The Honorable
EDDIE BAZA CALVO
Governor

The Honorable
RAY S. TENORIO
Lieutenant Governor

public works
DIPATTAMENTON CHE'CHO' PUPBLEKO
Glenn Leon Guerrero
Director
Andrew Leon Guerrero
Deputy Director

MAR 2 1 2018

GLH34-18-1673 18-0491

Speaker Benjamin J.F. Cruz

MAR 2 2 2018

Time: 3:44 [ ] AM [X] PM File No. 34-1687

Received By: Glenn

CS 2018 MAR 22 PM 4:46

Honorable Speaker Benjamin J.F. Cruz
I Mina'trentai Kuåttro Na Liheslaturan Guahan
163 Chalan Santo Papa
Hagåtña, Guam 96910

Dear Speaker Cruz:

Enclosed herewith, as required by 21 GCA §15105(b), is draft legislation for the condemnation of Lot No. 2143-6R/W, 446± square meters (formerly a portion of Lot No. 2143-R5), Lot No. 2143-1-6-R/W, 1,291± square meters, and Lot No. 2143-1-5G, 46 ± square meters (both of the latter lots were formerly a portion of Lot 2143-1-R4), Tamuning, Guam.

The condemnation is required for the Route 14B (Ypao Road) Reconstruction and Widening project (the "Project") located in Tamuning, Guam, which is an integral part of the islandwide road improvement plan. As recited in the draft legislation, the Department of Public Works ("DPW") has made an extensive and good faith effort to work with the respective owners of the properties, without success. Accordingly, the government needs to file a condemnation petition to condemn the three (3) Tamuning parcels.

Two (2) appraisals, which were subsequently updated, were obtained for the areas being condemned. The appraisals establish the fair market value of the fee simple taking to be $89,000 (Eighty Nine Thousand Dollars) for Lot No. 2143-6R/W and $267,400 (Two Hundred Sixty Seven Thousand Four Hundred) for Lot Nos. 2143-1-6-R/W and 2143-1-5G. Copies of the appraisals are also enclosed herein.

Finally, as the owner of Lot No. 2143-6R/W, Tamuning, has not been in contact with DPW, the DPW anticipates that the condemnation funds will eventually be deposited with the Clerk of Courts, Superior Court of Guam. Also, as the heirs for Lot 2143-1-6-R/W and 2143-1-5G, Tamuning, are just now reopening the Estate of Ramon R. Flores, the DPW anticipates depositing the condemnation proceeds with the Estate or Probate Court.

In closing, your attention to the facilitation of the condemnation proceedings is greatly appreciated.

Sincerely,

Glenn Leon Guerrero
Director

Cc: Senator Frank Aguon, Jr.
Senator Thomas C. Ada

1673

Enclosures: Appraisal Reports (6)
Maps (2)

TReeler/JBlaz

I MINA'TRENTAI KUÅTTRO NA LIHESLATURAN GUAHAN

2018 (_____) Regular Session

Bill No.

Introduced by: _____

AN ACT TO AUTHORIZE THE DEPARTMENT OF PUBLIC WORKS, GOVERNMENT OF GUAM, TO CONDEMN LOT NO, 2143-6R/W (FORMERLY A PORTION OF LOT NO. 2143-R5), ESTATE NO. 2427 TAMUNING, GUAM, AND LOT NO. 2143-1-6-R/W AND LOT NO. 2143-1-5G (BOTH FORMERLY A PORTION OF LOT NO. 2143-1-R4), ESTATE NO. 8804, TAMUNING, GUAM, FOR THE ROUTE 14B ROAD (YPAO ROAD) RECONSTRUCTION AND WIDENING PROJECT.

1. **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2. **Section 1. History.** The Department of Public Works ("**DPW**"), Government of Guam,
3. is preparing plans for the Route 14B (Ypao Road) Reconstruction and Widening Project (the
4. "**Route 14B Project**"), which is an integral part of the Islandwide road improvement plan
5. that is being funded by Federal Highway Administration ("**FHWA**"). The Route 14B Project
6. design is completed and is scheduled to be advertised for procurement in July 2018.
7. Twenty-nine (29) lots are required from private landowners for the Route 14B Project. DPW
8. has successfully negotiated the purchase of twenty-four (24) parcels for the Route 14B Project.
9. DPW is also in the process of finalizing and/or reasonably expect to purchase another three (3)
10. parcels needed for the Route 14B Project.

11. **Section 2. Authorization of DPW to Condemn Lot No. 2143-6R/W, Tamuning, Guam.**

12. DPW has not been able to negotiate the purchase of a Four Hundred and Forty Six, plus or
13. minus (446±), square meter portion of former Lot No. 2143-R5, Tamuning, Guam ("**Inocentes**
14. **Trust Parcel**") from its owner, The Inocentes 2002 Trust (the "**Inocentes Trust**"). DPW
15. attempted to negotiate a purchase of the Inocentes Trust Parcel from the Trust for the past year
16. and a half, without success. DPW efforts included, but were not limited to:

- On March 8, 2017, the Trust signed an Offer and Purchase Agreement ("**OPA**"), whereby it agreed to accept DPW's purchase offer of $ 84,600.00 for the Inocentes Trust Parcel. Per the OPA the Inocentes Trust agreed to transfer the Inocentes Trust Parcel to DPW via a Warranty Deed.

- Since signing of the OPA, DPW made numerous attempts to contact the Inocentes Trust's Trustee.

- While DPW was able to contact the Inocentes Trust a few times, the Inocentes Trust has refused to or otherwise failed to coordinate on closing and communicate with DPW for an extended period of time.

- On September 8, 2017, DPW wrote the Trust via a registered return receipt letter notifying said Trust that it was the department's final request for it to contact DPW and/or the DPW's Acquisition Agent, Christopher Murphy with Pacific Rim Management, Inc., and to confirm that you will act in good faith on closing escrow in the near future.

- The Inocentes Trust failed to respond to DPW's September 8, 2017 letter.

- On January 18, 2018, DPW wrote the Trust via a registered return receipt letter notifying said Trust with a revised OPA of $89,000 for the Parcel based on an updated Appraisal Report and request for it to contact DPW within fourteen (14) days upon receipt of letter and OPA to confirm that the Trust will accept the offer and act in good faith on closing escrow in the near future. If DPW does not receive confirmation and executed OPA it will consider the offer rejected.

- The Inocentes Trust has not communicated with DPW since confirmed receipt of the letter on February 2, 2018.

17. DPW is hereby authorized to condemn Lot No. 2143-6R/W, Tamuning, Guam, containing an
18. area of Four Hundred and Forty Six, plus or minus (446±), square meters. As a condition to
19. Lot No. 2143-6R/W, Tamuning, Guam, shall be used for the Route 14B Project.

20. The FHWA is solely responsible for providing 100% of the condemnation funds needed to
21. fund the condemnation.

22. **Section 3. Interest Condemned.** The interest taken in the Lot No. 2143-6-R/W,
23. Tamuning, Guam, is fee simple absolute.

24. **Section 4. Fair Market Value.** Upon information and belief, based on appraisals of the
25. property, the sum of money estimated to be just compensation for the fee simple interest
26. taken in Lot No. 2143-6R/W, Tamuning, Guam, Eighty Nine Thousand Dollars & 00/100
27. ($89,000.00).

28. **Section 5. Authorization of DPW to Condemn Lot Nos. 2143-1-6-R/W and 2143-1-5G,**
29. **Tamuning, Guam.**

30. DPW has also not been able to negotiate the purchase of a Twelve Hundred and Ninety One,
31. plus or minus (1,291±), square meters, and a Forty Six, plus or minus (46 ±) square meters,
32. Tamuning, Guam, portions of former Lot No. 2143-1-R4, Tamuning, Guam ("**Flores Parcels**")
33. from its owners David R. Flores, Erlinda F. Leon Guerrero, Leon R. Flores and Bernadette T.
34. Flores, as Administrator for the Estate of Roman R. Flores. DPW was able to successfully
35. negotiate a purchase of David R. Flores, Erlinda F. Leon Guerrero, and Leon R. Flores
undivided 36. Twenty Five percent (25%) interests. DPW has negotiated the 25% represented by
37. Bernadette T. Flores for the past year and a half, without success. DPW efforts included, but
were not limited 38. to:

- On June 15, 2016 DPW, DPW's Appraisal Consultants Cornerstone Valuation, Inc. and Micronesian Appraisal Associates, Inc., Ms. Erlinda F. Leon Guerrero and Ms. Bernadette T. Flores, met to discuss the Appraisal and the issue of Lot no. 2143-1-R4 not being included in the Probate for Estate of Roman R. Flores. DPW suggested to Ms. Bernadette T. Flores to reopen the probate case for the Estate of Roman R. Flores in order to include the parent lot 2143-1-R4.

- On July 18, 2017, David R. Flores, Erlinda F. Leon Guerrero, Leon R. Flores signed an OPA agreeing to transfer their respective Twenty Five Percent (25%) undivided interests in the Flores Family Parcels. Unfortunately, the parties are unable to complete a purchase and sale as DPW is required to purchase parcels in fee simple and, as the Flores Parcels were inadvertently omitted from Mr. Ramon R. Flores original estate, the Estate requires the Probate Court's approval prior to Ms. Bernadette T. Flores signature.

- On January 10, 2018 Mr. David R. Flores, Ms. Erlinda F. Leon Guerrero, Mr. Leon R. Flores signed a revised agreement with an updated fair market value. Unfortunately, Ms. Bernadette T. Flores is still unable to sign the agreement pending the resolution of the reopen probate of the Estate of Ramon R. Flores.

- Although DPW has followed up consistently and been in numerous discussions with family members for more the past year and a half regarding the reopening of the probate of the Estate of Ramon R. Flores, only recently was legal counsel actively engaged to petition the Probate Court to re-open Mr. Flores Probate Case. DPW met with the Estates legal counsel on January 22, 2018 who advised he was not able to recommend the Estate sign the OPA without first addressing what the leasehold interests are to any proceeds.

- Owing to the extensive delays in reopening the Estate and not knowing when (i.e., assuming distribution of the Estate's undivided interest to an heir(s)) the Estate or all Flores Family members will be in a position to sign an OPA, DPW unfortunately needs to move forward with condemnation on the Flores Parcels.

39. DPW is hereby authorized to condemn Lot No. 2143-1-6R/W and 2143-1-5G, Tamuning,

40. Guam, containing an area of One Thousand Two Hundred Ninety One, plus or minus, (1,291±)

41. square meters and an area of Forty Six, plus or minus (46 ±) square meter. As a condition to

42. this approval, Lot No. 2143-1-6R/W and 2143-1-5G, Tamuning, Guam, shall be used for the

43. Route 14B Project. The FHWA is solely responsible for providing 100% of the condemnation

44. funds needed to fund the condemnation.

45. **Section 6. Interest Condemned.** The interest taken in the Lot Nos. 2143-1-6R/W and

46. 2143-1-5G Tamuning, Guam, is fee simple absolute.

47. **Section 7. Fair Market Value.** Upon information and belief, based on appraisals of the

48. property, the sum of money estimated to be just compensation for the fee simple interest

49. taken in Lot Nos. 2143-1-6R/W and 2143-1-5G, Tamuning, Guam, is Two Hundred Sixty

50. Seven Thousand and Four Hundred Dollars & 00/100 ($267,400.00).

LEGEND

- GUAM GEODETIC NETWORK MONUMENT
- TRAVERSE STATION
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 19, UNDOCUMENTED, POSITION ACCEPTED.
- CONCRETE NAIL WITH PLASTIC CAP FOUND, UNREADABLE, UNDOCUMENTED, POSITION ACCEPTED.
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 62, DOC. # 454900.
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 62, UNDOCUMENTED, POSITION ACCEPTED.
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 60, UNDOCUMENTED, POSITION ACCEPTED.
- # 4 REBAR FOUND, NO IDENTIFICATION, POSITION ACCEPTED.
- CONCRETE NAIL WITH RED PLASTIC CAP SET, MARKED PLS # 77
- # 4 REBAR WITH RED PLASTIC CAP SET, MARKED PLS # 77
- PROPOSED ROAD CENTERLINE

SPECIAL NOTE:
THE DIFFERENCE IN AREA IS DUE TO ACTUAL PROPERTY CORNERS FOUND

ADDITIONAL NOTES:

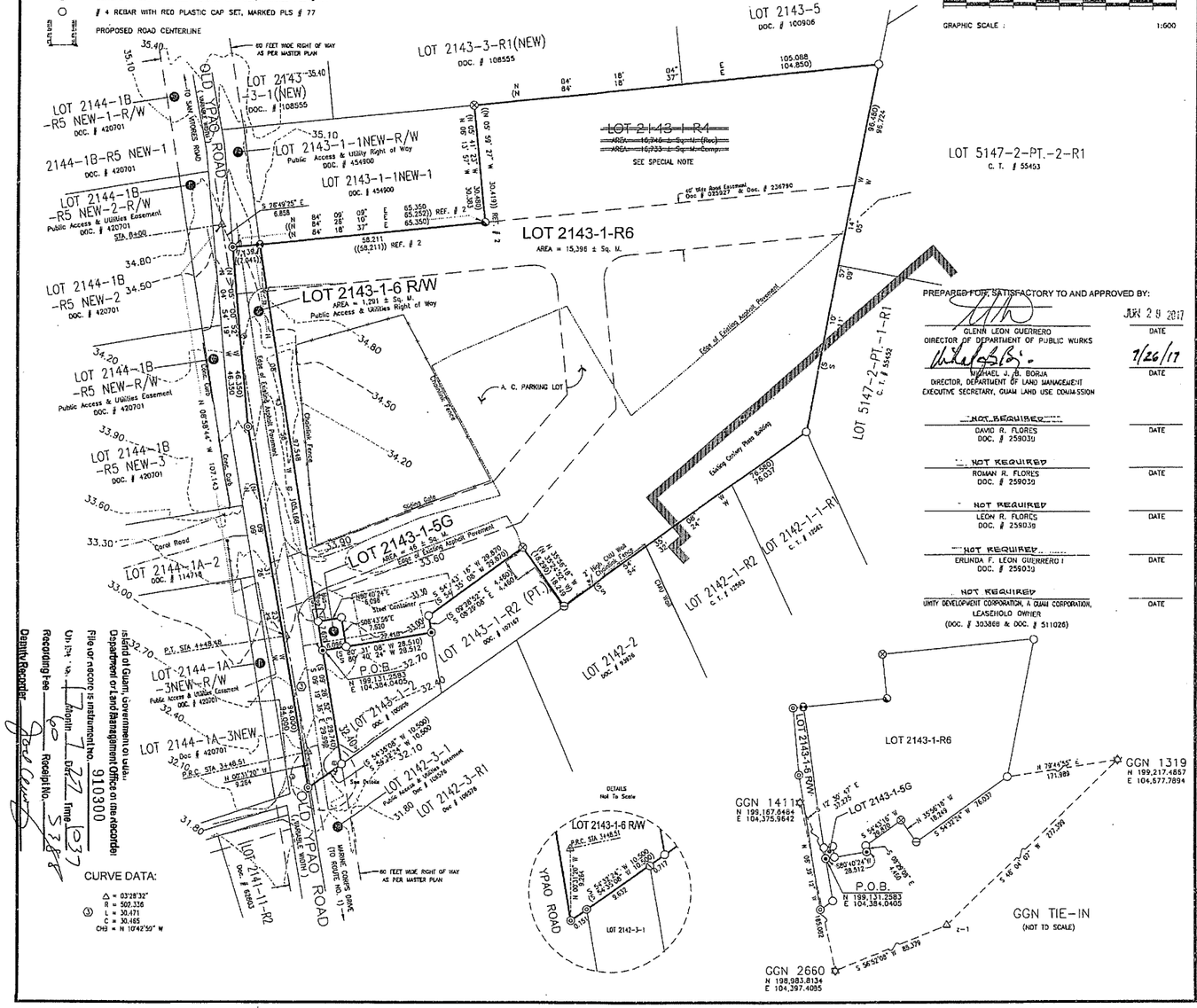
9. HORIZONTAL CONTROLS WERE BASED ON THE FOLLOWING 1993 GGN COORDINATES:

GGN 2660	GGN 1411	GGN 1420	GGN 1313
N 198,983.8134	N 199,167.6484	N 200,031.8064	N 200,116.8324
E 104,397.4085	E 104,375.9642	E 104,218.8080	E 104,243.5929

10. VERTICAL CONTROL WAS BASED ON GGN 1411 WITH AN ELEVATION OF 33.833M (MSL).

1993 GRID

GRAPHIC SCALE : 1:600


LOT 2143-5
DOC. # 100906
LOT 2143-3-R1(NEW)
DOC. # 108555
LOT 2143-1-1NEW-R/W
Public Access & Utility Right of Way
DOC. # 454900
LOT 2143-1-1NEW-1
DOC. # 454900
LOT 2143-1-R4
AREA = 16,946 ± Sq. M. (Rec)
AREA = 16,933 ± Sq. M. (Comp.)
SEE SPECIAL NOTE
LOT 2143-1-R6
AREA = 15,396 ± Sq. M.
LOT 2143-1-6 R/W
AREA = 1,291 ± Sq. M.
Public Access & Utilities Right of Way
LOT 5147-2-PT.-2-R1
C. T. # 55453
LOT 5147-2-PT.-1-R1
C. T. # 55452
LOT 2143-1-5G
AREA = 46 ± Sq. M.
LOT 2143-1-R2 (PT.)
DOC. # 101787
LOT 2142-1-1-R1
C. T. # 12562
LOT 2142-1-R2
C. T. # 12563
LOT 2142-2
DOC. # 92826
LOT 2142-3-1
Public Access & Utilities Easement
Doc. # 105578
LOT 2142-3-R1
Doc. # 105578
LOT 2144-1A-1
-3NEW-R/W
Public Access & Utilities Easement
DOC. # 420701
LOT 2144-1A-2
DOC. # 114718
LOT 2144-1A-3NEW
Doc # 420701
LOT 2144-1B
-R5 NEW-1-R/W
DOC. # 420701
2144-1B-R5 NEW-1
DOC. # 420701
LOT 2144-1B
-R5 NEW-2-R/W
Public Access & Utilities Easement
DOC. # 420701
LOT 2144-1B
-R5 NEW-2
DOC. # 420701
LOT 2144-1B
-R5 NEW-R/W
Public Access & Utilities Easement
DOC. # 420701
LOT 2144-1B
-R5 NEW-3
DOC. # 420701
LOT 2144-11-R2
DOC. # 62662
OLD YPAO ROAD
(VARIABLE WIDTH)
80 FEET WIDE RIGHT OF WAY AS PER MASTER PLAN
P.O.B.
N 199,131.2583
E 104,384.0405
P.T. STA 4+48.98
P.C. STA 3+48.51
Edge of Existing Asphalt Pavement
Existing Fence
Existing Gate
Coral Road
Existing Cement Plaza Building
A. C. PARKING LOT
Concrete Curb
Concrete Wall
Chain Link Fence
Street Container
Utility Pole
Guy Wire
Sign Pedestal
Sign Pedestal
MARINE DRIVE/E. HARMON RD. (TO ROUTE NO. 1)
10' SAN VICTORES ROAD
40' Wide Road Easement Doc. # 236790
S 78°49'25" E 6.858
N 84° 09' 09" E 65.350 ((65.252)) REF. # 2
N 84° 28' 10" E 65.350
N 84° 18' 37" E 65.350
58.211 ((58.211)) REF. # 2
S 54°39'08" W 10.500 ((10.500))
S 54°39'08" W 10.500
S 54°39'08" W 10.500
S 54°39'08" W 10.500

Island of Guam, Government of Guam
Department of Land Management Officer of the Recorder
File for Record is Instrument No. 910784
On the Year 17 Month 8 Day 7 Time 257
Recording Fee 5.00 Receipt No. 5603
Deputy Recorder JOEL D. ARTENORCRUZ

GGN 1315
N 199,788.4328
E 104,274.3479

GGN TIE-IN
(NOT TO SCALE)

GGN 1411
N 199,167.6484
E 104,375.9642

GGN 2660
N 198,983.8134
E 104,397.4085

P.O.B.
N 199,390.5607
E 104,335.7872

LOT 2143-R6

LOT 2143-6RW

LEGEND

- GUAM GEODETIC NETWORK MONUMENT
- TRAVERSE STATION
- 4" x 4" CONCRETE MONUMENT FOUND, MARKED RLS # 23, Doc. # 092196.
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 62, UNDOCUMENTED POSITION ACCEPTED.
- # 4 REBAR WITH PLASTIC CAP FOUND, MARKED RLS # 60, UNDOCUMENTED POSITION ACCEPTED.
- CONCRETE NAIL WITH PLASTIC CAP FOUND, MARKED RLS # 62, UNDOCUMENTED POSITION ACCEPTED.
- CONCRETE NAIL WITH RED PLASTIC CAP SET, MARKED PLS # 77
- # 4 REBAR WITH RED PLASTIC CAP SET, MARKED PLS # 77
- COMPUTED CORNER

1993 GRID

GRAPHIC SCALE : 1:600

P.C. STA 11+59.44
PROPOSED ROAD CENTERLINE

DETAILS
Not To Scale

PREPARED FOR SATISFACTORY TO AND APPROVED BY:

GLENN LEON GUERRERO
DIRECTOR OF DEPARTMENT OF PUBLIC WORKS — DATE 6/16/17

MICHAEL J. B. BORJA
DIRECTOR, DEPARTMENT OF LAND MANAGEMENT
EXECUTIVE SECRETARY, GUAM LAND USE COMMISSION — DATE 8/3/17

NOT REQUIRED
MARGARITA H. INOCENTES (TRUSTEE 2002 TRUST)
DOC. # 714713 — DATE

NOT REQUIRED
YPAO GARDEN CONDOMINIUM HOMEOWNERS ASSOCIATION
DOC. # 388399 — DATE

LOT 5147-1-3-1
Doc. # 91732

60 FEET WIDE RIGHT OF WAY AS PER MASTER PLAN

TO SAN VITORES ROAD

OLD YPAO ROAD (VARIABLE WIDTH)

2143-2-2NEW
Doc. # 92705

LOT 2143-2-1NEW
Doc. # 92705

LOT 2143-2-3NEW-REM-1R/W
Doc. # 412439

LOT 2143-2-3 NEW-R1
Doc. # 518312

LOT 2143-2-3NEW-1R/W
PUBLIC ACCESS AND UTILITIES RIGHT OF WAY
Doc. # 518312

LOT 2143-2 -3NEW-REM-R1
Doc. # 412439

LOT 2144-1B-3-1 Doc # 109680

LOT 2144-1B-3-R1 Doc # 109680

LOT 2144-1B-2 Doc # 33793

LOT 2144-1B-1 Doc # 32217

LOT 2144-1B-R5 NEW-1 Public Access & Utilities Easement Doc # 430701

LOT 2144-1B-R5 NEW-1-R/W Doc # 430701

LOT 2143-6R/W
AREA = 446 ± Sq. M.
PUBLIC ACCESS & UTILITIES RIGHT OF WAY

LOT 2143-R5
AREA = 3,037 ± Sq. M. (Red)
AREA = 3,015 ± Sq. M. (Survey)
SEE SPECIAL NOTE

LOT 2143-R6
AREA = 12,589 ± Sq. M.

LOT 2143-1 Doc # 100686

LOT 2143-4-2 Doc # 100686

LOT 2143-4-3 Doc # 100686

LOT 2143-4-R3 Doc # 100686

LOT 2143-5 Doc # 92196

LOT 5147-2B-REM-5B-2-4-R3 Doc # 239385

LOT 5147-2B-REM-5B-2-2 Doc # 237723

LOT 5147-2B-REM-5B-2-1-R2 Doc # 111156

LOT 5147-2B-REM-5B-2-1-2-R1 Doc # 239725

1-Storey Conc. Building

2-Storey Condominium

3-Storey Condominium

Tennis Court

Chainlink Fence

CMU Wall

Proposed Road Centerline Alignment

P.T. STA 12+59.43

P.C. STA 11+59.44

STA 11+00

CURVE DATA:
Δ = 01°40'26"
R = 1,043.265
L = 30.477
C = 30.477
CH3 = N 09°46'35" W

S 48°43'38" E 4.269

(TO POINT NO. 1)

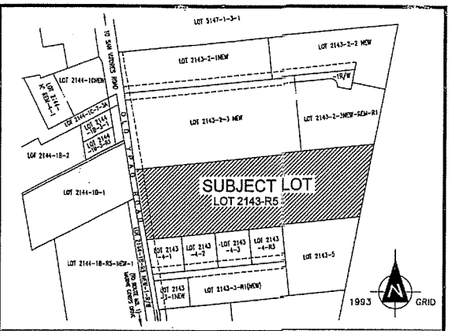
60 FEET WIDE RIGHT OF WAY AS PER MASTER PLAN

SPECIAL NOTE:
THE DIFFERENCE IN AREA IS DUE TO ACTUAL PROPERTY CORNERS FOUND

ADDITIONAL NOTES:
8. HORIZONTAL CONTROLS WERE BASED ON THE FOLLOWING 1993 GGN COORDINATES:

GGN 2660	GGN 1411	GGN 1426	GGN 1313
N 198,983.8134	N 199,167.6484	N 200,031.9064	N 200,116.8324
E 104,397.4085	E 104,375.9642	E 104,218.9080	E 104,243.5929

9. VERTICAL CONTROL WAS BASED ON GGN 1411 WITH AN ELEVATION OF 33.833M (MSL).



VICINITY MAP
NOT TO SCALE

NOTES:
1. SURVEY WAS BASED ON FOUND PROPERTY CORNERS AS SHOWN.
2. ALL DISTANCES AND COORDINATES AND DECIMALS THEREOF ARE IN METERS UNLESS OTHERWISE NOTED.
3. BEARINGS AND DISTANCES IN SINGLE PARENTHESIS ARE RECORD DATA AS PER REF. # 1, BEARINGS AND DISTANCES IN DOUBLE PARENTHESIS ARE RECORD DATA AS PER REF. # 2. ALL OTHERS ARE 1993 GRID.
4. SUBJECT LOTS ARE ZONED "R-2", OVERLAIN PER 1967 OFFICIAL ZONING MAP, P367536.
5. SUBJECT LOTS ARE WITHIN THE NORTHERN AQUIFER.
6. AS-BUILT EXISTS ON LOT LOT 2143-R5 AS OF APPROVAL OF THIS MAP.
7. PROPOSED ROAD CENTERLINE STATIONING ARE IN FEET.

REFERENCES:
1. DWG. # SDCO-02-969, L. M. # 88 FY 70, RURAL SUBDIVISION OF LOT NO. 2143-R2, SAUCIO, MUNICIPALITY OF DEDEDO, PREPARED BY RLS # 23, DOC. # 092196.
2. DWG. # T-M 69-45, L. M. # 95 FY 70, CONSOLIDATION & PARCELLING OF LOTS 2143-2-1, 2143-2-2 & 2143-2-R2, MUNICIPALITY OF DEDEDO, PREPARED BY RLS # 16, DOC. # 092705.

PREPARED FOR SATISFACTORY TO AND APPROVED BY:

SEE PLAN — DATE

CHECKED BY:

FRANK P. TAITANO, PLANNER, D. L. M. — 6-19-17
JIMMY L. CAMACHO, ENGINEERING TECHNICIAN II, D. L. M. — 7-7-17
EDGARDO A. TAGUIAM, CARTOGRAPHIC SUPERVISOR, D. L. M. — 8-1-17

CERTIFICATION:

THIS MAP HAS BEEN EXAMINED FOR CONFORMANCE WITH THE TITLE 21, GUAM CODE ANNOTATED, CHAPTER 60, ARTICLE 5, UNIFORM TRIANGULATION SYSTEM AND REGULATIONS THEREUNDER ON THIS 2nd DAY OF August 2017.

PAUL L. SANTOS PLS # 68
GUAM CHIEF SURVEYOR/CHIEF OF CADASTRE

APPROVAL PURSUANT TO TITLE 21, GUAM CODE ANNOTATED, CHAPTER 61, ZONING LAW, AND CHAPTER 62, SUBDIVISION LAW.

MARVIN Q. AGUILAR, GUAM CHIEF PLANNER — 6-30-17

I, VIRGILIO P. OLIVARES, HEREBY CERTIFY THAT THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION, THAT IT WAS BASED ON A FIELD SURVEY MADE ON MARCH 14 - MAY 03, 2013, IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS, THAT I AM RESPONSIBLE FOR THE ACCURACY OF ALL DATA AND INFORMATION SHOWN HEREON, I ALSO CERTIFY THAT ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED ON THIS MAP.

VIRGILIO P. OLIVARES, P. L. S. # 77 — 06-08-17

VIRGILIO P. OLIVARES CERTIFICATE NO. 77 PROFESSIONAL LAND SURVEYOR GUAM — EXP. DATE: 04-30-2019

REVISION	DATE	DESCRIPTION	BY	APP'D BY	DATE	APP'D BY	DATE

REAL ESTATE REQUIREMENTS SURVEY MAP OF ROUTE 14B (YPAO ROAD) AND LOT 2143-R5

(ROUTE 14B, YPAO ROAD SEVERANCE PHASE 1)
MUNICIPALITY OF TAMUNING (FORMERLY MUNICIPALITY OF DEDEDO)

L. S. 13 — SECTION 4

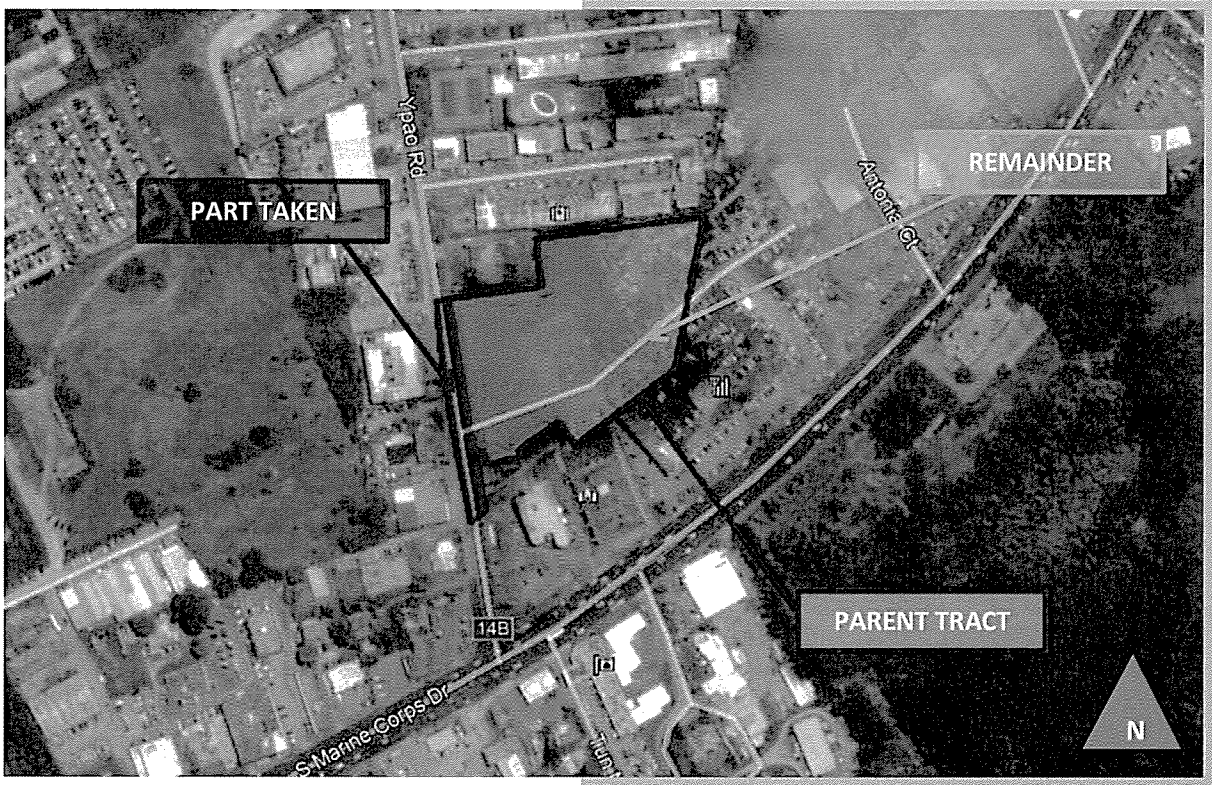
SURVEY DATA		DATE	LOT DATA	
FIELD:	VPO	MARCH-MAY 2013	LOT NUMBER:	2143-R5
BOOK NO.	VPO-2013		CERTIFICATE NO.	106769
COMPUTED:	VPO	MARCH-MAY 2013	REGISTERED ON:	SEPTEMBER 12, 1996
DRAWN:	VPO	MARCH-MAY 2013	IN THE NAME OF:	
RESEARCH BY:	VPO	MARCH-MAY 2013	MARGARITA H. INOCENTES	
CHECKED BY:	VPO	MARCH-MAY 2013		
SHEET 2 OF 2		DRAWING NO.	LAND MANAGEMENT CHECK	
SCALE:	SEE PLAN	VPO-2009-120	NO. 233 FY 2014	

V. P. OLIVARES SURVEYING, LLC
CERTIFICATE OF AUTHORIZATION NO. 261
PROFESSIONAL LAND SURVEYOR NO. 77
P.O. BOX 4740 HAGATNA, GUAM 96932
TEL NO./CEL NO. (671) 734-5856/727-7734
E-MAIL ADDRESS: virgilio_olivares@yahoo.com

APPRAISAL REPORT

MARKET VALUE OF PROPOSED TAKING OF PORTION OF LOT NO. 2143-1-R4

Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam



OCTOBER 2017

PREPARED FOR:

Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

PREPARED BY:

CORNERSTONE VALUATION GUAM, INC.
We Value
Real Estate Valuation & Advisory Services

CORNERSTONE VALUATION GUAM, INC.
We Value
Real Estate Valuation & Advisory Services

October 18, 2017

Mr. Joaquin Blaz
Acting Highway Administrator
Department of Public Works
542 North Marine Corps Drive
Tamuning, Guam 96913

RE: Appraisal of Market Value of Proposed Taking of Portions of Lot No. 2143-1-R4
Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam
File No.: CVG 17-065

Dear Mr. Blaz:

At your request, Cornerstone Valuation Guam, Inc. ("CVG") has prepared an appraisal of the market value of the fee simple interest in the proposed taking of the referenced property and presented our analysis in the following Appraisal Report.

The subject parent lot is identified as Lot No. 2143-1-R4, containing gross land area of 16,733± square meters (4.1± acres). The subject is located along Ypao Road (Route 14B), adjacent to and northwest of Century Plaza in the Municipality of Tamuning, Island of Guam. The subject parent lot is improved with a portion of Century Plaza two-story commercial building and various paved interior access and parking areas. David R. Flores, et al., have owned the leased fee interest in the subject lot for over ten years, acquired via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039, subject to a lease described as follows. The subject parent lot is leased to Pacific Construction Company, Inc. (assigned from Federal Building, Inc.) via Assignment of Lease dated April 30, 1976 and recorded as Instrument No. 111232. The original Lease Agreement, prior to various assignments, was dated January 13, 1972 and recorded as Instrument No. 110326, between Josefina R. Flores ("Lessor") and Al Their's Realty ("Lessee"). It is noted the subject parent lot was subsequently subleased to Unity Development Corporation via Sublease dated July 9, 1979 and recorded as Instrument No. 303867. For purposes of this assignment, the subject ownership rights analyzed involved fee simple interest only. Two portions of the subject parent lot, totaling a gross land area of 1,337± square meters, are to be included in the proposed taking for reconstruction and widening of Ypao Road (Route 14B), described as follows.

		Gross Land Area	
Identification	Lot No.	(sm)	(acres)
Parent Lot	Lot No. 2143-1-R4	16,733 ±	4.1 ±
Area to be Acquired	Proposed Lot No. 2143-1-6R/W	1,291 ±	0.3 ±
Area to be Acquired	Proposed Lot No. 2143-1-5G	46 ±	0.0 ±
	Total Area to be Acquired:	1,337 ±	0.3 ±
Remainder	Proposed Lot No. 2143-1-R6	15,396 ±	3.8 ±

The subject is more fully described, legally and physically, within the enclosed report. Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of this letter.

Based on the analysis contained in the following report, subject to assumptions and limiting conditions, the market value of the subject property is concluded as follows:

MARKET VALUE CONCLUSION - PARTS TAKEN			
Land:	$267,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Ypao Road (Route 14B) Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$267,400		

Compiled by CVG – Subject to Assumptions and Limiting Conditions

ASSIGNMENT CONDITIONS

General Assumptions and Limiting Conditions are included in a following section of this report.

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

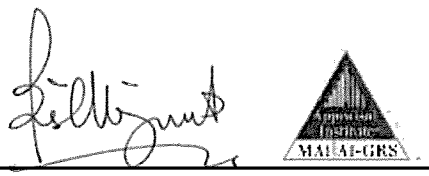
The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with the guidelines and recommendations set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

The report is for the sole use of the client and its authorized representatives. The appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions.

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

Respectfully submitted,

Cornerstone Valuation Guam, Inc.



Siska S. Hutapea, MAI, AI-GRIS, MRICS, MRE
Guam Certified General Appraiser
License No. CA-16-027
Certificate Expires 02/04/18
Email: siska@cornerstonevaluation.com

INTRODUCTION AND PREMISES OF THE APPRAISAL

DPW Form 4.2-3

100 CERTIFICATE OF VALUE

Parcel No.: Proposed Portions of Lot No. 2143-1-R4
Item/Segment: 1,337± square meter portions of 16,733± square meter Lot No. 2143-1-R4
Road: Route 14 (Ypao Road)
GU No.: GU-NH-AARS(003)-CORNER-04

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are my personal, unbiased, professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property or bias with respect to the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation 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.
- This is an appraisal communicated in a restricted appraisal report format. This report is intended for use only by the Department of Public Works, the client. Use of this report cannot be relied upon without access to the additional information contained in the appraiser's work files.
- I have made a personal inspection of the property on September 19, 2017. I afforded the property owner the opportunity to accompany me, which was declined, at the time of inspection per 4.2.9, DPW Right of Way Manual requirement. I have also made a personal field inspection of the comparable sales relied upon in making this appraisal on September 30, 2017.
- Gabriel F. Lombardi, Certified General Appraiser, provided significant real property appraisal assistance to the person signing this certification. No persons other than those named herein provided significant real property appraisal assistance to the person signing this certification.
- The purpose of this appraisal is to estimate market value as of the effective date of the report. The definition of market value can be found in the Section 4.2.24, DPW Right of Way Manual. The intended use is in connection with the acquisition of right-of-way for a transportation facility to be constructed by the Government of Guam with the assistance of Federal-aid highway funds, or other Federal funds. This report is not intended for any other use.
- This appraisal has been made in conformity with appropriate Territory of Guam laws, regulations, policies and procedures applicable to appraisal of right-of-way for highway purposes; and, to the best of my knowledge, no portion of the property value entered on this certificate consists of items which are noncompensable under the established law of the Territory of Guam.

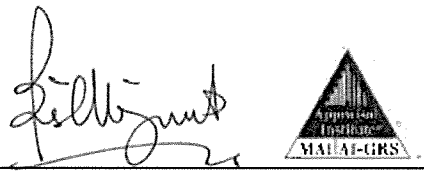
- I have not revealed the findings or results of this appraisal to anyone other than the proper officials of the Territory of Guam or officials of the Federal Highway Administration and I will not do so until authorized by Government of Guam officials or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
- Regardless of any stated limiting condition or assumption, I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the Government of Guam without restriction or limitation on their use. This file information is retained to support the conclusions, opinions, and analyses.
- Statements supplemental to this certification required by membership or candidacy in a professional appraisal organization, are described on an addendum to this certificate and, by reference, are made a part hereof.

Based upon my independent appraisal and the exercise of my professional judgment, my opinion of the market value for the part taken, including damages, if any, of the property appraised as of the 19th day of September, 2017, is: $267,400.

Market Value should be allocated as follows:

MARKET VALUE CONCLUSION - PART TAKEN

Land:	$267,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Route 14B Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$267,400		



October 18, 2017
Date:

Siska S. Hutapea, MAI, AI-GRIS, MRICS, MRE

Compiled by CVG – Subject to Assumptions and Limiting Conditions

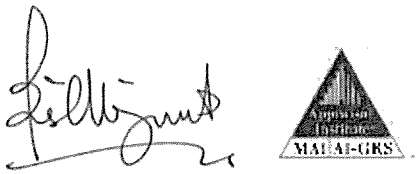
HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

CERTIFICATION ADDENDUM

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

1. I have completed an Appraisal Report of the Market Value of Proposed Taking of the subject property in April 2016. I have completed a mass appraisal of the Island of Guam including the subject property in March 2015. I have not performed any other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment
2. as of the date of this report, Siska S. Hutapea, MAI, AI-GRS, MRICS, MRE has completed the requirements of the continuing education program of the Appraisal Institute;
3. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;
4. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
5. Gabriel F. Lombardi, Certified General Appraiser, License No. CA-17-052 (Exp: 8/7/2019), assisted me with the following under my supervision: report production, data input, data verification, and report writing (factual data sections only).



Siska S. Hutapea, MAI, AI-GRS, MRICS, MRE

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C. Abstract of Title
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115 QUALIFYING AND LIMITING CONDITIONS

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based. No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos building materials, urea-formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

SUPPLEMENTAL STANDARDS

This report is prepared in compliance with Section 4.2 of the Right of Way Manual (effective as of January 2011). The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the

Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

120 SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Leased Fee Owners	
Name	David R. Flores, et al.
Mailing Address	None available
Leasehold Owners	
Name	Pacific Construction Co., Inc.
Mailing Address	None available
Street Address	Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam
Legal Description	Lot No. 2143-1-R4 (parent lot)
Property Rights Appraised	Fee Simple Interest
Property Inspection Date	September 19, 2017
Effective Date of Value	September 19, 2017
Names of Person(s) Who Accompanied the Appraiser on the Inspection	Department of Public Works representatives accompanied the appraiser on the inspection on September 19, 2017, including: Ms. Karen Charfauros, Land Agent II; Heidi Carlos, Land Agent I; and Elizabeth Marzan, Land Agent I. Gabriel F. Lombardi, Certified General Appraiser at CVG, also accompanied the appraiser on the inspection on September 19, 2017.
Extent of the Inspection	An inspection of the subject property has been made, and photographs were taken. The appraiser inspected all parts of the subject property, including those portions involving the parts to be acquired.
Size	
Parent Lot	Lot No. 2143-1-R4 containing a gross land area of 16,733± square meters (4.1± acres), shown on a following table. It is noted the parent lot size reflects the computed area reflected on unrecorded Real Estate Requirements Survey Map dated May 2013 of Route 14B (Ypao Road) and Lot 2143-1-R4 (Route 14B, Ypao Road Severance Phase I), Municipality of Tamuning. Recorded area reflects 16,746± square meters. However, we have based our analysis on computed area, as previously instructed by client representative, as it reflects actual field condition.

Area to be Acquired	Portions within Lot No. 2143-1-R4 (proposed Lot Nos. 2143-1-6R/W and 2143-1-5G), containing a gross land area of 1,337± square meters, as shown on a following table.
Remainder	Portion within Lot No. 2143-1-R4 (proposed Lot No. 2143-1-R6), containing a gross land area of 15,396± square meters, as shown on the following table.

Identification	Lot No.	Gross Land Area (sm)	Gross Land Area (acres)
Parent Lot	Lot No. 2143-1-R4	16,733 ±	4.1 ±
Area to be Acquired	Proposed Lot No. 2143-1-6R/W	1,291 ±	0.3 ±
Area to be Acquired	Proposed Lot No. 2143-1-5G	46 ±	0.0 ±
	Total Area to be Acquired:	1,337 ±	0.3 ±
Remainder	Proposed Lot No. 2143-1-R6	15,396 ±	3.8 ±

Improvements	Mostly vacant land at northwestern portions; paved interior access road and parking areas at southern at southeast portions. A small portion of Century Plaza, a two-story concrete commercial building with rooftop parking, is located upon the subject parent lot at its southeastern boundary. As noted, for purposes of our analysis herein we are analyzing the fee simple ownership of the subject.
Access	Paved roads
Utilities	All available on site or nearby
Topography	Fairly level
Zoning	Split zoned; R2, Multiple Dwelling Zone at central and northern portions; Planned Unit Development District ("PUD") at southeastern portion; and C, Commercial Zone at a small southwest portion
Flood Zone	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain)
Amenities/Other	Paved interior access roads, paved asphalt parking lots. A portion of Century Plaza is located at southeastern boundary of subject parent lot.
Highest and Best Use	
As Though Vacant	Development with owner-occupant/partial owner-occupant commercial uses

DEPARTMENT OF REVENUE & TAXATION APPRAISED VALUE AND REAL PROPERTY TAX [1]

	Appraised Values			Real Property Tax		
Tax ID	Land	Improvements	Total	Land Tax	Improvements	Total
L2143-1-R4	$2,219,520	$0	$2,219,520	$1,942	$0	$1,942

[1] Source: Department of Revenue and Taxation records; it is noted tax records indicate basic Lot No. 2143-1-R1 (18,855± sq. meters) also still assessed.

