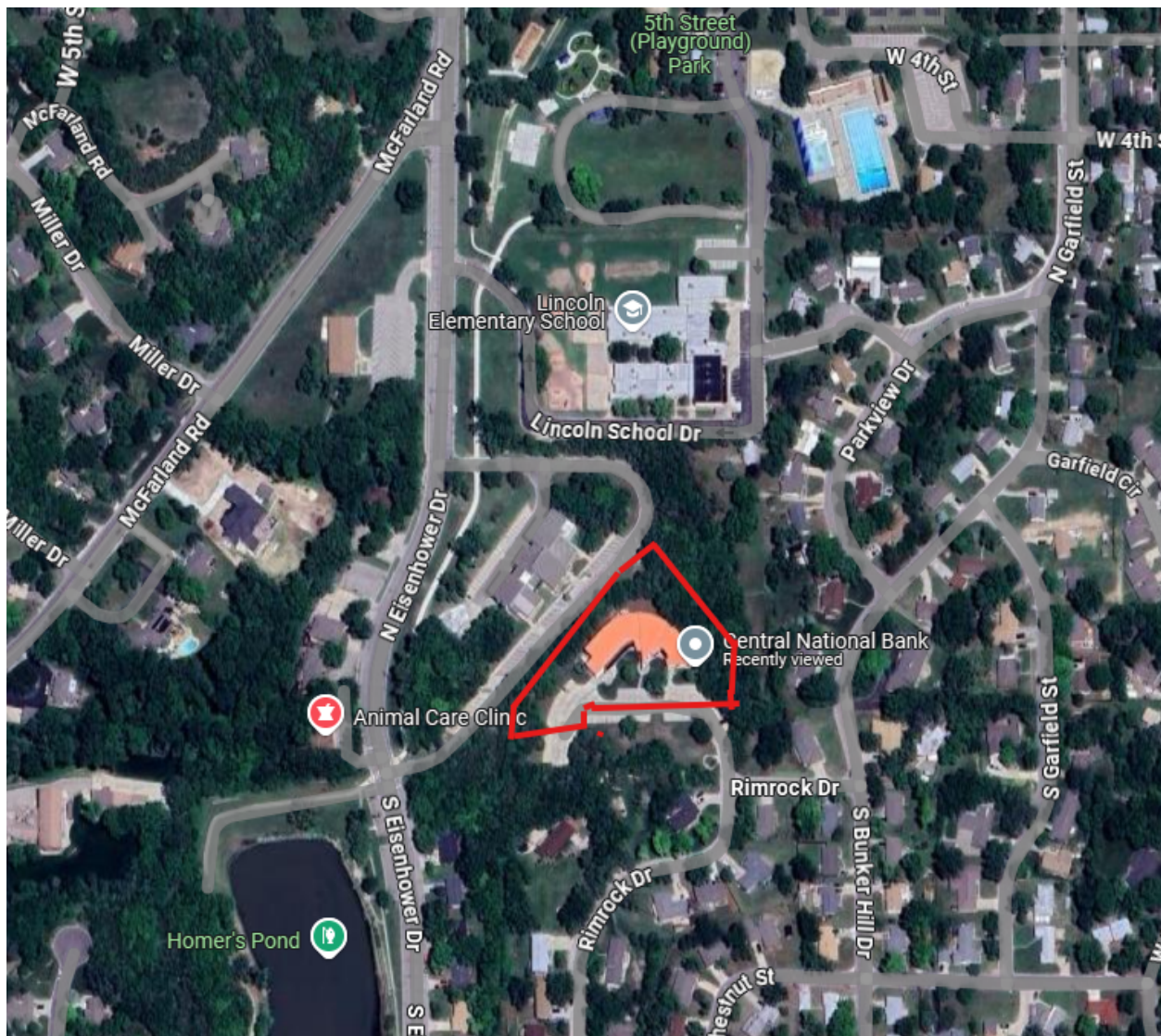
February 21, 2025

Subject: Rimrock – IRB – Termination of Lease

Background: Central National Bank approached the City and releasing the property to Central National Bank to consider terminating the lease. Following a previous IRB, this is a part of an effort to clean up the Industrial Revenue Bonds which are fulfilled or expired and need to be terminated/released/cleaned-up.