Sale/Property History

David R. Flores, et al., have owned the leased fee interest in the subject lot for over ten years, via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039, subject to a lease described as follows.

The subject parent lot is leased to Pacific Construction Company, Inc. (assigned from Federal Building, Inc.) via Assignment of Lease dated April 30, 1976 and recorded as Instrument No. 111232. It is noted the original Lease Agreement, prior to various assignments, was dated January 13, 1972 and recorded as Instrument No. 110326, between Josefina R. Flores ("Lessor") and Al Their's Realty ("Lessee"). The subject parent lot is subsequently subleased to Unity Development Corporation via Sublease dated July 9, 1979 and recorded as Instrument No. 303867.

We are not aware of any other sale/marketing activity of the subject property within the past five years.

MARKET VALUE CONCLUSION - PARTS TAKEN

Land:	$267,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Route 14B Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$267,400		

Compiled by CVG – Subject to Assumptions and Limiting Conditions

HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

130 TYPE OF REPORT FORMAT

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(A). This format provides a summary of the appraisal process, subject and market data and valuation analyses.

140 PURPOSE, INTENDED USE, INTENDED USER OF THE APPRAISAL

As stated in the Right of Way Manual, "the purpose of the appraisal is to develop and report an opinion of market value. The intended use of an acquisition appraisal is for the Department's staff review appraiser to use as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility. The intended user of the appraisal is the Guam Department of Public Works Office of Right of Way."

150 DEFINITION OF MARKET VALUE

The purpose of this appraisal is to estimate the market value of proposed part taken of the subject property. The market value definition used herein is as follows.

Market Value[1]

"Value' as used in eminent domain statute, ordinarily means amount which would be paid for property on assessing date to willing seller not compelled to sell, by willing purchaser, not compelled to purchase, taking into consideration all uses to which property is adapted and might reasonably be applied."

151 DEFINITIONS OF OTHER TERMS

Assessed Value[2] The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.

Before-and-After Rule[3] In eminent domain valuation, a procedure in which just compensation is measured as the difference between the value of the entire property before the taking and the value of the remainder after the taking.

Benefits[4] In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits.

Cash Equivalency Analysis[5] An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.

Client[6] The Department of Public Works Right of Way Supervisor (DPWRS) and his/her designee.

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[1] Department of Public Works Right of Way Procedures Manual
[2] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[3] Ibid
[4] Ibid
[5] Ibid
[6] Department of Public Works Right of Way Procedures Manual

Compensable Damages[7] Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable.

Consequential Damages[8] In condemnation, damages to a property resulting from governmental actions (such as a taking) or the actions of property owners (such as construction) on other lands. Consequential damages may be considered noncompensable in certain jurisdictions.

Contract, Coupon, Face, or Nominal Rent[9] The actual rental income specified in a lease.

Damages[10] In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently.

Eminent Domain[11] The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the US Constitution, also known as the takings clause, guarantees payment of just compensation upon appropriation of private property.

Exposure Time[12] 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)

Fee Simple Estate[13] 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.

Highest and Best Use[14] The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Just Compensation [15] In condemnation, amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken.

Larger Parcel[16] In government land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial

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[7] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[8] Ibid
[9] Ibid
[10] Ibid
[11] Ibid
[12] Ibid
[13] Ibid
[14] Ibid
[15] Ibid
[16] Ibid

control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is some-times subordinated to unitary use.

Partial Taking[17] The taking of a property for public use under the power of eminent domain; requires the payment of compensation.

Recommended Compensation [18] The amount established by the Department's appraisal reviewer which typically represents full compensation, excluding business damages, moving costs, attorney fees, and landowner costs. Recommended compensation is almost always equal to the approved market value.

Remainder[19] In condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.

Damages[20] In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently.

160 PROPERTY RIGHT (INTEREST) APPRAISED

The interest appraised represents the fee simple interest of Lot No. 2143-1-R4, located along Ypao Road (Route 14B), Tamuning, Island of Guam.

175 SCOPE (EXTENT OF PROCESS OF COLLECTING, CONFIRMING AND REPORTING DATA)

The scope of the analysis refers to the extent of the process of collecting, confirming, and reporting data. The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the consulting services is desirable to protect other parties whose reliance on the report may be affected.

General data include information on the social, economic governmental, and environmental forces that affect property value. The appraisers have accumulated general data from a wide variety of sources, including Pacific Area regional information sources, Government of Guam sources, Federal Government sources, and local real estate organizations, and trade associations. The appraiser's educational background and experience is utilized extensively in the collection and evaluation of data.

[17] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[18] Department of Public Works Right of Way Procedures Manual
[19] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[20] Ibid

Specific data include details about the property being analyzed, comparable sales, rental properties, and relevant local market characteristics. In real property appraisal these data are used to determine highest and best use and to make the specific comparisons and analyses required to estimate market value.

RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject property:

RELEVANT DATES

Date of Report:	October 18, 2017
Last Date of Inspection:	September 19, 2017
Date of Value	September 19, 2017

Compiled by CVG

ASSIGNMENT SPECIFIC SCOPE OF WORK SUMMARY

This appraisal was performed under the following scope of work; the appraiser:

- Inspected and summarized the subject property. Ownership data on the subject property was obtained from the Amended Abstract of Title for Lot 2143-1-R4, Tamuning, previously provided by the client. The maps contained in the Amended Abstract of Title are presented in this report.
- Review pertinent market data for utilization in a sales comparison approach to value. The appraiser's investigations included research of Department of Land Management public records, the Guam Association of Realtor's Multiple Listing Service (MLS) database, and Cornerstone Valuation Guam, Inc.'s database.
- Search parameters such as dates of sales, locations, sizes, and types of properties were customized based on the characteristics of each property being appraised and started with relatively narrow constraints and were expanded until appraiser had retrieved data sufficient to estimate market value.
- Researched sale data were reviewed and, if found to be appropriate, efforts were made to verify the data with persons directly involved in the transactions such as buyer, sellers, brokers or agents. Data were gathered and presented for each comparable transaction in compliance with Sections 4.2.19 and 4.2.20 of the Right of Way Manual.
- Investigated and analyzed all pertinent easements and restrictions on the fee simple ownership of the subject property. We relied upon the latest available professionally produced draft survey maps provided by the client for this assignment; these maps are cited and presented in this report. It is noted that these maps have not been finalized and material changes in the maps may affect the appraiser's conclusions.
- The appraiser did not ascertain the existence of toxic waste or other contamination present on or off the site. However, the appraiser has reported all indications of toxic waste or contaminants that may affect value if readily apparent during the appraiser's investigations. Appraiser cautions the user of the report that appraiser is not expert in such matters and that appraiser may overlook contamination that might be readily apparent to others.

180 APPRAISAL PROBLEM

DPW requires an appraisal of market value of the proposed taking to conform with DPW Right of Way Procedures Manual. The Parent Tract is defined as Lot No. 2143-1-R4, containing a gross land area of 16,733± square meters (4.1± acres). The subject is located along Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam. The subject parent lot is split zoned C, Commercial Zone at southwestern portions, PUD, Planned Unit Development District at southeastern portion and R2, Multiple Dwelling Zone at central and northwestern portions. The Government of Guam desires to utilize a portion of the land transferred for the reconstruction of widening of Ypao Road (Route 14B). The taking does not affect the improvement and therefore we have completed sales comparison on the land in our analysis herein. Our assignment was to estimate the market value of the taking.

The remainder was appraised presuming that the reconstruction and widening of Ypao Road (Route 14B) transportation improvements are in place and operating. The remainder is not impacted, thus a cost to cure estimate was not applicable. Once the parent tract was appraised, the value of the part taken as part of the whole was calculated and stated. This calculation was based on the unit values set forth in the reconciliation of the parent tract or "whole" before the taking. There are no damages or costs to cure. Special benefits were not applicable. Therefore, no offsetting damages needed to be considered.

PRESENTATION OF DATA

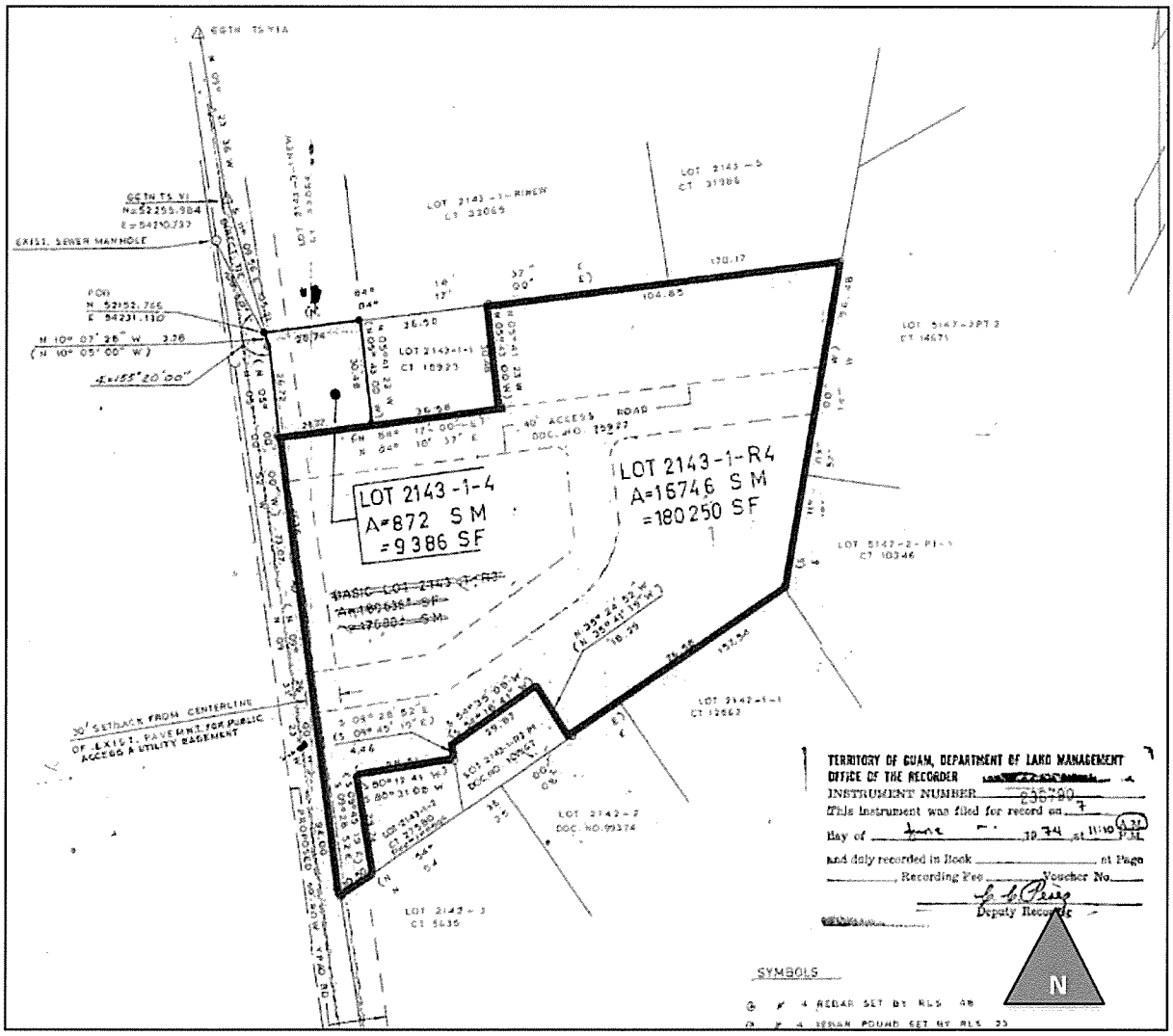
200 IDENTIFICATION OF PROPERTY AND LEGAL DESCRIPTION

PROPERTY IDENTIFICATION

The subject part taken involves portions of Lot No. 2143-1-R4, which contains a computed gross land area of 16,733± square meters (4.1± acres).

A copy of the available map for Lot No. 2143-1-R4 is included below. The map was taken from the Parceling Survey Map of Basic Lot 2143-1-R3 completed by Candido I. Castro, dated May 2, 1974 and recorded as Instrument No. 236790. It is noted the map reflects the recorded land area for the subject parent lot at 16,746± square meters (4.1± acres). Based on client instruction, we have used computed land area of 16,733± square meters (4.1± acres) for our analysis herein.

SITE MAP OF LOT NO. 2143-1-R4



220 DESCRIPTION OF AREA AND NEIGHBORHOOD

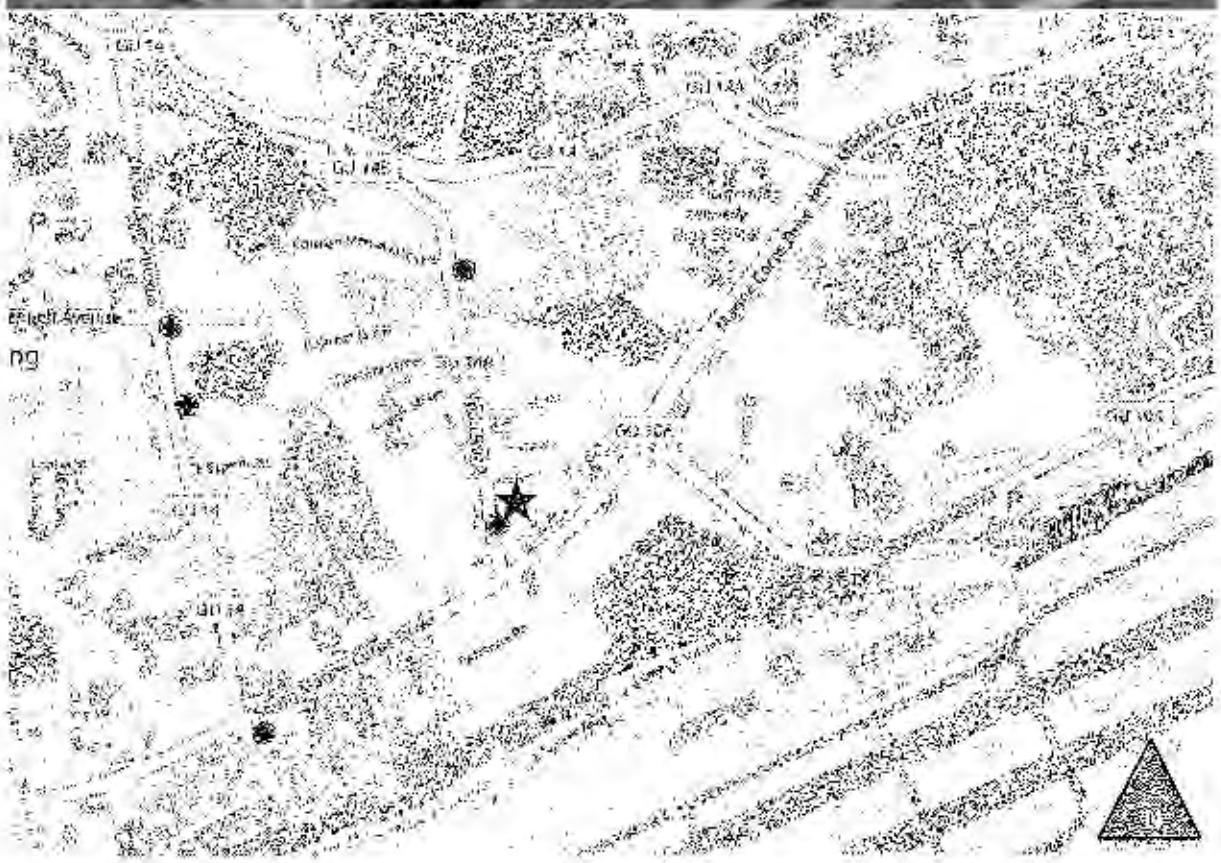
LOCATION

The property is located along Ypao Road (Route 14B), northwest of Century Plaza in the Municipality of Tamuning, Island of Guam. Tamuning is Guam's commercial and business center which includes the industrial area of Harmon and the tourism area of Tumon. The subject immediate vicinity includes hotel and commercial developments along Pale San Vitores Road to the north, residential and commercial developments along Ypao Road, various commercial developments along Marine Corps Drive (Route 1) to the south and industrial developments along interior roads south of Route 1.

The capital of Guam, Hagåtña, is located approximately 2.6± miles southwest of the subject property. The subject is located less than a mile west of Harmon Industrial Park, Guam's industrial center. A.B. Won Pat International Airport is located less than a mile south of the subject property. The ITC building and commercial center of Guam is located less than a mile southwest of the subject property. The subject property is located south of Tumon, Guam's tourism center. The village of Tamuning is primarily residential in nature with substantial commercial development along Marine Corps Drive (Route 1) and Chalan San Antonio. Commercial related uses include office buildings, bank facilities, video stores, gas stations, etc. The village also features typical suburban related amenities includes schools, churches, fire and police stations, and many others.

Primary access to the subject is via Ypao Road and an interior access road. Ypao Road connects with Pale San Vitores Road to the north and Marine Corps Drive (Route 1) to the south. Major roads in Tamuning include Marine Corps Drive (Route 1), Chalan San Antonio (Route 14), Ypao Road, and Pale San Vitores Road. Marine Corps Drive connects the subject vicinity to the municipalities of Hagåtña, Guam's capital, to the southwest and Dededo, Guam's largest and most populated village, to the northeast. Chalan San Antonio passes through Tamuning's commercial center and connects to Marine Corps Drive southwest of the subject and to Pale San Vitores Road northwest of the subject. Pale San Vitores Road is the major road that passes through Tumon, Guam's major tourist area. The road is proposed for widening and reconstruction to commence, but plans are still on hold due to the land acquisition (including the subject property) process. A satellite image of the subject vicinity is included on the following page. A street map locating the subject property taken from OpenStreetMap is also shown on the following page.

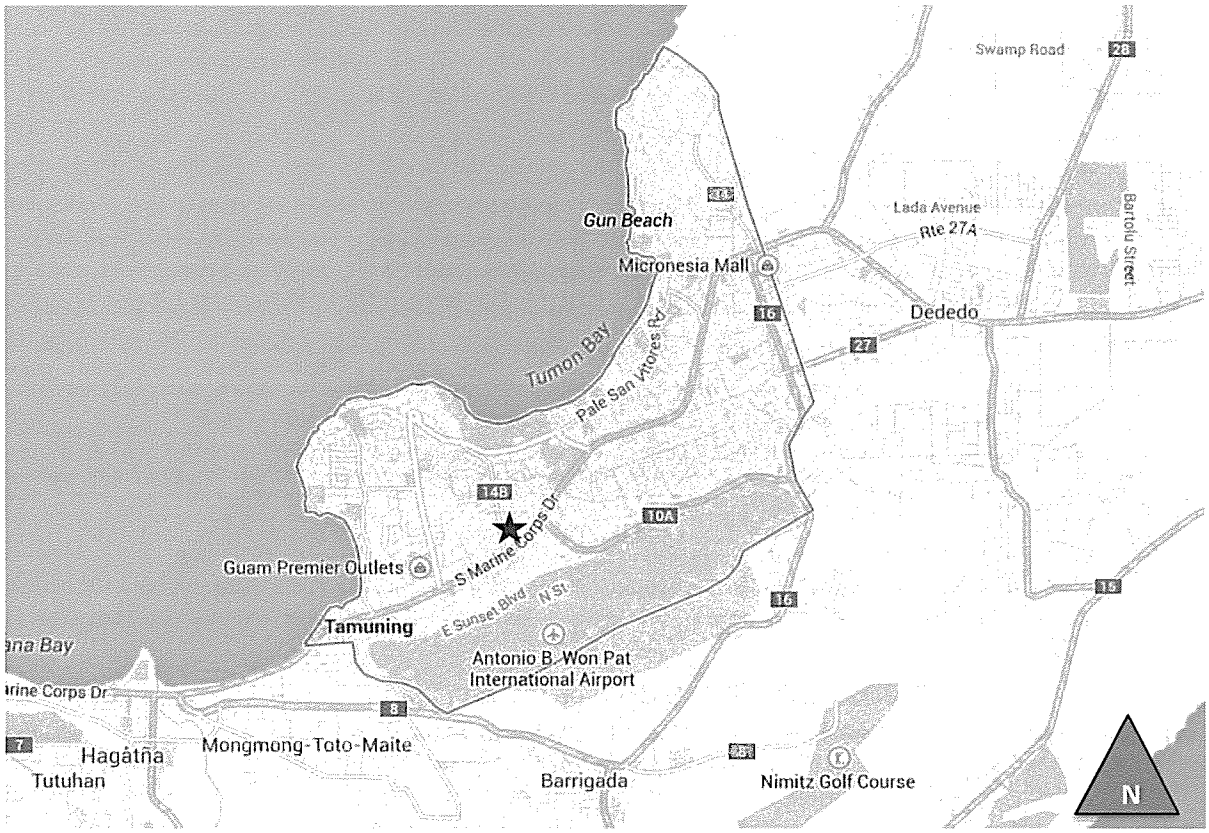




MUNICIPALITY BOUNDARIES

The Municipality of Tamuning boundaries are detailed as follows:

North: Tumon Bay and Pacific Ocean
South: Mongmong-Toto-Maite, Tiyan (Barrigada), and A.B. Won Pat International Airport
East: Dededo and Barrigada
West: Hagåtña and Agaña Bay



POPULATION, HOUSING UNITS & EMPLOYMENT

Tamuning experienced a high growth in population and housing units on Guam based on Census 2010. The population of Tamuning reflects 19,685 in 2010, an increase of 9.3 percent compared to 2000. The number of housing units in Tamuning reflects 9,022, an increase of 11.3 percent compared to 2000. The number of jobs in Tamuning reflects a total of 9,600, a 13 percent increase compared to 2000.

LAND USE

Land uses in the immediate vicinity include a mixture of commercial, industrial and residential along Ypao Road, Pale San Vitores Road, and Marine Corps Drive.

Commercial/industrial developments located along Ypao Road include the Ernst & Young Building, Morrico Equipment, Former UIU Building, Wyndham Garden (former Ramada Inn), Ypao

Breeze Inn (Former Hunter's Inn), and Days Inn Tamuning. Medical facilities along Ypao Road include the Seventh Day Adventist Clinic, Guam Polyclinic, and the Sunflower Villa mixed use facility at the intersection of Ypao Road and Pale San Vitores Road, which includes Hafa Adai Specialist Group and Hafa Adai Primary Care. Most recently, land along Ypao Road just north of Ironwood Heights Low Income Housing Tax Credit project was acquired for a new proposed partial owner-occupant mixed-use medical/residential condominium facility, pending zone variance approvals.

Various multi-family developments in the vicinity include the 132-unit Ironwood Heights I & II, Royal Garden Townhouses, Ypao Gardens Condominium, and many others. Talo Verde Estates, a luxurious gated subdivision including single-family dwellings and row townhouses, is located in close proximity to the north along the cliff line. Tamuning is a popular location for multi-family developments due to its proximity to the employment center of Guam.

Public facilities in the subject vicinity include Guam Memorial Hospital, John F. Kennedy High School, Ypao Beach Park, and others.

230 DESCRIPTION OF PROPERTY, PHOTOGRAPHS, AND SKETCHES

SITE

a. Property Type: Land
b. Existing Use: Vacant land, interior paved access roads and portion of Century Plaza
c. Land: Lot No. 2143-1-R4
    a. Gross Land Area: 16,733± square meters (4.1± acres)
    b. Shape: Irregular
    c. Dimensions: Approximately 160± meters wide by 130± meters long
    d. Ingress/Egress: The subject property has an ingress/egress access points located at its interior access road intersection with Ypao Road (Route 14B) along its western boundary.
    e. Topography: The subject topography is fairly level to gently sloping. Elevation ranges from 123± feet at its northeast corner to 103± feet at its southwest corner. A USGS topographic map of the subject larger parcel is included on the following page.
    f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency (FEMA), the sites are located within Zone X, Other Areas (areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel No. 6600010084D, effective September 2007. A copy of the flood zone map of the subject immediate vicinity is shown on a following page.
    g. Drainage: The parcel reportedly has good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
    h. Soil Characteristics: No adverse conditions apparent.
    i. Utilities: Power, water and sewer lines are located at site or nearby.
    j. Utilities Available: Power, water and sewer lines
    k. Site Improvements: The subject property is improved with various paved interior access roads and parking lots. The parking portion of Century Plaza, a two-story concrete commercial building, is located along the southeastern boundary of the subject property. It is noted that for purposes of our analyses herein we are analyzing the fee simple interest, and leasehold/subleasehold improvements are not analyzed.
    l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject recorded lot map reflects the western portion of the lot as affected by a 30-foot wide setback from center line for public access & utility easement. As per client instruction/clarification, this proposed right-of-way is not an easement and therefore does not affect the subject. The 1974 lot map of the subject noted a 40-foot wide access road. We researched this easement and traced back the September 1967 Grant of Easement from Josefina R. Flores to David R. and Elfriede G. Flores (related party). Therefore, this easement is privately owned and is considered usable land area in our analysis herein. We further researched adjacent survey maps for Lot No. 5147-2-PART-2-R1 (to the east) and Lot Nos.

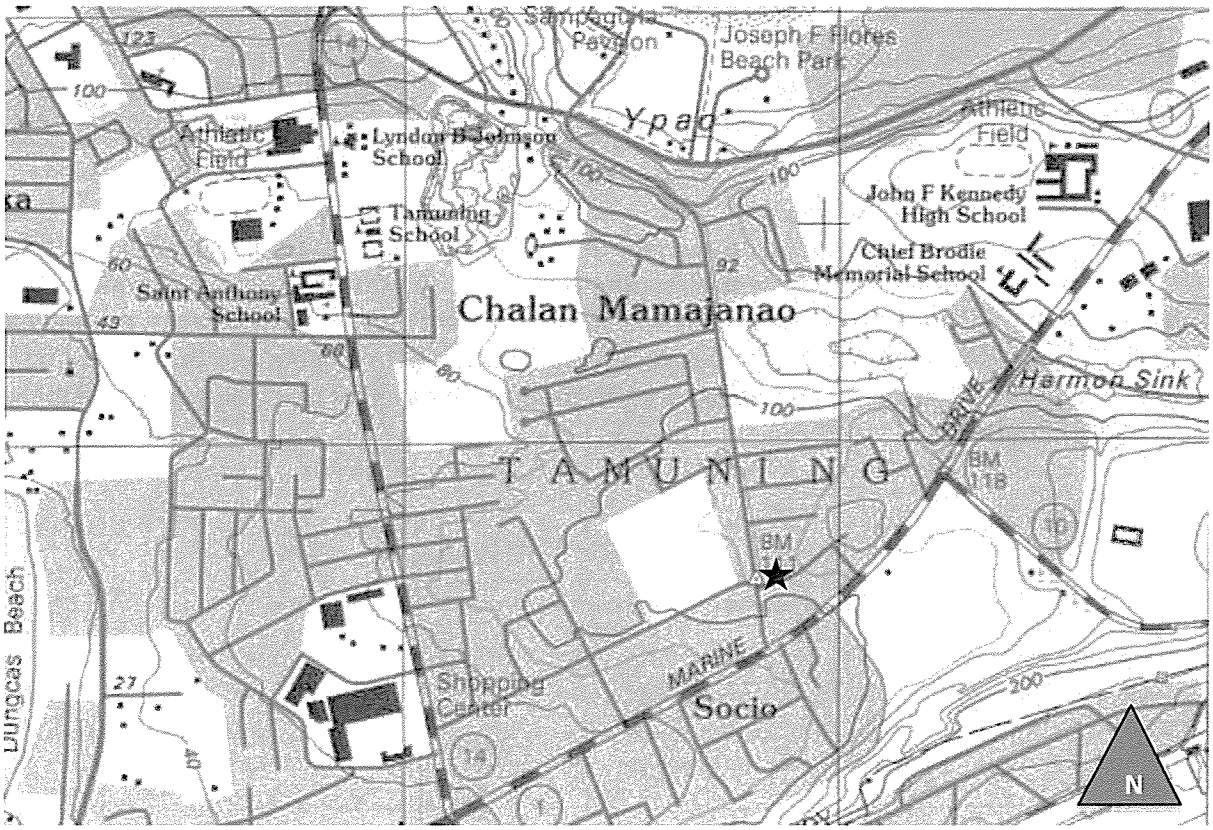
2143-1-1 and -4 (to the north) and noted that access for these lots did not come from this 40-foot wide access easement.

It is further noted a portion of Century Plaza slightly encroaches upon the subject's southeastern boundary. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

We are not aware of any other easements or encroachments that affect the subject property.

m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not affected by any other hazardous materials that may be present on or near the property.

USGS TOPOGRAPHIC MAP



FLOOD ZONE MAP



OTHER PERTINENT FEATURES

The subject site involves vacant land at its northwest portions and paved interior access road and parking areas at its eastern and central/southern portions. It is noted a portion of Century Plaza, which is located along the subject's southeastern boundary as previously discussed. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

SUBJECT PHOTOGRAPHS



Satellite image of subject property vicinity.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Northwesterly view along Ypao Road (Route 14B) from a point near the southwest corner of the subject parent lot panhandle. The portion to be acquired involves land adjacent to and involving portions of Ypao Road to the left of and beyond the two-story concrete building to the right of the photograph. Note the overhead utility lines.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Easterly view near southwestern portion of the subject parent lot from a point along Ypao Road. The subject parent lot involves land to the left of and beyond the two-story commercial building to the right of the photograph.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Northeasterly view along interior access road which intersects with Ypao Road at the subject southwestern boundary. The subject parent lot involves the private access road easement and land to the right and left of the roadway.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Westerly view from an elevated portion on the second floor of Century Plaza near the southeast corner of the subject parent lot. The subject parent lot involves a portion of Century Plaza at the southeast corner and the access road and surrounding land.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Northeasterly view along interior access road from a central point near the southern boundary of the subject parent lot. The subject parent lot involves the access road, a portion of Century Plaza visible to the right of the photograph, and land to the left of the access road.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Southeasterly view from a central point within the subject parent lot. Note the two-story Century Plaza at the center of the photograph and adjacent two-story Winner Building to the right of the photograph. The subject parent lot includes portion of leasehold improvements encroached upon by a portion of Century Plaza, visible at the center of the photograph.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Southeasterly view along Ypao Road (Route 14B) from a point near the northwestern most corner of the subject parent lot. The portion to be acquired involves land adjacent to Ypao Road, to the left of the paved roadway. Note the overhead utility lines.



Photographer: Siska S. Hutapea
Date Taken: September 19, 2017
Point of Reference: Easterly view near northern boundary of subject parent lot. It is noted the paved road to the left involves the 40-foot access road at the northwest corner of the subject lot.

235 EXISTING TRANSPORTATION FACILITY DESCRIPTION

Ypao Road (Route 14B) is one of Guam's oldest and heavily traveled secondary roadways that connects the primary roadways of Marine Corps Drive (Route 1) to the western portion of Pale San Vitores Road in Tumon.

According to the 2030 Guam Transportation Plan (dated December 19, 2008), in 2008 average daily traffic count volume reflected 27,088 vehicles for Ypao Road (Route 14B).

The plan further states Ypao Road (Route 14B) involves a 0.8± mile roadway with unacceptable pavement condition. Unacceptable *"roads are those that may have major alignment issues, may lack appropriate safety features, or may have pavement in need of immediate repair." (pg. 3-14, 2030 Guam Transportation Master Plan).*

Per transportation plan, the Marine Corps Drive (Route 1) and Ypao Road (Route 14B) intersection involved a 33.5 second delay per vehicle in 2008, graded at an acceptable operation analysis level of "C" per the transportation plan.

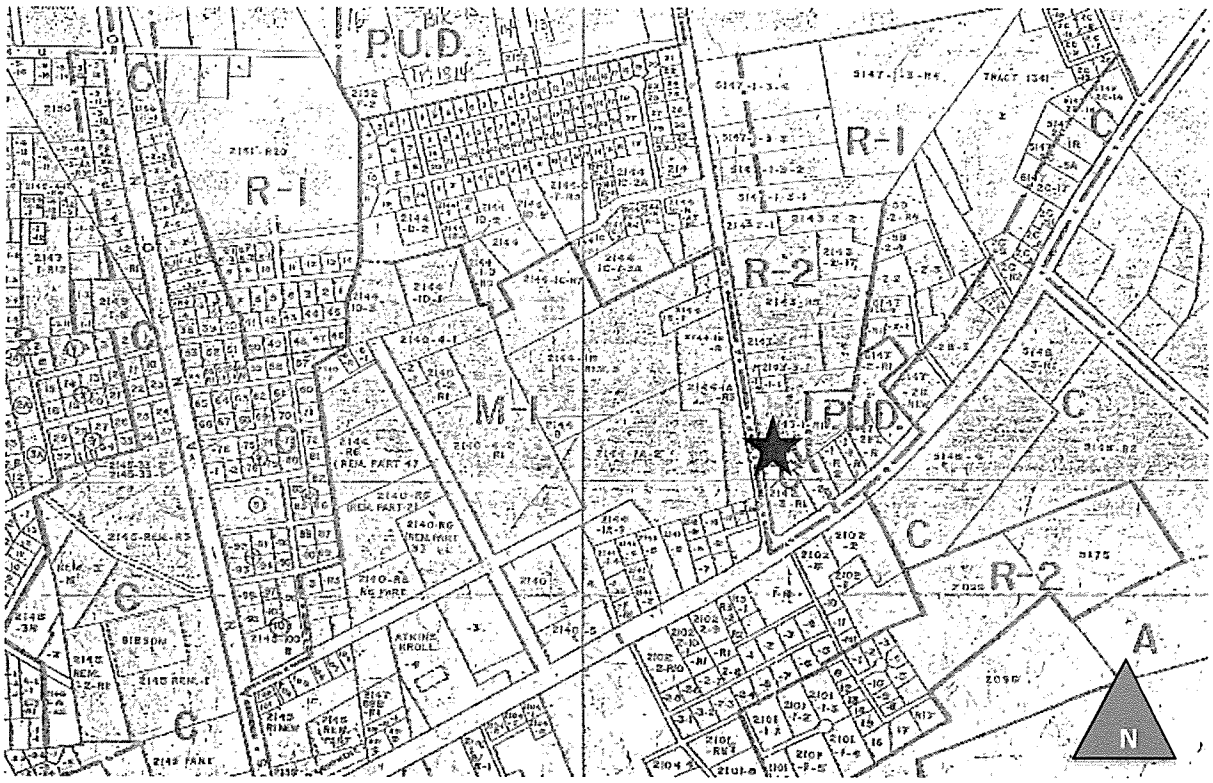
It is further noted Table 3-4 in the transportation plan further identifies the roadway as having four lanes, however, the roadway has historically only involved two-lanes, providing for vehicular transport in a northerly and southerly direction, respectively.

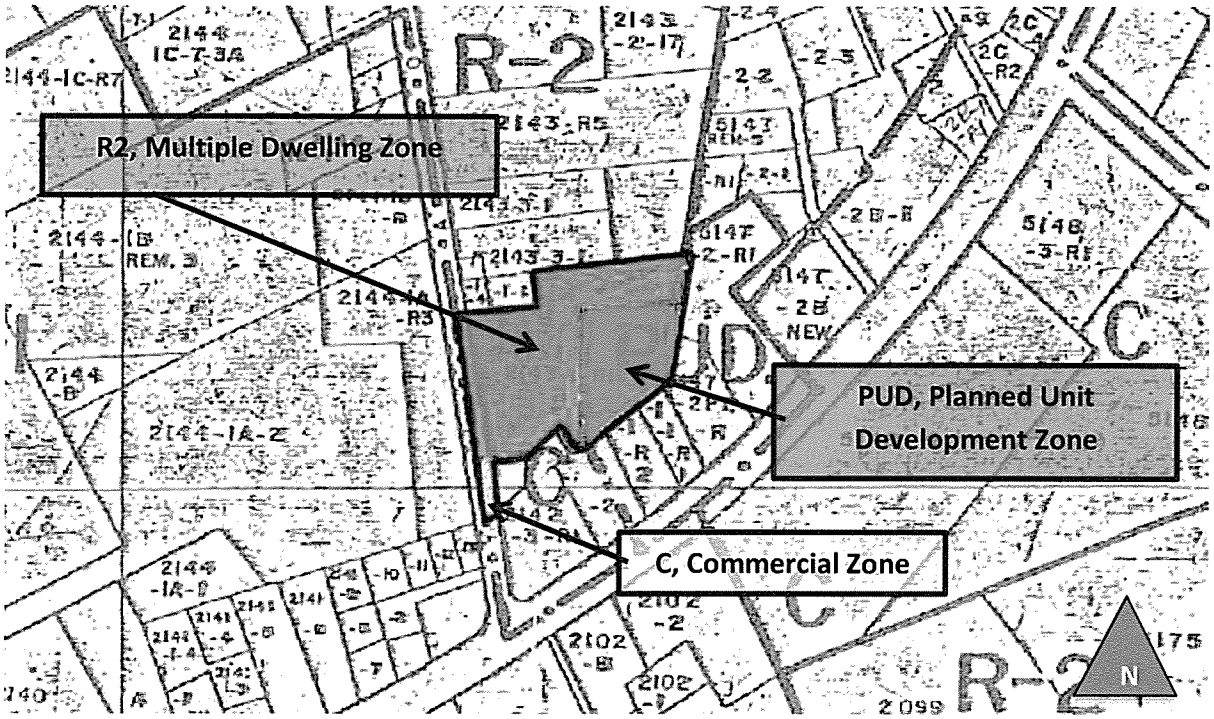
240 ZONING, LAND USE PLAN, CONCURRENCY

CURRENT ZONING

The subject is split zoned; R2, Multiple Dwelling Zone at central and northern portions; Planned Unit Development District ("PUD") at southeastern portion; and C, Commercial Zone at a small southwest portion. Uses permitted in the C, Commercial Zone include a wide range of uses including one family dwellings, duplexes, wholesale and retail stores, shops and businesses, amusement enterprises, automobile service stations, uses customarily accessory to any permitted uses including only those accessory to manufacturing, storage, compounding, and other uses. A P.U.D., Planned Unit Development District is a substantial area in which development follows an approved plan integrating a combination of uses in appropriate and unified manner. The zoning map of the subject vicinity is included on the following page, followed by a zoomed in excerpt of the zoning map identifying the various split-zoned portions of the subject lot.

Detailed descriptions of C, Commercial Zone; PUD, Planned Unit Development Zone; R2, Multiple Dwelling Zone and subsequent R1, One-Family Dwelling Zone, are included on following pages.





§61307. C Commercial Zone.
Use Permitted.

- One family dwellings.

- Duplexes.
- Wholesale and retail stores, shops and businesses.
- Amusement enterprises.
- Automobile service station, including minor repairs.
- Bakeries.
- Mortuaries.
- Offices, business or professional inclusive of professional healing arts offices and clinics, and banks.
- Personal service shops, including barber shops, beauty parlors, laundromats, and the like.
- Repair shops and service shops, including shoe repair shops, plumbing shops, dressmaking shops, and the like, but not including automobile repair shops for major work.
- Restaurants and cafes.
- Studios.
- Other uses which in the judgment of the Commission, as evidenced by resolution in writing, are similar to those listed herein.
- Uses customarily accessory to any of the above listed uses, including only those accessory to manufacturing, storage, compounding, or processing activities which are necessary for the ordinary conduct of said listed uses and which are an integral part thereof.
- Accessory structures for the above.

Conditional Use.

- Hospital and clinics.
- Public utility and other public buildings.
- Shopping center.
- Recreation, including cockpits, marinas, amusement centers, drive-in theaters.
- Multi-family.
- Hotels, motels, tourist accommodations.
- Air, bus, taxi, auto rental terminals.
- Auto sales and car wash.
- Parking garages and lots.
- Service vehicle storage.
- Laundries and cleaning and dyeing establishments.
- Schools and churches.
- Parks, playgrounds, community centers.
- Utilities and public facilities.
- Accessory uses and structures for the above.

SOURCE: GC §17106. Repealed and reenacted by P.L. 21-40:20. Again repealed/reenacted by P.L. 22-72:44.

COMMENT: P.L. 22-72:44(a) gave the following **Legislative Intent:**

Section 61307 of Title 21, Guam Code Annotated, was amended by Section 20 of Public Law 21-40 to include the phrase, *inclusive of professional healing arts offices and clinics* after the phrase, *Offices, business or professional* in item (8) of subsection (a) of the section. At the time that this amendment was

made, the introductory phrase repealing and reenacting §61307 of Title 21, Guam Code Annotated, cited *§613O7 of Title 21, Chapter 61, Guam Code Annotated* rather than *Subsection (a) of §6713O7 of Title 21, Chapter 61, Guam Code Annotated,* thereby inadvertently repealing subsection (b) of that section, which contained conditional uses in the Commercial ("C") Zone. For this reason, it is necessary to correct this inadvertent repeal and restore subsection (b) of §61307 of Title 21, Guam Code Annotated

PUD, Planned Unit Development

A P.U.D., Planned Unit Development District is a substantial area in which development follows an approved plan integrating a combination of uses in appropriate and unified manner. The Territorial Land Use Commission (TLUC) may approve the detailed plan when it comprises the following:

- An area of sufficient acreage to constitute a large planning unit having special attributes for integrated development.
- An appropriate development of the area from the viewpoints of its natural features, location and suitability for a particular use.
- A combination of structures and uses which are in reasonable association and proportion to make a harmonious unit and likely to continue compatibly with one another.
- All structures, including accessory structures, shall not cover more than thirty percent (30%) of the area.
- A project adequately serviced by the necessary public services, existing or proposed.
- A project consistent with an appropriate development of adjacent areas and not unreasonably detrimental to the existing structures and uses in such areas.
- An appropriate evolution of the comprehensive plan for that portion of the territory.

In approving a detailed development plan, the TLUC may impose such regulations of yards, open space, lot coverage, density and height as are reasonably required to permit the foregoing findings.

§61306. R2 Multiple Dwelling Zone.

Use Permitted.

- One-family dwellings.
- Duplexes.
- Multi-family dwellings.
- Hotels, private groups, and institutions.
- Accessory uses and structures for the above.

Conditional Uses.

- Any conditional uses permitted in the R1 zone (included following)
- Health Clinics.
- Utilities and public facilities.
- Air, bus, taxi, auto, rental terminals.
- Accessory uses and structures for the above.

SOURCE: GC §17105. Subsection (b) as amended by P.L. 11-60

§61305. R1 One-Family Dwelling Zone

Use Permitted.

- One-family dwellings.
- Gardening and the keeping of pets for noncommercial purposes.
- Use customarily accessory to any of the above uses including home occupations and private parking areas with accessory buildings and structures.

Conditional Use.

- Duplexes.
- Schools and churches.
- Parks, playgrounds and community centers.
- Health service office, outpatient with laboratory.
- Utilities and public facilities.

SOURCE: GC §17104.

§ 61214. Split-Zoned Lots

a) **Split-Zone Election.** Whenever a lot is affected by a zoning boundary which creates two (2) separate zoning designations within its boundaries, the property owner of such affected lot shall have the right to select one (1) of the two (2) zones, and to have it apply to the entire lot. Upon receiving a written request by a property owner to elect a zoning designation for the affected lot, the Director of the Department of Land Management shall approve the request, shall process all necessary documents to reflect the approval, and shall update all official maps of Guam to indicate the zone which the property owner has chosen.

b) **Applicability of Lot Split-Zone Boundary.** While the lots are still affected by the lot split, a permitted use on one (1) portion of the zone boundary cannot be extended to the other side of the lot split-zone boundary if it is not a permitted use on the portion of the same lot or on the abutting lot to be extended. In order to extend such permitted use from one (1) side of the lot split-zone boundary to the other side, a conditional use permit or a zone variance, as applicable, must be obtained pursuant to § 61303 or § 61617, Title 21, Guam Code Annotated.

c) **Conditional Use.** All uses permitted on the affected lot by the zone chosen by the property owner making a split-zone election shall be conditional and subject to approval in the manner required to obtain a zone variance as provided in § 61303, Title 21, Guam Code Annotated. No such use shall be permitted upon any part of the lot described in Subsection (a) above which is inconsistent or incompatible with the uses of property adjacent to such part, nor which would otherwise be detrimental to the public. (d) Lot Consolidation. A split-zone election shall only be made on lots that are encumbered by such split-zone designation, as delineated in the official zone map series for the applicable municipality. No extension of a zone boundary shall be allowed under a lot consolidation with another lot unaffected by the split-zone boundary. Any split-zone extension being pursued through lot consolidation on an unaffected parcel must undergo the regular zone change process through the Guam Land Use Commission for such extension on the unaffected lot.

SOURCE: GC § 61214. Added by P.L. 25-131:2. Repealed and reenacted by P.L. 31-098:2 (Sept. 30, 2011).

Based on a property's zoning, Guam zoning laws require certain yard and setback restrictions when building improvements on a site. The subject is split zoned R2, Multiple Dwelling Zone, PUD, Planned Unit Development and C, Commercial Zone, as previously discussed, and includes yard and setback requirements as shown on the following table taken from Chapter 61 of the Guam Code Annotated regarding real property.

21 GCA REAL PROPERTY
CH. 61 ZONING LAW

	Front Yard Depth	Rear Yard Depth	Side Yard Depth	Lot Width	Lot Area	Lot Area Per* Dwelling Unit
Single Family	15 ft.	10 ft.	8 ft.	50 ft.	5,000 sq. ft.	5,000 sq. ft.
Multi-family	15 ft.	10 ft.	8 ft.	50 ft.	5,000 sq. ft.	1,250 sq. ft.
Commercial	-----	20 ft.	-----	20 ft.	2,000 sq. ft.	400 sq. ft.
Light Industrial	-----	20 ft.	8 ft.	50 ft.	5,000 sq. ft.	1,250 sq. ft.
Heavy Industrial	25 ft.	25 ft	15 ft.	120 ft	40,000 sq. ft	----------

250 ASSESSED VALUE, TAXES AND SPECIAL ASSESSMENTS

DEPARTMENT OF REVENUE AND TAXATION

In March 2014, the government contracted Cornerstone Valuation Guam, Inc. to complete island wide revaluation to update taxation roll to current market value. The mass appraisal is the first in 20 years and the effective date of the study is March 4, 2013. The Board of Equalization has certified the roll on March 14, 2015. By Public Law 33-185, signed into law on September 10, 2016, the land tax rate is at 7/72 percent of the appraised value and building tax rate is at 7/18 percent of the assessed value. Assessed value according to the public law is 90 percent of appraised value. The mass appraisal was based on property data provided by Department of Revenue and Taxation. The appraised value may or may not reflect the current condition of the subject property. Recent Tax Office records are included as follows.

Department of Revenue & Taxation
Assessed Values and Real Property Taxes
Lot No. 2143-1-R4
Tamuning, Island of Guam

Identification	Land Area (sm)	GBA (sf)	2016 Appraised Value	Assessment Ratio	2016 Assessed Value	Tax Rate	Estimated 2016 Real Property Tax
Land							
L2143-1-R4	16,733		$2,219,520 x	90%	$1,997,568 x	0.00097	$1,942
Total 2016 Real Property Tax							**$1,942**
Total 2016 Appraised Value							**$2,219,520**

Source: Department of Revenue ond Taxation records

260 HISTORY OF PROPERTY

David R. Flores, et al., have owned the leased fee interest in the subject lot for over ten years, via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039, subject to a lease described as follows.

The subject parent lot is leased to Pacific Construction Company, Inc. (assigned from Federal Building, Inc.) via Assignment of Lease dated April 30, 1976 and recorded as Instrument No. 111232. It is noted the original Lease Agreement, prior to various assignments, was dated January 13, 1972 and recorded as Instrument No. 110326, between Josefina R. Flores ("Lessor") and Al Their's Realty ("Lessee"). The subject parent lot is subsequently subleased to Unity Development Corporation via Sublease dated July 9, 1979 and recorded as Instrument No. 303867.

We are not aware of any other sale/marketing activity of the subject property within the past five years.

As previously noted, for purposes of this report, we analyzed the fee simple interest in the subject and have not considered the leasehold/subleasehold improvements.

270 EXPOSURE TIME

The exposure time preceding September 19, 2017, would have been six to twelve months. We researched Multiple Listing Service to analyze the average days on market for land sales with zoning designations of C, Commercial, M1, Limited Industrial, R2, Multiple Dwelling and PUD, Planned Unit Development zone. Our analysis is included on tables on following pages and discussed as follows.

The overall days on market for all MLS sales in Tamuning with the aforementioned zoning designation has been declining in recent years, currently ranging from 4 days to 54.6 months, with an average of 9.9 months and a median of 6.2 months. We also segregated average days on market per year and per zoning designation, as shown on the following pages. Days on market for vacant land in Tamuning typically experience downward pressure due to limited inventory of available C, R2, PUD or M1 vacant land for sale in Tamuning. Typical asking prices generally reflecting the premium, high end of the range land value for vacant parcels located within the primary commercial district of Guam. Along with an increase in overall market activity, Tamuning land sales have indicated a general decrease corresponding with the strengthening real estate market as a whole.

The subject includes 4.1± acres of R2/PUD/C zoned land in central Tamuning. We conclude 6 to 12 months as reasonable exposure time for the subject larger parcel based on the following data.

SUMMARY OF SOLD MULTIPLE LISTING SERVICE LAND FOR SALE LISTINGS
C, M1, R2 & PUD-zoning, Municipality of Tamuning, Island of Guam

No.	Legal	Land Area (sm)	Zoning	Sold Date	Days On Market
1	L5166-7-4	792	M1	6/30/2017	44
2	B2, L1	468	R2	6/15/2017	71
3	Lot 5120-2-2, etc.	5,841	C	4/25/2017	1,639
4	L2120-E1	1,811	C	1/20/2017	301
5	L2120E-R5	1,531	C	8/30/2016	158
6	T10, B3, L6	1,106	R2	7/13/2016	100
7	T10, B3, L7	1,107	R2	7/13/2016	100
8	L2144-1C-R10	3,152	M1	6/30/2016	198
9	L2140-8-2	2,000	M1	6/9/2016	262
10	T13105, L10	1,586	R2	5/18/2016	82
11	L2123 1-4	1,530	C	5/11/2016	187
12	L5160-6-4-R3	2,000	M1	4/1/2016	55
13	L5160-6-5	2,000	M1	4/1/2016	17
14	L5160-6-4-3	2,000	M1	3/18/2016	41
15	T13105, L14	1,584	PUD	2/26/2016	101
16	L5160-6-4-2	2,000	M1	2/10/2016	4
17	L2104-RIO-NEW3-2NEW-1	5,430	M1	1/12/2016	246
18	Portion of L5147-3-3NEW-R5	3,764	R2	11/30/2015	482
19	L5166-5-5-5	1,892	M1	8/1/2015	513
20	L5166-5-5-R5	2,892	M1	8/1/2015	509
21	L2136-1-4NEW	987	C	5/12/2015	596
22	T1341, L3-R1	1,858	R2	5/5/2015	399
23	L2146-6-2-2	626	R2	3/25/2015	77
24	T90, B5, L7-1	465	R2	3/16/2015	90
25	L5166-R14	2,823	M1	2/25/2015	604
26	L5099-6	6,307	M1	9/9/2014	657
27	T149, B4, L5-2 & -R2	1,037	R2	5/12/2014	118
28	L2145-89C	966	M1	3/27/2014	742
29	L2123#1-5	1,530	C	1/10/2014	212
				Averages:	**297 days**
					9.9 mos.
				Medians:	**187 days**
					6.2 mos.

Source: Multiple Listing Service.

SUMMARY OF MULTIPLE LISTING SERVICE LAND FOR SALE LISTINGS - BY YEAR
C, M1, R2 & PUD-zoning, Municipality of Tamuning, Island of Guam

No.	Legal	Land Area (sm)	Zoning	Sold Date	Days On Market
2017 (through September 27, 2017)					
1	L5166-7-4	792	M1	6/30/2017	44
2	B2, L1	468	R2	6/15/2017	71
3	Lot 5120-2-2, etc.	5,841	C	4/25/2017	1,639
4	L2120-E1	1,811	C	1/20/2017	301
				Averages:	**514 days**
					17.1 mos.
				Medians:	**186 days**
					6.2 mos.
2016					
5	L2120E-R5	1,531	C	8/30/2016	158
6	T10, B3, L6	1,106	R2	7/13/2016	100
7	T10, B3, L7	1,107	R2	7/13/2016	100
8	L2144-1C-R10	3,152	M1	6/30/2016	198
9	L2140-8-2	2,000	M1	6/9/2016	262
10	T13105, L10	1,586	R2	5/18/2016	82
11	L2123 1-4	1,530	C	5/11/2016	187
12	L5160-6-4-R3	2,000	M1	4/1/2016	55
13	L5160-6-5	2,000	M1	4/1/2016	17
14	L5160-6-4-3	2,000	M1	3/18/2016	41
15	T13105, L14	1,584	PUD	2/26/2016	101
16	L5160-6-4-2	2,000	M1	2/10/2016	4
17	L2104-RIO-NEW3-2NEW-1	5,430	M1	1/12/2016	246
				Averages:	**119 days**
					4.0 mos.
				Medians:	**100 days**
					3.3 mos.
2015					
18	Portion of L5147-3-3NEW-R5	3,764	R2	11/30/2015	482
19	L5166-5-5-5	1,892	M1	8/1/2015	513
20	L5166-5-5-R5	2,892	M1	8/1/2015	509
21	L2136-1-4NEW	987	C	5/12/2015	596
22	T1341, L3-R1	1,858	R2	5/5/2015	399
23	L2146-6-2-2	626	R2	3/25/2015	77
24	T90, B5, L7-1	465	R2	3/16/2015	90
25	L5166-R14	2,823	M1	2/25/2015	604
				Averages:	**409 days**
					13.6 mos.
				Medians:	**496 days**
					16.5 mos.

SUMMARY OF MULTIPLE LISTING SERVICE LAND FOR SALE LISTINGS - BY ZONING
C, M1, R2 & PUD-zoning, Municipality of Tamuning, Island of Guam

No.	Legal	Land Area (sm)	Zoning	Sold Date	Days On Market
C, COMMERCIAL					
1	Lot 5120-2-2, etc.	5,841	C	4/25/2017	1,639
4	L2120-E1	1,811	C	1/20/2017	301
5	L2120E-R5	1,531	C	8/30/2016	158
6	L2123 1-4	1,530	C	5/11/2016	187
7	L2136-1-4NEW	987	C	5/12/2015	596
8	L2123#1-5	1,530	C	1/10/2014	212
				Averages:	**516 days**
					17.2 mos.
				Medians:	**257 days**
					8.6 mos.
M1, LIMITED INDUSTRIAL					
9	L5166-7-4	792	M1	6/30/2017	44
10	L2144-1C-R10	3,152	M1	6/30/2016	198
11	L2140-8-2	2,000	M1	6/9/2016	262
12	L5160-6-4-R3	2,000	M1	4/1/2016	55
13	L5160-6-5	2,000	M1	4/1/2016	17
14	L5160-6-4-3	2,000	M1	3/18/2016	41
15	L5160-6-4-2	2,000	M1	2/10/2016	4
16	L2104-RIO-NEW3-2NEW-1	5,430	M1	1/12/2016	246
17	L5166-5-5-5	1,892	M1	8/1/2015	513
18	L5166-5-5-R5	2,892	M1	8/1/2015	509
19	L5166-R14	2,823	M1	2/25/2015	604
20	L5099-6	6,307	M1	9/9/2014	657
21	L2145-89C	966	M1	3/27/2014	742
				Averages:	**299 days**
					10.0 mos.
				Medians:	**246 days**
					8.2 mos.
PUD, PLANNED UNIT DEVELOPMENT					
22	T13105, L14	1,584	PUD	2/26/2016	**101 days**
					3.4 mos.
R2, MULTIPLE FAMILY DWELLING					
23	B2, L1	468	R2	6/15/2017	71
24	T10, B3, L6	1,106	R2	7/13/2016	100
25	T10, B3, L7	1,107	R2	7/13/2016	100
26	T13105, L10	1,586	R2	5/18/2016	82
27	Portion of L5147-3-3NEW-R5	3,764	R2	11/30/2015	482
28	T1341, L3-R1	1,858	R2	5/5/2015	399
29	L2146-6-2-2	626	R2	3/25/2015	77
30	T90, B5, L7-1	465	R2	3/16/2015	90
31	T149, B4, L5-2 & -R2	1,037	R2	5/12/2014	118
				Averages:	**169 days**
					5.6 mos.
				Medians:	**100 days**
					3.3 mos.

Source: Multiple Listing Service.

280 PUBLIC AND PRIVATE RESTRICTIONS

There are no known private or public restrictions affecting the subject property except as previously discussed.

ANALYSIS OF DATA AND CONCLUSIONS

300 HIGHEST AND BEST USE ANALYSES

Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value[21]. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property - specific with respect to the user and timing of the use - that is adequately supported and results in the highest present value.

Highest and best use is the basis upon which market value estimate is based on. In essence, the analysis will provide reasonably probable use of property that results in the highest value. The probable use must be:

- Physically Possible;
- Legally Permissible;
- Financially Feasible
- Maximum Productivity

Highest and best use analysis typically includes the subject both as land as though vacant and property as improved.

HIGHEST AND BEST USE OF LAND AS THOUGH VACANT

Analysis of highest and best use of land as though vacant needs to consider whether the land should be left vacant or be developed. Further, if the land should be left vacant, timing of the future development needs to be estimated and if it is developed, type of improvements should be summarized.

Physically Possible **-** The subject is located along Ypao Road in the Municipality of Tamuning. The subject includes a central location in close proximity to the commercial center of Tamuning and is less than one mile southeast of the vicinity of Guam's only public hospital where there is a high concentration of health care use facilities, including a proposed new medical clinic site along Ypao Road north of Ironwood Heights. The subject location is also a popular high-end residential area with various residential developments nearby. Ypao Road includes mixed use developments including residential, commercial, medical facilities, hotel, and industrial uses. 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 legally permissible uses for the subject land are typically established by the zoning which is currently split zoned C, PUD and R2-zoned, as previously discussed. Uses

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

permitted in the C zoning allows for a range of uses including offices, retails, restaurants and cafes, etc. R2 zoning allows for a range of uses including single-family dwellings, duplexes, multi-family dwellings, etc. The range of uses allowed under the C, R2 and PUD are considered legally permissible for analysis purposes herein.

Financially Feasible - The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. The subjects' Ypao Road frontage is ideal for owner-occupant or partial owner-occupant commercial development. This would most likely be the uses that would be financially feasible for the subject property.

Maximum Productivity - The final test of highest and best use of the sites as vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that owner-occupant or partial owner-occupant commercial uses would be most appropriate.

302 HIGHEST AND BEST USE AS VACANT CONCLUSION

The highest and best use of the site, as vacant, would be for owner-occupant or partial owner-occupant commercial uses, or other use allowed under current zoning restrictions. Timing is immediate.

305 APPROACHES TO VALUE USED AND EXCLUDED

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

COST APPROACH

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

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per square meter, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be

derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

FINAL RECONCILIATION

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

ANALYSIS APPLIED

Cost Approach:	A cost approach was not applied as the subject is analyzed as land only.
Sales Comparison Approach:	A sales approach was applied to estimate the fee simple land value only as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. This approach was not utilized to analyze the land and improvements (as a total).
Income Approach:	An income approach was not applied as the subject is analyzed as land only.

310 LAND VALUATION

315-330 SECTIONS NOT APPLICABLE

As previously discussed, for purposes of analysis we are analyzing fee simple interest and the leasehold/subleasehold improvements are not analyzed herein.

335 SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

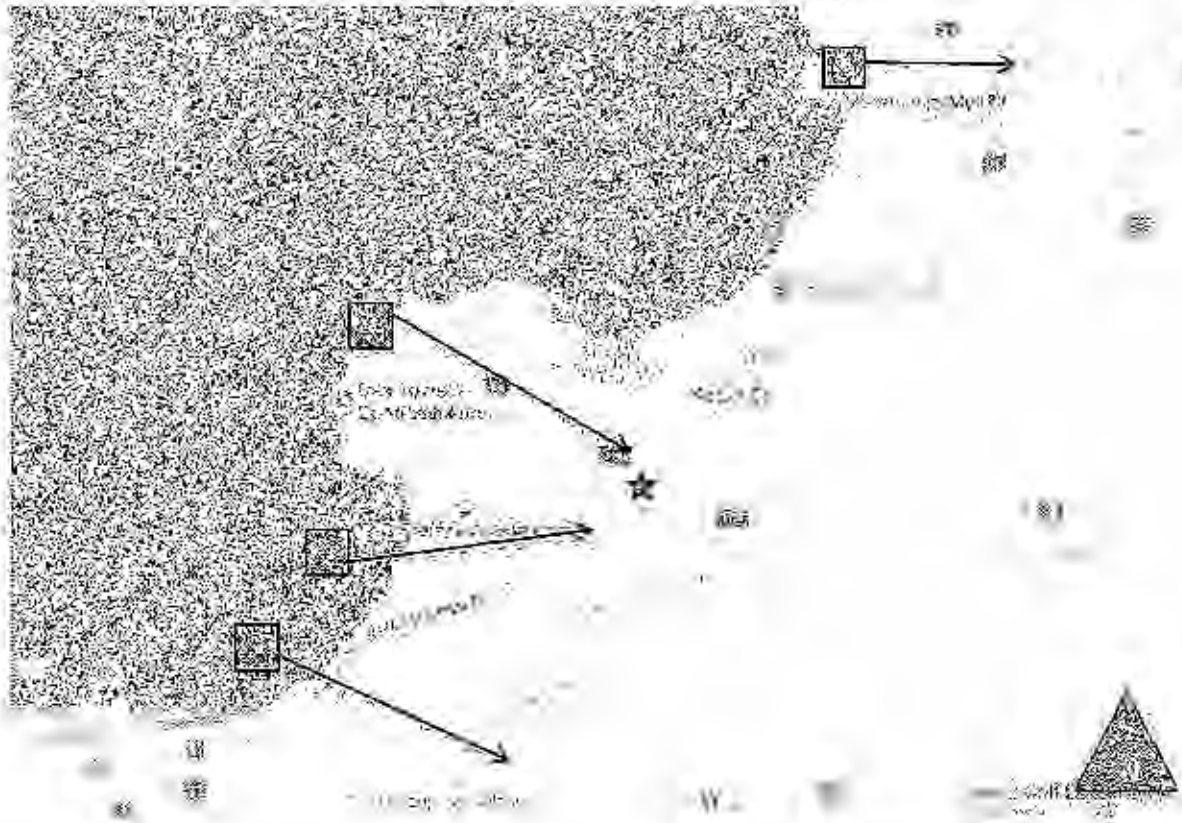
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

340 COLLECTION OF COMPARABLES

In order to estimate the subject land value by sales comparison, we researched and analyzed land sales involving land parcels having characteristics reasonably similar to the subject and made appropriate comparisons. We completed research on all larger commercial land transactions in recent years within the subject vicinity. Our company retains a comprehensive database of all recent real estate transactions in Guam and periodically produce Guam real estate statistics.

Our research disclosed four comparable land sales. A summary of the four land sales disclosed by our research is shown on a following page with an accompanying map. Further details regarding the four primary land sales are included in the Addenda of this report as Addendum B. The four primary land sales are briefly discussed in the following paragraphs.

SUMMARY OF PERTINENT LAND SALES



Sale No.	Location Municipality Lot No. Comments	Land Area (sm) Land Area (acre) Zoning	Transaction Type Transaction Date	Sale Price $ $/sm
1	Rick's Hall Road (Guerrero Drive), northeast of Atkin Knife Building, Tamuning L21404-R2NEW-1NEW-4	3,130 0.8 MU	Deed 6/8/2017	$720,000 $230
	Fairly level, nearly rectangular shaped lot. All public utilities at site or nearby. Acquired for long-term investment purposes.			
2	Marine Corps Drive and interior road off of Route 34, across Micronesia Mall, Dededo L5014#1-2-1, L5014#1-2-2, L5014#1-2-3 & L5014#1-7-R3	3,406 2.1 C	Deed 10/21/2010	$1,650,000 $197
	Individual purchase price reflects $1,860,000 less $30,000 paid by buyer for other unidentified interest of two lots not returned by federal government (L5014#1-2-3 and -1). Land area reflects two fee simple lots sold (9,406± sq. meters).			

Sale No.		Location Municipality Lot No. Comments	Land Area (sm) Land Area (acre) Zoning	Transaction Type Transaction Date	Sale Price $ $/sm
3		Route 8 (Purple Heart Highway), adjacent to Maite Mobil Gas Station, Mongmong-Toto-Maite L1143-R1 Fairly level, irregular shaped lot. All public utilities available at site or nearby. Paved access and extensive frontage.	17,424 4.3 C/R2	Lease 2/4/2016	$3,010,000 $150
4		Ypao Road and Chalan Gagu, north of Ironwood Heights apartments, Tamuning L5147-3-3NEW-6 Fairly level, rectangular shaped lot. All public utilities available at site or nearby. Acquired for owner-occupant medical clinic purposes.	3,764 0.9 R2	Deed 11/30/2015	$752,800 $200

Land Sale No. 1 involves a 3,130± square meter site located along Pick-A-Nail Road (Guerrero Drive), northeast of Atkin Krolls buildings in the Municipality of Tamuning. The M1-zoned lot sold by Warranty Deed in September 2017. The $720,000 sale price reflects a unit rate of $230 per square meter of land area.

Details of the transaction were Ms. India Sekiguchi, representative of the buyer. Ms. Sekiguchi noted the buyer acquired the property for long term investment. It is noted that the buyer previously acquired nearby lot to the southeast for the same unit rate in September 2016. Further, the buyer also was given option to purchase the adjacent lot to the east at the same rate within two years.

It is noted that the buyer previously also acquired fee simple interest in industrial property from the seller in August 2015. However, Ms. Sekiguchi noted that the price is at market value and no special consideration was given.

Land Sale No. 2 involves a 9,406± square meter (fee simple portion) located along Marine Corps Drive and an interior road off of Route 34, north of Micronesia Mall in the Municipality of Dededo. The C-zoned M1-zoned property sold by Warranty Deed in October 2016 from Carl T.C. Gutierrez to One Marine Drive Corporation. The $1,850,000 sale price (cash to seller) reflects a unit rate of $197 per square meter of fee simple land area.

Details to this transaction were verified with Mr. Shawn Blas, a real estate agent involved with the transaction, and with a confidential source. Mr. Blas and the confidential source confirmed the sale price. Mr. Blas noted that two of the four lots transferred in the deed involve federal land not returned to the original land owner (the sellers). The two fee simple lots (shaded in pink) reflect L5014#1-2-2 (9,004 square meters) and -R3 (402 square meters) totaling a gross land

area of 9,406 square meters. The buyer paid $30,000 for other interest in the federally owned L5014#1-2-3 and -1, totaling a gross land area of 5,278 square meters. These lots have not been returned by the federal government but the buyer acquired the unspecified interest, if any, on these lots. The indicated purchase price reflects the total $1,880,000 consideration less the $30,000 paid for the other interest, or $1,850,000 for 9,406± square meters of fee simple land.

Land Sale No. 3 involves a 17,424± square meter site located along Route 8, adjacent to Maite Mobil Gas Station in the Municipality of Mongmong-Toto-Maite. The C/R2-zoned property was leased via Memorandum of Lease in February 2016 from the Estate of Isabel G. Nelson by and through its Administrator, Elizabeth N. Rabe to LF Corporation. The $2,610,000 indicated land value reflects a unit rate of $150 per square meter of land area, based on an eight percent land rate of return to the $209,088 annual ground rent.

Details to this transaction were verified with Mr. William Wong, leasehold owner representative. Mr. Wong confirmed current ground rent at $1.00 per square meter per month and stated rent escalates by 10 percent every 5 years. Mr. Wong further noted the property was leased for owner-occupant/partial owner-occupant commercial development. (American Grocery new site). Mr. Wong stated he only needed a portion of the land but the Lessor wanted to lease the entire portion.

We attempted to contact Lessor through its Administrator. However, Mr. Ray Haddock, the lawyer for the Lessor contacted us and noted that the Lessor does not wish to disclose any pertinent information.

Land Sale No. 4 involves a 3,764± square meter site located along Ypao Road, north of Ironwood Heights in the Municipality of Tamuning. The R2-zoned land sold by Warranty Deed in November 2015 from David J. Lujan to LZ Company. The $752,800 sale price (cash to seller) reflects a unit rate of $200 per square meter of land area.

Details to this transaction were verified with Mr. Frank San Agustin, the listing agent and Mr. Mark Zhao, buyer representative. Mr. Zhao noted that the buyer acquired the property for zone variance application and eventual development with multi-story owner-occupant/partial owner-occupant medical/residential building development.

It is noted that this property was listed on Multiple Listing Service (MLS No. 14-2727) for 482 days with an asking price of $846,000 ($225 per square meter). The delay in closing was due to seller ongoing internal litigation issues.

345 SALES ADJUSTMENT GRID

SUMMARY OF LAND SALES COMPARISON APPROACH
Lot No. 2143-1-R4
Tamuning, Island of Guam

Analysis Grid			Land Sale No. 1		Land Sale No. 2		Land Sale No. 3		Land Sale No. 4	
Location	Ypao Road (Route 14B)		Pick-A-Nail Road (Guerrero Drive), northeast of Atkin Krolls Buildings		Marine Corps Drive and interior road off of Route 34		Route 8, adjacent to Maite Mobil Gas Station		Ypao Road and Chalan Gagu, north of Ironwood Heights apartments	
Municipality	Tamuning		Tamuning		Dededo		Mongmong-Toto-Maite		Tamuning	
Legal Description	Lot No. 2143-1-R4		L2140-4-R2NEW-1NEW-4		L5014#1-2-1, etc.		Portion of L1143-R1		L5147-3-3NEW-6	
Transaction Date	-		September-17		October-16		February-16		November-15	
Transaction Type	-		Deed		Deed		Lease		Deed	
Zoning	R2, Multiple Dwelling;PUD, Planned Unit Development;C, Commercial		M1, Limited Industrial		C, Commercial		C, Commercial/R2, Multiple Dwelling		R2, Multiple Dwelling zone	
Land Area (sm)	16,733		3,130		9,406		17,424		3,764	
Land Area (acres)	4.1		0.8		2.3		4.3		0.9	
Indicated Price	-		$720,000		$1,850,000		$2,610,000		$752,800	
$/sm	-		$230		$197		$150		$200	
Transaction Adjustments										
Property Rights	Fee Simple		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple Equivalent	0.0%	Fee Simple	0.0%
Financing	-		Cash to Seller	0.0%	Cash to seller	0.0%	Cash to Seller	0.0%	Cash to seller	0.0%
Conditions of Sale	-		Consolidation but at market	0.0%	Market	0.0%	Market	0.0%	Market	0.0%
Adjusted Unit Price			$230		$197		$150		$200	
Market Trends Through	9/19/2017	0.0%	0%		5%		10%		10%	
Adjusted Unit Price			$230		$207		$165		$220	
Location/Access	Ypao Road, paved road access		Similar		Superior		Inferior		Similar	
% Adjustment			0%		-5%		15%		0%	
$ Adjustment			$0		-$10		$25		$0	
Frontage/Shape	Extensive frontage along Ypao Road/Irregular Shape		Similar		Inferior		Superior		Superior	
% Adjustment			0%		15%		-2.5%		-5%	
$ Adjustment			$0		$31		-$4		-$11	
Utilities	All available at site or nearby		Similar		Similar		Similar		Similar	
% Adjustment			0%		0%		0%		0%	
$ Adjustment			$0		$0		$0		$0	
Easements/ Encroachments	Access road privately owned		Similar		Similar		Similar		Similar	
% Adjustment			0%		0%		0.0%		0%	
$ Adjustment			$0		$0		$0		$0	
Zoning/Highest and Best Use	R2, Multiple Dwelling; PUD, Planned Unit Development; C, Commercial Zone		Similar		Superior		Similar		Inferior	
% Adjustment			0%		-5%		0%		5%	
$ Adjustment			$0		-$10		$0		$11	
Size Magnitude			Superior		Superior		Similar		Superior	
% Adjustment			-10%		-5%		0%		-10%	
$ Adjustment			-$23		-$10		$0		-$22	
Adjusted Unit Price			$207		$208		$186		$198	
Net Adjustments			-10.0%		0.3%		12.7%		-10.0%	
Gross Adjustments			10.0%		29.7%		17.6%		20.0%	
Weighting			30%		25%		25%		20%	

Ranges & Reconciled Values				
Low:	$186	per sq. m. of gross land area		
High:	$208	per sq. m. of gross land area		
Average:	$200	per sq. m. of gross land area		
Median:	$203	per sq. m. of gross land area		
Indicated Weighted Value:	$200	or	$3,347,886	
Reconciled Final Value:	$3,350,000	or	$200	per s.m.

350 ANALYSES OF COMPARABLE SALES AND EXPLANATION OF ADJUSTMENTS

Sales Comparison Approach based on the four comparable land sales is shown on the preceding analysis table. For purposes of analysis, a unit rate of dollars per square meter was employed. This is the unit rate typically employed by buyers and sellers in the marketplace. The four primary land sales, before adjustment, reflect a range of unit rate prices from $150 to $230 per square

meter. We made adjustments considering property rights conveyed, financing, conditions of sale, market conditions, location/access, frontage/shape, zoning/highest and best use and size magnitude, as shown on the table. Further details to these adjustments are summarized in the following paragraphs.

Property Rights Conveyed Adjustment – All sales involved fee simple or fee simple equivalent ownership rights and no adjustments were required.

Financing Adjustment – All sales involved cash paid to seller and no financing adjustments were required.

Conditions of Sale Adjustment – All sales involved market conditions and no condition of sale adjustments were required. Sale No. 1 involved a consolidation purchase, but at the same unit rate sale price the prior adjacent lot was acquired for by the same buyer and seller, therefore no adjustment was required.

Market Conditions Adjustment – Local real estate market conditions in Guam peaked nearly a decade ago in 2007, due primarily to the anticipation created by the announcement of the proposed military build-up. As the buildup plans were delayed, realigned, and revisited, market participants have typically remained cautious. However, with the most recent Record of Decision affirming a reduced build-up extended over a longer period of time, as well as the U.S. Navy's announcement of their awarding a $164.9 million contract to Granite-Obayashi for construction of the proposed Marine Corps Base Guam in Dededo, overall real estate activity has begun to increase. The increase in market activity is also due to upward pressure on sale prices in part due to continued declining inventory of available improved properties and decline in new properties being constructed due to the current on-going H2-visa labor worker crisis. Although limited data is available for paired sales analysis, in general there has been upward trend in prices and an increase in interest for Guam real estate. We also relied on prior analyses completed, regular contact with market participants and our experience and judgment. Our adjustments range from no adjustment to +10 percent, as shown on the previous analysis table.

Location/Access Adjustment – The subject is located along Ypao Road (Route 14B) with paved road access in the Municipality of Tamuning. The subject immediate vicinity involves secondary commercial and residential developments along Ypao Road and primary commercial related developments to the south along Marine Corps Drive. Sale Nos. 1 and 4 involved similar location/access characteristics compared to the subject and required no adjustment. Sale No. 2 involved superior location/access characteristics compared to the subject and required a -5 percent adjustment. Sale no. 3 involved inferior location/access characteristics compared to the subject and required a +15 percent adjustment.

Frontage/Shape Adjustment – The subject has extensive frontage along Ypao Road along the western boundary and is irregular in shape. Sale No. 1 involved similar frontage/shape characteristics compared to the subject and required no adjustment. The fee simple parcels of Sale No. 2 involved inferior frontage along a telephone easement, one lot removed from Marine Corps Drive. Further, a portion of the fee simple parcels of Sale No. 2 involved an inferior, non-

contiguous, long and narrow (402± square meters) shape. Overall, Sale No. 2 involved inferior frontage/shape characteristics compared with the subject and required a +15 percent adjustment. Sale Nos. 3 and 4 involved superior frontage/shape characteristics compared to the subject and adjustments of -2.5 and -5 percent were required, respectively.

Easements/Encroachment Adjustment – The subject recorded lot map identifies the western portion of the lot affected by a 30-foot wide public access easement. As per client instruction/clarification, this proposed right-of-way is not an easement and therefore does not affect the subject. The 1974 lot map of the subject noted a 40-foot wide access road. We researched this easement and traced back the September 1967 Grant of Easement from Josefina R. Flores to David R. and Elfriede G. Flores (related party). Therefore, this easement is privately owned and is considered usable land area in our analysis herein. We further researched adjacent survey maps for Lot No. 5147-2-PART-2-R1 (to the east) and Lot Nos. 2143-1-1 and -4 (to the north) and noted that access for these lots did not come from this 40-foot wide access easement.

As previously discussed, the subject southeastern portion is slightly encroached by portion of Century Plaza. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

Therefore, for analysis purposes herein, we assumed the subject vacant of any improvements and cure of any encroachments from adjacent lots. All sales involved similar easement characteristics and required no adjustments.

Zoning/Highest & Best Use Adjustment – The subject is split zoned R2, Multiple Dwelling Zone; PUD, Planned Unit development and C, Commercial Zone, as previously discussed. Sale Nos. 1 and 3 involved similar zoning/highest & best use characteristics compared with the subject and required no adjustments. Sale No. 2 involved superior zoning/highest and best use characteristics compared with the subject and required a -5 percent adjustment. Sale No. 4 involved inferior zoning/highest and best use characteristics compared with the subject and required a +5 percent adjustment.

Size Adjustments – Typically, smaller land areas reflect a higher unit rate than larger land area. Based on our analysis, size adjustments ranging from -10 percent to no adjustments were required, as shown on the previous analysis table.

355 INDICATED VALUE BY THE SALES COMPARISON APPROACH

Indicated Land Value Estimate – As shown on the previous analysis table, the four primary land sales, after adjustment, reflect a unit rate fee simple value for the subject ranging from $186 to $208 per square meter. The average unit rate value is $200 per square meter and the median value is $203 per square meter. Most weight was given to Sale No. 1, which involved the least amount of gross adjustment. Less weight was applied to Sale Nos. 2, 3 and 4, which involved higher gross adjustment levels, respectively. Our analysis, as shown on the previous table,

reflects a subject fee simple value of $3,340,000 (rounded), or a unit rate of $200 per square meter of land area.

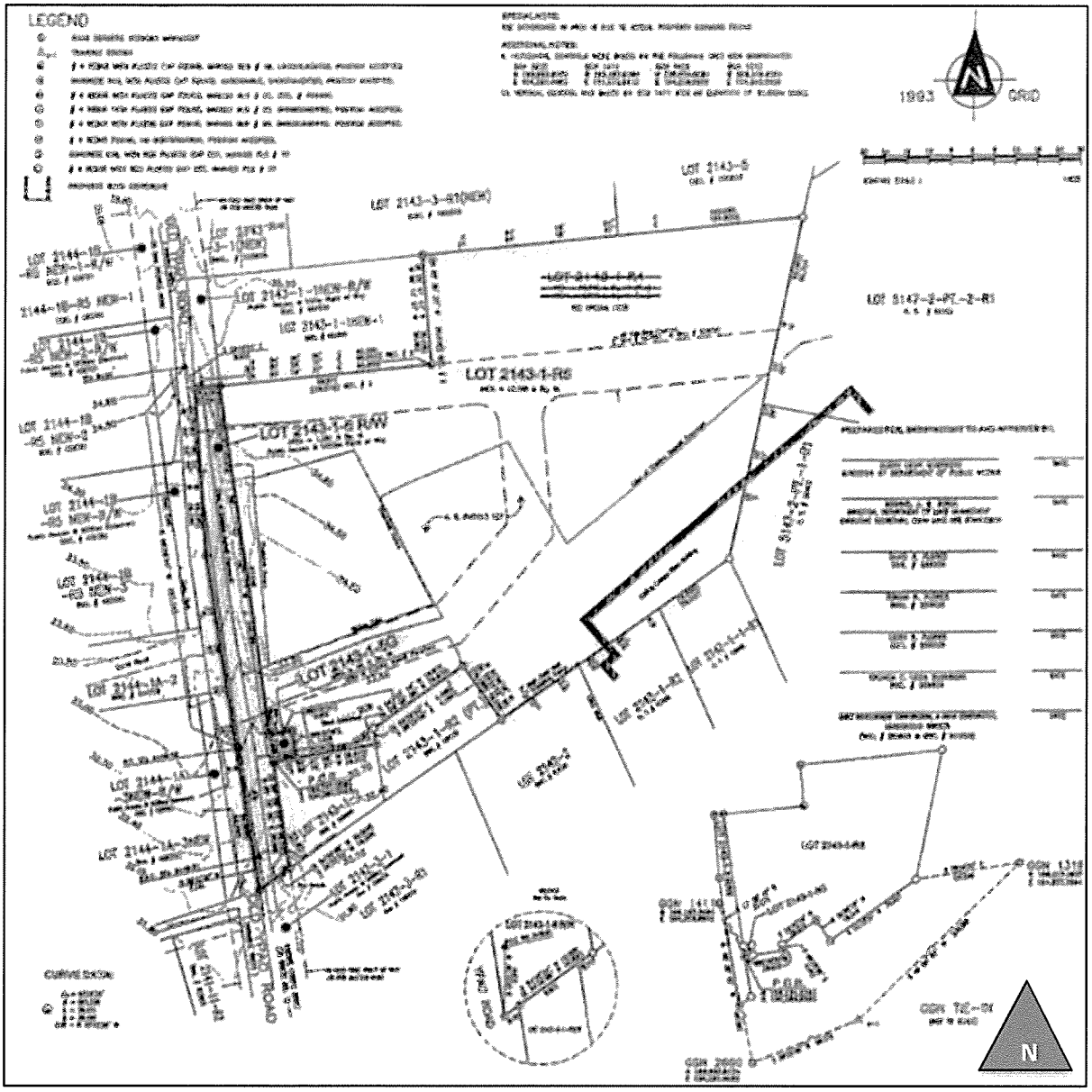
360-395 SECTIONS NOT APPLICABLE

The analysis of the subject property as the Larger Parcel assumed to be vacant of all improvements, renders sections 360-395 not applicable for this assignment.

400 DESCRIPTION OF THE PART ACQUIRED

The parts to be acquired involve portions of Lot No. 2143-1-R4, containing a gross land area of 1,337± square meters (0.3± acres), identified as proposed Lot Nos. 2143-1-6 R/W and 2143-1-5G. Site maps of the parts acquired are included as follows.

SITE MAP – PART ACQUIRED





PARTS ACQUIRED DATA

1. Property Type: Land
2. Existing Use: Vacant land and paved roads
3. Land: Portions of Lot No. 2143-1-R4 identified as proposed Lot Nos. 2143-1-6 R/W and 2143-1-5G
   a. Gross land area: Shown as follows.

Identification	Lot No.	Gross Land Area (sm)	Gross Land Area (acres)
Area to be Acquired	Proposed Lot No. 2143-1-6R/W	1,291 ±	0.3 ±
Area to be Acquired	Proposed Lot No. 2143-1-5G	46 ±	0.0 ±
	Total Area to be Acquired:	1,337 ±	0.3 ±
Remainder	Proposed Lot No. 2143-1-R6	15,396 ±	3.8 ±

   b. Shape: Irregular
   c. Dimensions: Approximately 136± meters wide by 10± meters long for proposed Lot No. 2143-1-6 R/W and 6± meters wide by 7± meters long for proposed Lot No. 2143-1-5G
   d. Ingress/Egress: The subject property has an ingress/egress access points located along Ypao Road (Route 14B) on the western portion.
   e. Topography: The subject topography fairly level. Elevations range from 102 feet along the southwestern corner to 112 feet along the northeastern corner.
   f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency FEMA), the site is located within Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel Nos. 66000100084D. A copy of the flood zone map of the subject immediate vicinity was previously provided.
   g. Drainage: As of the date of inspection the parcel appears to have good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
   h. Soil Characteristics: No adverse conditions apparent.
   i. Utilities: Power, water and sewer lines are located at site or nearby.
   j. Utilities Available: Power, water and sewer lines.
   k. Site Improvements: A portion of paved roadway of Ypao Road (Route 14B) and some vacant land. It is also noted that the part acquired involves a concrete bus stop, proposed for demolition.
   l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject part taken involves the 30-foot proposed road widening and small portions of a privately owned 40 foot wide access easement, as previously discussed. We are not aware of any other easements or encroachments that affect the subject property.
   m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not

affected by any other hazardous materials that may be present on or near the property.

OTHER PERTINENT FEATURES

The subject parts acquired are improved with a portion of Ypao Road (Route 14B), and a concrete bus stop proposed for demolition. Photographs of the acquisition were presented earlier in section 230.

450 VALUATION OF THE PARTS ACQUIRED

The value of the larger parcel was estimated by sales comparison approach.

The parts acquired gross land area is 1,337± square meters. The unit price of the parts acquired as part of the whole is the same as the abbreviated parent tract. The analysis and conclusion is shown in the following table.

Valuation of the Parts Acquired As Part of Whole			
Land Valuation			
Benchmark: Lot No. 2143-1-R4			
Improvements		$0	
Land			
Unit Value		$200	per square meter
Parts Acquired Land Area	x	1,337	sq. meters
Total Value of Part Acquired		$267,400	
Say,		**$267,400**	

Based on client instruction, we have rounded up the value conclusion of the parts acquired to the next $100's; however, considering the parts acquired value conclusion reflects $267,400, no rounding was required.

500 VALUE OF REMAINDER AS PART OF WHOLE PROPERTY

The value of the remainder as part of the whole property is the difference in value of the whole before the taking and the value of the part acquired. The property was analyzed as vacant and the value of site improvements is excluded in the value. The value of the remainder as part of the whole property is as follows.

Valuation of the Remainder As Part of Whole		
Land Valuation		
Larger Parcel Value		$3,340,000
Less Parts Acquired Value	-	$267,400
Value of Remainder		$3,072,600
Say, (rounded)		**$3,070,000**

640 PURPOSE OF APPRAISAL OF REMAINDER AFTER ACQUISITION

As required by the Right of Way Manual, the appraisal of the remainder is made uncured under the assumption that the proposed roadway has been completed according to the construction plans and that said roadway is open for public use. The market value of the larger parcel before the taking has been estimated, the value of the part acquired has been subtracted. This results in the estimated value of the remainder as part of the whole. The purpose of the appraisal of the remainder un-cured is to estimate its market value to discover if there are any damages or special benefits caused by the taking.