(below is not a survey!)



Discussion of Issue: Attached are a proposed Resolution and Termination of Lease form. Concerning IRBs and similar incentives, the termination occurs at the end of the IRBs and the incentivized company takes over the ownership of the property it has possessed during the IRBs. The *ad valorem* taxes are owed regardless of the owner.

Standard practice is to pass a resolution with the intent to terminate the lease with a general form of the Termination, which may need tweaked dependent on closing costs or back taxes or similar situations. Gilmore Bell regularly does these forms. I did not reinvent the wheel.

Alternatives: It appears that the City Commission has the following alternatives concerning the issue at hand. The Commission may:

1. Approve the resolution; or,
2. disapprove of the resolution.

Recommendation: I recommend that the governing body approve.

Possible Motions:

1. move to approve the resolution.

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF JUNCTION CITY, KANSAS
HELD ON FEBRUARY 25, 2025**

The governing body met in special session at the usual meeting place in the city on February 25, 2025, at 7:00 p.m., the following members being present and participating, to wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

Thereupon, there was presented a Resolution entitled:

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF JUNCTION
CITY, KANSAS AUTHORIZING THE SALE AND CONVEYANCE OF
PROPERTY TO CENTRAL NATIONAL BANK**

Thereupon, Commissioner_____ moved that the Resolution be adopted. The motion was seconded by Commissioner _____. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body, the vote being as follows:

Aye: _____.

Nay: _____.

Thereupon, the Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. R-3109 and was signed by the Mayor and attested by the Clerk.

* * * * *

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting hereupon adjourned.

CERTIFICATE

I certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Junction City, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

Clerk

RESOLUTION NO. R-3109

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF
JUNCTION CITY, KANSAS AUTHORIZING THE SALE AND
CONVEYANCE OF PROPERTY TO CENTRAL NATIONAL
BANK**

WHEREAS, pursuant to Ordinance No. S-2898, as amended by Ordinance No. S-2996, and the Bond Agreement dated as of November 19, 2008, the City of Junction City, Kansas (the "Issuer") has previously issued its Taxable Industrial Revenue Bonds, Series 2008 (Rimrock Project) in the original aggregate principal amount of \$2,000,000 (the "Bonds") to finance the cost of expanding, further improving and furnishing a commercial office building (the "Project"), such Project having been leased to Central National Bank, a national banking association (the "Tenant") pursuant to a Lease dated as of November 19, 2008 between the City and the Tenant (the "Lease"); and

WHEREAS, the Tenant desires to exercise its option to purchase the Project under *Section 17.1* of the Lease and is not in default under the Lease; and

WHEREAS, the Tenant has made all the payments of Basic Rent and Additional Rent pursuant to the Lease and all principal and interest on the Bonds has been paid or payment has been provided for; and

WHEREAS, Central of Kansas, Inc., Junction City, Kansas, as Fiscal Agent for the Bonds, has certified that no Bonds remain outstanding; and

WHEREAS, the Tenant has provided the City and the Fiscal Agent written notice of its intent to exercise its option to purchase the Project;

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF JUNCTION CITY, KANSAS:

Section 1. The Mayor and Clerk are authorized and directed to execute a bill of sale and a release of lease, in substantially the forms submitted to the Governing Body concurrently with the adoption of this Resolution. The Clerk is directed to deliver the executed bill of sale and a release of lease to the Tenant.

Section 2. The Mayor and Clerk are further authorized and directed to sign such other instruments and certificates as shall be necessary and desirable in connection with this Resolution and are further authorized to take such actions as may be necessary to accomplish the purposes of this Resolution.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY]

ADOPTED by the governing body of the City of Junction City, Kansas on February 25, 2025.