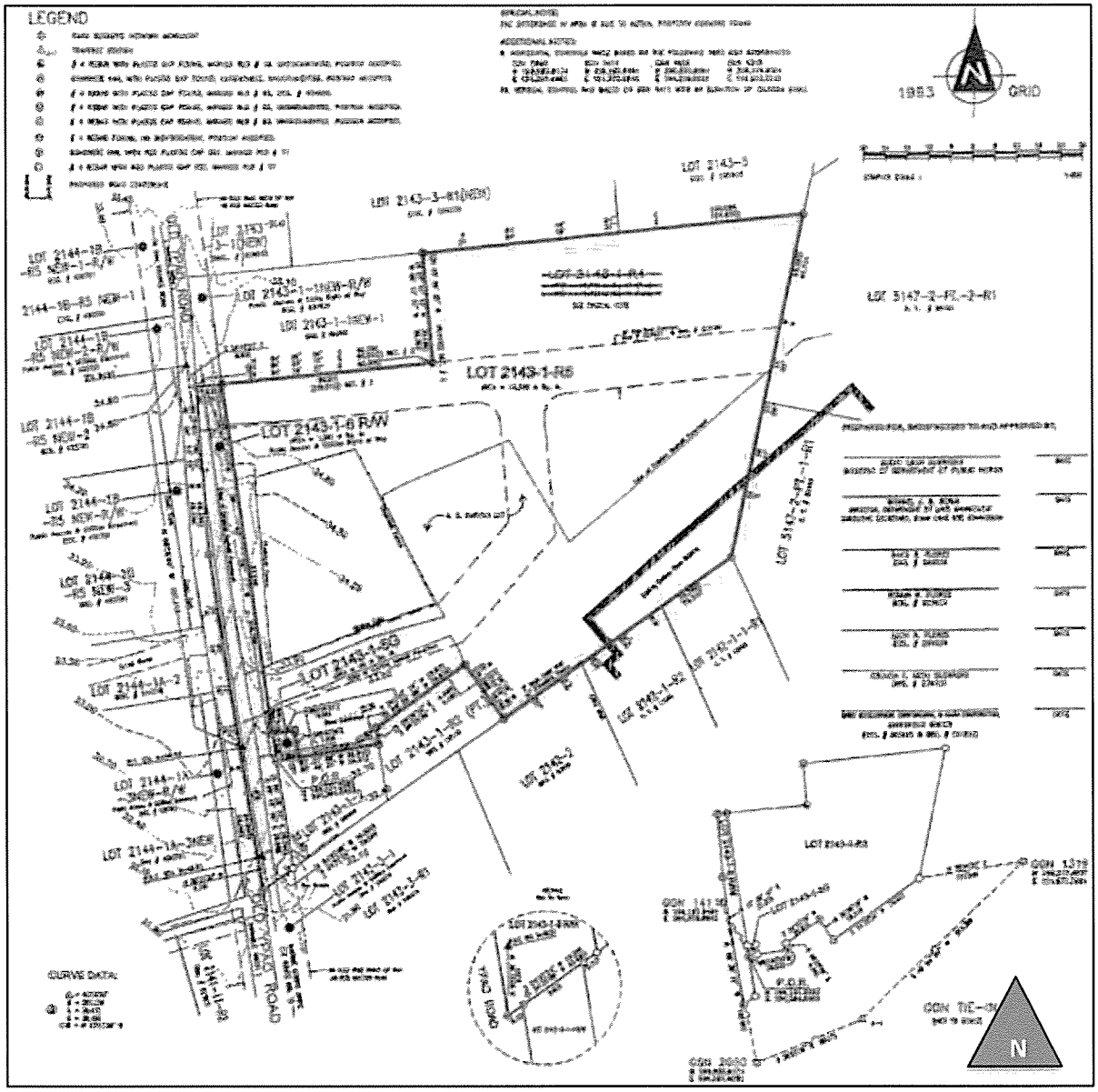
680 APPRAISAL PROBLEM

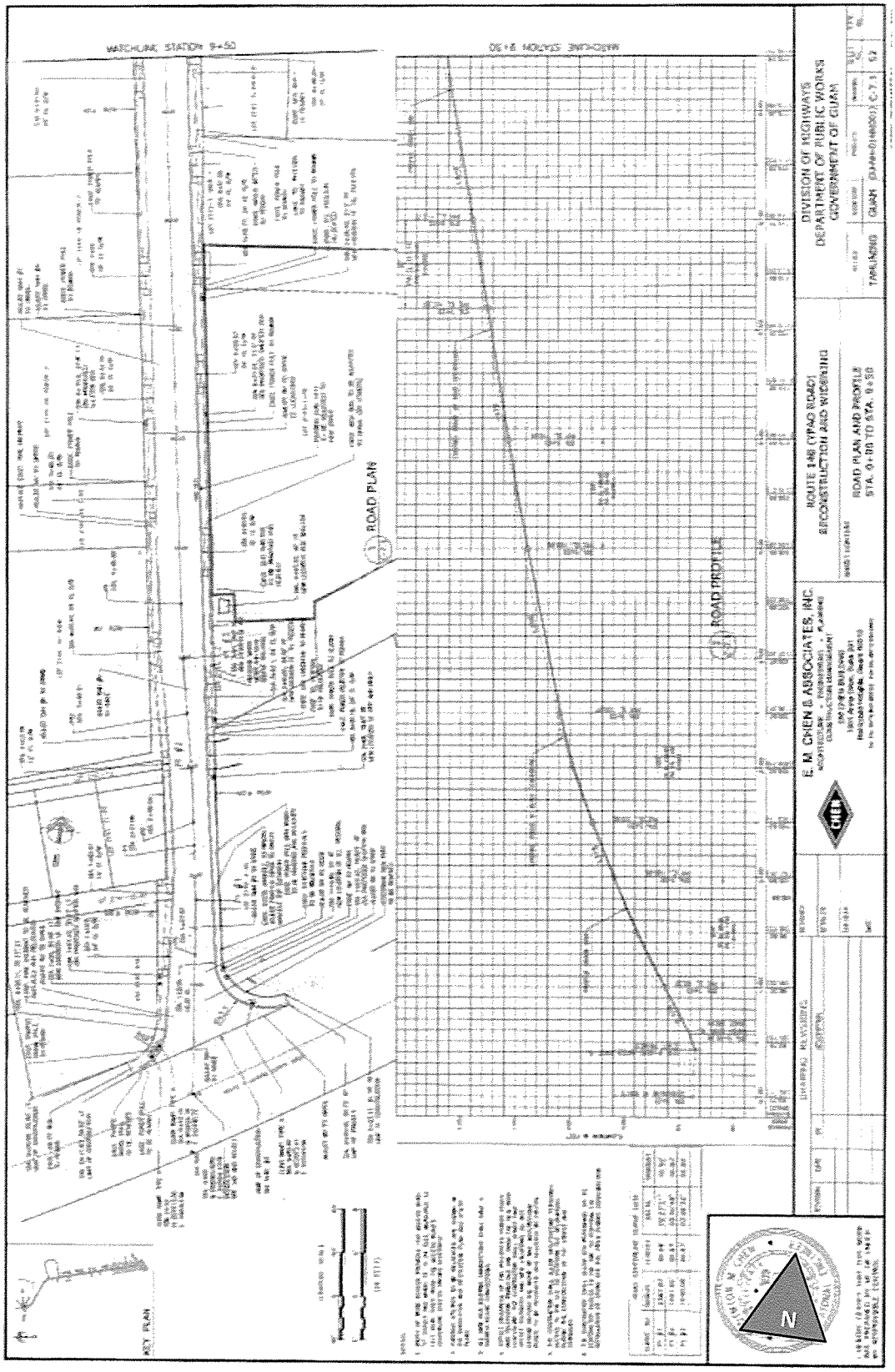
As required by the Right of Manual, the purpose of the appraisal is to estimate the market value of the remainder un-cured. This is done by appraising the remainder before any cure is applied and comparing this after value estimate with the value of the remainder as a part of the whole property to determine whether there is any reduction, damage, enhancement, or special benefit, as a result of the acquisition. The appraisal of the remainder property must be made presuming the proposed roadway has been completed according to construction plans and is open for public use.

730 DESCRIPTION OF REMAINDER UNCURED

Section "230 Description of Property, Photographs, and Sketches" includes data for the parent tract and remainder parcels.

SITE MAP - REMAINDER


LEGEND
1983 GRID
LOT 2143-1-R5
LOT 2143-1-6 R/W
LOT 2143-1-6D
LOT 2143-3-R1(NEW)
LOT 2143-5
LOT 2143-1-R4
LOT 2143-2-R2, -3-R1
LOT 2143-1-1(NEW)-R/W
LOT 216-1-1(NEW)-1
LOT 2144-19-R5 NEW-1-R/W
LOT 2144-19-R5 NEW-2-R/W
LOT 2144-19-R5 NEW-3
LOT 2144-19-R5 NEW-R/W
LOT 2144-20-R5 NEW-3
LOT 2144-21-2
LOT 2144-21-NEW-R/W
LOT 2144-21A-2NEW
LOT 2143-1-R3
LOT 2143-1-R2
LOT 2143-1-R1
LOT 2143-2
LOT 2143-3-R1
LOT 2143-1-1
LOT 2143-1-R6
LOT 2143-1-R5
LOT 2143-1-R4
LOT 2143-1-6D
LOT 2143-1-6 R/W


ROAD PLAN
ROAD PROFILE
E. M. CHEN & ASSOCIATES, INC.
ROUTE 148 (YPAO ROAD)
RECONSTRUCTION AND WIDENING
DIVISION OF HIGHWAYS
DEPARTMENT OF PUBLIC WORKS
GOVERNMENT OF GUAM
ROAD PLAN AND PROFILE
STA. 0+00 TO STA. 9+50
TAMUNING
GUAM
N

REMAINDER DATA

1. Property Type: Land
2. Existing Use: Vacant land and paved roads
3. Land: Portion of Lot 2143-1-R4; identified as proposed Lot No. 2143-1-R6
    a. Gross Land Area: 15,396± square meters (3.8± acres)
    b. Shape: Irregular
    c. Dimensions: Approximately 155± meters wide by 130± meters long
    d. Ingress/Egress: The subject property has an ingress/egress access points located along Ypao Road (Route 14B) on the western portion.
    e. Topography: The subject topography fairly level to gently sloping. Elevations range from 105 feet along the southwestern corner to 125 feet along the northeastern corner.
    f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency FEMA), the site is located within Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel Nos. 66000100084D. A copy of the flood zone map of the subject immediate vicinity is shown as follows.
    g. Drainage: As of the date of inspection the parcel appears to have good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
    h. Soil Characteristics: No adverse conditions apparent.
    i. Utilities: Power, water and sewer lines are located along Ypao Road (Route 14B).
    j. Utilities Available: Power, water and sewer lines
    k. Site Improvements: A portion of paved roadway of Ypao Road (Route 14B) and some vacant land. It is also noted that the part acquired involves a concrete bus stop, proposed for demolition.
    l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject part taken involves the 30-foot proposed road widening and small portions of a privately owned 40 foot wide access easement, as previously discussed. We are not aware of any other easements or encroachments that affect the subject property.
    m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not affected by any other hazardous materials that may be present on or near the property.

740 ZONING, LAND USE PLAN, CONCURRENCY

Section "240 Zoning, Land Use Plan, Concurrency" includes the zoning, land use plan, and other data for the larger parcels. The same description applies to the remainder parcels.

750 PROPOSED TRANSPORTATION FACILITY DESCRIPTION

According to client provided documents, the project involves the reconstruction and widening of the roadway from its intersection with Route 1 to its intersection with Route 14, having a length

of 0.89± miles. The estimated project cost reflects $2,000,000 for the rehabilitation and expansion of the existing two-lane roadway to three-lanes with sidewalks and a 45 miles per hour designated speed limit.

775 EFFECT OF ACQUISITION ON REMAINDER UNCURED
The access to the property will not be adversely affected.

800 HIGHEST AND BEST USE
Section "300 Highest and Best Use Analyses" includes the highest and best use analyses for the parent tract. The remainder parcels are slightly smaller but this change does not affect the highest and best use analysis.

802 HIGHEST AND BEST USE CONCLUSION
Section "302 Highest and Best Use Conclusion" includes the highest and best use conclusion for the parent tract. The remainder parcels are only slightly smaller. This change does not affect the highest and best use analysis. Therefore, the same conclusion applies to the remainder. The highest and best use as vacant is for eventual development with owner occupant/partial-owner occupant commercial use.

805 APPROACHES TO VALUE USED AND EXCLUDED
Section "305 Approaches to Value Used and Excluded" includes the arguments for excluding the cost approach and income capitalization approach. The same arguments apply to the remainder parcel.

810 LAND VALUATION
Section "310 Land Valuation" contains the land valuation analysis for the larger parcel. The same methodology and analysis applies to this section.

The proposed road improvements, will improve traffic flow in the area and improve the general appearance of the roadways.

These are general benefits, which federal law does not permit to be considered in valuing the remainder. Therefore, these conditions have been disregarded in the remainder valuation.

The remainder is irregular shape with similar utility as the irregular shaped larger parcel. The access for the remainder will not change in overall utility from the larger parcel.

The remainder area reflects 15,396± square meters. Our remainder analysis is similar to our parent tract analysis as discussed in Section 345-350, as shown on the analysis table on the following page. As shown on the following page, the value conclusion reflects $3,070,000 (rounded); similar to the value of the remainder as part of the whole, hence no damages. The sales adjustment grid is shown on the following page. It is noted the land value analysis table on the following page for the remainder reflects a unit rate value of $199 per square meter, slightly less than the parent lot conclusion of $200 per square meter, due to rounding.

SUMMARY OF LAND SALES COMPARISON APPROACH - REMAINDER
Proposed Lot No. 2143-1-R6
Tamuning, Island of Guam

Analysis Grid		Land Sale No. 1		Land Sale No. 2		Land Sale No. 3		Land Sale No. 4	
Location	Ypao Road (Route 14B)	Pick-A-Nail Road (Guerrero Drive), northeast of Atkin Krolls Buildings		Marine Corps Drive and interior road off of Route 34		Route 8, adjacent to Maite Mobil Gas Station		Ypao Road and Chalan Gagu, north of Ironwood Heights apartments	
Municipality	Tamuning	Tamuning		Dededo		Mongmong-Toto-Maite		Tamuning	
Legal Description	Proposed Lot No. 2143-1-R6	L2140-4-R2NEW-1NEW-4		L5014#1-2-1, etc.		Portion of L1143-R1		L5147-3-3NEW-6	
Transaction Date	-	September-17		October-16		February-16		November-15	
Transaction Type	-	Deed		Deed		Lease		Deed	
Zoning	R2, Multiple Dwelling; PUD, Planned Unit Development; C, Commercial	M1, Limited Industrial		C, Commercial		C, Commercial/R2, Multiple Dwelling		R2, Multiple Dwelling zone	
Land Area (sm)	15,396	3,130		9,406		17,424		3,764	
Land Area (acres)	3.8	0.8		2.3		4.3		0.9	
Indicated Price	-	$720,000		$1,850,000		$2,610,000		$752,800	
$/sm	-	$230		$197		$150		$200	
Transaction Adjustments									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple Equivalent	0.0%	Fee Simple	0.0%
Financing	-	Cash to Seller	0.0%	Cash to seller	0.0%	Cash to Seller	0.0%	Cash to seller	0.0%
Conditions of Sale	-	Consolidation but at market	0.0%	Market	0.0%	Market	0.0%	Market	0.0%
Adjusted Unit Price		$230		$197		$150		$200	
Market Trends Through	9/19/2017 0%	0%		5%		10%		10%	
Adjusted Unit Price		$230		$207		$165		$220	
Location/Access	Ypao Road, paved road access	Similar		Superior		Inferior		Similar	
% Adjustment		0%		-5%		15%		0%	
$ Adjustment		$0		-$10		$25		$0	
Frontage/Shape	Extensive frontage along Ypao Road/Irregular Shape	Similar		Inferior		Superior		Superior	
% Adjustment		0%		15%		-2.5%		-5%	
$ Adjustment		$0		$31		-$4		-$11	
Utilities	All available at site or nearby	Similar		Similar		Similar		Similar	
% Adjustment		0%		0%		0%		0%	
$ Adjustment		$0		$0		$0		$0	
Easements/ Encroachments	Access road privately owned	Similar		Similar		Similar		Similar	
% Adjustment		0%		0%		0.0%		0%	
$ Adjustment		$0		$0		$0		$0	
Zoning/Highest and Best Use	R2, Multiple Dwelling; PUD, Planned Unit Development; C, Commercial Zone	Similar		Superior		Similar		Inferior	
% Adjustment		0%		-5%		0%		5%	
$ Adjustment		$0		-$10		$0		$11	
Size Magnitude		Superior		Superior		Similar		Superior	
% Adjustment		-10%		-5%		0%		-10%	
$ Adjustment		-$23		-$10		$0		-$22	
Adjusted Unit Price		$207		$208		$186		$198	
Net Adjustments		-10.0%		0.3%		12.7%		-10.0%	
Gross Adjustments		10.0%		29.7%		17.6%		20.0%	
Weighting		30%		20%		25%		25%	

Ranges & Reconciled Values				
Low:	$186	per sq. m. of gross land area		
High:	$208	per sq. m. of gross land area		
Average:	$200	per sq. m. of gross land area		
Median:	$203	per sq. m. of gross land area		
Indicated Weighted Value:	$200	or	$3,073,065	
Reconciled Final Value:	$3,070,000	or	$199	per s.m.

815 to 830 COST APPROACH SECTIONS NOT APPLICABLE

The analysis of the subject property as assumed to be vacant of all improvements, renders sections 815 to 830 not applicable for this assignment.

835 to 855 SALES COMPARISON APPROACH SECTIONS NOT APPLICABLE

The analysis of the subject property as assumed to be vacant of all improvements, renders sections 835 to 855 not applicable for this assignment.

860 to 885 INCOME CAPITALIZATION APPROACH SECTIONS NOT APPLICABLE

The analysis of the subject property as assumed to be vacant of all improvements, renders sections 835 to 855 not applicable for this assignment.

890 RECONCILIATION VALUE INDICATIONS AND FINAL VALUE ESTIMATE

The cost approach and income approach were not necessary for this assignment. Section "810 Land Valuation" includes a sale comparison approach for the remainder site as though vacant.

My opinion of the market value of the remainder, as of September 19, 2017 is $3,070,000.

900 SUPPORT FOR DAMAGES/NO DAMAGES TO THE REMAINDER

The valuation of the remainder took into consideration the government's proposed project and therefore reflects the anticipated impact of the project. As stated, no material impact, positive or negative, is anticipated on the remainder parcel as a result of the reconstruction and widening of the Ypao Road (Route 14B).

910 COST OF CURE DAMAGES

Not applicable.

920 SPECIAL BENEFITS

The Right of Way Manual states, "special benefits are the result of an enhancement in value which has advanced the market value of the remainder beyond the mere general appreciation of property in the neighborhood. The taking must be for a road, canal, levee, or water control facility right of way."

Relevant terms are defined:

Benefits

In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

Special Benefits

In condemnation, the benefits that arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefitted in a similar manner, if not to the same degree. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

General Benefits

In eminent domain valuation, the benefits that accrue to the community at large as a result of the new public work and the increased general prosperity that accompanies development. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

The proposed road reconstruction is anticipated to benefit the community, not just the subject remainders, thus it would result in a general benefit. The road reconstruction would not enhance the value of the remainder beyond that of other parcels. Thus, the proposed road reconstruction would result in general benefits but not special benefits.

995 SUMMARY OF VALUES

The final value for the acquisition is as shown in the following table.

Final Value of Acquisition

Parts Acquired Item	Value
Land: 1,337 sq. m. (Proposed Lot Nos. 2144-1-6R/W & -G)	$267,400
Improvements	$0
Severance Damages	$0
Special Benefits	$0
Total Final Value of Acquisition	**$267,400**

ADDENDA

ADDENDUM A

GUAM ECONOMIC BACKGROUND DATA

GUAM ECONOMIC BACKGROUND DATA



GENERAL

The Island of Guam is an unincorporated U.S. Territory and includes a total land area of 212± square miles, or 549± square kilometers. Census 2010 figures indicate a total population of 159,358, an increase of 2.9 percent compared to 2000. The capital of Guam, Hagåtña (previously Agaña), is situated at the center of the island alongside the Philippine Sea.

An advanced report of selected characteristics for Guam based on the 2010 Census is summarized as follows:

Summary of Indicators, Guam: 2000 and 2010

Description	2000	2010	Percent Change
Total Population	154,805	159,358	2.94
In households	150,928	154,060	2.08
Group Quarters	3,877	5,298	36.65
Age Structure			
0-14 years	47,156	43,319	(8.14)
15-64 years	99,434	105,294	5.89
65 years and over	8,215	10,745	30.80
Males	79,181	81,552	2.99
0-14 years	24,309	22,322	(8.17)
15-64 years	50,919	54,225	6.49
65 years and over	3,953	5,005	26.61
Females	75,624	77,806	2.89
0-14 years	22,847	20,997	(8.10)
15-64 years	48,515	51,069	5.26
65 years and over	4,262	5,740	34.68
Sex Ratio (males per 100 females)	105	105	...
In Labor Force	68,894	74,400	8.0
Civilian Labor Force	64,452	69,394	7.7
Employed	57,053	63,678	11.6
Unemployed	7,399	5,716	(22.7)
Armed forces	4,442	5,006	12.7
Not in the labor force	36,120	38,667	7.1
Unemployment Rate (% of civilian labor force)	11.5	8.2	...
Educational Attainment (25 years and over)	83,281	89,256	7.2
Percent high school graduate or higher	76.3	79.4	...
Percent bachelor's degree or higher	20.0	20.4	...
Marital Status (15 years and over)	107,649	116,039	7.8
Never married	37,711	43,795	16.1
Married (except separated)	57,505	57,856	0.6
Separated or Divorced	8,180	9,085	11.1
Widowed	4,253	5,303	24.7
Household Income (Households)	38,769	42,026	8.4
Percent households less than $50,000	61.0	51.5	...
Percent households $50,000 to $99,999	28.8	32.3	...
Percent households $100,000 or more	10.2	16.2	...
Housing Occupancy and Tenure			
Housing units	47,677	50,567	6.1
Occupied housing units	38,769	42,026	8.4
Owner-occupied housing units	18,747	21,140	12.8
Renter-occupied housing units	20,022	20,886	4.3
Vacant	8,908	8,541	(4.1)

Source: U.S. Census Bureau
... "not applicable"

Prepared by:
Guam State Data Center
Bureau of Statistics and Plans

August 2012

Guam's economy relies heavily on tourism and military expenditures. A summary of Guam Economic Indicators is shown as follows:

GUAM ECONOMIC INDICATORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tourist Arrival [1]	1,141,779	1,052,871	1,197,408	1,159,778	1,307,796	1,334,497	1,343,092	1,409,033	1,535,924	1,576,991
GHRA Occupancy, Room Rates and REVPAR [2]										
Hotel Room Rate	$116	$108	$111	$123	$123	$134	$149	$159	$166	$172
Hotel Occupancy Rate	64%	60%	71%	72%	81%	75%	75%	76%	78%	83%
REVPAR	$74	$65	$79	$89	$100	$101	$112	$121	$129	$143
Percentage Change	-1%	-13%	22%	12%	13%	1%	11%	8%	7%	10%
Employment [3]										
Total	60,840	61,220	62,600	60,820	61,890	61,910	62,370	63,750	62,840	63,250
Private Sector	45,730	45,670	46,790	44,760	46,100	46,320	46,530	47,450	47,210	47,600
Trade (Whsle&Retail)	29.7%	29.8%	29.3%	30.9%	30.5%	29.8%	30.2%	29.6%	29.9%	31.0%
Service (Ldge/Food)	35.5%	35.3%	36.7%	36.3%	35.8%	35.6%	38.1%	38.3%	37.7%	38.0%
Construction	14.1%	14.6%	14.2%	13.1%	14.2%	15.4%	13.0%	13.6%	12.9%	12.2%
Other	20.6%	20.3%	19.8%	19.7%	19.5%	19.3%	18.6%	18.6%	19.5%	18.8%
Public Sector	15,110	15,550	15,810	16,060	15,790	15,590	15,840	15,920	15,630	15,650
Government of Guam	75.1%	75.4%	75.1%	74.3%	74.3%	74.2%	74.1%	74.7%	75.0%	74.8%
Federal Government	24.9%	24.6%	24.9%	25.7%	25.7%	25.8%	25.9%	25.3%	25.0%	25.2%
Average Hourly Earnings										
Government of Guam	$18.51	$19.56	$20.35	$21.84	$20.66	$21.50	$22.07	$21.97	$22.06	$23.29
Private Sector	$11.47	$12.16	$12.37	$12.36	$12.95	$12.77	$13.20	$13.25	$13.27	NA
Unemployment Rate [4]	NA	9.3%	NA	13.3%	10.7%	8.4%	7.7%	4.8%	5.4%	NA
CPI [5]										
Annual Average	104.3	106.1	109.2	112.8	116.3	116.3	117.2	116.1	123.0	126.1
% Change in CPI	6.2%	1.7%	2.9%	3.3%	3.2%	0.0%	0.8%	-0.9%	6.0%	2.5%
Finance										
Bank Deposits (millions)	$1,776.3	$1,906.2	$2,049.5	$2,279.3	$2,298.7	NA	NA	NA	NA	NA
Real Estate Loans (millions)	$1,325.1	$1,356.4	$1,389.6	$1,487.4	$1,490.6	NA	NA	NA	NA	NA
Construction Permits [6]										
Value (millions)	$241.4	$323.0	$184.8	$211.1	$364.5	$449.2	$308.5	$203.2	$433.4	$1,017.5
No. of Permits	1,252	1,155	1,024	1,036	998	1,700	1,978	2,047	1,539	1,056
Federal Expenditures (millions)	$1,532.8	$1,396.0	$2,012.5	NA	NA	NA	NA	NA	NA	NA
Gross Domestic Product ($ Million)	4,621	4,781	4,895	4,928	5,199	5,364	5,566	5,734	NA	NA

[1] Tourist Arrivals 2017 Annualized through August (8 Months).

[2] GHRA figures reflect May 2017 YTD data.

[3] 2017 Employment figures as of March 2017.

[4] 2016 Unemployment figures as of September 2016; no available figures for 2017.

[5] CPI figures 2nd Quarter 2017.

[6] Construction Permit Value figures and No. of Permits reflect May 2017 YTD

Source: Guam Visitors Bureau, Guam Hotel and Restaurant Association, Bureau of Statistics and Plans, Department of Labor, & Marianas Business Journal

TOURISM

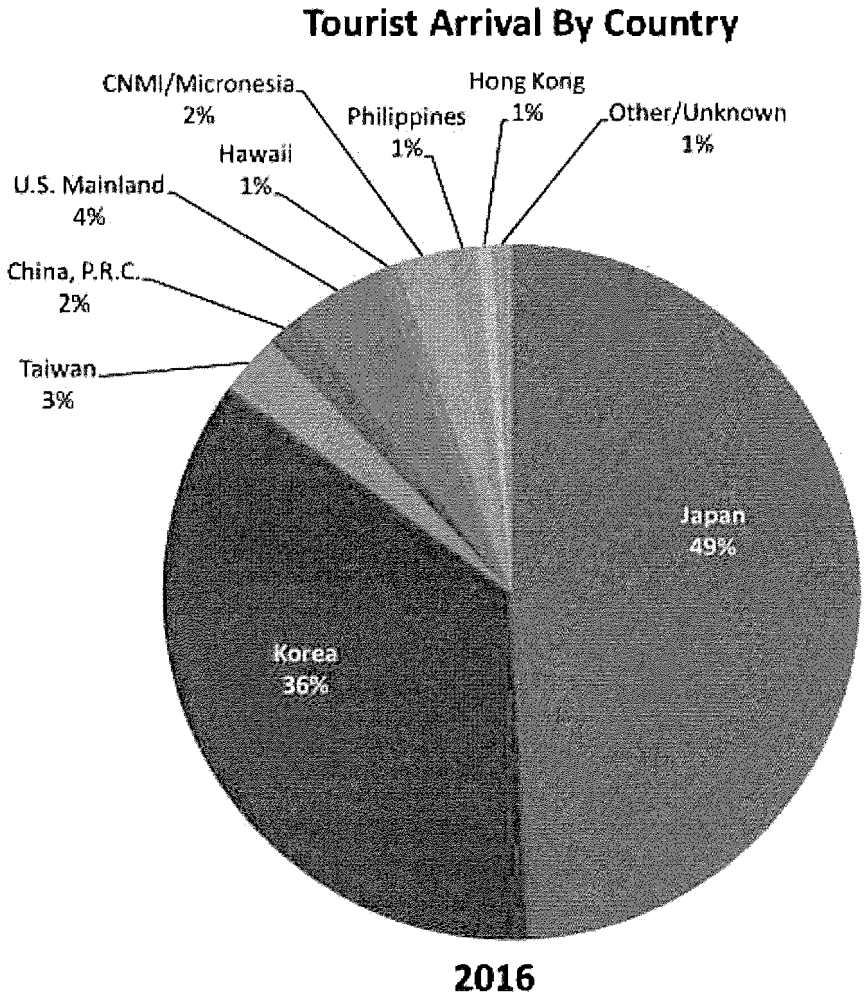
The tourism industry has shown continual growth since 2010, primarily the result of increasing tourist arrival figures from diversified, historically smaller target markets outside of the primary market of Japan. Overall Guam tourism rebounded in 2010 with a 13.6 percent increase in visitor arrivals compared to 2009. Despite the severe impact of Japan's triple disasters in March 2011, visitor arrivals in 2011 only reflect a -3.9 percent decrease. Since 2011, tourism has seen consecutive years of sustained growth in overall arrivals, room rate, and REVPAR. 2014 total figures of 1.3 million tourist arrivals reflect a 1.5 percent increase compared to the 2013 total. Tourist arrival in 2016, at 1.5 million, reflect the highest tourist arrivals in Guam's tourism history.

Various new low cost carriers from Korea have resulted in increase of tourist arrivals from these countries. These low cost carriers ("LCC") have significantly increased seat capacity to Guam. United Airlines also added twice weekly service to Shanghai. Russian arrivals that doubled in 2014 subsided

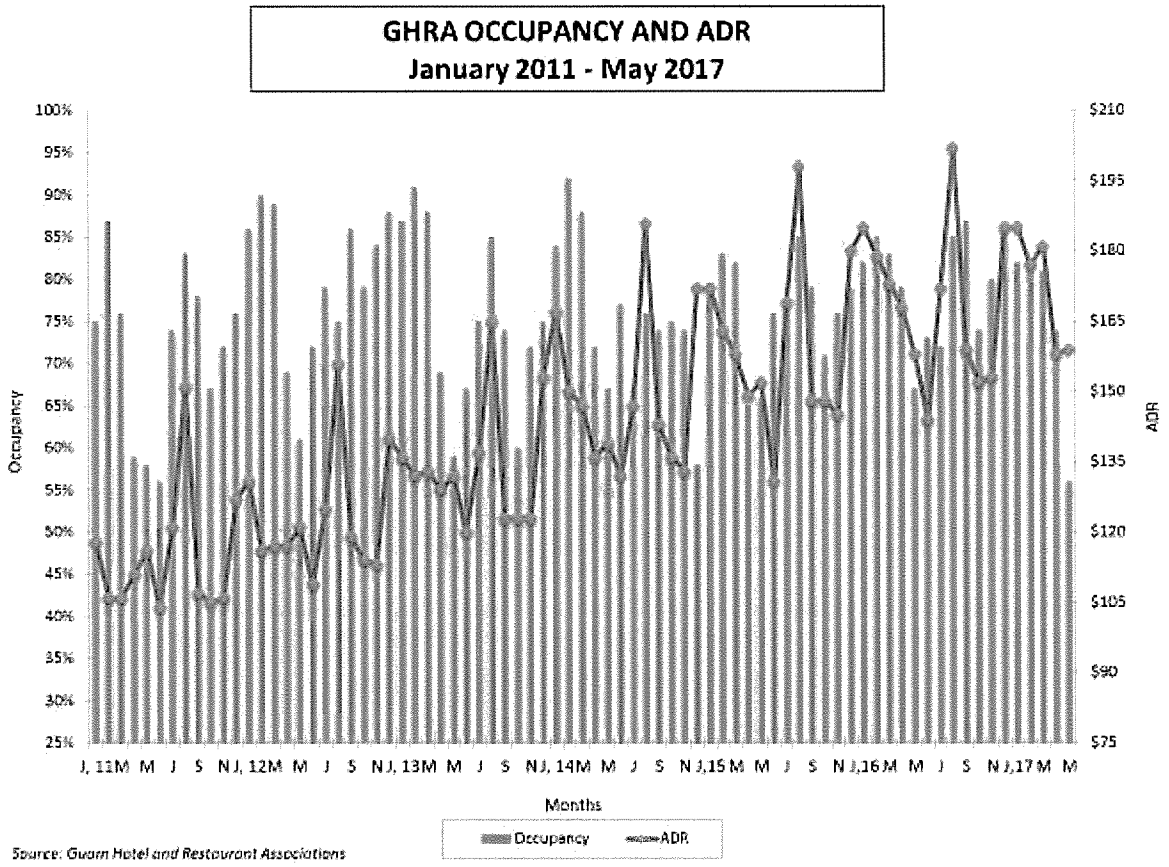
with the weakening of the ruble. Most recently, an LCC from the Philippines, Cebu Air, open direct service to Guam.

In October 2017, Delta Airlines announced flight cancellations on Tokyo-Guam Route. Further, United also announced flight reductions from Guam to Fukuoka, Osaka, Nagoya, and Sendai and suspension of service to Sapporo. This move is reportedly fueled with reduced demand from Japan and growing tension in the negotiation over North Korea threat.

Japan, Korea, the US Mainland, CNMI/Micronesia and Taiwan are the top five countries of origin for Guam visitors by air. In 1998, Japan visitors accounted for 86.4 percent of Guam visitors and Korea was second at 4.1 percent. In 2016, Japanese visitors shrank to 49 percent compared to the 86.4 percent in 1998. Korea grew substantially to 36 percent at the end of 2016 compared to 1998 figure at 4.1 percent. Taiwan and mainland China grew significantly too. Pie charts showing visitor arrivals by country of origin are shown as follows.



Several major hotels in Tumon Bay exchanged hands in the mid-2000's and the new owner's renovated most of the properties, resulting in a better product. Resultantly, compared to 2006, REVPAR has increased by 6 percent to $128 in 2016 compared to 2015's $121. Increases in room revenue, REVPAR and average daily room rate reflect the strengthening tourism market. For the first time in over a decade, Tumon Bay has gained an additional 419-rooms to its oceanfront hotel inventory with the opening of the five-star, 419-room Dusit Thani hotel, which opened in June 2015 after various delays. Due to improved arrivals and product, especially in regards to room inventory, the tourism sector is expected to see continued growth in the smaller market segments and an overall stable, positive outlook.



Average daily hotel room rate increased by 4 percent to $166 from $159 from 2015 to 2016 and average hotel occupancy slightly increased to 78 percent. Market participants typically foresee steady, continued growth of in the local tourism sector in the near future. Recent reduction of United flights to Japan and Delta pulling out has affected outlook, although it is still unclear to what extend this will impact tourism.

MILITARY EXPENDITURES

In 2006, the United States and Japan announced 8,600 Marines and 9,000 dependents from a military base in Okinawa were to be relocated to Guam at a reported overall cost of $10.3 billion (with Japan contributing 60 percent) as part of a bi-lateral Realignment Roadmap agreement. The initial plan called for military related construction to initiate in 2010 and to complete the relocation by 2014. Since then the plan has modified several times, with current plans reporting a target year of 2020 for completion of buildup related projects and the initiation of personnel relocation. In late April 2012, the revised 2006 Agreed Implementation Plan was released, modifying the realignment of Marines by calling for a reduction Marines to 4,700 Marine Corps service members. The price tag was also reduced from $10.3 billion to $8.6 billion.

A freeze on spending construction funds from the U.S. and Japan implemented by the Senate Armed Services Committee on funding related to the buildup had previously remained in effect, limiting 2013 military construction related expenditure to $88 million. 2014 figures reflect a 197 percent increase at $261.2 million, mostly due to the proposed National Defense Authorization Act for FY2015, since signed into Public Law by the President, which cut $80.6 million in military related projects but more importantly lifted the military buildup funding freeze. The current proposed budget for FY 2017 indicates a total of $248.6 million in proposed military construction projects for Guam. However, market participants remain cautious about the impact and potential of the military buildup on Guam after repeated delays, reductions, reassessments and modifications since the initial announcement. As such, it remains unclear at this point what effect the buildup will have on Guam real estate although optimism seem to increase.

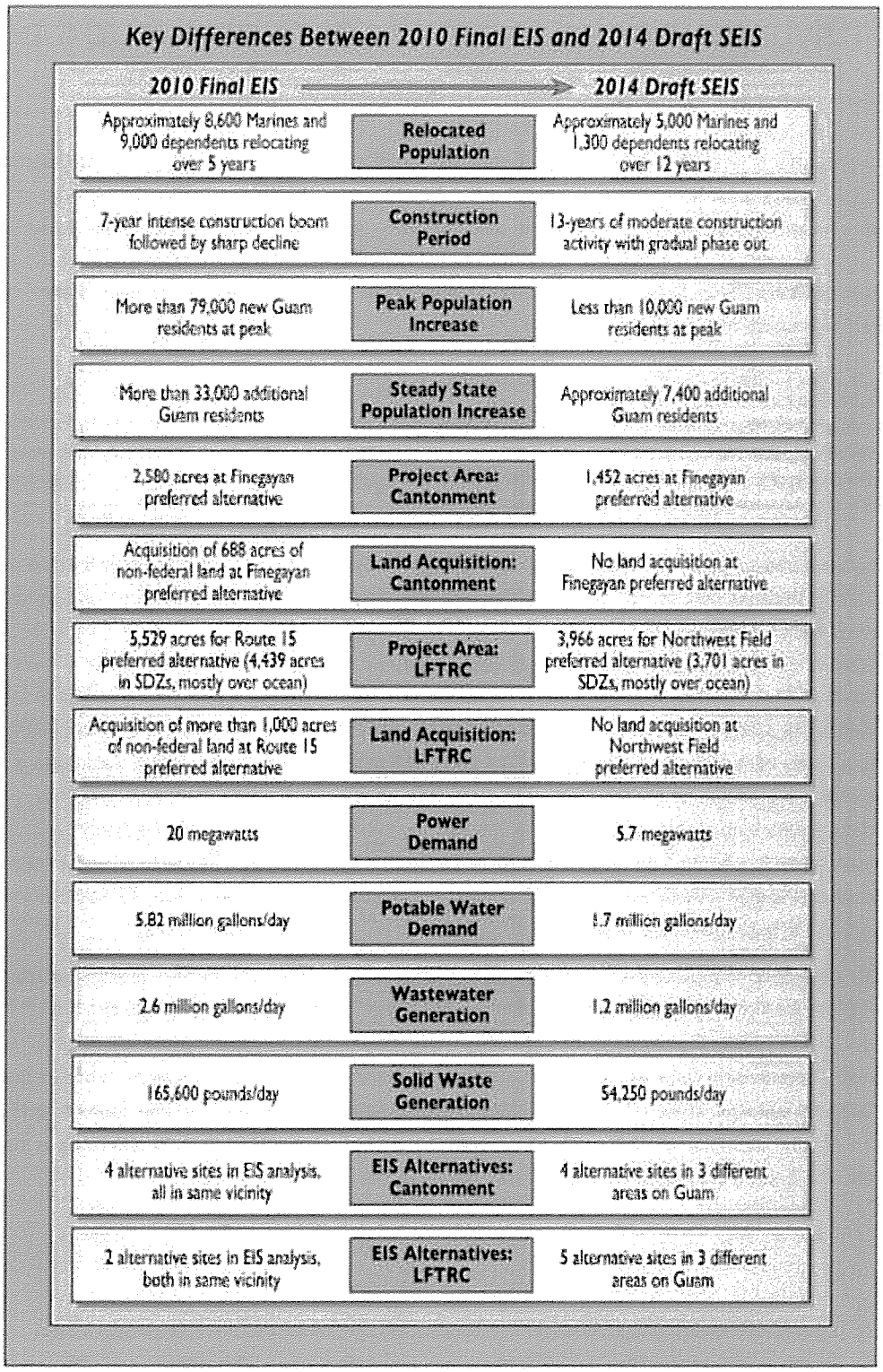
On March 6, 2013, Admiral Samuel Locklear of the Navy's U.S. Pacific Command confirmed to the House Armed Services Committee at an oversight hearing that the relocation of U.S. Marines from Okinawa to Guam is likely to be completed by 2020. A Draft Supplemental EIS was also published in April 2014 which notably extended the buildup period to a more moderate 13-years, maintained the 2012 reduction of total relocated marine population to 5,000 service members (including 1,300 dependents) and reduced the overall cost of the transfer, as previously discussed.

On August 29, 2015, Record of Decision (ROD) for relocating Marine Corps to Guam was issued by the Department of Navy. The ROD selected NCTS Finegayan as the cantonment and Andersen Air Force Base as the family housing. Further, the ROD selected Andersen Air Force Base – Northwest Field as the Live Fire Training Range complex. The ROD paved the way for the military buildup to begin. In December 2015, a $309 million fund was released for initial phase of construction of Guam Marine Base in Finegayan. Market participants on Guam typically are cautiously optimistic on this development.

In August 2017, a joint of Granite Construction and Obayashi was awarded a $164.9 million contract from Naval Facilities Engineering Command ("NAVFAC") to provide design-build services for future Marine Base in Finegayan.

A summary of key differences between 2010 final EIS and 2014 Draft EIS is included on the following page. In addition, a recent article regarding military construction on Guam is included on following pages.

Most recently, in April 2017, the Marianas Business Journal reported an update on timeline of Marines movement. A copy of this article is includes on following pages.


Key Differences Between 2010 Final EIS and 2014 Draft SEIS
2010 Final EIS
2014 Draft SEIS
Approximately 8,600 Marines and 9,000 dependents relocating over 5 years
Relocated Population
Approximately 5,000 Marines and 1,300 dependents relocating over 12 years
7-year intense construction boom followed by sharp decline
Construction Period
13-years of moderate construction activity with gradual phase out
More than 79,000 new Guam residents at peak
Peak Population Increase
Less than 10,000 new Guam residents at peak
More than 33,000 additional Guam residents
Steady State Population Increase
Approximately 7,400 additional Guam residents
2,580 acres at Finegayan preferred alternative
Project Area: Cantonment
1,452 acres at Finegayan preferred alternative
Acquisition of 688 acres of non-federal land at Finegayan preferred alternative
Land Acquisition: Cantonment
No land acquisition at Finegayan preferred alternative
5,529 acres for Route 15 preferred alternative (4,439 acres in SDZs, mostly over ocean)
Project Area: LFTRC
3,966 acres for Northwest Field preferred alternative (3,701 acres in SDZs, mostly over ocean)
Acquisition of more than 1,000 acres of non-federal land at Route 15 preferred alternative
Land Acquisition: LFTRC
No land acquisition at Northwest Field preferred alternative
20 megawatts
Power Demand
5.7 megawatts
5.82 million gallons/day
Potable Water Demand
1.7 million gallons/day
2.6 million gallons/day
Wastewater Generation
1.2 million gallons/day
165,600 pounds/day
Solid Waste Generation
54,250 pounds/day
4 alternative sites in EIS analysis, all in same vicinity
EIS Alternatives: Cantonment
4 alternative sites in 3 different areas on Guam
2 alternative sites in EIS analysis, both in same vicinity
EIS Alternatives: LFTRC
5 alternative sites in 3 different areas on Guam

$249M authorized for military construction projects

Mindy Aguon | For the Post Dec 10, 2016

The passage of the fiscal year 2017 National Defense Authorization Act contains full funding for Guam's fiscal 2017 military construction program and also frees up funding for the construction of a cultural repository as an important mitigation identified in the supplemental environmental impact study (EIS).

According to Guam Delegate Madeleine Bordallo, $248.6 million was authorized for various military construction projects for Guam. They include:

- Munitions storage igloos, Phase 2 $35.3 million
- SATCOM C41 facility $14.2 million
- Global Hawk Block 40 maintenance hangar $31.1 million
- Power upgrade, Harmon $62.2 million
- Hardening of Guam POL infrastructure $26.9 million
- Replace Andersen housing, Phase 1 $78.8 million

The legislation also included a number of other provisions that impact Guam. Bordallo noted that the NDAA lifts restrictions on funding for the development of civilian infrastructure related to the realignment of Marines from Okinawa to Guam.

The provision also: authorizes funds for the construction of a cultural repository and $67.5 million in upgrades to the island's water and wastewater systems; holds the Department of Defense accountable to assess all Navy controlled real property and return any land to the government of Guam; authorizes a review of service records for each military department of Asian-American and Pacific Islanders who served during the Vietnam War who may be eligible for the Medal of Honor; requires the Department of Defense to provide a briefing on the feasibility of re-establishing port calls by Taiwanese Naval vessels in U.S. ports during their annual training exercises; and promotes invasive species prevention and management in the Asia-Pacific region.

Bordallo's provision to provide the U.S. Custom and Immigration Service with flexibility in administrating the H-2B program on Guam was not included in the legislation. The congresswoman said she has received assurances by the House Armed Services Committee Chairman that the issue will be revisited next year. The provision came at the request of the Guam Contractors Association and local businesses that have filed suit against the USCIS and the Department of Justice seeking immediate approval of H-2B petitions and the extension of labor certifications following a significant decline in H-2B approvals in the last year. The case is scheduled for arguments in the District Court in January 2017.

News Flash – Pacific Command admiral gives timeframe for Marines transfer

Posted on April 26, 2017 (https://mbjguam.com/2017/04/26/news-flash-pacific-command-admiral-gives-timeframe-for-marines-transfer/) by web master (https://mbjguam.com/author/web-master/) | 0 Comments (https://mbjguam.com/2017/04/26/news-flash-pacific-command-admiral-gives-timeframe-for-marines-transfer/#respond)

Pacific Command admiral gives timeframe for Marines transfer

TOKYO — Around 4,000 U.S. Marines presently stationed on Okinawa will betransferred to Guam between 2024 and 2028, Adm. Harry Harris, the commander of the U.S.Pacific Command, said this week.Harris was addressing a Congressional hearing in Washington on the U.S. military'spositioning and capabilities in the Asia-Pacific region. Under an agreement between Tokyo and Washington, the transfer of the Marines fromOkinawa has long been scheduled in order to reduce the burden placed on the prefecture. Thatschedule has been repeatedly delayed, however, due to opposition from local political parties andresidents, who want a more drastic reduction in the U.S. military presence on the islands.The two governments agreed in 2013 to commence the transfer of around 4,000 Marinesfrom Okinawa to Guam in the early years of the 2020s. That timeline appears to have beenshifted back, although Harris appeared to be confident that the new schedule would be met andthat "the movement of the bulk of the Marines to Guam would occur in the 2024 to 2028timeframe."Harris said he expects the number of Marines in the prefecture will eventually fall from19,000 at present to around 10,000 personnel."The whole issue of moving Marines from Okinawa elsewhere is important to ouralliance relationship with Japan," Harris said."Japan has invested a lot in this," he added. "This is all about ... reducing the footprint inOkinawa and also closing Futenma."The transfer of the Marines from Futenma Air Station is a key element in the overallrelocation of the Marines in the region and work has recently restarted off Camp Schwab, in theNortheast of Okinawa. The United States anticipates being able to make use of the new facilityin 2025. — For further developments on this story, see the May 15 and future issues of theJournal.

Filed in: Guam News (https://mbjguam.com/category/guam-news/), Regional News (https://mbjguam.com/category/regional-news/)

Guam buildup project for Marine Corps base construction awarded



The Navy announced Friday that it has awarded Guam-based [illegible] a $714.6 million contract for [illegible] construction at Marine Corps Base Camp [illegible].

[illegible] the base's [illegible] cantonment area, [illegible] and [illegible] on Finegayan. Designs for the [illegible] about 2,000 U.S. Marines who will be relocated from Okinawa and stationed on Guam in the coming years, said Lt. Timothy Parker, public affairs officer for Naval Facilities Engineering Command Pacific.

The contract, a result of the government of Japan as part of an international agreement between the United States and Japan, signals a critical step in moving forward with the [illegible] Guam [illegible] Record) after a delay in March.

The location of Marines from Okinawa to Guam is part of the overall restructuring of U.S. forces in the Asia-Pacific region, first announced [illegible] years ago.

The project announced Friday will prepare the 400-acre site for future construction of operational, administrative and [illegible] housing structures for the new Marine Corps base. It includes utilities, roads and other infrastructure in anticipation of construction projects, Parker added.

It's primarily a pedestrian campus, meaning that it is designed so, in part, people can get around the [illegible] community," Port of Call reporter Friday during a press conference at the Pentagon [illegible].

About half of the 400-acre site, Patrick said, has already been developed and the other half is jungle and forest that has to be developed. He also noted that construction of the base isn't expected to begin until 2020, as the new projects for utilities and site improvement

[illegible] building construction [illegible], Patrick said, they need to develop the infrastructure of the area, such [illegible] ground preparing the [illegible] and setting up [illegible] such as water and wastewater.

It's not to certain construction yet," Patrick added. "But, we expect to [illegible] around 2020, so this project right now is huge because it allows us to get the critical part of the base ready."

The project also includes clearing the site of unexploded ordnance and munitions, as well as green waste and storm water [illegible] and conservation measures for threatened and endangered species.

"This project is critical for our commitment to both environmental stewardship and the defense of our nation," Rear Adm. John Kraus said in a release. "Our goal is designing and building this project to optimize the [illegible] in the environment with the mission of relocating Marines to Guam."

The U.S. Department of the Navy is a joint [illegible] Pearl Harbor, Hawaii; Yokosuka, Japan; and Marine Corps [illegible].

"This effort is a key part in strengthening Guam as part of the Marianas strategic hub, ensuring the Marine Corps' ability to train forward in order to [illegible] Asia-Pacific region," Lt. Gen. David Berger stated in the press release. Berger is the commander of U.S. Marine Corps Forces Pacific. [illegible]



Mal Patrick Pagan Park, Inarajan, owned by U.S. Marine Corps veterans, Guam, serves mainly as a public cemetery on the island. Adjacent to the park is a former U.S. Marine base on Route 4A. (Photo: Erika Engelhaupt)

"Hardcore", Col. Patrick Egan has played an important role in our nation's ability to deter adversaries and defend, as well as the city's number of military and base within the region," Berger said. "There is an important economic component to that role and relationship."

Patrick is one of three officers recruited from Okinawa and stationed at Camp Blaz, a new Marine base on Guam. Photo from the east. The military will gradually transfer Marines to the island over the course of a couple of years.

"It is projected to have a daytime population of 5,000 Marines and dependents when fully developed and ready," Patrick said. "We expect to be able to get us to the full complement within two years after we begin. The purpose for that is to have the graduated increase so there's less of an negative impact in the community."

H-2B visa denials

Addressing Guam's H-2B visa cap, a matter of citizenship and immigration, Berger was asked many of the requests for foreign workers. Patrick said military officials on island share the same concerns as the Chamber.

Earlier this summer, Calvo said that he met with Egan on the subject for the military facilities because of the same risk. Patrick said he understands many of the challenges of having to supply workers from the Department of Defense.

"Would you tell you a true understanding that is the case or not? I'm a legitimate concern for the governor and the business community," Patrick said. "This is something that we've reported to the highest levels of the Department of Defense, and as soon as we get a yes or no, that is something we're ready to execute on. But at every point during our journey, there's the communication with the local government and the military.

That included the military working with the local government and the military.

I can tell you at an level that we have addressed it on a daily community ... They realize it's a real issue for the governor and they realize it's a real issue for us too. I'm asked, 'I mean, you have to have labor long time, and they understand the economy of it, and they've got people looking at it.

Concerns

One question of the military's relocation of Marine recreation to Guam: Patrick noted, was the Navy's one new agreement, where for every acre that the military develops, it is also required to restore an acre of land that needs assistance.

"So, Guam's ecosystem right now, I would refer to it as basically broken down. It's under stress from invasive animal species," Patrick said. "The Navy's ecosystem on Guam helps provide resources to help the ecosystem, which would not otherwise have been available. This is what I see it as is being good for Guam."

GOVERNMENT OF GUAM

Citizen Centric Report of Department of Revenue and Taxation for 2016 was issued on August 1, 2017. Based on this report, the Government of Guam collected revenue reflects $766.1 million in Tax Year 2016, an increase from $731.7 million in Tax Year 2015. Details to the revenues collected are shown as follows.

AUDITED REVENUES COLLECTED

Year	TY2014	TY2015	TY2016	% Change TY15 - TY16
Income Tax	$296,187,000	$324,402,000	$343,837,000	6.0%
Section 30 Income Tax	87,998,215	71,446,424	78,467,450	9.8%
Business Privilege Tax	238,249,000	226,592,000	238,305,000	5.2%
Real Property Tax	23,263,000	28,033,000	26,321,000	-6.1%
Hotel Occupancy Tax	34,362,000	36,988,000	40,864,000	10.5%
Liquid Fuel Tax	9,792,000	9,932,000	10,051,000	1.2%
Tobacco Tax	20,961,000	19,723,000	20,104,000	1.9%
Beverage Tax	2,208,000	2,778,000	2,896,000	4.2%
Excise Tax	3,463,000	2,691,000	2,938,000	9.2%
Other	16,950,000	9,160,000	2,267,676	-75.2%
TOTAL:	**$733,433,215**	**$731,745,424**	**$766,051,126**	**4.7%**

Note that income tax and occupancy tax continued to increase while Real Property Tax had a decline compared to TY2015. Revenues collected represent 45 percent from Income Tax and 31 percent from Business Privilege Tax (Gross Receipts Tax). The announced Trump Tax Reform plan will affect Guam's large source of revenue.

REAL ESTATE

The local real estate market peaked in 2007 after the military related build-up news in 2006. Overall real estate sales volume declined sharply from the nearly $700 million peak in 2007 to a $253.6 million low in 2009. Outside of 2012's $472.5 million sales volume, which involved several major multi-million dollar real estate acquisitions including Guam Premier Outlets and Tumon Sands Plaza, sales volume has remained relatively stable ranging from $253.9 to $324.6 million per year through 2015.

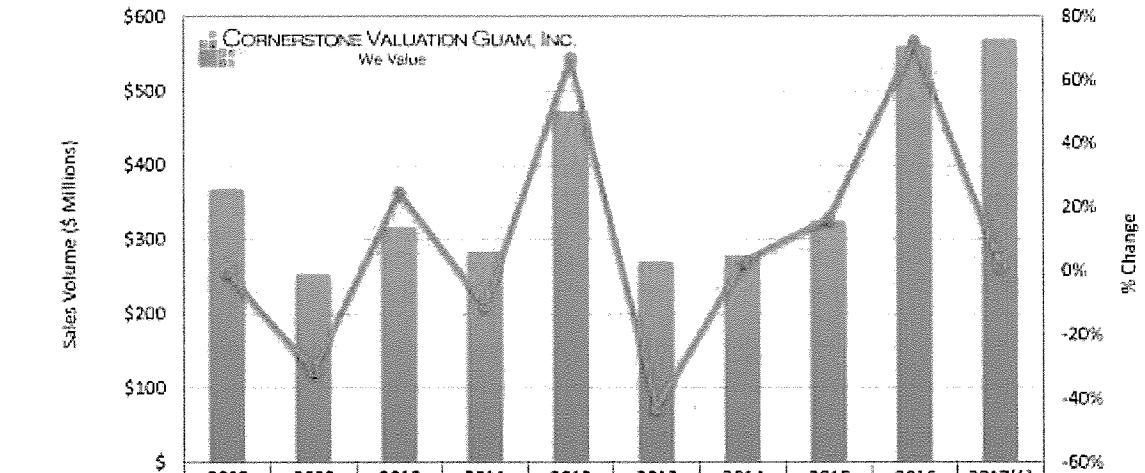
Military related construction project spending is expected to increase as the planned buildup continues to gain momentum. Local market participants continue to take advantage of low interest rates, primarily limited to established industry players acquiring or developing owner-occupant facilities. Various commercial acquisitions in recent years also involved local buyers taking advantage of reasonable prices and low interest rates.

The 2017 Annualized [through 3rd Quarter (9 months)] sales volume reflects a two percent increase compared to 2016 sales at $569.3 million. However, the second quarter sales volume of $207 million includes $96 million sales of various Tanota Partners properties to Core Tech, a local construction company and third quarter sales involves the $22 million land sale located off of Route 15 in Mangilao. Most likely, 2017 will be in par or slightly lower that the 2016 sales volume uncles there are other large volume transactions. The 2016 sales volume of $559.3 million is a substantial increase of 72 percent from the 2015 sales volume at $324.6 million. The 2016 sales volume include the $125 million sale of Westin Resort Guam hotel. A Korean based Hyundai related company acquired the hotel in April 2016. Excluding this sale, the 2016 still reflects a healthy growth. Various off island cash buyers acquired investment properties ranging from small condominium units to hotel development site in Tumon. In addition, the sales volume broken down by quarter is included on a following page.

The number of sales is another indicator of real estate activity. The 2017 Annualized [through 3rd Quarter (9 months)] number of sales reflects 1,556, a 16 percent increase compared to 2016. The 2016 number of sales reflect an 8 percent increase compared to 2015 at 1,346 sales. The 2015 number of sales reflected a 12 percent increase compared to 2014. Market participants concur with increased activity in early 2016. Historical overall sales volume, number of sales and a quarterly breakdown of recent sales volume are shown on a following page.

Guam Real Estate Sales Volume by Year ($M)

Cornerstone Valuation Guam, Inc. Database; All rights reserved.

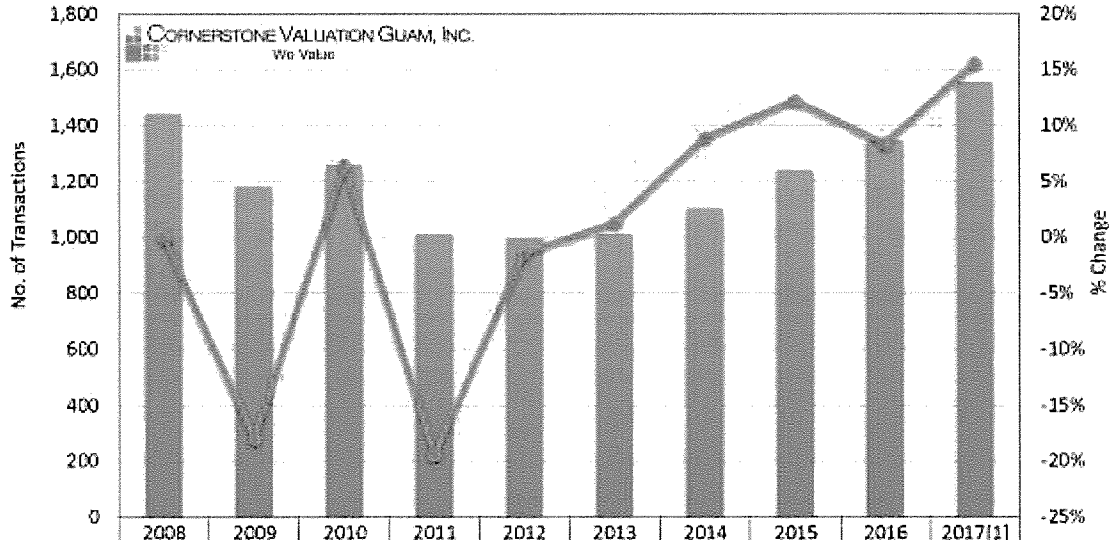


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]
Sales Vol. ($ M)	$368.0	$253.6	$316.9	$283.1	$472.5	$270.	$278.1	$324.6	$559.3	$569.3
% Change	0	-31%	25%	-11%	67%	-43%	3%	17%	72%	2%

[1] Based on 2017 Annualized through September (9 months).

Guam Real Estate No. of Sales by Year

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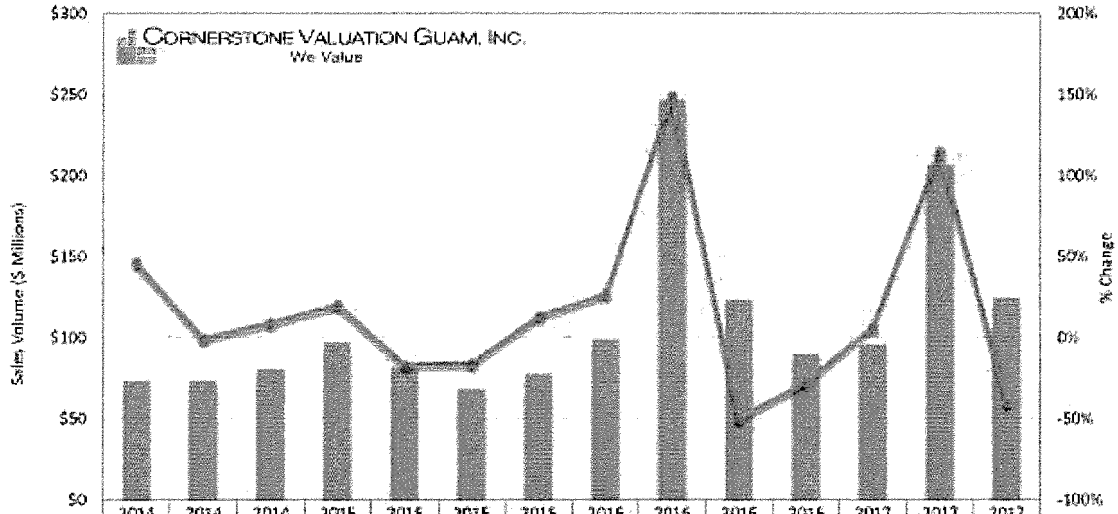


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]
Transactions	1,442	1,182	1,259	1,014	1,000	1,014	1,105	1,241	1,346	1,556
% Change	0	-18%	7%	-19%	-1%	1%	9%	12%	8%	16%

[1] Based on 2017 Annualized through September (9 months).

Guam Real Estate Sales - Sales Volume By Quarter

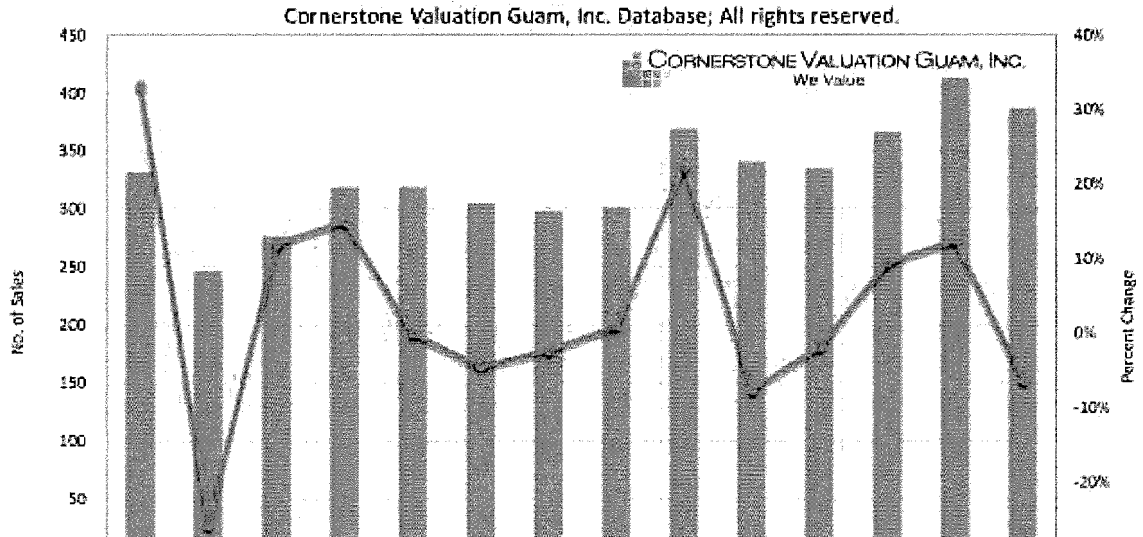
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	2014 Q1	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Sales Vol. ($ M)	$74	$74	$81	$97	$81	$68	$78	$99	$247	$124	$90	$96	$206	$125
% Change	47%	0%	10%	21%	-17%	-16%	13%	27%	149%	-50%	-27%	7%	115%	-40%

Guam Real Estate Sales - No. of Sales By Quarter

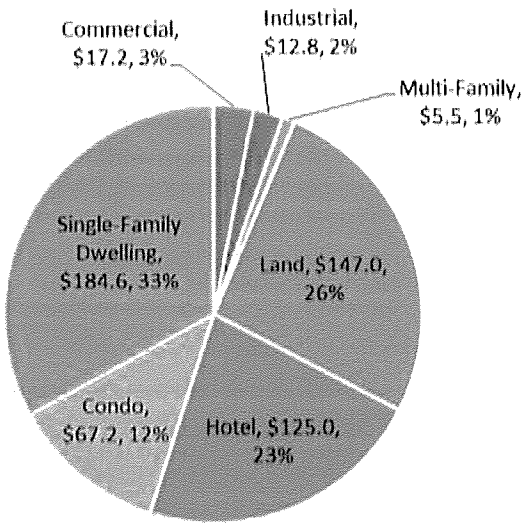
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	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
No. of Trans.	332	247	277	319	319	305	298	301	369	341	335	367	413	387
% Change	33%	-26%	12%	15%	0%	-4%	-2%	1%	23%	-8%	-2%	10%	13%	-6%

The 2016 Guam real estate sales are broken down by sector on the following graph. The Single Family Dwelling ("SFD") sector has been the largest sector in sales with $184.6 million with land sales following as the second largest sector at $147 million. Condominium sector sales reflects $67.2 million or 12 percent of 2016 Guam real estate sales. The commercial sector and land sales increased from $14.4 million to $17.2 million (commercial) and $85.4 million to $147 million (land) from 2015 to 2016. Multi-family dwelling sales slightly increased from $5.2 million to $5.5 million. The industrial sector increased 34 percent at $12.8 million compared 2015's sales volume of $9.5 million.

2016 Guam Real Estate Sales ($M)



In 2014, the condominium sector posted the strongest growth, contributing to 2014's overall real estate sales volume increase by posting an 84 percent increase in sales volume compared to 2013's $34.2 million, to reflect $62.9 million in condominium sales for 2014. 2017 Annualized [through 3rd Quarter (9 months)] condominium sales continue to reflect a 24.3 percent increase in sales volume at $84.5 million compared to 2016. 2016 condominium sales reflects an increase in sales volume at $68.0 million, a 7.3 percent increase from 2015 at $63.3 million in sales volume. Additionally, 2017 hotel sales reflect the Bayview Hotel and Oceanview Hotel & Residences at $35 million. 2016 hotel sales had a substantial increase due to the sale of the Westin Resort Guam at $125 million. The 2015 hotel sales were at $1.5 million and $3.8 million in 2014 compared to no sales in 2013.

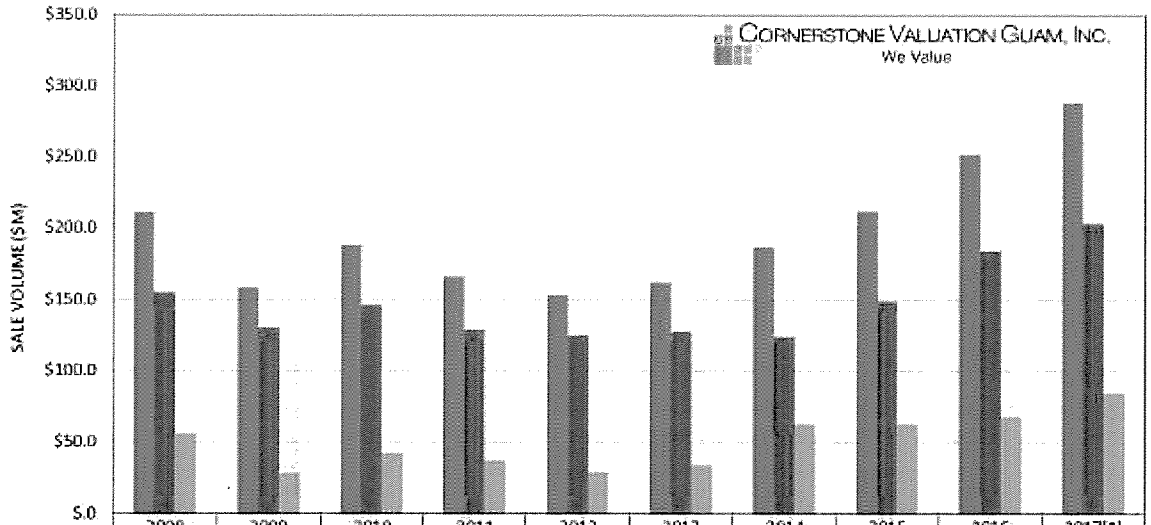
Industrial land, which was the prima donna during the hype of military build-up, is the overall hardest hit sector with price corrections apparent and activity slowing. An exception appears in the Route 3 vicinity where the $215 million new private hospital recently opened in 2015.

Although interest rates were at an all-time low, stricter lending requirements slowed down buyers and prospective investors from taking advantage of this opportunity. The 2017 Annualized [through 3rd Quarter (9 months)] residential sales volume reflects a 14.2 percent increase from 2016 at $287.7 million. The 2016 residential sales volume reflects $251.8 million, an 18.8 percent increase from 2015 at $211.9 million. Residential sales volume in 2015 reflects a 13.6 percent increase compared to $186.6

million in 2014 residential sales (including single-family dwellings and condominium units), however, the increase is primarily due to a substantial increase in condominium sales, as previously discussed. As the supply in condominium units dwindled, number of sales decreased slightly to 294 in 2016. Single family dwelling sales increased 24.2 percent in 2016 reflecting $184.6 million compared to $148.6 million in 2015. 2017 Annualized [through 3rd Quarter (9 months)] single family dwelling sales reflects a 10.5 percent increase at $203.2 million compared to 2016 sales volume.

Guam Residential Sales Volume ($ Million)

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]
Residential	$211.3	$158.6	$188.2	$166.1	$153.2	$161.8	$186.6	$211.9	$251.8	$287.7
SFD	$155.3	$129.9	$145.8	$128.6	$124.3	$127.6	$123.6	$148.6	$183.8	$203.2
Condo	$56.0	$28.7	$42.3	$37.6	$28.9	$34.2	$62.9	$63.3	$68.0	$84.5

[1] Based on 2017 Annualized data through September (9 Months).

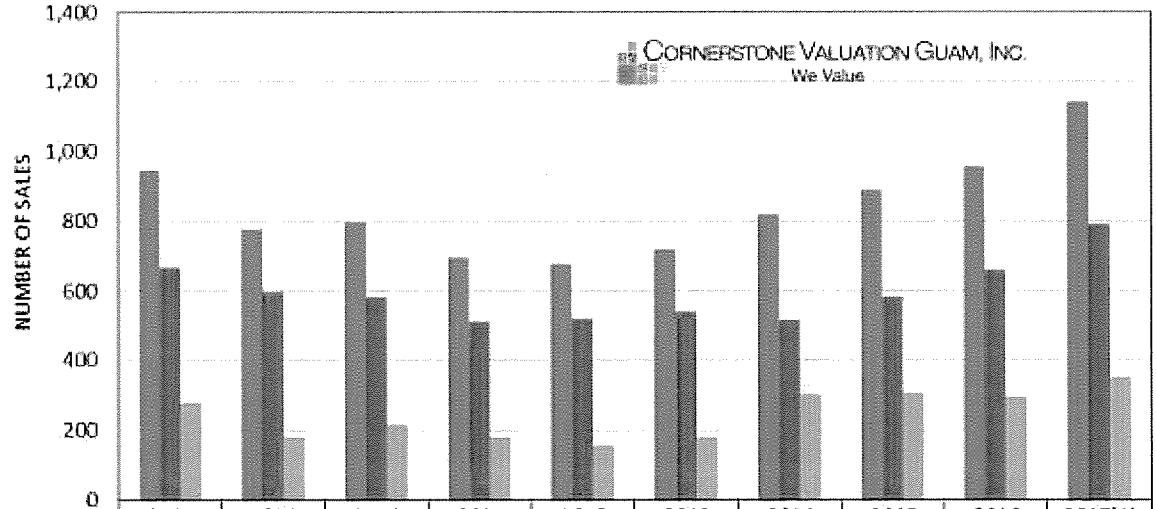
Overall numbers of residential sales, previously reflecting 796 sales in 2010, declining to 694 sales in 2011, and 676 sales in 2012, have seen two years of sustained growth to 719 sales in 2013, 819 in 2014, and a continued increase to 889 in 2015 – the highest total since 2008's 946 sales. 2016 figures reflect an increase to 955 residential sales, a 7.4 percent increase compared to 2015 figures. 2017 Annualized [through 3rd Quarter (9 months)] number of sales reflects a 19.8 percent increase at 1,144 compared to 2016 number of sales.

The 2017 YTD (through 3rd Quarter) residential median price (single family dwelling and condominium units) remain the sale compared to 2016 at $225,000. The overall residential median price (single family dwelling and condominium units) in 2016 increased to $225,000 from $200,000 in 2015. Individual median prices in 2017 YTD (through 3rd Quarter) for single family dwelling and condominium median prices reflect a decrease for SFD at $239,150 (SFD) and an increase for condo at $190,150 (condominium), from $246,500 (SFD) and $185,500 (condominium) in 2016. For single-family dwelling in 2016, out of the 659 number of sales, 45 are priced at $500,000 and above and 238 are priced at

$200,000 and below. For condominiums, out of 296 sales that occurred in 2016, only 75 sales were priced at $250,000 and above and 102 number of sales were priced at $150,000 and below. Out of the 582 single-family dwellings sold in 2015, 33 are priced at $500,000 and above and 252 are priced at $200,000 and below. A similar pattern can also be seen in the condominium sector. Out of 307 sales that occurred in 2015, only 62 sales were priced at $250,000 and above and over twice the number of sales (130) were priced at $150,000 and below. A summary of historic residential sales volume and median prices are included on the following page.

Guam Residential Number of Sales

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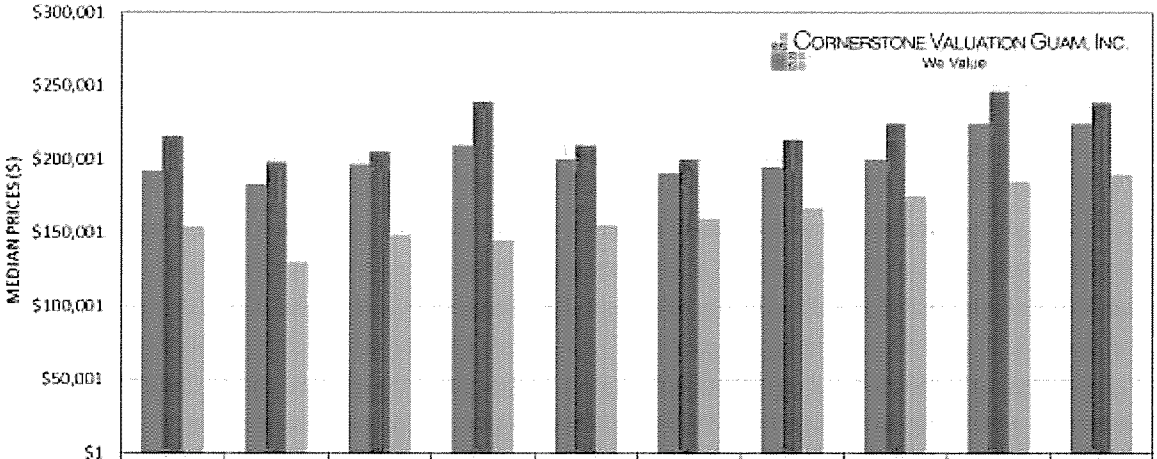


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]
Residential	946	777	796	694	676	719	819	889	955	1,144
SFD	668	597	581	513	520	539	514	582	659	789
Condo	278	180	215	181	156	180	305	307	296	355

[1] Based on 2017 Annualized data through September (9 Months).

Guam Residential Median Prices($)

Cornerstone Valuation Guam, Inc. Database; All rights reserved.



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017[1]
Residential	$192,363	$183,000	$197,000	$209,838	$200,000	$190,500	$195,000	$200,000	$225,000	$225,000
SFD	$215,800	$198,000	$206,000	$240,000	$210,000	$200,000	$213,625	$224,550	$246,500	$239,150
Condo	$154,600	$130,360	$148,800	$145,000	$155,000	$160,000	$167,200	$175,000	$185,500	$190,150

[1] Reflects 2017 YTD data through September (9 months).

Commercial activity in 2016 increased to $17.2 million from $14.4 million in 2015, a 20 percent increase, with notable sales involving the ParaOceana Business Center at $5.55 million, Jack Peters Building at $2 million, Smart Enterprises Building at $1.2 million, J2C Commercial Complex at $1.6 million, and various others. 2015 commercial sales volume involved the Reflection Center at $3 million, Former Foremost Warehouses at $8 million, Former Bank of Hawaii building (Tamuning Branch) at $2.1 million, Bejjess Building at $1.05 million, No Ka Oi Warehouse at $0.7 million, etc. 2014 commercial sales volume involved the two-story Marine Corps Drive fronting Centam office building at $3.5± million and a two-story concrete commercial building located along Fujita Road for $1.1 million. Other recent major commercial acquisitions include 2012's $142 million sale of Guam Premier Outlets and Tumon Sands Plaza, in addition to the $20.5 million Tumon Bay Shopping Center sale. Various recent new developments of owner occupant facilities include the Personal Finance Center building within the Camacho Landmark Center, Data Management Resources building along Route 16 and the Ambros facility, among others.

Multi-family sales activity for 2016 has slightly substantially increased at 109 percent at $10.9 million compared to 2015 at $5.2 million. The sales includes Oasis Apartments, Ruelos Apartments, Gagarin Apartments, and other small apartment buildings. Multi-family sales activity for 2015 includes MD Apartments, San Vitores Palace Apartments, and Star House Apartment in Tamuning and Former Inarajan Garden House Apartment in Mangilao. Other recent MFD sales involve Benbea Apartments in Barrigada, Paraiso Isla Townhouse in Yoña, Ladera Tower, Airport Apartment and various smaller apartments. This sector is heavily affected by the policy change in subsidized military tenants with the requirement to fill-up 400 unit barracks facility on base before lower ranking personnel can lease off base. Further, the impact of the newly constructed supply of affordable housing built on tax credit

funded programs, expected to add 442 total units to the existing inventory in as little as 5 years, is likely to affect this sector.

The hotel sector was dormant in 2013 with no sales. 2014 hotel sales reflect $3.8 million, with the Inarajan Garden House and former New Marine Hotel comprising the two hotel sector transactions. In June 2017, two Tanota Partners hotels, the Bayview and Oceanview Hotels (total 339 rooms) sold for $35 million to local construction/real estate holding company. 2016 hotel sales volume involved the Westin Resort Guam at $125 million sold by Japanese based Leo Palace to Hyundai subsidiary in April 2016. The strengthening tourism industry has stirred up activity in Tumon in recent years, with sales involving two Pale San Vitores parcels at record-setting prices, Tumon Sands Plaza and a large portion of the former Fujita Hotel site. The proposed Tumon Bay Shopping Center, an 180,000-square-foot concrete shell, was purchased by the owner of Micronesia Mall on a foreclosure-related transaction at $20.5 million, a fraction of its cost. Tourism related properties are expected to continue strong interest from local and foreign investors in 2015, especially with the opening of Guam's first five-star beachfront resort, the Dusit Thani in June 2015.

In general, the Guam real estate market reflect substantial activity in 2016 with $559.3 million since the recent stabilization after the sharp decline from the 2007 peak. The 2016 made a new peak of Guam sales volume with an increase of 73 percent compared to 2015 at $559.3 million. Although Westin Resort Guam sale made a significant impact on the 2016 sales volume, there was still a major increase of 33 percent, excluding the Westin Resort Guam sale.

The 2017 real estate market conditions are likely to benefit from the combined effects of an increase in federally related spending due to the lift of the military buildup funding freeze, positive outlook and continued diversification within the tourism industry, and enduring low interest rates and favorable local economic conditions for potential investors. However, market participants will likely remain relatively cautious, subject to further military related build up modifications and the drastically changing global economic condition. The most pressing issue currently is the H2-B Temporary workers visa denial rates is reportedly nearing 100 percent since 2016. This has caused labor shortage in the construction industry. If this continues, it will have significant impact on Guam real estate.

A January-February 2017 article on 2016 Guam Real Estate from Guam Business Magazine is included on the following pages.

Further, an article on Real Estate Redux: Data shows increase from the Marians Business Journal ("MBJ") is shown on the following pages.

ECONOMIC OUTLOOK

Real estate sales on the move after three mediocre years



Sisha S. Hinapay
Reporter
Pacific Daily News

The Guam real estate market in 2016 is poised to outperform 2015. The 2016 annualized real estate sales volume, based on 11 months of figures through November, is $666.7 million – 7% above the 2015 figure. Although the sales include The Westin Resort Guam's acquisition at $125 million, the sales volume is still significant as it is the second highest in the last 15 years, remarkably below the 2007 peak. After three consecutive annual declines, activity appears to improve. The number of transactions in 2016 at 1,342 also reflects an 8% increase compared to 2015 with 1,245 transactions.

Land sales in 2016 reflect an annualized volume of near $41 million and 1,000 lots sold. The median size of land parcel sold was 1,258 square meters or a half acre, with the median price in 2016 at $80,000.

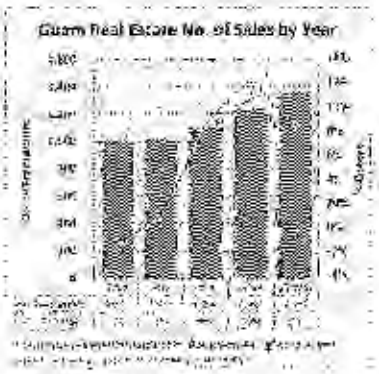
Tumon undeveloped continues to be the most desirable location in Guam. A Taiwan based investor acquired one of the last investment pieces to come to Tumon for $44 million. Another 11 lots on the oceanfront were sold in Pago Bay for $2.5 million.

The land sales also include various former federal excess lands in Tiyan, the Route 3 vicinity and Barrigada. Up to 10 lots were sold in Barrigada with a total price of more than $2.1 million. The sales also include the proposed $7 million residential subdivision project proposed for West Tiyan adjacent and benefitting from the South Finasson Interchange at Tiyan Gate. Route 3 vicinity activity has slowed down as the market absorbed existing supply and the sellers could not compromise. Several former federal excess lands in Barrigada also sold. More federal excess lands are expected to be sold to the private as both owners and for private use.

Residential sales volume, including single family dwellings or lots, condominium units and condominium lots, increased by 6% from 2015 to $224.0 million. The sales include 208 single family dwellings and 295 condominium units. The median price of a residential unit increased by 10%. In 2016 the median price was 290K or $280,000 with the median price of single family dwellings at $242,000 and condominium units at $180,000. As of mid-December only 138 units condominium units and 267 single family dwellings are available for sale on the Guam Association of Realtors Multiple Listing Service.

We performed the 13th Annual Demographics International Housing Affordability Survey and applied it to Guam. This study compares the median









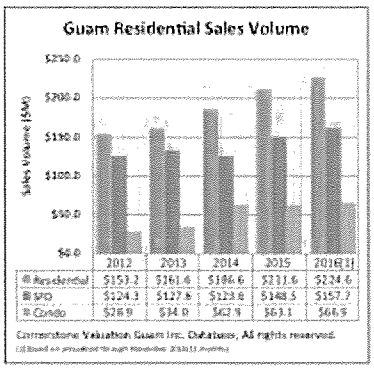
hours priced for a dwelling unit to annual household income in the locality. Although not affordability index comparable with other island neighbors Hawaii, Guam is on the severely unaffordable category. The increase in construction costs are likely going to have a negative impact on affordability going forward. Modest growth in new business investment opportunities and/or materials will be needed. Further, 2017 will likely see increased

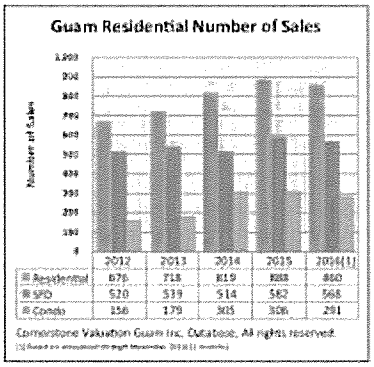
prices that will reduce the affordability.

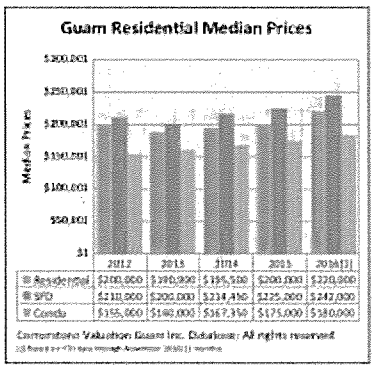
Residential rental activity as the Guam Association of Realtors' MLS reflects a relatively similar volume and number of transactions. However, the median monthly rental amount rose to around to $2,450.

The multi-family sales reflected seven sales with total volume for 2016 near to about $62 million. The sales include newly constructed properties ready for occupation by new investors. The sales include the five-unit Agat Apartments and the 30-unit Oasis Apartments, recently sold. Guam Naval Limited recently advertised for sale and received bids on three condominium units on Lalahaya Drive up rental rates of five times over.

The commercial and industrial sectors reflected 19 sales at $29.2 million in 2016, year to date. The sales include the $16.5 million Pan Oceania building in Harmon, acquired by Core Tech for $4 million. Five income tax returns at Peters & Co. facility in Ugasa Tupon, the $1.6 million proposed Federated States of Micronesia consulate building on Gnatu Dr., the $6 million Hyosung Public Storage and the $2.5 million proposed cold storage at Tumon Sands Plaza. It is impossible to make any conclusive statements or assumptions that the increased real







struction costs have been one of the key factors in purchases. Buyers are willing to acquire abandoned, lower quality properties in poor condition and spend the capital on renovations.

In the pipeline to add to the supply in 2017 is the 21,000-square-foot Phase II of the Camacho Landmark Center by the ITC intersection. Various owner-occupant facilities are under construction, including the W.M. Engineering facility in Tamuning, Matson headquarters in Anigua and others. A strip mall center is nearing

CONTINUED ON PAGE 18

Real estates sales over $1 million in 2016

Property	Municipality	Land Area (sm)	Transaction Date	Indicated Price
The Westin Resort Guam	Tamuning	20,582	4/14/2016	$125,000,000
Tumon Oceanfront Land	Tamuning	50,470	9/6/2016	$34,000,000
Pago Bay Oceanfront Land	Yona	111,121	1/19/2016	$23,000,000
Windward Hills Golf Course	Yona	678,620	6/14/2016	$8,516,000
Former Texas A&M Land	Yona	4,584,866	10/26/2016	$7,000,000
South Tiyan Land	Barrigada	90,751	9/2/2016	$6,120,756
ParaOceana Business Center	Dededo	8,094	6/23/2016	$5,550,000
Harmon Public Storage	Tamuning	15,290	5/20/2016	$5,000,000
Hagatna Bay Oceanfront Land	Tamuning	6,072	10/7/2016	$3,650,000
West Tiyan Properties	MTM	30,858	4/6/2016	$3,586,167
Talo Verde Cliffline House	Tamuning	1,569	2/17/2016	$3,500,000
Oasis Apartments	Mongmong-Toto-Maite	3,437	6/20/2016	$2,125,000
Yigo Fayless Land	Yigo	15,738	9/30/2016	$2,100,000
South North Harmon Warehouses	Tamuning	6,885	5/27/2016	$2,050,000
Jack Peters Building	Tamuning	4,211	6/17/2016	$2,000,000
Marine Corps Drive Land	Dededo	14,684	10/21/2016	$1,880,000
Paseo De Oro House	Tamuning	1,818	1/5/2016	$1,628,000
Tumon Oceanfront Condominium	Tamuning		4/14/2016	$1,600,000
Route 16 Commercial Building	Tamuning	2,109	6/6/2016	$1,600,000
Interior Tumon Land	Tamuning	3,879	3/22/2016	$1,531,000
Former Federal Excess Land	Barrigada	62,337	2/2/2016	$1,504,000
Manibusan Condominium	Barrigada	1,782	5/4/2016	$1,500,000
Commercial Building Harmon	Tamuning	2,392	9/23/2016	$1,500,000
Tumon Oceanfront Condominium	Tamuning	5,963	1/20/2016	$1,300,000
Tumon Oceanfront Condominium	Tamuning	1,718	2/22/2016	$1,240,000
Route 16 Commercial Building	Dededo	1,991	4/27/2016	$1,200,000
Smart Enterprises Building	Tamuning	2,321	6/16/2016	$1,200,000
NCS Vicinity Townhouses	Dededo	2,050	4/22/2016	$1,200,000
Tumon Oceanfront Condominium	Tamuning	2,596	3/31/2016	$1,125,000
Tiyan Vicinity Land	Barrigada	30,428	11/4/2016	$1,058,680
Paseo De Oro Land	Tamuning	2,340	6/24/2016	$1,050,000
Marine Corps Drive Land	Dededo	10,948	6/1/2016	$1,008,000
Cliffline House	Tamuning	1,110	1/11/2016	$1,000,000

CONTINUED FROM PAGE 13

completion along Route 10 near its intersection with Route 15. Another dialysis center is also under construction along Route 3 in Dededo. Pre-leasing is still not popular in Guam and tenants typically wait until the building is completed.

The things to watch for in 2017 and the years to come include the continuous shift in Guam's tourist profile, sharing economy, e-commerce, interest rates, and yes, the new U.S. commander in chief.

The shifts in Guam's tourist profile affect real estate directly. The tourists are shifting from the "packaged" type to the Free Individual Travelers, or FITs. We are aware of several apartment operations that are shifting into "AirBnB" types of operations. Mom-and-pop car rentals are also on the rise with more FITs on our island. Local brands and restaurants are increasing in popularity with FITs.

The high-end retail sector enjoyed fairly good times in 2016 due to the strengthening yen until it weakened in late 2016. The retail sector also experienced boosts with the availability of low-cost carriers from Philippines. While Macy's is closing in Kailua and other parts of the mainland, Guam's Macy's expanded and now looks like a real Macy's with 200,000 square feet of space in Micronesia Mall. Macy's obviously understood the Asian profile of Guam's tourists and looked beyond our "mere" 180,000 population.

The sharing economy will remain popular, with AirBnb and Uber, or Guam's Stroll. Although e-commerce has reduced footprints of retail in the U.S. mainland, it will be a while before Guam catches up with this trend, as our tourists will likely want to buy U.S. brands on tax-free U.S. soil.

	No. of Transactions			Sold Volume		
Item	2015	2016	% Change	2015	2016	% Change
Condo/Townhouse/Apt	1,048	998	-4.8%	$1,646,867	$1,631,689	-0.9%
Single family dwelling	675	696	3.1%	$1,523,178	$1,590,302	4.4%
Residential	1,723	1,694	-1.7%	$3,170,045	$3,221,991	1.6%

	Median Rent Price		
Item	2015	2016	% Change
Condo/Townhouse/ Apt	1,500	1,700	13.3%
Single family dwelling	2,205	2,450	11.1%

Interest rate hikes are highly anticipated and will affect affordability. The new U.S. commander in chief will impact Guam's military buildup and policy on construction workers.

Although it is too early to tell where these policies may lead us, we may be fortunate to find out about them on Twitter. ■

Real estate redux: Data shows increase

BY JOY WHITE

Journal Staff

Real estate sales for the first half of 2017 are on track to outpace 2016.



Some $503.1 million in transactions occurred from January to June, compared to $345 recorded in the same period of 2016 and $588.7 million in all of 2016, according to data prepared by Cornerstone Valuation Guam Inc. There were 731 real estate transactions in the first and second quarters of 2017 combined, and there were 1,363 transactions in the whole of 2016.

Trends in 2017 appear to mirror 2016, with the first quarters of each year starting slow, then spiking in the second quarter.

Sales increased 141% from the first and second quarters of 2016, going from $98 million to $247 million, but the volume of sales decreased substantially in the second half of 2016, sinking to $124 million in the third quarter and $90 million in the fourth quarter, which was the slowest quarter of transactions and sales volume for the past year and a half.