CITY OF JUNCTION CITY, KANSAS

Mayor

[SEAL]

Attest:

By: _____
Clerk

BILL OF SALE

In furtherance of the terms of a Lease dated as of November 19, 2008 between the City of Junction City, Kansas, as Assignor, and Central National Bank, a national banking association, as Assignee, and for valuable consideration, Assignor transfers, assigns and conveys to Assignee, all personal property purchased with the proceeds of the City of Junction City, Kansas, Taxable Industrial Revenue Bonds, Series 2008 (Rimrock Project).

[SEAL]

ATTEST:

CITY OF JUNCTION CITY, KANSAS
a municipal corporation

Ariana Diaz Lorenzo, Clerk

Pat Landes, Mayor

STATE OF KANSAS)
) SS:
COUNTY OF GEARY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025 by Pat Landes, Mayor, and Ariana Diaz Lorenzo, Clerk, respectively, of the City of Junction City, Kansas, on behalf of the city.

[SEAL]

Notary Public

My appointment expires:

RELEASE OF LEASE

WHEREAS, the City of Junction City, Kansas (the "Issuer") has entered into a Lease dated as of November 19, 2008 (the "Lease") between the Issuer and Central National Bank, a national banking association (the "Tenant"), notice of which is recorded in Misc. Book 75 at page 1179-1180 in the office of the Geary County Register of Deeds; and

WHEREAS, the Issuer assigned its interest in the Lease to Central of Kansas, Inc., Junction City, Kansas, acting as Fiscal Agent for the Issuer and others for purpose of enforcement of the Tenant's covenants under the Lease pursuant to an Assignment of Lease and Security Agreement, which is recorded in Misc. Book 75 at page 1181-1183 in the office of the Geary County Register of Deeds; and

WHEREAS, the Tenant assigned its interest in the Lease to Central of Kansas, Inc, acting as Fiscal Agent, for purpose of enforcement of the Tenant's covenants under the Lease, pursuant to a Collateral Assignment of Lease, which is recorded in Misc. Book 75 at pages 1184-1188 in the office of the Geary County Register of Deeds; and

WHEREAS, the Tenant has exercised its option to purchase the facility described in the Lease (the "Project") from the Issuer; and

WHEREAS, all of the Tenant's obligations to the Issuer under the Lease have been satisfied;

THEREFORE, the property described in the attached *Schedule I* is released from any claim of the Issuer and the Fiscal Agent under the Lease as of February 25, 2025.

CITY OF JUNCTION CITY, KANSAS

By: _____
Pat Landes, Mayor

[SEAL]

ATTEST:

By : _____
Ariana Diaz Lorenzo, Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF GEARY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025 by Pat Landes, Mayor, and Ariana Diaz Lorenzo, Clerk, respectively, of the City of Junction City, Kansas, on behalf of said city.

[SEAL]

By: _____
Notary Public

My appointment expires: _____

Central of Kansas, Inc.
Junction City, Kansas

By: _____
Name: _____
Title: _____

[illegible]

This instrument was acknowledged before me this ____ day of _____, 2025
by _____ as _____ of Central of Kansas, Inc., Junction City, Kansas.

[SEAL]

Notary Public

My appointment expires: _____
Date

SCHEDULE I

PROPERTY SUBJECT TO LEASE

The following property acquired by the City of Junction City, Kansas (the "Issuer") in connection with the issuance by the City of its Taxable Industrial Revenue Bonds, Series 2008, (Rimrock Project) (the "Series 2008 Bonds"):

(a) The following described real estate in Geary County, Kansas:

Lot One (1), Block One (1), less Reserve "A," Hillside Addition Unit Two (2) to Junction City, Geary County, Kansas

said real property constituting the "Land" as referred to in the Lease entered into by the Issuer concurrently with the issuance of the Series 2008 Bonds (the "Lease"), subject to the following ("Permitted Encumbrances"):

All easements, covenants and rights-of-way of record.

(b) All buildings, building additions, improvements, machinery and equipment constructed, located or installed on the Land, all or any portion of the costs of which were paid from the proceeds of the Issuer's Series 2008 Bonds, and which constitute "Improvements" referred to in the Lease, together with any substitutions or replacements therefor, the property described in paragraphs (a) and (b) of this *Schedule I* together constituting the "Project" as referred to in the Lease.