The first quarter of 2017 saw a 7% increase in real estate sales volume. As in 2016, the volume of sales increased substantially in the second quarter, with $207 million in sales in the second quarter of 2017.

June saw the highest total volume of residential sales for the first half of 2017 at $139.7 million. However, the number of transactions was lower for the month, going from 147 in May to 124, indicating that properties of greater values were sold in June.

"The most significant development is that the quarterly number of sales increase sharply in the second quarter of 2017. The Core Tech purchases of Tanota Rentals and two hotels are pretty much worth most of one quarter's volume," says Siska S. Hutapea, president of Cornerstone Valuation Guam.

Core Tech's purchases that took place in June include the $51 million purchase of various properties totaling 167,603 square meters from Tanota Rentals LLC. (See "Seventeen large properties change ownership in single transaction" in the June 12 issue of the Journal and the $35 million purchase of various properties previously owned by Bayview V LLC totaling 48,148 square feet. (See "Income with a view" in the July 10 issue of the Journal.)

After June, the top months for real estate sales were May with $48.5 million, April with $37 million and March with $34.8 million, showing an upward trend since February, when $27.7 million in real estate sales were made. February saw the least amount of sales of the year, dropping from $32.4 million in sales in January.

The number of individual sales increased in the first three months before dropping in April. The number of sales peaked in May with 147 sales before decreasing by 12.2% in June. After May, the top months were March with 140 sales and April with 133. January saw the lowest number of sales, with 105.

Of the total volume of sales in 2017, $135.5 million were residential sales, representing 384 transactions.

From January to June, the volume of sales and number of transactions for residential properties excluding single-family dwellings and condominiums, fluctuated from month to month, with total volume sales peaking in March with $27.1 million earned from 108 transactions. Other top months for sales volume include June, with $25.7 million earned from 97 transactions; April, with $24.7 million earned from 82 transactions; and May, with $23 million earned from 107 transactions. The slowest month for residential sales and transactions was February, with 75 transactions totaling $15.1 million.

Overall, more single-family dwelling homes than condominiums have been sold and the median price for the units fluctuated each month. The median price for residential units as a whole was the highest in April at $237,500, while the highest median price for single-family dwelling was in June at $260,000 and for condominiums was in May at $209,000.

In 2016, the overall median price for residential units was $220,000.

Spill-over impacts from the construction workforce shortage caused by H-2B visa denials may soon be a factor in the price of homes. "What we've seen is older properties that are typically not attractive are now sold, as it is cheaper and easier to renovate than build new," Hattabaa says. "People will be willing to pay more for an existing supply as limited new supply will be coming into the market due to the high cost of construction. If this H-2B issue is not resolved, it will push land prices down."

However, the market always tries to reach an equilibrium, she says. Various market participants will work to find the solutions, such as new construction methods or new sources of construction labor, she

Price	Property	Sale Date	Buyer	Seller
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Cornerstone Valuation Guam Inc.

(https://mvguam.com/wp-content/uploads/2017/09/Page-6-chart.png)

Source: Cornerstone Valuation Guam Inc.

ADDENDUM B

DETAILS TO PERTINENT LAND TRANSACTIONS

DETAILS TO PERTINENT LAND SALES

Sale No. 1

A.	Recording Data:	Instrument No. 912175
B.	Grantor/Lessor:	IT&E Overseas Inc.
C.	Grantee/Lessee:	Sekiguchi Corporation
D.	Date of Transaction:	September 8, 2017
E.	Date Inspected:	September 30, 2017
F.	Dimensions and size:	Data taken from Lot Parceling Survey Map dated June 8, 2015 and recorded as Instrument No. 879153
	a. Land	Gross Land Area: 3,130 ± square meters
	b. Improvements	Vacant with perimeter chain link fence and concrete pavement
G.	Consideration:	$720,000 (cash to seller)
H.	Unit Price:	$230 per square meter ($720,000 / 3,130 square meter) $930,910 per acre ($720,000 / 0.8 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	Lot No. 2140-4-R2NEW-1NEW-4
K.	Address:	Pick-A-Nail Road (Guerrero Drive), northeast of Atkin Krolls Buildings, Municipality of Tamuning
L.	Zoning:	M1, Light Industrial Zone
M.	Present Use:	Vacant land
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/partial owner-occupant industrial/commercial uses
O.	Condition of Transaction:	Arms-length, non-MLS sale
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	None
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) indicated on Flood Insurance Rate Map No. 6600010084D effective September 28, 2007
	c. Other	None
R.	Type of Improvements:	Concrete slab on site
S.	Site Utilities:	At site

T. Verification Information:

a. Verification Sources:	Ms. India Sekiguchi and Dept. of Land Management
b. Information verified:	Price confirmed with Ms. India Sekiguchi, representative of the buyer. Ms. Sekiguchi noted the buyer acquired the property for long term investment. It is noted that the buyer previously acquired nearby lot to the southeast for the same unit rate in September 2016. Further, the buyer also was given option to purchase the adjacent lot to the east at the same rate within two years.

U. Motivation of Parties:

a. Source of Information:	Ms. India Sekiguchi
b. Relation of Parties:	Arm's length
c. Unusual Motivations:	None

V. Analysis of Pertinent Info.:	None
W. Overall Exposure Time:	Not listed on open market
X. Days on Market:	Not available

Y. Remarks

a. Topography:	Fairly level
b. Access:	Western boundary has access along Pick-A-Nail Road
c. Amenity View:	None

Z. See photograph and maps on following pages.

PHOTOGRAPHS

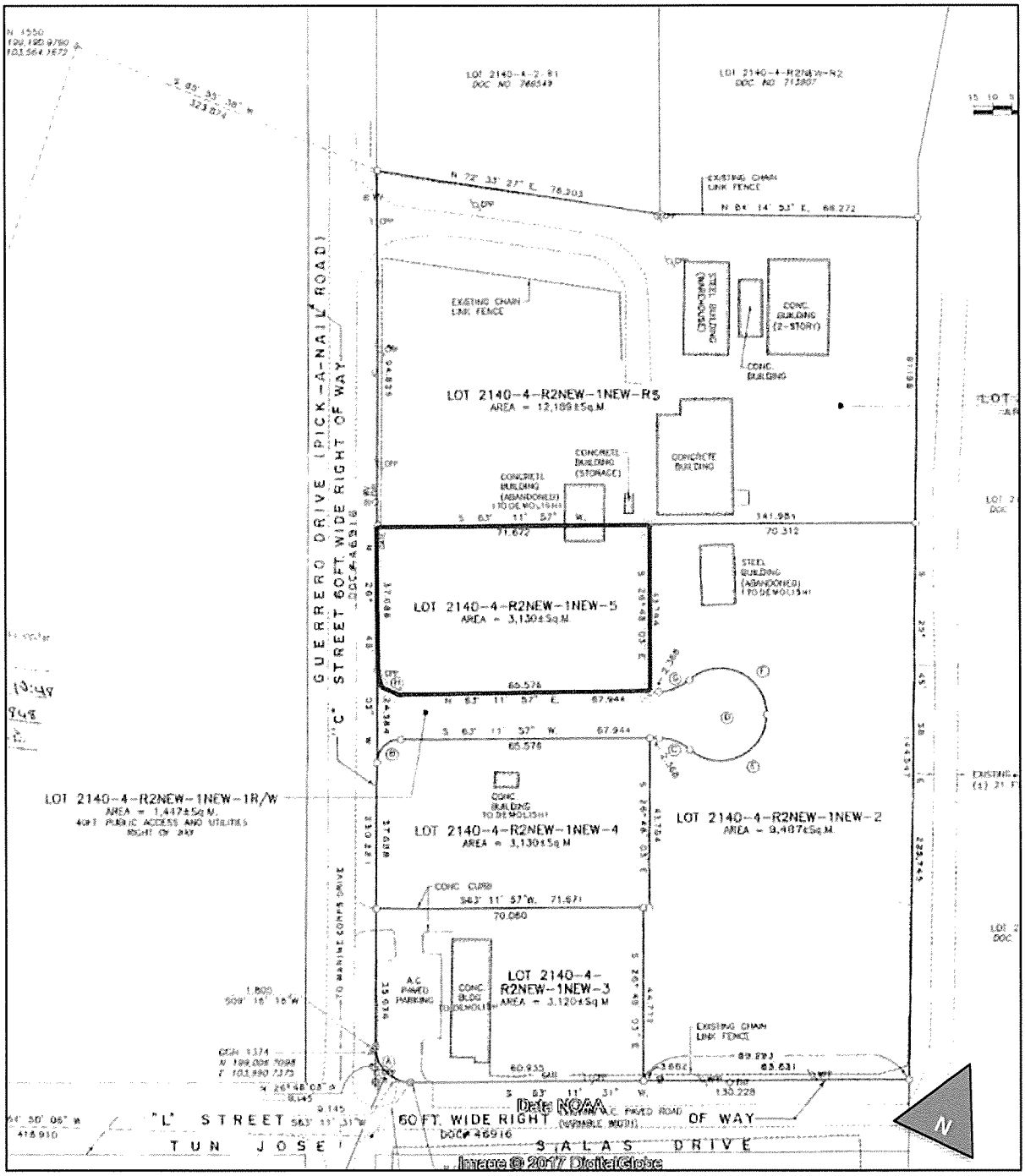


Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Northerly view along Pick-A-Nail Road from a point near the southwest corner of the lot.



Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Westerly view across lot from a central point near southern boundary of the lot. Note the concrete slab.

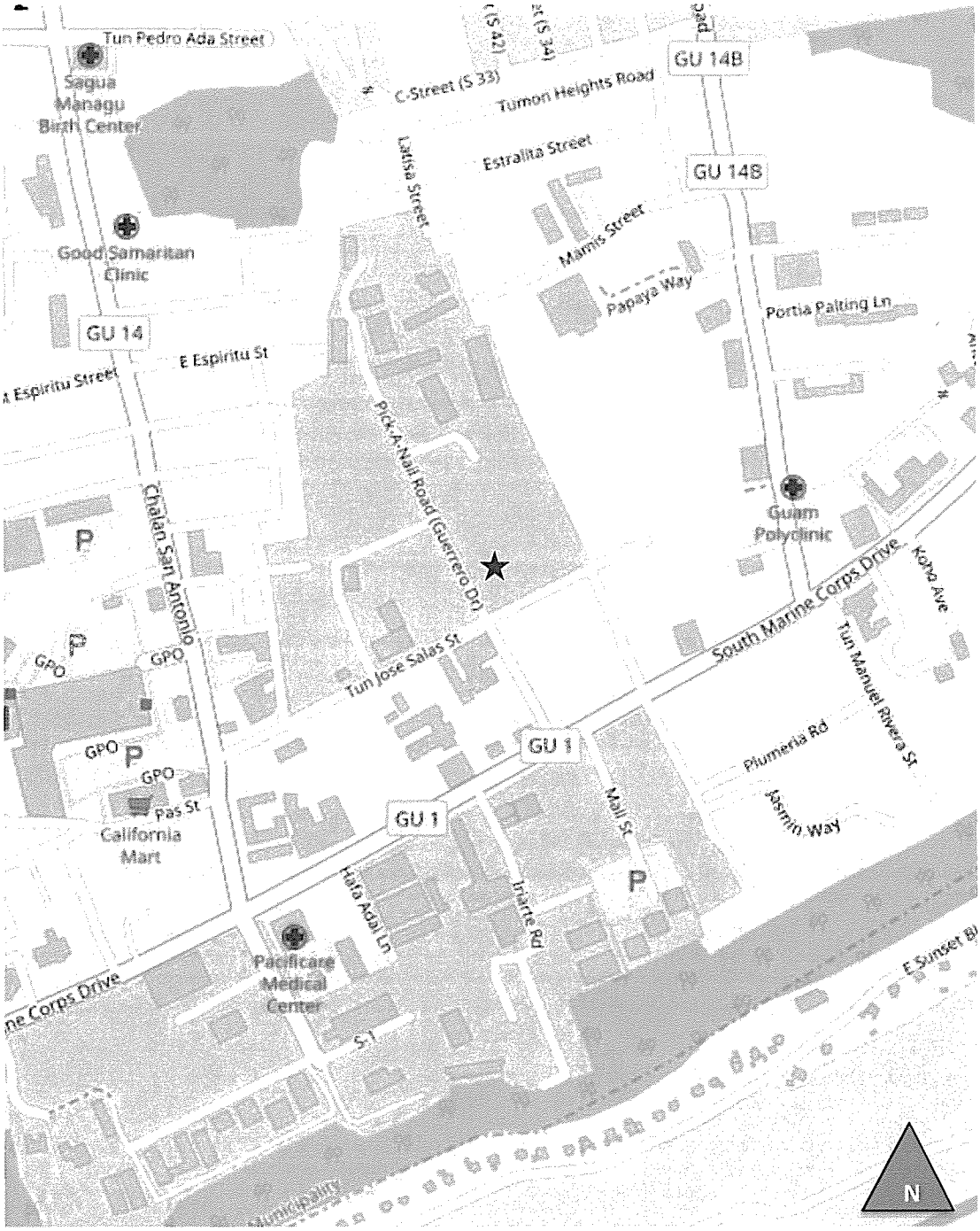
LOT MAP


LOT 2140-4-2-R1
DOC NO 746549
LOT 2140-4-R2NEW-R2
DOC NO 713807
N 72° 33' 27" E 76.203
EXISTING CHAIN LINK FENCE
N 84° 14' 53" E 68.272
EXISTING CHAIN LINK FENCE
CONC. BUILDING (2-STORY)
CONC. BUILDING
LOT 2140-4-R2NEW-1NEW-R5
AREA = 12,189±Sq.M.
CONCRETE BUILDING (STORAGE)
CONCRETE BUILDING (ABANDONED) TO BE DEMOLISHED
CONCRETE BUILDING
S 83° 11' 57" W 71.672
341.951
70.312
STEEL BUILDING (ABANDONED) TO BE DEMOLISHED
GUERRERO DRIVE (PICK-A-NAIL ROAD)
"C" STREET 60FT. WIDE RIGHT OF WAY
DOC# 46916
LOT 2140-4-R2NEW-1NEW-5
AREA = 3,130±Sq.M.
60.578
N 83° 11' 57" E 67.944
S 83° 11' 57" W 67.944
65.578
LOT 2140-4-R2NEW-1NEW-1R/W
AREA = 1,447±Sq.M.
40FT PUBLIC ACCESS AND UTILITIES RIGHT OF WAY
CONC. BLDG TO BE DEMOLISHED
LOT 2140-4-R2NEW-1NEW-4
AREA = 3,130±Sq.M.
LOT 2140-4-R2NEW-1NEW-2
AREA = 9,407±Sq.M.
CONC CURB
S83° 11' 57"W. 71.671
70.060
A.C. PAVED PARKING
CONC BLDG TO BE DEMOLISHED
LOT 2140-4-R2NEW-1NEW-3
AREA = 3,120±Sq.M.
EXISTING CHAIN LINK FENCE
89.771
83.631
60.935
S 83° 11' 31" W
130.228
9.145
"L" STREET
60FT. WIDE RIGHT OF WAY
DOC# 46916
TUN JOSE
SALAS DRIVE
Data NOAA
Imagery © 2017 DigitalGlobe
N

GOOGLE EARTH SATELLITE IMAGE



STREET MAP


Tun Pedro Ada Street
Sagua Managu Birth Center
C Street (S 33)
Tumon Heights Road
GU 14B
Estralita Street
GU 14B
Latisa Street
Mamis Street
Papaya Way
Portia Palting Ln
Good Samaritan Clinic
GU 14
E Espiritu St
Espiritu Street
Chalan San Antonio
Pick-A-Nail Road (Guerrero Dr)
Guam Polyclinic
South Marine Corps Drive
Kona Ave
Tun Jose Salas St
GPO
Tun Manuel Rivera St
GU 1
Plumeria Rd
Jasmin Way
Pas St
California Mart
GU 1
Mall St
Haka Adal Ln
Iriarte Rd
Pacificare Medical Center
S 1
E Sunset Bl
N

DETAILS TO PERTINENT LAND SALES

Sale No. 2

A.	Recording Data:	Instrument No. 899063
B.	Grantor/Lessor:	Carl T.C. Gutierrez
C.	Grantee/Lessee:	One Marine Drive Corporation
D.	Date of Transaction:	October 21, 2016
E.	Date Inspected:	September 30, 2017
F.	Dimensions and size:	Data taken from Parcelling Survey Map of Lot 5014#1-2 dated August 10, 2004 and recorded as Instrument No. 896450
	a. Land	Gross Land Area: 9,406 ± sm (two fee simple lots only; see comments)
	b. Improvements	Vacant at sale date
G.	Consideration:	$1,850,000 (cash to seller)
H.	Unit Price:	$9,406 per square meter ($1,850,000 / 9,406 square meter) $795,951 per acre ($1,850,000 / 2.3 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	

Lot No.	Land Area	Ownership
L5014#1-2-2	9,004	Fee Simple
L5014#1-2-R3	402	Fee Simple
Net land area:	9,406	± sq. m. fee simple land area
L5014#1-2-3	3,907	Other
L5014#1-2-1	1,371	Other
Gross land areA:	14,684	± gross land area

K.	Address:	Marine Corps Drive and interior road off of Route 34, north of Micronesia Mall, Municipality of Dededo
L.	Zoning:	C, Commercial Zone
M.	Present Use:	Vacant at sale date
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/partial owner-occupant commercial uses
O.	Condition of Transaction:	Arms-length, non-MLS sale
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	None
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) indicated on Flood Insurance Rate Map No. 6600010084D effective September 28, 2007
	c. Other	None
R.	Type of Improvements:	Vacant at sale date
S.	Site Utilities:	At site
T.	Verification Information:	
	a. Verification Sources:	Mr. Shawn Blas, a confidential source, and Dept. of Land Management records.

b. Information verified: Details to this transaction were verified with Mr. Shawn Blas, a real estate agent involved with the transaction, and with a confidential source. Mr. Blas and the confidential source confirmed the sale price.

U. Motivation of Parties:

a. Source of Information: Mr. Shawn Blas and confidential source

b. Relation of Parties: Arm's length

c. Unusual Motivations: Mr. Blas noted that two of the four lots transferred in the deed involve federal land not returned to the original land owner (the sellers). The two fee simple lots (shaded in pink) reflect L5014#1-2-2 (9,004 square meters) and -R3 (402 square meters) totaling a gross land area of 9,406 square meters. The buyer paid $30,000 for other interest in the federally owned L5014#1-2-3 and -1, totaling a gross land area of 5,278 square meters. These lots have not been returned by the federal government but the buyer acquired the unspecified interest, if any, on these lots. The indicated purchase price reflects the total $1,880,000 consideration less the $30,000 paid for the other interest, or $1,850,000 for 9,406± square meters of fee simple land.

V. Analysis of Pertinent Info.: None

W. Overall Exposure Time: Not listed on open market

X. Days on Market: Not available

Y. Remarks

a. Topography: Fairly level

b. Access: Lot No. 5014#1-2-1 (Telephone Easement) separates the subject and Marine Corps Drive

c. Amenity View: None

Z. See photograph and maps on following pages.

PHOTOGRAPH

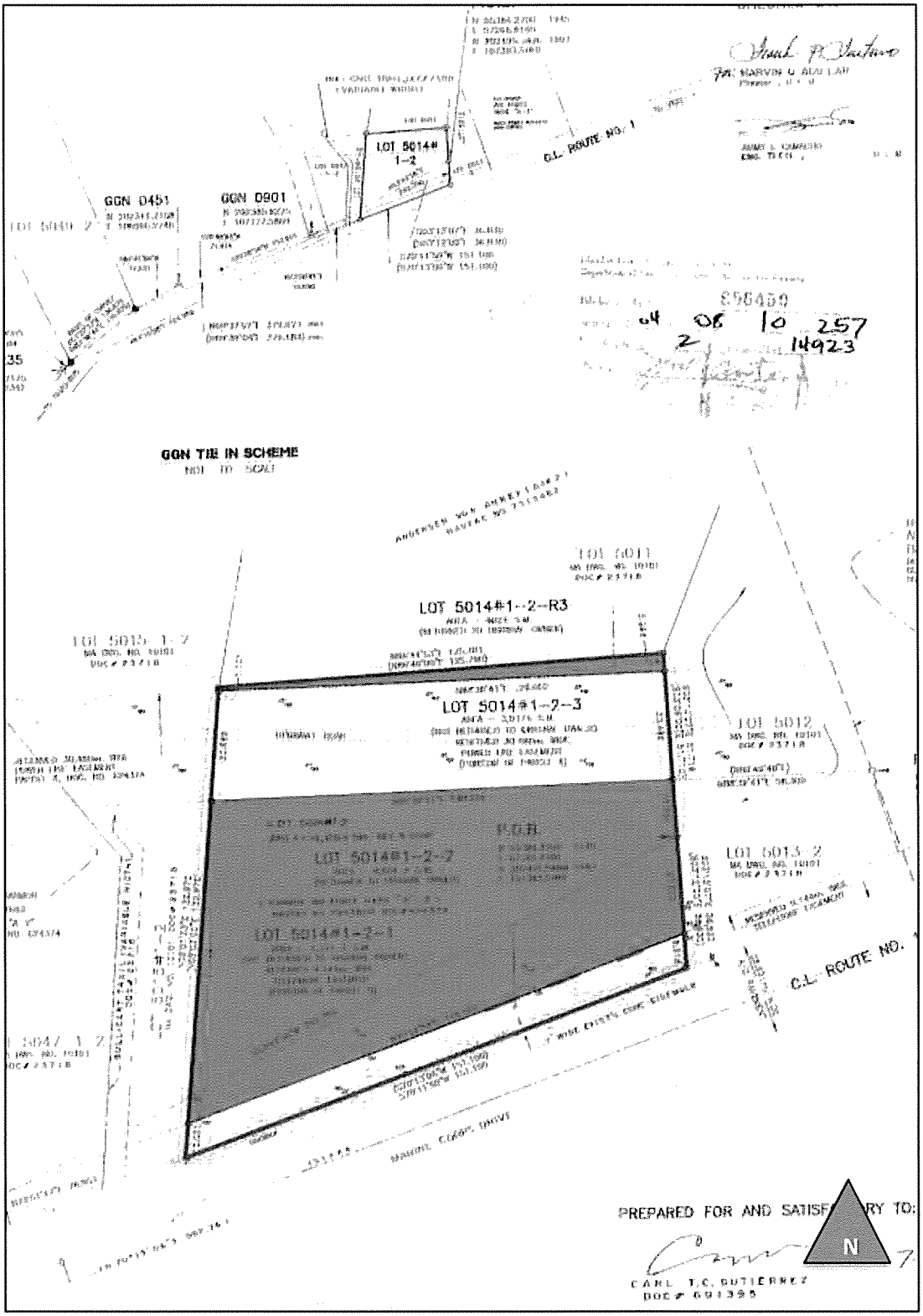


Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Southwesterly view along Marine Corps Drive from a point near the southeast corner of the landholding. Note the metal storage containers on site. It is noted that Lot No. 5014#1-2-1 (telephone easement) separates the subject and Marine Corps Drive.



Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Southerly view from a central point near the northern boundary of the landholding. Note Micronesia Mall across Marine Corps Drive at the back left of the photograph.

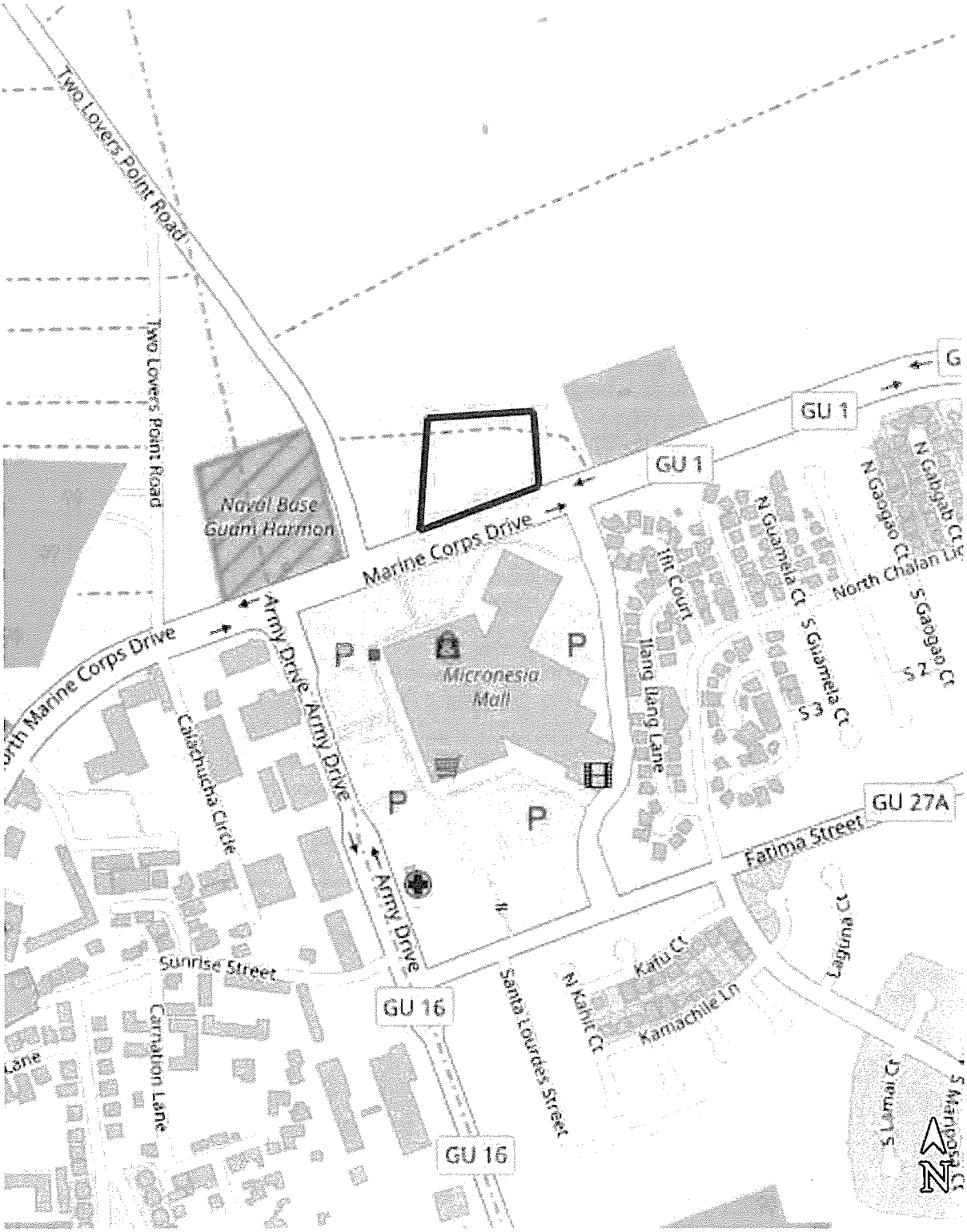
LOT MAP


LOT 5014#1-2
GGN 0451
GGN 0901
C.L. ROUTE NO. 1
GGN TIE IN SCHEME
LOT 5014#1-2-R3
LOT 5014#1-2-3
LOT 5014#1-2-2
LOT 5014#1-2-1
LOT 5011
LOT 5012
LOT 5013-2
C.L. ROUTE NO.
PREPARED FOR AND SATISFACTORY TO:
N

GOOGLE EARTH SATELLITE IMAGE



STREET MAP


Two Lovers Point Road
Two Lovers Point Road
Naval Base Guam Harmon
Marine Corps Drive
GU 1
GU 1
Marine Corps Drive
Army Drive
Army Drive
Micronesia Mall
P
P
P
P
Calachuchia Circle
Iiff Court
Ilang Ilang Lane
N Guamela Ct
S Guamela Ct
S3
N Gaogao Ct
S Gaogao Ct
S2
North Chalan Lic
N Gabgab Ct
GU 27A
Fatima Street
Kafu Ct
Kamachile Ln
N Kahlit Ct
Santa Lourdes Street
Sunrise Street
GU 16
GU 16
Carnation Lane
S Lamai Ct
S Marquez Ct
N

DETAILS TO PERTINENT LAND SALES

Sale No. 3

A.	Recording Data:	Instrument No. 900148
B.	Grantor/Lessor:	Estate of Isabel G. Nelson, by and through its Administrator, Elizabeth N. Rabe
C.	Grantee/Lessee:	LF Corporation
D.	Date of Transaction:	February 4, 2016
E.	Date Inspected:	September 30, 2017
F.	Dimensions and size:	Data taken from Retracement Survey of Lot 1143-R1 For Lease Purposes dated December 2, 1993 and recorded as Instrument No. 499522
	a. Land	Gross Land Area: 17,424 ± square meters
	b. Improvements	Vacant at sale date
G.	Consideration:	$209,088 (per year negotiated rent) 8% (land rate of return) $2,613,600 (indicated land value) **Say, $2,610,000** (rounded)
H.	Unit Price:	$150 per square meter ($2,610,000 / 17,424 square meter) $606,195 per acre ($2,610,000 / 4.3 acres)
I.	Type of Instrument:	Memorandum of Lease
J.	Tax Identification:	The portion of Lot No. 1143-R1, excluding 3,000± square meters leased by IP&E Holdings, LLC
K.	Address:	Route 8, adjacent to Maite Mobil Gas Station, Municipality of Mongmong-Toto-Maite
L.	Zoning:	Split-zoned; C, Commercial Zone along Marine Corps Drive and R2, Multiple Dwelling Zone for southern portion
M.	Present Use:	Vacant land
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/partial owner-occupant commercial uses
O.	Condition of Transaction:	Arms-length, non-MLS lease
P.	Type of Financing:	Not applicable
Q.	Encumbrances:	
	a. Easements:	Minor 10-foot telephone easement along southern boundary
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) indicated on Flood Insurance Rate Map No. 6600010092D effective September 28, 2007
	c. Other	None
R.	Type of Improvements:	Vacant land
S.	Site Utilities:	At site
T.	Verification Information:	
	a. Verification Sources:	Mr. William Wong, leasehold owner representative

b. Information verified: Details to this transaction were verified with Mr. William Wong, leasehold owner representative. Mr. Wong confirmed current ground rent at $1.00 per square meter per month and stated rent escalates by 10 percent every 5 years. Mr. Wong further noted the property was leased for owner-occupant/partial owner-occupant commercial development. (American Grocery new site). Mr. Wong stated he only needed a portion of the land but the Lessor wanted to lease the entire portion.
We attempted to contact Lessor through its Administrator. However, Mr. Ray Haddock, the lawyer for the Lessor contacted us and noted that the Lessor does not wish to disclose any pertinent information.

U. Motivation of Parties:
   a. Source of Information: Mr. William Wong, leasehold owner representative
   b. Relation of Parties: Arm's length
   c. Unusual Motivations: None known

V. Analysis of Pertinent Info.: None

W. Overall Exposure Time: Not listed on open market

X. Days on Market: Not available

Y. Remarks
   a. Topography: Fairly level
   b. Access: Route 8
   c. Amenity View: None

Z. See photograph and maps on following pages.

PHOTOGRAPHS

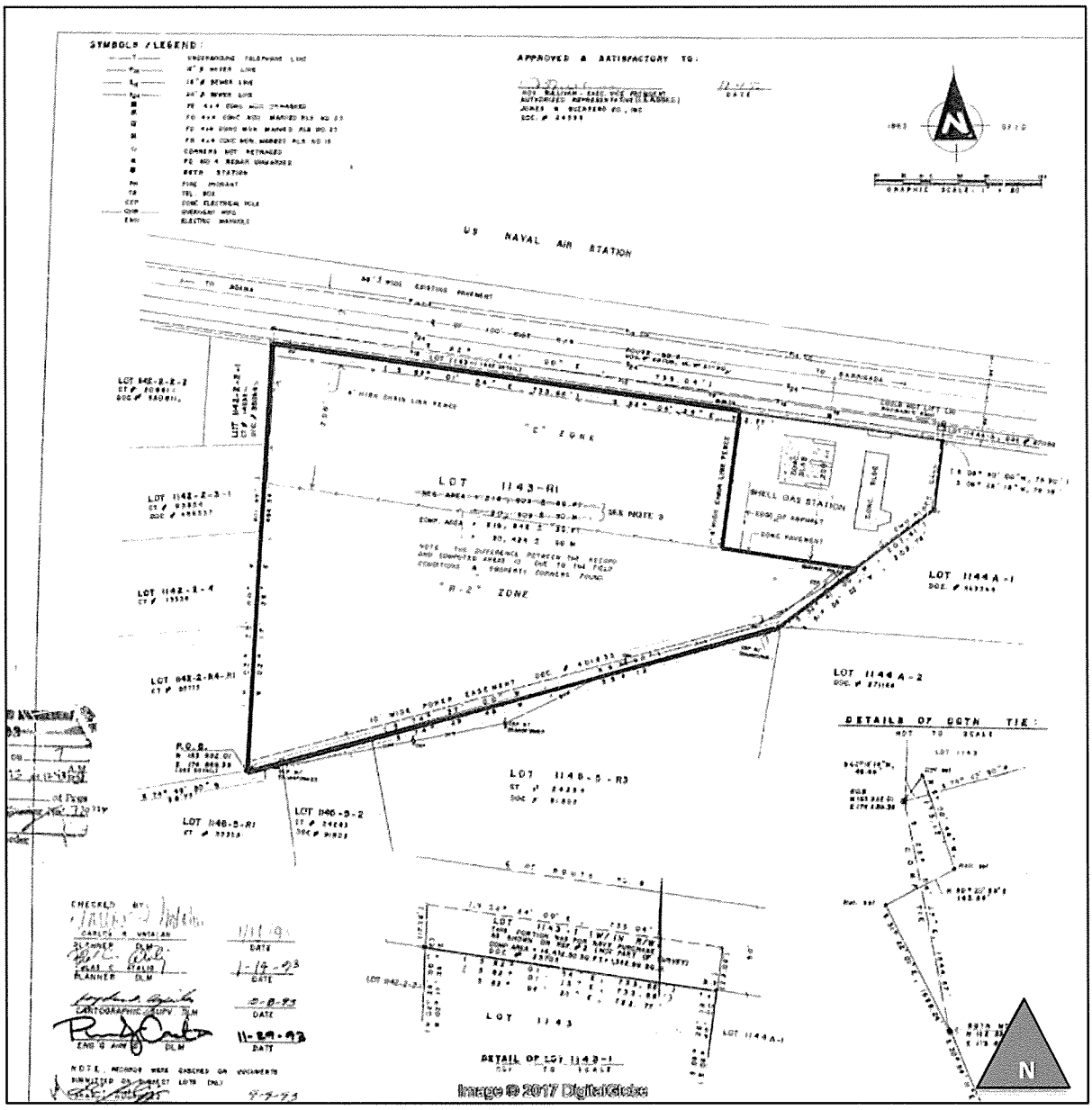


Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Southwesterly view across Route 8 from a point near the northeast corner of the lot.



Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Northwesterly view from a point near the southeast corner of the subject parent lot. Note A.B. Won Pat International Airport located across Route 8 and Mobile Service Station at the back left of the photograph.

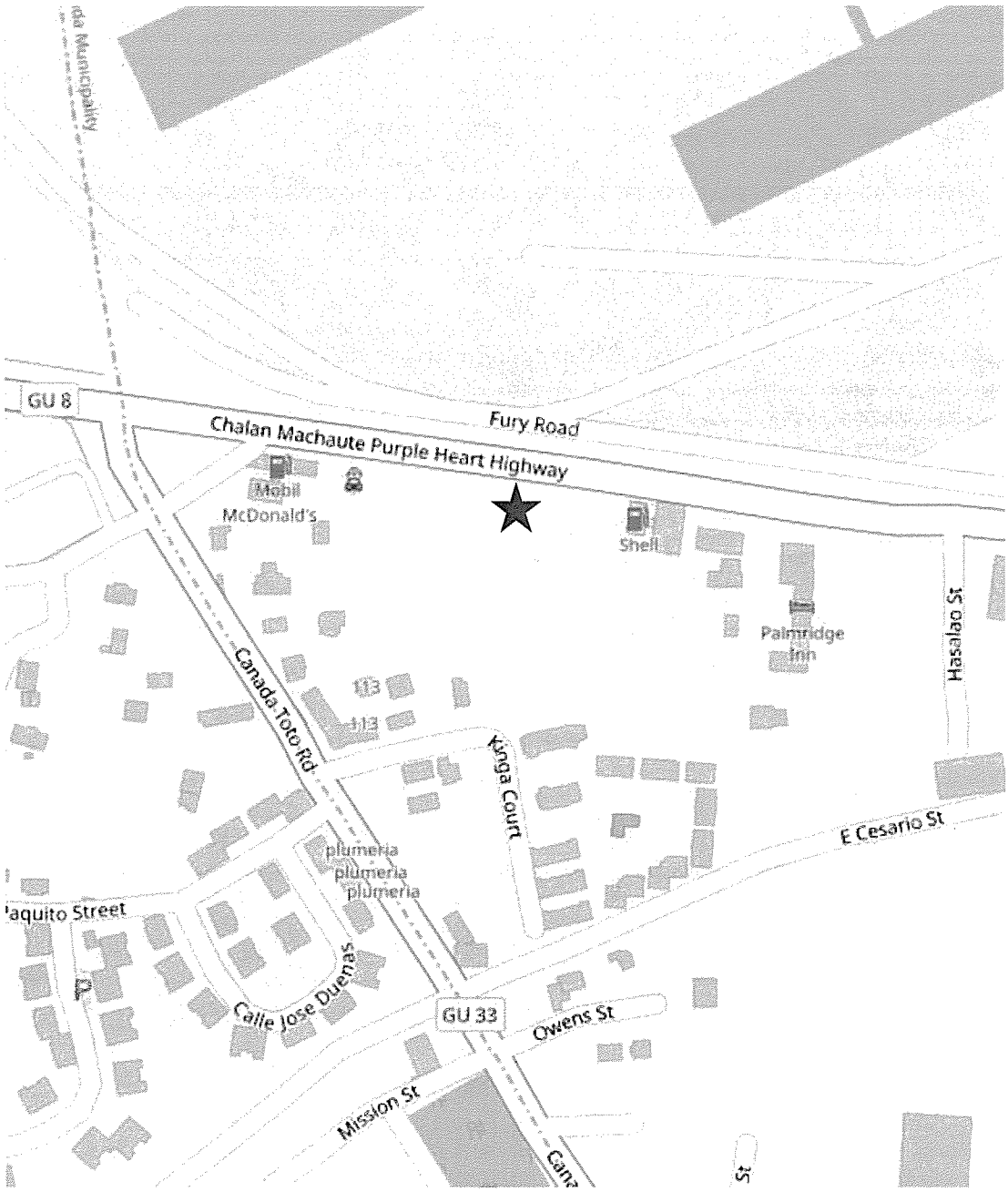
LOT MAP


US NAVAL AIR STATION
LOT 1143-R1
"C" ZONE
"B-2" ZONE
SHELL GAS STATION
LOT 1144A-1
LOT 1144A-2
LOT 1148-5-R3
LOT 1146-5-R1
LOT 1146-5-2
LOT 1142-2-4
LOT 1142-2-3-1
LOT 1143
DETAIL OF LOT 1143-1
DETAILS OF POTN TIE
N
Image © 2017 DigitalGlobe

GOOGLE EARTH SATELLITE IMAGE



STREET MAP


GU 8
Fury Road
Chalan Machaute Purple Heart Highway
Mobil
McDonald's
Shell
Palmridge Inn
Hasalao St
Canada Toko Rd
113
113
Kinga Court
E Cesario St
plumeria
plumeria
plumeria
Calle Jose Duenas
GU 33
Owens St
Mission St

DETAILS TO PERTINENT LAND SALES

Sale No. 4

A.	Recording Data:	Instrument No. 886242
B.	Grantor/Lessor:	David J. Lujan
C.	Grantee/Lessee:	LZ Company
D.	Date of Transaction:	November 30, 2015
E.	Date Inspected:	September 30, 2017
F.	Dimensions and size:	Data taken from Lot Parceling Survey Map of Lot 5147-3-3NEW-R5, dated March 20, 2015 recorded as Instrument No. 876133
	a. Land	Gross Land Area: 3,764 ± square meters
	b. Improvements	Vacant land
G.	Consideration:	$752,800 (cash to seller)
H.	Unit Price:	$200 per square meter ($752,800 / 3,764 square meter) $809,375 per acre ($752,800 / 0.9 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	Lot No. 5147-3-3NEW-6
K.	Address:	Ypao Road and Chalan Gagu, north of Ironwood Heights apartments, Municipality of Tamuning, Island of Guam
L.	Zoning:	R2, Multiple Dwelling Zone
M.	Present Use:	Vacant land
N.	Highest and Best Use at Time of Transaction:	Obtain zone variance and owner-occupant/partial owner-occupant commercial/residential mixed uses
O.	Condition of Transaction:	Arms-length, Multiple Listing Service (MLS 14-2727)
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	None known
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) indicated on Flood Insurance Rate Map No. 6600010084D effective September 28, 2007
	c. Other	None
R.	Type of Improvements:	Vacant
S.	Site Utilities:	All public utilities available at site or nearby
T.	Verification Information:	
	a. Verification Sources:	Mr. Frank San Agustin, Mr. Mark Zhao and Dept. of Land Management records
	b. Information verified:	Price confirmed with Mr. Frank San Agustin, the listing agent and Mr. Mark Zhao, the buyer representative. Mr. Zhao noted the buyer acquired for zone variance application and eventual development with mixed-use owner-occupant/partial owner-occupant medical clinic/residential multi-story building development. Use pending zone variance approval.

U. Motivation of Parties:
   a. Source of Information: Mr. Frank San Agustin and Mr. Mark Zhao
   b. Relation of Parties: Arm's length
   c. Unusual Motivations: None

V. Analysis of Pertinent Info.: Delay in closing due to seller internal litigation related issues.

W. Overall Exposure Time: 482 days on market

X. Days on Market: 482 days on market

Y. Remarks
   a. Topography: Fairly level
   b. Access: Ypao Road and Chalan Gagu
   c. Amenity View: None at street level

Z. See photograph and maps on following pages.

PHOTOGRAPH

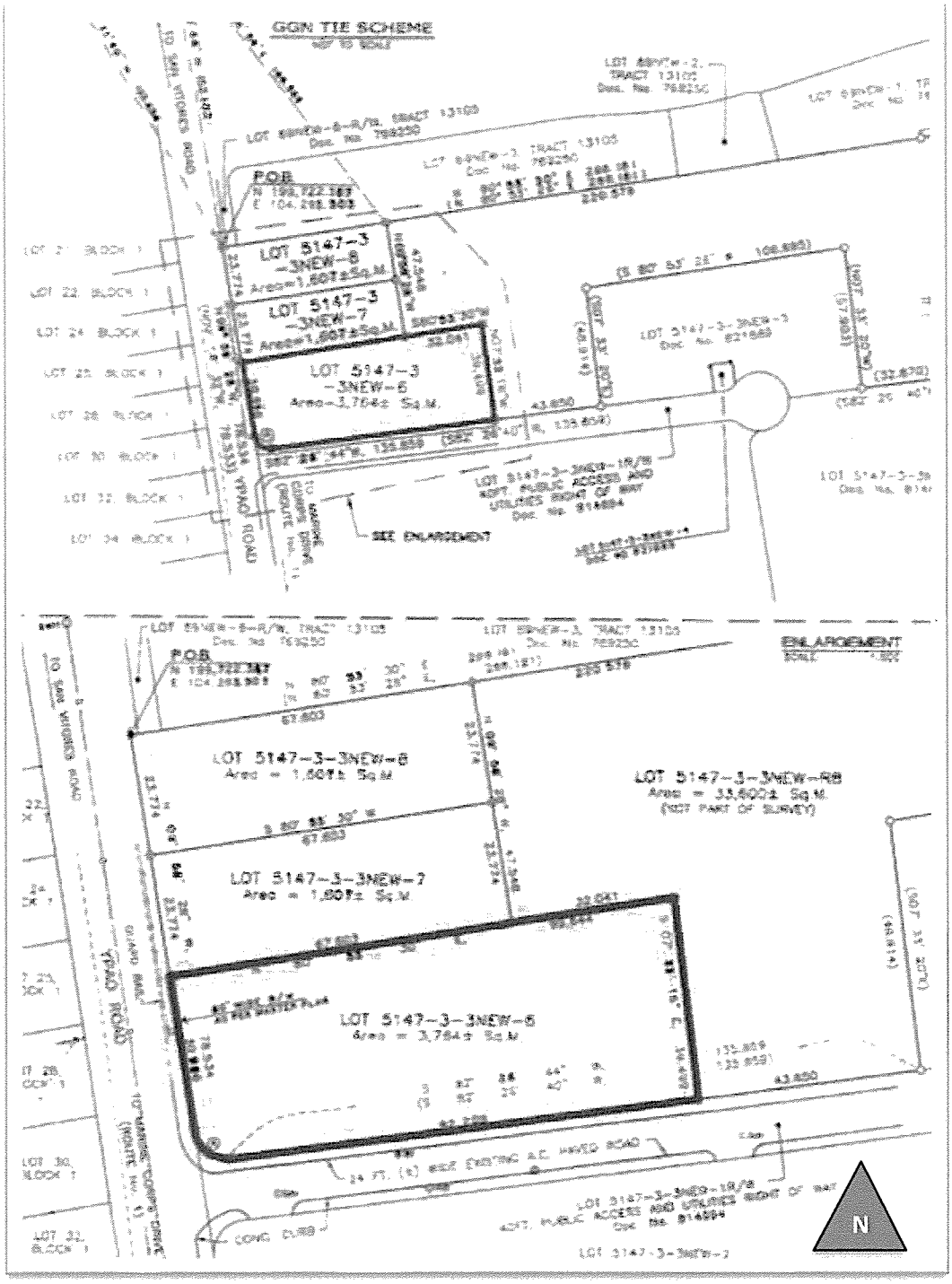


Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Southeasterly view across Ypao Road from a central point across the western boundary of the lot. Note the gated metal chainlink fence at this portion.



Photographer: Siska S. Hutapea
Date Taken: September 30, 2017
Point of Reference: Westerly view along Chalan Gagu from a point near the southeast corner of the subject lot. Note Ironwood Heights located adjacent to and south of the lot, across Chalan Gagu to the left of the photograph.

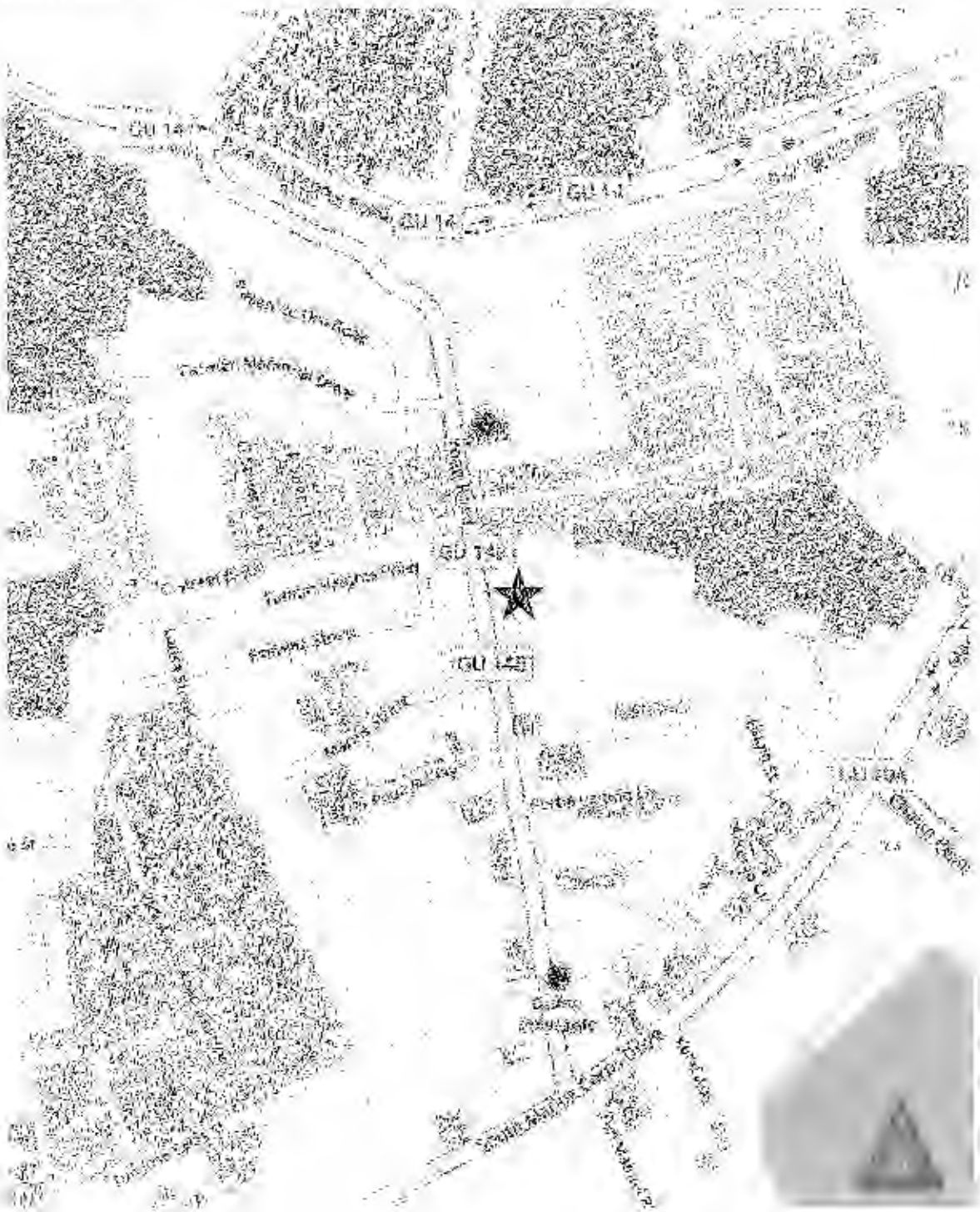
LOT MAP


GGIN TIE SCHEME
P.O.B.
LOT 5147-3-3NEW-8
Area=1,807±Sq.M.
LOT 5147-3-3NEW-7
Area=1,807±Sq.M.
LOT 5147-3-3NEW-6
Area=3,764± Sq.M.
SEE ENLARGEMENT
ENLARGEMENT
LOT 5147-3-3NEW-8
Area = 1,807± Sq.M.
LOT 5147-3-3NEW-7
Area = 1,807± Sq.M.
LOT 5147-3-3NEW-6
Area = 3,764± Sq.M.
LOT 5147-3-3NEW-RB
Area = 33,600± Sq.M.
(NOT PART OF SURVEY)
24 FT. (±) WIDE EXISTING A.C. PAVED ROAD
CONC. CURB
N

GOOGLE EARTH SATELLITE IMAGE



STREET MAP



ADDENDUM C

AMENDED ABSTRACT OF TITLE

The Honorable
EDDIE BAZA CALVO
Governor

The Honorable
RAY S. TENORIO
Lieutenant Governor

public works
Carl V. Dominguez
Director
Jessie B. Palican
Deputy Director

AMENDED ABSTRACT OF TITLE
LOT 2143-1-R4, TAMUNING

Lot 2143-1-R4, Tamuning, (Formerly Dededo), Estate No. 8804, Suburban, Containing an area of 16,746 square meters, Drawing No. C-558-74, L. M. Check No. 558 FY 74 as delineated on that Parcelling Survey Map, under Instrument No. 236790. The Last Registered Owner being Josefina R. Flores under Certificate of Title No. 27579. The Owner of Record being David R. Flores, Roman R. Flores, Erlinda F. Leon Guerrero and Leon R. Flores, share and share alike as stated in that Deed of Gift, dated 7/30/75 and recorded 8/1/75 under Instrument No. 259039. The Leasehold owner being Unity Development Corporation, a Guam corporation as stated on that Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale, dated and recorded 7/9/79 under Instrument No. 303868 & Termination and Assignment, dated 10/7/93, recorded 6/24/94 under Instrument No. 511026 all recorded at the Department of Land Management.

Instrument No.:	Agana Book, Volume 8, Page 522
	Dated: 09/12/1913 Recorded Date: 09/23/1923
Type of Instrument:	First Record
Made By:	Honorable Luis Torres, Senior Judge, Island Court, Guam
In Favor Of:	Pancracio Rabago Palting, he acquired it by purchase from Justo Dungca. No written title to the property having been executed.
Lot Description:	Rural-A tract or parcel of land situate, lying and being in the place known as "Chalan Mamajanao or Tamuning" of the municipal district of Agana
Area:	31 Hectares, 61 Ares & 91 Centares
Estate No.:	2427
Instrument No.:	Agana, Vol. 18, Pg. 547 Dated: 05/18/1923 Recorded Date:06/13/1923
Type of Instrument:	Second Record
Purpose:	To correct location, description, area and bounderies.
Reference No.:	Agana Book, Volume 8, Page 522
Lot Description:	2144, Chalan Mamajano, also known as Timoneng, Tamuning, Municipal of Agana
Area:	26 Hectares, 3 Ares & 53 Centares
Lot Description:	2143, Chalan Mamajanao, also known as Timoneng, Tamuning, Municipal of Agana
Area:	6 hectares, 94 ares & 35 centares
Estate No.:	2427
Guaranteed Claim No.:	2092
Owner:	Pancracio Rabago Palting
Reference No.:	Agana, Volume 18, Page 547
Lot Description:	The place known as Chalan Mamajanao, also known as Timoneng, district of Agana, designated as Lots Nos. 2144 and 2143, Estate No. 2427

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Instrument No.:	1941 Tax Roll
Type of Instrument:	1941 Tax Roll
Owner:	Palting, Pancracio Rabago
Lot Description:	2143 & 2144, Dededo, Suburban
Area:	32 Hectares, 97 Ares & 88 Centares
Certificate of Title No.:	7609
Owner:	Pancracio Rabago Palting
Reference No.:	027569 (This Instrument No. does not pertain to subject lot.)
Lot Description:	2143, Socio, Dededo, Estate No. 2427, Suburban
Instrument No.:	028136 Dated: 10/28/54 Recorded Date: 11/23/54
Type of Instrument:	Decree Settling Final Account of Administrator and Final Distribution Probate Matter No. 279-45
Made By:	In the Matter of the Estate of Pancracio Rabago Palting, deceased.
In Favor Of:	Leon D. Flores
Lot Description:	2143-1, Dededo
Area:	2 hectares
Note:	Other lots and owners included.
Instrument No.:	075927 Dated: 5/3/66 Recorded Date: 5/5/66
Type of Instrument:	Property Map Lots 2143-1-1 &2143-1-R1, Saucio, Municipal District of Dededo Land Square 13, Section 1 Drawing No. ISL4-66-D518
Lot Description:	2143-1-R1
Area:	18,885.86 sq. m.
Subject to the Following:	1.) 40' Access Road, 2.) to the encroachment on the Pre-war Ypao Road, 3.) 22' Edge of existing pavement and 4.) A 30' setback for the proposed right-of-way.
Certificate of Title No.:	17771
Owner:	Leon D. Flores
Reference No.:	075927
Lot Description:	2143-1-R1, Dededo, Estate No. 8804, Suburban, containing an area of 18,885.86 sq. m.
Instrument No.:	081846 Dated: 9/8/67 Recorded Date: 9/11/67
Type of Instrument:	Grant of Easement
Grantor:	Josefina R. Flores
Grantee:	David R. Flores and Elfriede G. Flores, H/W
Purpose:	A 40' right-of-way across Lot 2143-1-R1, Dededo, as shown on map and marked 40' Access Road" , Document no. 075972.

Instrument No.:	087108 Dated: 8/28/68 Recorded Date: 8/29/68
Type of Instrument:	Decree Settling Final Account of Administratrix and Final Distribution
Made By:	In the matter of the Estate of Leon Dungca Flores, Deceased
In Favor Of:	Josefina R. Flores, Administratrix
Lot Description:	2143-1, Tamuning
Certificate of Title No.:	27579
Owner:	Josefina R. Flores
Reference No.:	087108
Lot Description:	2143-1-R1, Dededo, Estate No.8804, Suburban, containing an area of 18,885.86 sq. m.

Certificate of Title No.:	27579
Owner:	Josefina R. Flores
Reference No.:	087108
Lot Description:	2143-1-R1, Dededo, Estate No. 8804, Suburban, containing an area of 18,885.86 sq. m.

Instrument No.:	100906 Dated: 1/25/71 Recorded Date: 4/8/71
Type of Instrument:	Parcellling Survey Map of Lot No. 2143-1-R1, Situated in Saucio, Municipality of Dededo Land Square 13, Section 4 Drawing No. MSM-1017071 L. M. Check No. 298-FY71
Lot Description:	2143-1-R2
Area:	18,335.86 sq. m.
Subject to the Following:	1.) 40' Access Road, 2.) Encroachment on the Ypao Road, 3.) 22'pavement, 4.) 30' from setback

Instrument No:	110326 Dated: 1/13/72 Recorded Date: 3/20/72
Type of Instrument:	Lease Agreement
Lessor:	Josefina R. Flores
Lessee:	Al Their's Realty dba; Alfonsina D. Their
Term:	99 years, commencing 7/10/71
Amount:	$1,800.00 per month and to be increased 10% every (5) years per month
Lot Description:	2143-1-R2, Tamuning (Ipao Road)
Area:	1.6 Hectares

Instrument No.:	111232 Dated: 4/22/72 Recorded Date: 4/24/72
Type of Instrument:	Assignment of Lease
Assignor:	Alfonsina D. Their, doing business as Al Their's Realty
Assignee:	Federal Building, Inc., a Guam corporation, by Edward M. Calvo
Reference No.:	110326
Lot Description:	2143-1-R1, Socio, Tamuning, Dededo (Ipao Road)
Area:	1.6 Hectares

Instrument No.:	115105 Dated: 8/10/72 Recorded Date: 8/14/72
Type of Instrument:	Sublease
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo
Sublessee:	K. P. Tin 7 Sons, Inc., a Guam corporation, K. P. Tin
Term:	Sublease for a term expiring on 7/9/2070.
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)
Area:	1.6 Hectares

Instrument No.:	229790 Dated: 10/25/73 Recorded Date: 10/29/73
Type of Instrument:	Assignment of Lease
Assignor:	K. P. Tin & Sons, Inc, a Guam corporation, by K. P. Tin
Assignee:	Zee's Development Inc., a Guam corporation
Reference No.:	115105
Term:	98 years, commencing on 8/10/72 and ending 7/9/2070
Lot Description:	2143-1-R2, formerly designated as Lot 2143-1-R1 and also known as Lot 2143-1-R3/18,335.86 sq. m.
Area:	1.6 Hectares
Note:	Other lots included to include references not pertaining to subject lot.
Attached:	Dated: 8/10/72
Type of Instrument:	Sublease
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo
Sublessee:	K. P. Tin & Sons, Inc., a Guam corporation, K. P. Tin
Term:	Sublease for a term expiring on 7/9/2070.
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)
Area:	1.6 Hectares

Instrument No.:	233377 Dated: 5/1/73 Recorded Date: 2/19/74
Type of Instrument:	Joint Venture Agreement
Made By & Between:	Federal Building Inc., by Edward M. Calvo & Alfred C. Ysreal
In Favor Of:	Federal Building, Inc., 80% & Alfred C. Ysreal, 20%
Lot Description:	2143-1-R2, Saucio, Tamuning

Instrument No.:	233421 Dated: 1/3/74 Recorded Date: 2/20/74
Type of Instrument:	Assignment of Lease
Assignor:	Zee's Development Inc., by Gordon T. C. Chu, Director, duly authorized representative
Assignee:	Zee's Investment Corporation, by Jeffrey T. F. Zee, President
Lot Description:	2143-1-R2, AKA 2143-1-R1 and AKA 2143-1-R3
Attached:	Instrument No. 229790
Type of Instrument:	Assignment of Lease
Assignor:	K. P. Tin & Sons, Inc, a Guam corporation, by K. P. Tin
Assignee:	Zee's Development Inc., a Guam corporation
Reference No.:	115105
Term:	98 years, commencing on 8/10/72 and ending 7/9/2070
Lot Description:	2143-1-R2, formerly designated as Lot 2143-1-R1 and also known as Lot 2143-1-R3/18,335.86 sq. m.
Area:	1.6 Hectares
Note:	Other lots included to include references not pertaining to subject lot.
Attached:	Dated:8/10/72
Type of Instrument:	Sublease
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo
Sublessee:	K. P. Tin & Sons, Inc., a Guam corporation, by K. P. Tin
Term:	Sublease for a term expiring on 7/9/2070.
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)
Area:	1.6 Hectares

Instrument No.:	236790 Dated: 5/7/74 Recorded Date: 6/7/74
Type of Instrument:	Parcelling Survey Map of Basic Lot 2143-1-R3, Saucio, Municipality of Dededo Land Square 13, Section 4 Drawing No. C-558-74 L. M. Check No. 558 FY 74
Lot Description:	2143-1-R4
Area:	16746 sq. m. 180250 sq. ft.
Subject to the Following:	1.) 40' Access Road (Doc. No. 075927), 2.) Proposed 60' Right of Way on Ypao Road, 3.) 30' Setback from centerline of exist. Pavement for public access and utility easement.

Instrument No.:	241233 Dated: 8/2/74 Recorded Date: 10/25/74
Type of Instrument:	Attornment Agreement
Landlord:	Josefina R. Flores
Subtenant:	Zee's Investment Corporation
Reference No.:	111232, 115105
Lot Description:	2143-1-R2, Tamuning, Dededo

Instrument No.:	259039 Dated: 7/30/75 Recorded Date: 8/1/75
Type of Instrument:	Deed of Gift
Grantor:	Josefina R. Flores
Grantee:	David R. Flores, Roman R. Flores, Erlinda F. Leon Guerrero and Leon R. Flores, share and share alike
Lot Description:	2143-1-R4, Tamuning, Dededo
Area:	16,746 sq. m.
Instrument No.:	271249 Dated: 4/30/76 Recorded Date: 9/1/76
Type of Instrument:	Assignment of Lease
Assignor:	Federal Building, Inc., a Guam corporation, by Paul M. Calvo, president
Assignee:	Pacific Construction Company, Incorporated, a Guam corporation, Paul M. Calvo, president
Reference No.:	110326, 111232, 115105, 229790, 233421
Lot Description:	2143-1-R2, Dededo
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	298053 Dated: 12/5/78 Recorded Date: 12/7/78
Type of Instrument:	Marshall's Certificate of Sale on Foreclosure Civil Case No. 317-76
Made By & Between:	Bank of America, National Trust & Savings Association, Plaintiff Vs. Zee's Investment Corporation, a Guam corporation, J. F. Zee and Jeffrey T. F. Zee, Individually, Pacific and Guam Enterprises, Inc., a Guam corporation, Amelco, Inc., a Guam corporation, Investment Overseas Corporation, A Guam corporation and Central Amusement Corporation, a Guam Corporation, Defendants.
In Favor Of:	Bank of America, National Trust & Savings Association
Reference No.:	115104 (as id and should read 115105), 229790, 233421
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	301856 Dated: 4/27/79 Recorded Date: 4/30/79
Type of Instrument:	Dissolution of Joint Venture
Made By & Among:	Alfred C. Ysreal and Diana Z. Ysreal, H/W, Pacific Construction Company Incorporated, a Guam corporation & Calvo Finance Corporation, a Guam corporation
Reference No.:	233377, 110326, 11123(as is and should read 111232)
In Favor Of:	Alfred C. Ysreal and Diana Z. Ysreal, H/W, 20% & Pacific Construction Company Incorporated, a Guam corporation, 80%
Lot Description:	2143-1-R2, Dededo
Area:	1.6 Hectares
Note:	Other lots and references included that does not pertain to subject lot.

Instrument No.:	303867 Dated: 7/9/79 Recorded Date: 7/9/79
Type of Instrument:	Sublease
Sublessor:	Bank of America NT & SA, A National Banking Association
Sublessee:	Unity Development Corporation, A Guam Corporation
Term:	Expiring on 7/7/1994
Reference:	Civil Case No. 317-76
Reference No.:	115105, 229790, 233421
Lot Description:	2143-1-R2, Dededo
Area:	18,335.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.

Instrument No.:	303868 Dated: 7/9/79 Recorded Date: 7/9/79
Type of Instrument:	Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale
Assignor:	Bank of America NT & SA., a national banking association, authorized and transacting a banking business
Assignee:	Unity Development Corporation, a Guam corporation
Reference No.:	298053, 115105, 229790, 233421
Lot Description:	2143-1-R2. Dededo
Area:	18,335.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.

Instrument No.:	310532 Dated: 2/20/80 Recorded Date: 3/7/80
Type of Instrument:	Amended Notice of Levy Civil case No. 193-76
Made By:	Amelco, Inc., Plaintiff, Vs. Zee's Investment Corporation, Defendant.
To:	American Savings & Loan, Agana, Guam; American Savings & Loan, Dededo, Guam; Bank of America, Agana, Guam; Bank of America, Tamuning, Guam; Bank of Guam, Agana, Guam; Bank of Hawaii, Agana, Guam; Bank of Hawaii, Agat, Guam; Bank of Hawaii, Tamuning, Guam; Chase Manhattan Bank, Agana, Guam; First Bank of California, Agana, Guam; First Commercial Bank of Taiwan, Agana, Guam; First Hawaiian Bank, Agana, Guam; First National City Bank, Agana, Guam; and to all whom it may concern:
Lot Description:	2143-1-R2, Dededo, Guam
Note:	Other lots included.

Instrument No.:	351430 Dated: 8/15/84 Recorded Date: 9/18/84
Type of Instrument	Grant of Right of Way for the Erection and Maintenance of Power Lines, Poles, Wire, Cables and Underground Conduits
Grantor:	Mr. Jerry Tan, of Unity Development Corporation
Grantee:	Guam Power Authority
Purpose:	A 10' X 180' ± foot strip of land extending partially across Lot 2143-1-R3, Dededo

Instrument No.:	412337 Dated: 1/31/89 Recorded Date: 2/3/89
Type of Instrument:	Warranty Deed
Grantor:	Su Shing Huang
Grantee:	W. K. Yamamoto and J. L. Yamamoto, H/W, as joint tenants with right of survivorship
Lot Descriptions:	2143-1-2 and 2143-1-R2, Tamuning, Dededo
Instrument No.:	443307 Dated: 3/7/90 Recorded Date: 10/14/90
Type of Instrument:	Deed of Real Property Sold for Nonpayment of Property taxes
Made By:	Department of Revenue and Taxation
Against:	Flores, David R et al
Taxation Period:	1987
Amount:	$586.10
Lot Description:	2143-1-R4, Dededo, Suburban
Area:	16,746.00 (as is)
Instrument No.:	493100 Dated: 6/4/93 Recorded Date: 8/5/93
Type of Instrument:	Special Power of Attorney
Made by:	Bank of America National Trust and Savings Association
In Favor of:	Bank of Hawaii
Purpose:	Giving said attorney the power to transfer and convey any said interest to Unity Development
Lot Description:	2143-1-R2, Dededo
Area:	18,335.86 sq. m.
Note:	Other lots included.
Instrument No.:	509711 Dated: 6/1/94 Recorded Date: 6/6/94
Type of Instrument:	Marshall's Deed
Grantor:	Marshall, Superior Court of Guam, by Juan G. Blas
Grantee:	Bank of America, National Trust & Savings Association
Reference No.:	115104(as is and should read 115105), 229790, 233421, 293053 (as is and should read 298053)
Lot Description:	All leasehold interests on Lot 2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	511026 Dated: 10/7/93 Recorded Date: 6/24/94
Type of Instrument:	Termination and Assignment
Made By & Between:	Bank of America, NT & SA, by Andy Jordanou, Vice President of Bank of Hawaii, attorney –in-fact, Bank & Unity Development Corporation, a Guam corporation, by Gordon T. C. Chu, Vice President, Unity
In Favor Of:	Unity Development Corporation, a Guam corporation
Reference No.:	298053, 303867, 115105, 229790, 233421
Lot Description:	2143-1-R2, Dededo
Area:	18,335.86 sq. m.

Instrument No.:	527365 Dated: 11/1/94 Recorded Date: 4/25/95
Type of Instrument:	Leasehold Mortgage
Mortgagor:	Unity Development Corporation, a Guam corporation
Mortgagee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Amount:	$1,200,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2. Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	527366 Dated: 11/1/94 Recorded Date: 4/25/95
Type of Instrument:	Assignment of Rental Income
Assignor:	Unity Development Corporation
Assignee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Amount:	$1,200,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	568566 Dated: 4/30/97 Recorded Date: 8/13/97
Type of Instrument:	Addendum to Leasehold Mortgage
Mortgagor:	Unity Development Corporation, a Guam corporation
Mortgagee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Additional Indebtedness:	$100,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026, 527365
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	568567 Dated: 4/30/97 Recorded Date: 8/13/97
Type of Instrument:	First Amendment to Assignment of Rental Income Additional Indebtedness
Assignor:	Unity Development Corporation, a Guam corporation
Assignee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Additional Indebtedness:	$100,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026, 527366
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	620776 Dated: 4/12/00 Recorded Date: 4/27/00
Type of Instrument:	Grant of Easement
Grantor:	David R. Flores and Elfriede G. Flores, H/W
Grantee:	Hubert Ho-Sun Lee and Young Ja Lee, H/W
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972.

Instrument No.:	622112 Dated: 5/25/00 Recorded Date: 5/25/00
Type of Instrument:	Assignment of Grant of Easement
Assignor:	Hubert Ho-Sun Lee and Young Ja Lee, H/W
Assignee:	Terra Pacific Resources, L. L. C., a Guam Limited Liability
Reference No.:	620076(as is and should read 620776)
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972 and 236790.

Instrument No.:	673945 Dated: 10/9/02 Recorded Date: 4/25/03
Type of Instrument:	Assignment of Leasehold Mortgage
Assignor:	The HongKong and Shanghai Banking Corporation Limited
Assignee:	Citizens Security Bank, (Guam) Inc., a bank incorporated under the Territory of Guam
Amount:	$328,882.71
Reference No.:	527365, 568566, 115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	676952 Dated: 3/15/00 Recorded Date: 6/23/03
Type of Instrument:	Unlimited Power of Attorney
Made By:	Evelyn R. T. Woo
In Favor Of:	Jack C. S. Woo and Nicole C. W. Woo

Instrument No.:	707707 Dated: 4/29/05 Recorded Date: 4/29/05
Type of Instrument:	Fee Leasehold Real Property Accommodation Mortgage with Power of Sale, Security Agreement, Financing Statement and Assignment of Rentals
Mortgagor:	Calvo Enterprises, Inc., a Guam corporation, E. C. Development LLP, a Guam limited liability and Pacific Construction Company, Inc. a Guam corporation
Mortgagee:	First Hawaiian Bank, a Hawaii corporation
Amount:	$4,500,000.00
Lot Description:	2143-1-R4, Tamuning (Zee's Complex)
Area:	16,746 sq. m./180,250 sq. ft.
Note:	Other lots included.

Instrument No.:	707710 Dated: 4/28/05 Recorded Date: 4/29/05
Type of Instrument:	Assignment of Rental Income
Assignor:	Pacific Construction Company, Inc., a Guam corporation
Assignee:	First Hawaiian Bank, a Hawaii corporation
Amount:	$4,500,000.00
Lot Description:	2343-1-R4, Tamuning
Area:	16,746 sq. m./180,250 sq. ft.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	714432 Dated: 9/27/05 Recorded Date: 9/28/05
Type of Instrument:	Assignment of Grant of Easement
Assignor:	Terra Pacific Resources, L. L. C., a Guam limited liability company
Assignee:	Jack C. S. Woo and Nicole C. W. Woo, H/W and Evelyn R. T. Woo, a single woman, by Jack C. S. Woo and Nicole C. W. Woo, attorney-in-fact, as joint tenants with rights of survivorship
Reference No.:	620776, 676952
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972 and 236790.

Instrument No.:	720904 Dated: 2/8/06 Recorded Date: 2/8/06
Type of Instrument:	Amended Assignment of Grant of Easement
Assignor:	Terra Pacific Resources, L. L. C., a Guam Limited Liability Company
Assignee:	Jack C. S. Woo and Nicole C. W. Woo, H/W and Evelyn R. T. Woo, a single woman, as joint tenants with rights of survivorship
Reference No.:	620776, 714432
Purpose:	a 40' right-of-way and easement across Basic Lot 2143-1-R3, Tamuning,
Amending:	to correct instrument no. 75972 to read 75927 (map)

Instrument No.:	781341 Dated: 10/27/08 Recorded Date: 10/29/08
Type of Instrument:	Mortgage
Mortgagor:	Unity Development Corporation, a Guam Corporation, in a Leasehold and Subleasehold Estate
Mortgagee:	Citizens Security Bank (Guam), Inc.
Amount:	$1,800,000.00
Reference No.:	110326, 111232, 115105, 229790, 233421, 233377, 271249, 301856, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	781342 Dated: 10/27/08 Recorded Date: 10/29/08
Type of Instrument:	Assignment of Rent
Assignor:	Unity Development Corporation, a Guam Corporation, in a Leasehold and Subleasehold Estate
Assignee:	Citizens Security Bank (Guam), Inc.
Amount:	$1,800,000.00
Reference No.:	115105, 229790, 233421, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	781350 Dated: 10/29/08 Recorded Date: 10/29/08
Type of Instrument:	Estoppel Certificate
Made By & Among:	Pacific Construction Company, Incorporated, by Leonard P. Calvo (80%), Alfred C. Ysrael & Diana Z. Ysrael (20%), Tenants & Citizen Security Bank (Guam), Inc., Lender
Reference No.:	110326, 111232, 233377, 271249, 301856
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.

Instrument No.:	781352 Dated: 10/29/08 Recorded Date: 10/29/08
Type of Instrument:	Estoppel Certificate
Made By & Among:	Unity Development Corporation, Tenant, Pacific Construction Company, Incorporated, by Leonard P. Calvo, Alfred C. Ysreal and Diana Z. Ysreal, Landlord, & Citizens Security Bank (Guam), Inc., Lender
Reference No.:	115105, 229790, 233421, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.

Instrument No.:	828494 Dated: 8/31/11 Recorded Date: 10/31/11
Type of Instrument:	Modification of Mortgage
Mortgagor:	Unity Development Corporation
Mortgagee:	ANZ Guam Inc.
Reference No.:	781341, 781342, 115105, 229790, 233241, 509711, 511026
Modification:	To decrease the amount of the loan from original amount of $1,800,000.00 to $904,738.00.
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Researched by: Diodre K. O. Mafnas, Land Agent II — Date: 7.17.14

Approved by: Carl V. Dominguez, Director, Department of Public Works — Date: 7/29/14

JBLAZ/JJM/ATANONA/DMAFNAS

542 North Marine Corps Drive, Tamuning, Guam 96913 • Tel (671) 646-3131 / 3232 • Fax (671) 649-6178

TMU8603

ADDENDUM D

QUALIFICATIONS



PROFESSIONAL EXPERIENCE

Engaged in real estate research, valuation and consulting since 1992 in Jakarta, Indonesia. Appraisal assignments include residential, commercial, industrial and resort property throughout Indonesia. Part-time lecturer in Tarumanagara University, Jakarta, Indonesia in real estate-related subjects from 1997 through 1999. Previously served as an active member in Indonesian Society of Appraisers (ISA).

Experience in Guam real estate appraisal and consulting since 1999. Managed Guam's only real estate database of all recorded real estate transactions in Guam. Types of properties covered include hotels, residential, industrial, shopping center and other commercial properties. Ms. Hutapea completed Guam's island wide revaluation for property tax in 2015, the first in 20 years. Ms. Hutapea led various global experts from USA, Australia, Ireland and local appraisers from Guam to complete the assignment, which resulted in Guam first ever implementation of GIS.

PROFESSIONAL BACKGROUND

2012 - Present

- President – Cornerstone Valuation Guam, Inc. http://www.cornerstonevaluation.com

Previously Served:

- Managing Partner & Chief Appraiser, Captain, Hutapea & Associates (2007-2012)
- Chief Appraiser, The Captain Company (2004-2007)
- Appraiser, The Captain Company (1999-2004)
- Managing Director of PT Graha Karya Reksatama, Appraisal Co., Jakarta, Indonesia (1992-1997)
- Part-time Lecturer-Real Estate Finance, Tarumanagara University, Jakarta, Indonesia
- Structural Engineer, PT Suradjin Sutjipto, Jakarta, Indonesia

EDUCATION

UNIVERSITY OF NEW SOUTH WALES – SYDNEY, AUSTRALIA

Master of Real Estate, 1997

TRISAKTI UNIVERSITY – JAKARTA, INDONESIA

Bachelor of Science in Civil Engineering, 1994

SPEAKING, TEACHING & WRITING

- **INDONESIAN SOCIETY OF APPRAISERS - Hotel Valuations, Jakarta, November 2011**
- **Pacific Market Place – Various Guam Real Estate Market Insights Articles**
- **Guam Business Journals – Annual Guam Real Estate Market Insights**
- **Casa Guam – Market Reports**
- **AFFORDABLE HOUSING SYMPOSIUMS Hyatt Regency Guam – June 2012, 2013**

PROFESSIONAL AND OTHER AFFILIATIONS

- Appraisal Institute, MAI and AI-GRS Designated Member No. 406088
- Royal Institution of Chartered Surveyor Professional Member No. 6493989

- International Association of Assessing Officers
- International Rights of Way Association
- Pacific Association of Professional Real Estate Appraisers (PAPREA)
- Territory of Guam Certified General Appraiser (License No. CA-16-027)
- CNMI Certified General Appraiser (License No. REA-036-93)
- Pacific Islands University, Trustee (2012 - 2017)
- Small Business Administration (SBA) 2014 Women in Business Champion
- Guam Workforce Investment Board (Governor Appointed Member 2011-2013)
- Soroptimist International of the Marianas, Past President (2008 – 2009)
- Lutheran Church of Guam, Council Member (2012-2016)
- Tender Shepherd, Past Board Chairman
- 2014 - 2015 GWCC Women Leadership Conference, Host
- Appraisal Institute Diversity Panel 2017
- Appraisal Institute Diversity Committee 2016
- Guam Women's Chamber of Commerce (GWCC), Founding Board Member and 2016 President
- Guam Association of Realtors, Elected Director (2014-2016)

SPECIAL REAL ESTATE COURSES

NATIONAL HIGHWAY INSTITUTE

- Appraisal for Federal-Aid Highway Programs, August 3-4, 2016
- Appraisal Review for Federal-Aid Highway Programs, August 5, 2016

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Center for Real Estate

- Real Estate Markets, Boston, June 2008

GUAM ASSOCIATIONS OF REALTORS®

- 2 Day – LW494 Alternate Dispute Resolution: Mediation, April 2016

UNIVERSITY OF SAN DIEGO

Burnham-Moores Center for Real Estate

- Argus Enterprise Workshop, September 2015

ROYAL INSTITUTION OF CHARTERED SURVEYORS (RICS)

- International Property Measurement Standards, Webinar, August 2016
- Summit of the Americas, Washington D.C., April 2016
- Summit of the Americas, Los Angeles, CA, April 2015
- RICS HKIS Joint Valuation Conference, Hong Kong, November 2014

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS (IAAO)

- Waterfront Property Valuation, Webinar, August 2017
- Needle in a Haystack: How to Research Like a Pro, Webinar, July 2017
- 83rd Annual Conference, Las Vegas, NV September 2017-Speaker
- 82nd Annual Conference, Tampa, FL, August 2016 -Speaker
- 81st Annual Conference, Indianapolis, IN, September 2015
- Thirty-Fifth Annual Legal Seminar, Chicago, IL, December 2014

APPRAISAL INSTITUTE

2016

- Review Theory - General, Sacramento, CA, November
- How to Read a Residential Appraisal Report, Webinar, November

2015

- Uniform Appraisal Standards for Federal Land Acquisitions, San Diego, CA, October
- Benchmarking Building Performance, Webinar, October
- AI Connect 2015, Dallas, TX, July
- The Appraiser as an Expert Witness: Preparation & Testimony, Costa Mesa, CA, April
- Improving Appraisal Reports Used for Financing Institutions – Strategies from Reviewers, Webinar, April
- 2014-2015 7 Hour National USPAP Equivalent Course, March
- The 50% FEMA Appraisal Rule, Webinar, March
- General Market Analysis, Webinar, February

SPECIAL REAL ESTATE COURSES (CONTINUED)

2014

- Appraising Airports and Airplane Hangars, Webinar, December
- A Picture is Worth a Thousand Words: Data Visualization in Appraisal, Webinar, November
- Review of Court Decisions on Valuations, Webinar, November
- Right of Way – Three Case Studies with Two Approaches to Value, Webinar, October
- The Valuation of Bank Branches, Webinar, September
- Golf Course Property Valuation, Webinar, May
- Leadership Development & Advisory Council, Washington D.C.
- Litigation Appraising: Specialized Topics and Applications, Webinar, March

2013

- ARGUS Discounted Cash Flow Valuation, Costa Mesa, CA, October
- 2012-2013 National USPAP Update Course, Honolulu, HI, October
- 2012-2013 Business Practices and Ethics, Honolulu, HI, October
- Appraisal Institute Annual Meeting, Indianapolis, IN, August
- Marina Valuation Overview

2012

- 2012 Appraisal institute Annual Meeting, San Diego, CA
- Marketability Studies: Advanced Considerations & Applications, Course 835
- Appraising the Appraisal: Appraisal Review, Course 824
- Condemnation Appraising: Principles and Applications, Las Vegas, NV

2011

- Small Hotel/Motel Valuation
- 7 Hour National USPAP Equivalent Course
- 2011 Appraisal Institute Annual Meeting, Las Vegas, NV
- Advanced Spreadsheet Modeling for Valuation Applications
- Perspectives from Commercial Review Appraisers, Webinar

2010

- Analyzing Operating Expenses
- Eminent Domain and Condemnation

- Rates and Ratios: Making Sense of GIMs, OARs, and DCF

PAN PACIFIC CONGRESS FOR REAL ESTATE APPRAISERS AND CONSULTANTS

- Melbourne, October 2012; San Francisco, 2006; Auckland, 2000;
- Singapore, 1998;Taipei, September 2004; Sydney, 1996

SECURITIES INSTITUTE EDUCATION - AUSTRALIA

- Property Investment Analysis and Financial Statement Analysis, 1998

AUSTRALIAN PROPERTY INSTITUTE

- Feasibility Study Module, Office Building for the Future and Property Market Outlook, 1997

NATIONAL ASSOCIATION OF REALTORS®

- 2014 Realtor® Party Training Conference, Williamsburg, December 2013

ROUTE 14B APPRAISAL REVIEW ASSIGNMENT

Lot 2143-1-R4, Municipality of Tamuning, Island of Guam



12/14/2015

Prepared by:
Micronesian Appraisal Associates, Inc.
1069 Army Drive, Suite 205, Barrigada, GU 96915

Submitted to:
Ms. JoyJean Arceo
Special Projects Coordinator
Department of Public Works
Division of Highways
542 North Marine Corps Drive
Tamuning, Guam 96913

December 14, 2015

Ms. JoyJean Arceo
Special Projects Coordinator
Department of Public Works
Division of Highways
542 North Marine Corps Drive
Tamuning, Guam 96913

Re: Technical Review Appraisal Report
Taking of Portions of Lot No. 2143-1-R4 Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam

Ms. Arceo,
Thank you for the opportunity to submit the attached technical review appraisal report to the Department of Public Works. The assignment is described as follows:

Project Specifically, this technical review appraisal report concerns an appraisal report completed by Cornerstone Valuation Guam, Inc. (CVG), dated November 10, 2015, and with a market value conclusion of $250,000. Technical Review of an appraisal of the market value for a public access and utilities easement to be acquired within Lot 2143-1-R4, Municipality of Tamuning, Guam. The acquisition measures 1,337± square meters. The acquisition is a portion of Lot 2143-1-R4 which measures 16,733± square meters.

Client Department of Public Works, Government of Guam

Intended User Department of Public Works Office of Right of Way

Intended Use The review appraisal will be used by the Department of Public Works Right of Way Supervisor or designated staff as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility.

Scope of Work The scope of work was obtained from relevant sections of the DPW Right of Way Procedures Manual.

Type of Opinion The project involves Technical Review services, which is defined by the Right of Way Manual: Work performed by an appraiser in accordance with Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP) for the purpose of forming an opinion as to whether the analyses, opinions and conclusions in the appraisal report are appropriate, reasonable and adequately supported.

Work Product This appraisal report is prepared in compliance with: 1) the Code of Professional Ethics and Standards of Professional Appraisal Practice of the

Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP), and 2) the Right of Way Procedures Manual of the Government of Guam Department of Public Works.

If you have any questions, please contact me.

Sincerely,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Vance L. Reklai, SRA
President and Chief Appraiser
Guam Certified Appraiser

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Exhibit 1: Appraiser's Qualifications


GUAM U.S.A.
PHILIPPINE SEA
PACIFIC OCEAN
Subject
Andersen Air Force Base
Dededo
Yigo
Agana
Sinajana
Ordot
Chalan Pago
Mangilao
Yona
Talofofo
Inarajan
Merizo
Cocos Island
Agat Bay
Apra Harbor
Umatac Bay
Tagachang Point
Pago Point
Beach
Cemetery
Church
Fire Station
Government
Harbor
Hospital
Hotel
Library
Park/Monument
Police Precint
Post Office
Route
School
Shopping Mall
Sports Facility
Ave Avenue
Chln Chalan
Cir Circle
Ct Court
Dr Drive
Kyn Kayan
Ln Lane
Lp Loop
Pl Place
Rd Road
St Street
N

PURPOSE, INTENDED USE, INTENDED USER OF THE APPRAISAL

The purpose of this review report is to perform a technical review which is defined by the Right of Way Manual:

> *Technical Review: Work performed by an appraiser in accordance with Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP) for the purpose of forming an opinion as to whether the analyses, opinions and conclusions in the appraisal report are appropriate, reasonable and adequately supported.*

Section 4.1.28 of the Right of Way Manual states technical reviews include:

> *Reviews where the reviewer has the prerogative of reporting a properly developed value in lieu of the value estimated in the reviewed appraisal report.*

The intended user of this report is the Guam Department of Public Works Office of Right of Way. This report will be used by the Department of Public Works Right of Way Supervisor or designated staff as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility.

USPAP includes requirements pertaining to the purpose of this report:

Identify the purpose of the appraisal review, including whether the assignment includes the development of the reviewer's own opinion of value, review opinion or real property appraisal consulting conclusion related to the work under review.

APPRAISAL PROBLEM

USPAP includes requirements pertaining to the appraisal problem of this report:

In developing an appraisal review assignment, an appraiser acting as a reviewer must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal review. In reporting the results of an appraisal review assignment, an appraiser acting as a reviewer must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

The assignment is to conduct an appraisal review according to the requirements of the Right of Way Manual. Section 4.1.2 summarizes the responsibilities of the reviewer:

Responsibilities of the Reviewer

The following are the responsibilities of the reviewer:

(A) Establish proactive communication with the appraiser that should include:

(1) Establishing communication with the appraiser and others involved in the valuation process well in advance of appraisal submission;

(2) Inspecting the subject property and comparable sales with the appraiser;

(3) Reviewing rough drafts of data books and rough drafts of reports prior to contract delivery dates;

(4) Attend scope of services meetings and post award meetings.

(B) Proactively coordinate and consult with the agent, the assigned attorney, engineer and other professionals of the Department involved with the project, as needed.

(C) Be familiar with the real estate market in the project area, the appraised parcel, and the methods and techniques appropriate to the appraisal assignment.

(D) Review all assigned data books, appraisal reports, and other reports to monitor:

(1) Conclusions are reasonable and adequately supported;

(2) Appraisals have been made in conformity with Federal and Territory of Guam laws, rules, policies and procedures applicable to valuation under eminent domain for transportation purposes, and no portion of the market value consists of items which are noncompensable under the established law of the Territory of Guam or Federal Government on Federal participation projects;

(3) The market value estimate is reasonable and adequately supported;

(4) Pertinent and relevant market data have been examined, analyzed, and considered.

(E) Examine the Department's official parcel file to obtain knowledge of previous reports and other applicable data.

(F) Provide appropriate attention to appraisal divergences and changes to appraised value by properly analyzing the divergence or change in light of its appropriateness, reasonableness, and supporting data.

(G) Recommend the compensation for the property rights being acquired and any damages. Report the compensation on a ***RAS***, see sample document attached with other supporting information. All ***RAS*** must be in writing and retained in the Department's official parcel file.

(H) Request the appraiser update the ***RAS*** if, prior to final settlement, it becomes necessary to reflect other pertinent data such as a property owner's appraisal or plan revisions.

(I) Recommend to the DPWLAS whether appraisal services are acceptable for payment. Appraisal reports not authorized for payment shall be considered rejected and must be processed in accordance with ***Section 4.1.8***.

The reviewer inspected the subject property with Siska Hutapea, MAI, and Gabriel Lombard, research assistant with CVG, on September 08, 2015. The reviewer inspected the comparables sales with Siska Hutapea, MAI, and Gabriel Lombard, licensed trainee, on October 02, 2015.

A separate data books was not completed as part of the appraisal report. Pertinent details of data relevant to the appraisal are included in the addenda of the appraisal report.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS OF THE WORK UNDER REVIEW

A complete copy of the work under review is retained in the appraiser's workfile and the appraiser's client, DPW, possesses a complete a copy of all versions of CVG's reports including the revised final report which is the subject of this review. USPAP Standard 3 requires specific elements of the work under review to be identified in appraisal review reports.

Identify the work under review and the characteristics of that work which are relevant to the intended use and purpose of the appraisal review.

The following subheadings identify each of the elements required for identification by USPAP:

Ownership Interest Appraised

The CVG report states that the fee simple interest is appraised.

Date of the Report

The CVG report is dated November 10, 2015.

Effective Date of the Opinions

The effective date of the opinion of the market value stated in the CVG report is September 8, 2015, which is also the date of inspection of the subject property. This is appropriate.

The Appraiser(s)

Siska S. Hutapea, MAI, was the sole appraiser for the CVG report and Gabriel F. Lombard, licensed trainee real property appraiser, assisted the appraiser with report production, data input, data verification, and report writing (factual data sections only).

Physical Characteristics of Property

Parent Tract: Lot No. 2143-1-R4 containing a gross land area of 16,733± square meters (4.1± acres), shown on a following table. It is noted the parent lot size reflects the computed area reflected on unrecorded Real Estate Requirements Survey Map dated May 2013 of Route 14B (Ypao Road) and Lot 2143-1-R4 (Route 14B, Ypao Road Severance Phase I), Municipality of Tamuning. Recorded area reflects 16,746± square meters. However, we have based our analysis on computed area, as instructed by client representative, as it reflects actual field condition.

Remainder: Portions within Lot No. 2143-1-R4 (proposed Lot Nos. 2143-1-6R/W and 2143-1-5G) containing a gross land area of 1,337± square meters.

Legal Characteristics of Property

The parent tract, acquisition, and remainder property are zoned C-Commercial, R2-Multiple Dwelling Unit, and PUD-Planned Unit Development.

Economic Characteristics of the Area

South of the property is commercial district along Marine Corps Drive; north is primarily residential with condominium developments; some areas fronting Ypao Road has commercial uses; western portion of the neighborhood is mostly industrial.

This is a review of the first draft.

Date of Report

This review appraisal report is dated November 10, 2015.

Effective Date of Report

The effective date o the reviewer's opinions and conclusions contained in this report is September 08, 2015.

Type of Report Format

This report is prepared in compliance with Standard Rule 3 of the Uniform Standards of Professional Appraisal Practice (USPAP 2014-2015 Edition).

Extraordinary Assumptions

No extraordinary assumptions apply to this report.

Hypothetical Conditions

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein.

Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

Scope of Work

The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the appraisal services rendered is desirable to protect other parties whose reliance on the report may be affected.

The scope of work was obtained from the DPW Right of Way Manual and USPAP. Relevant sections of the DPW Right of Way Manual pertaining to scope of work are stated is the appropriate locations throughout this report. Green shaded boxes include excerpts from the Right of Way Manual. Yellow shaded boxes include excerpts from USPAP 2014-2015.

Determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE.

Comment: Reviewers have broad flexibility and significant responsibility in determining the appropriate scope of work in an appraisal review assignment.

Information that should have been considered by the original appraiser can be used by the reviewer in developing an opinion as to the quality of the work under review.

Information that was not available to the original appraiser in the normal course of business may also be used by the reviewer; however, the reviewer must not use such information in the reviewer's development of an opinion as to the quality of the work under review.

Effective Date of Report

The effective date o the reviewer's opinions and conclusions contained in this report is December 14, 2015.

Type of Report Format

This report is prepared in compliance with Standard Rule 3 of the Uniform Standards of Professional Appraisal Practice (2014-2015 Edition).

Extraordinary Assumptions

No other extraordinary assumptions apply to this report.

Hypothetical Conditions

No hypothetical conditions apply to this report.

The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the appraisal services rendered is desirable to protect other parties whose reliance on the report may be affected. The scope of work was obtained from the DPW Right of Way Manual and USPAP. Relevant sections of the DPW Right of Way Manual pertaining to scope of work are stated is the appropriate locations throughout this report. Green shaded boxes include excerpts from the Right of Way Manual. Yellow shaded boxes include excerpts from USPAP 2014-2015.

TECHNICAL REVIEW

The scope of work applicable to the review of CVG's appraisal report is obtained from relevant sections of the Right of Way Manual and USPAP:

4.1.6 Review of Appraisal Reports

The reviewer shall:

(J) Complete an initial desk review to determine:

(1) Proper project and parcel identification.

(2) The appraiser adequately addressed the assignment in compliance with the appraisal services contract and the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal.*

(3) Completeness and mathematical accuracy.

(4) Consistency with previously approved reports on the subject parcel. The reviewer must be familiar with all reports and RAS previously prepared on an individual parcel and must explain any differences in the value estimate within the current RAS.

(5) Consistency of support for the existence or absence of estimated damages.

(K) Field inspect the subject project to determine:

(1) Conclusions presented in the report are based on pertinent market facts and appropriate sources are used to substantiate statements of fact, such as buyers, sellers, brokers, and governmental agencies.

(2) The appraiser properly analyzed and reported the impact of the project on the property being appraised.

(3) The appraiser has adequately described and addressed areas of concern on the subject property.

(4) The appropriateness of proposed cures, consultant analyses, and severance damage or lack of severance damage.

(5) The comparable sales used are similar and differences are properly addressed.

(L) Utilize other sources of information, if applicable, such as sales, listings, or pending contracts, and leases.

(M) Monitor that all components of real and personal property are addressed. Personal property may be included within the transaction of certain commercial and special use properties as may be customary in the marketplace (e.g. motels, restaurants, certain industrial properties). This component, if any, should be addressed within the appropriate/applicable approaches to value. The sales data and rental sheets should include comments about the existence or non-existence of such components that may have influenced the price and/or rents paid. Grids included within the analysis should include a line item to address these items.

(N) Complete a final desk review to determine:

(1) Compliance with USPAP, the Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal, the contract, and written instructions.

(2) Clear, convincing and logical presentation of certain facts and

valuation techniques which lead the reader to the same or similar conclusion as the appraiser.

(3) Any inclusion of a subconsultant estimate or analysis is market supported, feasible and reasonable and has been analyzed and adopted by the appraiser.

(4) The appraiser has sought and properly applied legal, engineering and title opinions.

(5) That in the case of tenant owned buildings, structures, or other improvements; the appraiser has presented appraisal opinions reflecting both the contributory value to the parent tract and salvage value.

(6) Exclusion of noncompensable items and noncompensable damages through coordination with the OAG.

(7) Exclusion of personal property unless pertinent to the appraisal assignment.

(8) The report neither omits nor contradicts relevant factual data.

(9) The report contains no inconsistencies, unsupported statements or conclusions or limiting conditions which are in conflict with ***USPAP***, the ***Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,*** the contract and written instructions.

(10) The report clearly presents support for the existence or absence of severance damages.

(11) The report presents a supported value estimate allocated to land, improvements, special benefits, and severance damages, as applicable.

4.1.19 Review Appraisal Report (RAR) – General

4.1.19.1 - An ***RAR*** is supplemental to the report(s) under review and is not intended to be a stand-alone document. ***Parts A and B*** of the ***RAS***, see attached sample document, shall be completed for each ***RAR***. A ***RAR*** is an appraisal and must comply with ***USPAP*** and the ***Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,*** and requires concurrence by the DPWLAS, except for minor alterations which result in a clearly apparent or unequivocal reason for the changes in value. A reviewer may prepare an ***RAR*** to avoid additional fees and costs, delays, or for other management purposes.

4.1.19.2 The reviewer shall be consistent with ***USPAP*** and the ***Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,*** when performing an ***RAR***. There may be situations where the reviewer believes that a jurisdictional exception must be disclosed. In such an instance, the reviewer must obtain the concurrence of the DPWLAS prior to the use of a jurisdictional exception.

In developing an appraisal review, a reviewer must apply the appraisal review methods and techniques that are necessary for credible assignment results.

(a) When necessary for credible assignment results in the review of analyses, opinions, and conclusions, the reviewer must:

(i) develop an opinion as to whether the analyses are appropriate within the context of the requirements applicable to that work;

(ii) develop an opinion as to whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and

(iii) develop the reasons for any disagreement.

Comment: Consistent with the reviewer's scope of work, the reviewer is required to develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the analysis in the work under review, given law, regulations, or intended user requirements applicable to the work under review.

INTRODUCTION AND PREMISE OF THE APPRAISAL

Page of the Cover Letter, top section, within the table "Area to be Acquired" Proposed Lot 2143-1-G should be corrected.

Appraiser used the correct form for the Certificate of Value. The date of the report is indicated as November 10, 2015, which is the date the appraiser signed the CGV. This is the correct date for the report.

Update bullet point 8 to include Gabriel Lombard. Bullet point 9 indicate an incorrect section.

The table of contents is in the correct location and the page numbering of the table of contents is correct.

This section of the report is appropriate, reasonable and adequately supported.

Property Inspection Date: November 11, 2015. Report turned in on November 10, 2015. The section should be updated for the final submission.

Zoning: Based on the zoning map, the property is mostly R-2, Multiple Dwelling Unit, and small portion is commercial and PUD.



The appraiser states that the report is defined by USPAP Standards Rule 2-2(A), is correct.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported except the following:

1. Bottom of Page 17, first paragraph, fifth sentence regarding zoning should be updated.

The reliability of CVG's conclusion is not affected by the above errors.

PRESENTATION OF DATA

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

Page 24 and 25, Item I, states no encroachment. Based on the map provided on Page 50, there is a slight encroachment of the Century Plaza on the southwestern portion of the site. Possible impact on the sales comparison adjustment.

This section of the report is otherwise appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

As stated earlier, appraiser need to update zoning description to R2, C-Commercial, and PUD. Include verbiage regarding split zone property: **§ 61214. Split-Zoned Lots.**

The reliability of CVG's conclusion is not affected by the above errors, but help support the highest and best use conclusion.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

ANALYSIS OF DATA AND CONCLUSIONS

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported except the last statement under the subheading Analysis Applied, Sales Comparison Approach appears to require correction. It states the sales comparison approach "was not utilized to analyze the land and improvements." This is not correct, as the sales comparison approach was utilized to analyze the land but not the improvements.

The appraiser included no discussion under Section 310 but appropriate discussion is included under Section 335 to 355.

Not applicable.

Not applicable.

Not applicable.

Not applicable.

This section of the report is appropriate, reasonable and adequately supported.

There appears to be a typo error on Page 46: Land Comparable Sale 1 should be 3.

This section of the report is appropriate, reasonable and adequately supported.

The larger parcel has some encroachment from Century Plaza. Adjustment to the easement and encroachment section should be revisited.

This section of the report, in reference to the land valuation sales adjustment grid in Section 310, must be corrected in regards to: encroachment stated above. This omission of the encroachment affects the reliability of the CVG report and should be corrected for accurate market value conclusions.

SALES COMPARISON APPROACH

These sections are appropriately omitted by the appraiser; these sections are not applicable.

DESCRIPTION AND VALUATION OF PART ACQUIRED

This section of the report is appropriate, reasonable and adequately supported.

As per Right of Way Manual: "The appraiser shall report the opinion of value for the land to be acquired and also report the contributory value, even if zero, of each improvement, or part thereof..." The section did not include and should be amended.

VALUATION OF REMAINDER AS PART OF WHOLE

This section of the report is appropriate, reasonable and adequately supported.

PREMISES OF THE APPRAISAL – THE REMAINDER VALUATION

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

PRESENTATION OF DATA – THE REMAINDER

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

ANALYSIS OF DATA AND CONCLUSIONS – THE REMAINDER

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

The larger parcel has some encroachment from Century Plaza. Adjustment to the easement and encroachment section should be revisited.

Not applicable.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

This section of the report is appropriate, reasonable and adequately supported.

Not applicable.

This omission of the encroachment affects the reliability of the CVG report and should be corrected for accurate market value conclusions.

Not applicable.

Not applicable.

Value conclusion depend on the adjustment for encroachment.

ADDENDA

The scope of work applicable to the review of land data contained in the addenda of CVG's report is stated:

4.1.5 Review of Data Books

The reviewer shall:

(A) Become familiar with the project area real estate market and available data.

(B) Monitor that appraisal development and reporting complies with the ***USPAP*** and ***Right of Way Manual Section 4.2 Supplemental Standards of Appraisal.***

(C) Monitor that data are detailed, factual, accurate and consistent.

(D) Monitor that data are understandable and the analyses reflect proper and reasonable support for any adjustments, or lack thereof.

(E) Verify details of reported data and motivations of pertinent market participants, as necessary.

(F) Resolve discrepancies of fact, if any, when more than one data book is received and the same transaction is reported in both.

(G) Field inspect all reported sales, leases, and other relevant data for factual consistency.

(H) Informally contact each appraiser to resolve questions and/or differing interpretation of facts and to convey results of any independent investigation of data.

(I) Communicate with the appraiser in writing when less formal efforts to resolve substantive issues are unsuccessful.

(J) Provide a written opinion as to whether the analyses, opinions, and conclusions in the data book under review are appropriate and reasonable, and develop the reasons for any disagreement.

(K) Recommend approval by the DPWLAS when all concerns have been resolved and the data book complies with ***USPAP***, the ***Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,*** and the contract.

Right of Manual – Supplement Standards of Appraisal

4.2.9 Property Owner Contact Letter

The owner, or designated representative, must be given an opportunity to accompany the appraiser on the property inspection unless exempt under the provisions of an appraisal waiver. A Form 4.2-5 Property Owner Contact Letter is included at the end of this section. A copy of the actual letter sent to the property owner must be included in the Addenda.

TECHNICAL REVIEW CONCLUSIONS

4.1.13 RAS - General

The *RAS* shall be prepared as follows:

(A) Upon completion of the desk and field review of an appraisal, a *RAS*, see attached sample document, shall be prepared by the reviewer according to *Section 4.1* and standards set forth in *USPAP*. A *RAS* shall be prepared for all technically reviewed reports. A *RAS* is not required for administrative reviews of owner's reports received during the litigation process, Value Findings, surplus property appraisals, or for administrative reviews for compensation purposes, such as, evaluations of contract fee reviewer's report or *RAS* in order for a Department employee to determine recommended compensation in the amount suggested by the contract reviewer.

(B) Part A of the *RAS* shall identify the project and parcel reviewed and includes all previous and current appraisal activity in chronological order. Part B should identify and briefly describe the parent tract and its location. It should be a clear, concise and logical presentation of facts. The *RAS* must contain the reviewer's analysis and conclusion as to the adequacy and appropriateness of the appraiser's analyses, opinions and conclusions. Part B must summarize significant issues and information necessary to assist the Department and OAG attorneys. The *RAS* should serve to bolster and reinforce the appraisal being approved. In some instances, the *RAS* may also state the reviewer's reasons for finding a specific report unacceptable, and for making recommendations to management of a solution to the appraisal problem. In either situation, the *RAS* is to be written in a professional, objective manner.

4.1.15 Right of Way Records System

Before completing the *RAS*, the reviewer or designee shall examine the appraisal records in the Department's official project parcel file for the parcel. The reviewer shall report any inaccurate information to the DPWLAS.

The Right of Way Manual instructs that the RAS should not be inserted into the RAR; therefore, the appraiser will submit the RAS as a separate document.

CERTIFICATION

USPAP requires the inclusion of a signed certification for each appraisal review report. The following certification conforms to the required content of USPAP Standards Rule 3-6.

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 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 the work under review and no (or the specified) personal interest with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the subject of the work under review.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.

Vance L. Reklai, SRA
President and Chief Appraiser
Guam Certified Appraiser

CERTIFICATION ADDENDUM

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

- As of the date of this report, Vance L. Reklai, SRA has completed the requirements of the continuing education program of the Appraisal Institute;

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;

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

Vance L. Reklai, SRA
President and Chief Appraiser
Guam Certified Appraiser

STANDARD QUALIFYING AND LIMITING CONDITIONS

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos building materials, urea- formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

This report is prepared in compliance with Section 4.1 and 4.2 of the Right of Way Manual (Effective Date: January 2011).

The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Appraisal Report

MARKET VALUE OF PROPOSED TAKING OF PORTIONS OF LOT NO. 2143-1-R4

Ypao Road (Route 148), Municipality of Tamuning, Island of Guam



APRIL 2016

PREPARED FOR:

Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

PREPARED BY:

Cornerstone Valuation Guam, Inc.
We Value
Real Estate Valuation & Advisory Services

CORNERSTONE VALUATION GUAM, INC.
We Value
Real Estate Valuation & Advisory Services

April 20, 2016

Ms. JoyJean Arceo
Special Projects Coordinator
Department of Public Works
Division of Highways
542 North Marine Corps Drive
Tamuning, Guam 96913

RE: Appraisal of Market Value of Proposed Taking of Portions of Lot No. 2143-1-R4
Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam
File No.: CVG 15-067

Dear Ms. Arceo:

At your request, Cornerstone Valuation Guam, Inc. ("CVG") has prepared an appraisal of the market value of the fee simple interest in the proposed taking of the referenced property and presented our analysis in the following Appraisal Report.

The subject parent lot is identified as Lot No. 2143-1-R4, containing gross land area of 16,733± square meters (4.1± acres). The subject is located along Ypao Road (Route 14B), adjacent to and northwest of Century Plaza in the Municipality of Tamuning, Island of Guam. The subject parent lot is improved with a portion of Century Plaza two-story commercial building and various paved interior access and parking areas. David R. Flores, et al., have owned the leased fee interest in the subject lot for over ten years, via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039. The subject parent lot is leased to Unity Development Corporation, as stated in that Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale dated July 9, 1979 and recorded as Instrument No. 303868 and Termination and Assignment, dated October 7, 1993 and recorded as Instrument No. 511026. For purposes of this assignment, the subject ownership rights analyzed involved fee simple interest only. A 1,337± square meter portion of the subject parent lot involves two portions to be included in the proposed reconstruction and widening of Ypao Road (Route 14B), described as follows.

Identification	Lot No.	Gross Land Area sm	acres
Parent Lot	**Lot No. 2143-1-R4**	**16,733 ±**	**4.1 ±**
Area to be Acquired	**Proposed Lot No. 2143-1-6R/W**	**1,291 ±**	**0.3 ±**
Area to be Acquired	**Proposed Lot No. 2143-1-5G**	**46 ±**	**0.0 ±**
	Total Area to be Acquired:	**1,337**	**0.3**
Remainder	**Proposed Lot No. 2143-1-R6**	**15,396 ±**	**3.8 ±**

The subject is more fully described, legally and physically within the enclosed report.

Data, information, and calculations leading to the value conclusion .are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of this letter.

Based on the analysis contained in the following report, subject to assumptions and limiting conditions, the market value of the subject property is concluded as follows:

MARKET VALUE CONCLUSION - PARTS TAKEN

Land:	$251,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Ypao Road (Route 14B) Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$251,400		

Compiled by CVG – Subject to Assumptions and Limiting Conditions

HYPOTHETICAL CONDITIONS - The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

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

The report is for the sole use of the client and its authorized representatives. The appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions.

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

Respectfully submitted,

Cornerstone Valuation Guam, Inc.



Siska S. Hutapea, MAI, MRICS, MRE
President
Guam Certified General Appraiser
License No. CA-14-027
Certificate Expires 02/04/16
Email: siska@cornerstonevaluation.com

INTRODUCTION AND PREMISES OF THE APPRAISAL

DPW Form 4.2-3

100 CERTIFICATE OF VALUE

Parcel No.: Proposed Portions of Lot No. 2143-1-R4
Item/Segment: 1,337± square meter portions of a 16,733± square meter Lot No. 2143-1-R4
Road: Route 14 (Ypao Road)
GU No.: GU-NH-AARS(001)-CORNER-01

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are my personal, unbiased, professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property or bias with respect to the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation 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.
- This is an appraisal communicated in a restricted appraisal report format. This report is intended for use only by the Department of Public Works, the client. Use of this report cannot be relied upon without access to the additional information contained in the appraiser's work files.
- I have made a personal inspection of the property on September 8 and November 10, 2015 that is the subject of this report. . I was not provided with the contact information of the fee simple owner from the client and was unable to afford the property owner the opportunity to accompany me at the time of inspection per 4.2.9, DPW Right of Way Manual requirement. I have also on October 2 and November 7, 2015 made a personal field inspection of the comparable sales relied upon in making this appraisal.
- Gabriel F. Lombard, Trainee Real Property Appraiser, provided significant real property appraisal assistance to the person signing this certification. No persons other than those named herein provided significant real property appraisal assistance to the person signing this certification.
- The purpose of this appraisal is to estimate market value as of the effective date of the report. The definition of market value can be found in the Section 4.2.24, DPW Right of Way Manual. The intended use is in connection with the acquisition of right-of-way for a transportation facility to be constructed by the Government of Guam with the assistance of Federal-aid highway funds, or other Federal funds. This report is not intended for any other use.
- This appraisal has been made in conformity with appropriate Territory of Guam laws, regulations, policies and procedures applicable to appraisal of right-of-way for highway purposes; and, to the best of my knowledge, no portion of the property value entered on this certificate consists of items which are noncompensable under the established law of the Territory of Guam.

- I have not revealed the findings or results of this appraisal to anyone other than the proper officials of the Territory of Guam or officials of the Federal Highway Administration and I will not do so until authorized by Government of Guam officials or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
- Regardless of any stated limiting condition or assumption, I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the Government of Guam without restriction or limitation on their use. This file information is retained to support the conclusions, opinions, and analyses.
- Statements supplemental to this certification required by membership or candidacy in a professional appraisal organization, are described on an addendum to this certificate and, by reference, are made a part hereof.

Based upon my independent appraisal and the exercise of my professional judgment, my opinion of the market value for the part taken, including damages, if any, of the property appraised as of the 8th day of September, 2015, is: $251,400.

Market Value should be allocated as follows:

MARKET VALUE CONCLUSION - PART TAKEN

Land:	$251,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Route 14B Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$251,400		



April 20, 2016
Date:

Siska S. Hutapea, MAI, MRICS, MRE

Compiled by CVG – Subject to Assumptions and Limiting Conditions

HYPOTHETICAL CONDITIONS - The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

CERTIFICATION ADDENDUM

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

1. I have completed a mass appraisal of the Island of Guam including the subject property in March 2015. I researched and photographed pertinent parcels and land comparables for parcels fronting Ypao Road, a portion of which included the subject property in July 2013. I have not performed any other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment
2. as of the date of this report, Siska S. Hutapea, MAI, MRICS, MRE has completed the requirements of the continuing education program of the Appraisal Institute;
3. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;
4. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
5. My associate Gabriel F. Lombard, Trainee Real Property Appraiser, License No. AT 15-015 (Exp: 5/13/2017), assisted me with the following under my supervision: report production, data input, data verification, and report writing (factual data sections only).

Siska S. Hutapea, MAI, MRICS, MRE

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ADDENDA

A. Guam Economic Background Data
B. Details to Pertinent Land Sales
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D. Qualifications

115 QUALIFYING AND LIMITING CONDITIONS

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved,

and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based. No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos building materials, urea-formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

SUPPLEMENTAL STANDARDS

This report is prepared in compliance with Section 4.2 of the Right of Way Manual (effective as of January 2011). The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

120 SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Leased Fee Owners	
Name	David R. Flores, et al.
Mailing Address	None available
Leasehold Owners	
Name	Unity Development Corporation
Mailing Address	P.O. Box 8409 Tamuning, Guam 96931
Street Address	Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam
Legal Description	Lot No. 2143-1-R4
Property Rights Appraised	Fee Simple Interest
Property Inspection Date	September 8 and November 10, 2015
Effective Date of Value	September 8, 2015
Names of Person(s) Who Accompanied the Appraiser on the Inspection	Vance Reklai, Commercial Appraiser at Micronesian Appraisal Associates Inc., License No. CA 14-031 (Exp: 2/10/2016) and Gabriel F. Lombard, Real Estate Appraiser Trainee at CVG accompanied the appraiser on the inspection on September 8, 2015.
Extent of the Inspection	An inspection of the subject property has been made, and photographs were taken. The appraiser inspected all parts of the subject property, including those portions involving the parts to be acquired.

Size

Parent Lot	Lot No. 2143-1-R4 containing a gross land area of 16,733± square meters (4.1± acres), shown on a following table. It is noted the parent lot size reflects the computed area reflected on unrecorded Real Estate Requirements Survey Map dated May 2013 of Route 14B (Ypao Road) and Lot 2143-1-R4 (Route 14B, Ypao Road Severance Phase I), Municipality of Tamuning. Recorded area reflects 16,746± square meters. However, we have based our analysis on computed area, as instructed by client representative, as it reflects actual field condition.
Area to be Acquired	Portions within Lot No. 2143-1-R4 (proposed Lot Nos. 2143-1-6R/W and 2143-1-5G) containing a gross land area of 1,337± square meters, as shown on a following table.
Remainder	Portion within Lot No. 2143-1-R4 (proposed Lot No. 2143-1-R6) containing a gross land area of 15,396± square meters, as shown on the following table.

		Gross Land Area	
Identification	Lot No.	sm	acres
Parent Lot	**Lot No. 2143-1-R4**	**16,733 ±**	**4.1 ±**
Area to be Acquired	**Proposed Lot No. 2143-1-6R/W**	**1,291 ±**	**0.3 ±**
Area to be Acquired	**Proposed Lot No. 2143-1-5G**	**46 ±**	**0.0 ±**
	Total Area to be Acquired:	**1,337**	**0.3**
Remainder	**Proposed Lot No. 2143-1-R6**	**15,396 ±**	**3.8 ±**

Improvements	Mostly vacant land at northwestern portions; paved interior access road and parking areas at southern at southeast portions. A small portion of Century Plaza, a two-story concrete commercial building with rooftop parking, is located upon the subject parent lot at its southeastern boundary. As noted, for purposes of our analysis herein we are analyzing the fee simple ownership of the subject.
Access	Paved roads
Utilities	All available on site or nearby
Topography	Fairly level
Zoning	Split zoned C, Commercial Zone at southwestern portions, PUD, Planned Unit Development District at southeastern portion and R2, Multiple Dwelling Zone at central and northwestern portions.

Flood Zone	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain)
Amenities/Other	Paved interior access roads, paved asphalt parking lots, a portion of Century Plaza is located at southeastern boundary of subject parent lot.
Highest and Best Use As Though Vacant	Development with owner-occupant/partial owner-occupant commercial uses

DEPARTMENT OF REVENUE & TAXATION APPRAISED VALUE AND REAL PROPERTY TAX

	Appraised Values			Real Property Tax		
Tax ID	Land	Improvements	Total	Land Tax	Improvements	Total
L2143-1-R1	$2,959,360	$0	$2,959,360	$2,589	$0	$2,589

Source: Department of Revenue and Taxation records, records reflect basic Lot No. 2143-1-R1, appraised values pro-rated to reflect subject Lot No. 2143-1-R1 computed land area

Sale/Property History

David R. Flores, et al., have owned the leased fee interest in the subject lot for over five years, via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039.

The subject parent lot has been leased to Unity Development Corporation for over five years, as stated in that Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale dated July 9, 1979 and recorded as Instrument No. 303868 and as stated in that Termination and Assignment, dated October 7, 1993 and recorded as Instrument No. 511026.

We are not aware of any other sale/marketing activity of the subject property within the past five years.

MARKET VALUE CONCLUSION - PART TAKEN

Land:	$251,400	Land Area:	1,337± sq. meters
Improvements:	$0	Land Use:	Route 14B Reconstruction and Widening
Severance Damages/ Cost to Cure:	$0		
Total:	$251,400		

Compiled by CVG – Subject to Assumptions and Limiting Conditions

HYPOTHETICAL CONDITIONS

The analysis of the property after the taking assumed a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein.

Further, the valuation of the remainder parcel assumed that the Reconstruction and Widening of Route 14B (Ypao Road) has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This assumption may have affected the results herein.

130 TYPE OF REPORT FORMAT

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(A). This format provides a summary of the appraisal process, subject and market data and valuation analyses.

140 PURPOSE, INTENDED USE, INTENDED USER OF THE APPRAISAL

As stated in the Right of Way Manual, "the purpose of the appraisal is to develop and report an opinion of market value. The intended use of an acquisition appraisal is for the Department's staff review appraiser to use as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility. The intended user of the appraisal is the Guam Department of Public Works Office of Right of Way."

150 DEFINITION OF MARKET VALUE

The purpose of this appraisal is to estimate the market value of proposed part taken of the subject property. The market value definition used herein is as follows.

Market Value[1]

"Value' as used in eminent domain statute, ordinarily means amount which would be paid for property on assessing date to willing seller not compelled to sell, by willing purchaser, not compelled to purchase, taking into consideration all uses to which property is adapted and might reasonably be applied."

151 DEFINITIONS OF OTHER TERMS

Assessed Value[2] The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.

[1] Department of Public Works Right of Way Procedures Manual

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

Before-and-After Rule[3] In eminent domain valuation, a procedure in which just compensation is measured as the difference between the value of the entire property before the taking and the value of the remainder after the taking.

Benefits[4] In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits are considered in determining the value of the remainder in a partial acquisition. General benefits accrue to the community at large as a result of the new public work and the increased general prosperity that accompanies development. Special benefits arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefited in a similar manner, if not to the same degree. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits.

Cash Equivalency[5] An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Client[6] The Department of Public Works Right of Way Supervisor (DPWRS) and his/her designee.

Compensable Damages[7] Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable.

Consequential Damages[8] Damage to property arising as a consequence of a taking over and above direct damages.

Contract, Coupon, Face, or Nominal Rent[9] The actual rental income specified in a lease.

Damages[10] In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the

[3] Ibid
[4] Ibid
[5] Ibid
[6] Department of Public Works Right of Way Procedures Manual
[7] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010)
[8] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010)
[9] Ibid
[10] Ibid

remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently.

Eminent Domain[11] The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the takings clause, guarantees payment of just compensation upon appropriation of private property.

Exposure Time[12] 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate[13] 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. *See also* Fee Simple (Estate).

Highest and Best Use[14] The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use-that is adequately supported and results in the highest present value.

Just Compensation[15] In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken, Just compensation should put the owner in as good a position as he or she would be if the property had not been taken.

Larger Parcel[16] In government land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use, the three conditions that establish the larger parcel for the consideration of severance damages in most states. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.

Partial Taking[17] The taking of part of any real property interest for public use under the power of

[11] Ibid
[12] Ibid
[13] Ibid
[14] Ibid
[15] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010)
[16] Ibid
[17] Ibid

eminent domain; requires the payment of compensation.

Recommended Compensation[18] The amount established by the Department's appraisal reviewer which typically represents full compensation, excluding business damages, moving costs, attorney fees, and landowner costs. Recommended compensation is almost always equal to the approved market value.

Remainder[19] In eminent domain condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.

Severance Damages[20] Generally used to mean those damages to a remainder property that are compensable.

160 PROPERTY RIGHT (INTEREST) APPRAISED

The interest appraised represents the fee simple interest of Lot No. 2143-1-R4, located along Ypao Road (Route 14B), Tamuning, Island of Guam.

175 SCOPE (EXTENT OF PROCESS OF COLLECTING, CONFIRMING AND REPORTING DATA)

The scope of the analysis refers to the extent of the process of collecting, confirming, and reporting data. The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the consulting services is desirable to protect other parties whose reliance on the report may be affected.

General data include information on the social, economic governmental, and environmental forces that affect property value. The appraisers have accumulated general data from a wide variety of sources, including Pacific Area regional information sources, Government of Guam sources, Federal Government sources, and local real estate organizations, and trade associations. The appraiser's educational background and experience is utilized extensively in the collection and evaluation of data.

Specific data include details about the property being analyzed, comparable sales, rental properties, and relevant local market characteristics. In real property appraisal these data are used to determine highest and best use and to make the specific comparisons and analyses required to estimate market value.

RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject property:

[18] **Department of Public Works Right of Way Procedures Manual**
[19] **Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010)**
[20] **Ibid**

RELEVANT DATES

Date of Report:	April 20, 2016
Last Date of Inspection:	November 10, 2015
Date of Value	September 8, 2015

Compiled by CVG

ASSIGNMENT SPECIFIC SCOPE OF WORK SUMMARY

This appraisal was performed under the following scope of work; the appraiser:

- Inspected and summarized the subject property. Ownership data on the subject property was obtained from the Amended Abstract of Title for Lot 2143-1-R4, Tamuning, provided by the client. The maps contained in the Amended Abstract of Title are presented in this report.
- Review pertinent market data for utilization in a sales comparison approach to value. The appraiser's investigations included research of Department of Land Management public records, the Guam Association of Realtor's Multiple Listing Service (MLS) database, and Cornerstone Valuation Guam, Inc.'s in house database.
- Search parameters such as dates of sales, locations, sizes, and types of properties were customized based on the characteristics of each property being appraised and started with relatively narrow constraints and were expanded until appraiser had retrieved data sufficient to estimate market value.
- Researched sale data were reviewed and, if found to be appropriate, efforts were made to verify the data with persons directly involved in the transactions such as buyer, sellers, brokers or agents. Data were gathered and presented for each comparable transaction in compliance with Sections 4.2.19 and 4.2.20 of the Right of Way Manual.
- Investigated and analyzed all pertinent easements and restrictions on the fee simple ownership of the subject property. We relied upon the latest available professionally produced draft survey maps provided by the client for this assignment; these maps are cited and presented in this report. It is noted that these maps have not been finalized and material changes in the maps may affect the appraiser's conclusions.
- The appraiser did not ascertain the existence of toxic waste or other contamination present on or off the site. However, the appraiser has reported all indications of toxic waste or contaminants that may affect value if readily apparent during the appraiser's investigations. Appraiser cautions the user of the report that appraiser is not expert in such matters and that appraiser may overlook contamination that might be readily apparent to others.

180 APPRAISAL PROBLEM

DPW requires an appraisal of market value of the proposed taking to conform with DPW Right of Way Procedures Manual. The Parent Tract is defined as Lot No. 2143-4-1, containing a gross land area of 16,733± square meters (4.1± acres). The subject is located along Ypao Road (Route 14B), Municipality of Tamuning, Island of Guam. The subject parent lot is split zoned C, Commercial Zone at southwestern portions, PUD, Planned Unit Development District at southeastern portion and R2, Multiple Dwelling Zone at central and northwestern portions. The Government of Guam desires to utilize a portion of the land transferred for the reconstruction of widening of Ypao Road (Route 14B). The taking does not

affect the improvement and therefore we have completed sales comparison on the land in our analysis herein. Our assignment was to estimate the market value of the taking.

The remainder was appraised presuming that the reconstruction and widening of Ypao Road (Route 14B) transportation improvements are in place and operating. The remainder is not impacted, thus a cost to cure estimate was not applicable. Once the parent tract was appraised, the value of the part taken as part of the whole was calculated and stated. This calculation was based on the unit values set forth in the reconciliation of the parent tract or "whole" before the taking. There are no damages or costs to cure. Special benefits were not applicable. Therefore, no offsetting damages needed to be considered.

PRESENTATION OF DATA

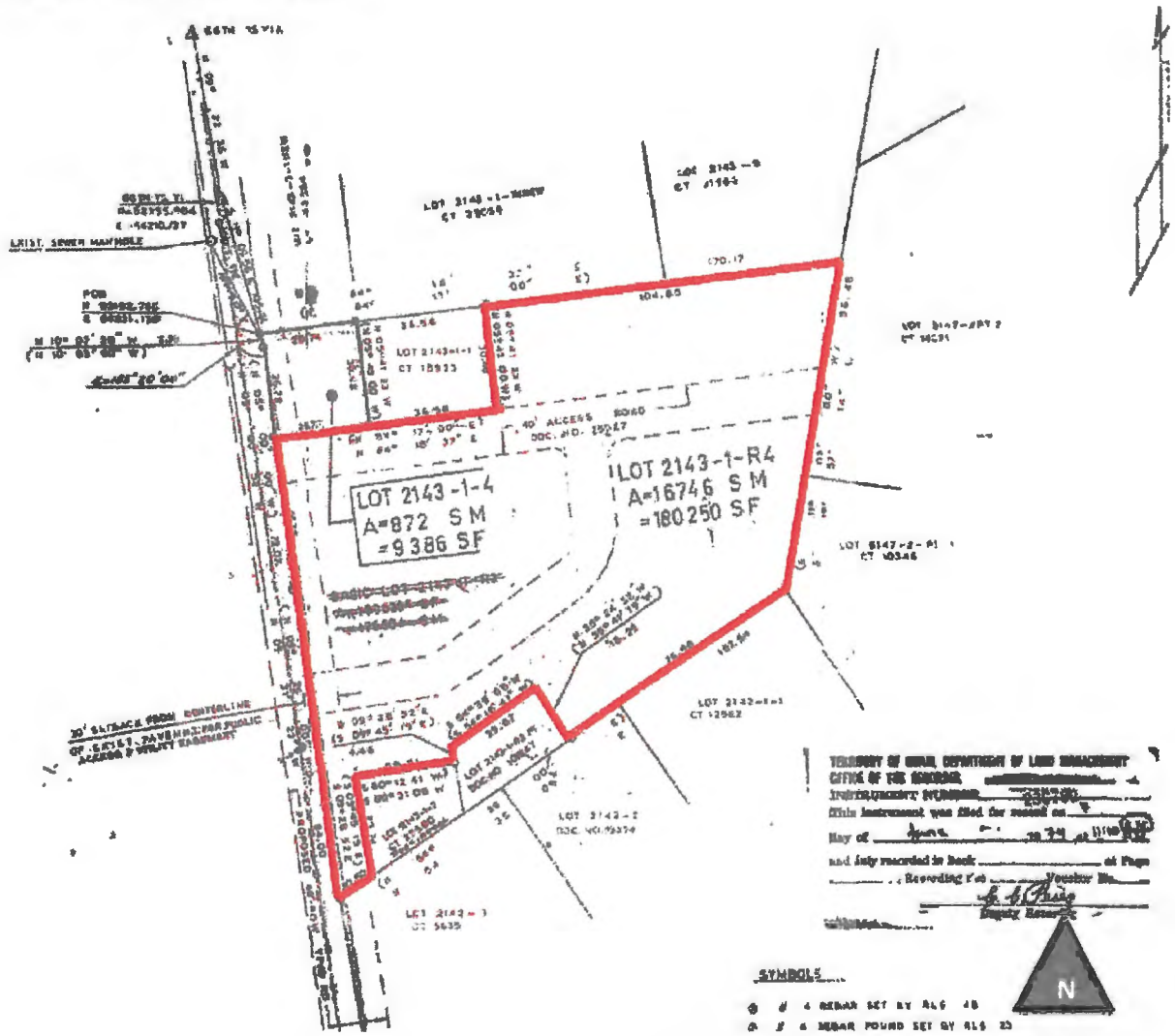
200 IDENTIFICATION OF PROPERTY AND LEGAL DESCRIPTION

PROPERTY IDENTIFICATION

The subject part taken involves portions of Lot No. 2143-1-R4, which contains a computed gross land area of 16,733± square meters (4.1± acres).

A copy of the available map for Lot No. 2143-1-R4 is included below. The map was taken from the Parceling Survey Map of Basic Lot 2143-1-R3 completed by Candido I. Castro, dated May 2, 1974 and recorded as Instrument No. 236790. It is noted the map reflects the recorded land area for the subject parent lot at 16,746± square meters (4.1± acres). Based on client instruction, we have used computed land area for our analysis herein.

SITE MAP OF LOT NO. 2143-1-R4



220 DESCRIPTION OF AREA AND NEIGHBORHOOD

LOCATION

The property is located along Ypao Road (Route 14B), northwest of Century Plaza in the Municipality of Tamuning, Island of Guam. Tamuning is Guam's commercial and business center which includes the industrial area of Harmon and the tourism area of Tumon. The subject immediate vicinity includes hotel and commercial developments along Pale San Vitores Road to the north, residential and commercial developments along Ypao Road, various commercial developments along Marine Corps Drive (Route 1) to the south and industrial developments along interior roads south of Route 1.

The capital of Guam, Hagåtña, is located approximately 2.6± miles southwest of the subject property. The subject is located less than a mile west of Harmon Industrial Park, Guam's industrial center. A.B. Won Pat International Airport is located less than a mile south of the subject property. The ITC building and commercial center of Guam is located less than a mile southwest of the subject property. The subject property is located south of Tumon, Guam's tourism center. The village of Tamuning is primarily residential in nature with substantial commercial development along Marine Corps Drive (Route 1) and Chalan San Antonio. Commercial related uses include office buildings, bank facilities, video stores, gas stations, etc. The village also features typical suburban related amenities includes schools, churches, fire and police stations, etc.

Primary access to the subject is via Ypao Road and an interior access road. Ypao Road connects with Pale San Vitores Road to the north and Marine Corps Drive (Route 1) to the south. Major roads in Tamuning include Marine Corps Drive (Route 1), Chalan San Antonio (Route 14), Ypao Road, and Pale San Vitores Road. Marine Corps Drive connects the subject vicinity to the municipalities of Hagåtña, Guam's capital, to the southwest and Dededo, Guam's largest and most populated village, to the northeast. Chalan San Antonio passes through Tamuning's commercial center and connects to Marine Corps Drive southwest of the subject and to Pale San Vitores Road northwest of the subject. Pale San Vitores Road is the major road that passes through Tumon, Guam's major tourist area. The road is proposed for widening and reconstruction to commence as soon as land acquisition is completed, but plans are still on hold due to the land acquisition (including the subject property) process. A satellite image of the subject vicinity is included on a following page. A street map locating the subject property taken from Bureau of Statistics & Plans is also shown as follows.


Pale San Vitores Road
Marine Corps Drive
Ypao Road
N


TAMUNING
N

MUNICIPALITY BOUNDARIES

The Municipality of Tamuning boundaries are detailed as follows:

North: Tumon Bay and Pacific Ocean
South: Mongmong-Toto-Maite, Tiyan (Barrigada), and A.B. Won Pat International Airport
East: Dededo and Barrigada
West: Hagåtña and Agaña Bay



POPULATION, HOUSING UNITS & EMPLOYMENT

Tamuning experienced a high growth in population and housing units on Guam based on Census 2010. The population of Tamuning reflects 19,685 in 2010, an increase of 9.3 percent compared to 2000. The number of housing units in Tamuning reflects 9,022, an increase of 11.3 percent compared to 2000. The number of jobs in Tamuning reflects a total of 9,600, a 13 percent increase compared to 2000.

LAND USE

Land uses in the immediate vicinity include a mixture of commercial, industrial and residential along Ypao Road, Pale San Vitores Road, and Marine Corps Drive.

Commercial/industrial developments located along Ypao Road include Ernst & Young Building, Morrico Equipment, Former UIU Building, Aqua Suites (former Ramada Inn), Ypao Breeze Inn (Former Hunter's Inn), and Days Inn Tamuning. Medical facilities along Ypao Road include the Seventh Day Adventist Clinic, Guam Polyclinic, and the Sunflower Villa Mixed use facility at the intersection of Ypao Road and Pale San Vitores Road, which includes Hafa Adai Specialist Group and Hafa Adai Primary Care.

Various multi-family developments in the vicinity include the 132-unit Ironwood Heights, Royal Garden Townhouses, Ypao Gardens Condominium, and many others. Talo Verde Estates, a luxurious gated subdivision including single-family dwellings and row townhouses, is located in close proximity to the north along the cliff line. Tamuning is a popular location for multi-family developments due to its proximity to the employment center of Guam.

Public facilities in the vicinity include Guam Memorial Hospital, John F. Kennedy High School, Ypao Beach Park, and others.

230 DESCRIPTION OF PROPERTY, PHOTOGRAPHS, AND SKETCHES

SITE

a. Property Type: Land
b. Existing Use: Vacant land, interior paved access roads and portion of Century Plaza
c. Land: Lot No. 2143-1-R4
    a. Gross Land Area: 16,733± square meters (4.1± acres)
    b. Shape: Irregular
    c. Dimensions: Approximately 160± meters wide by 130± meters long
    d. Ingress/Egress: The subject property has an ingress/egress access points located at its interior access road intersection with Ypao Road (Route 14B) along its western boundary.
    e. Topography: The subject topography is fairly level to gently sloping. Elevation ranges from 123± feet at its northeast corner to 103± feet at its southwest corner. A USGS topographic map of the subject larger parcel is included on the following page.
    f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency (FEMA), the sites are located within Zone X, Other Areas (areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel No. 6600010084D, effective September 2007. A copy of the flood zone map of the subject immediate vicinity is shown on a following page.
    g. Drainage: The parcel reportedly has good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
    h. Soil Characteristics: No adverse conditions apparent.
    i. Utilities: Power, water and sewer lines are located at site or nearby.
    j. Utilities Available: Power, water and sewer lines
    k. Site Improvements: The subject property is improved with various paved interior access roads and parking lots. The parking portion of Century Plaza, a two-story concrete commercial building, is located along the southeastern boundary of the subject property. It is noted that for purposes of our analyses herein we are analyzing the fee simple interest, and leasehold/subleasehold improvements are not analyzed.
    l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject recorded lot map reflects the western portion of the lot as affected by a 30-foot wide setback from center line for public access & utility easement. As per client instruction/clarification, this proposed right-of-way is not an easement and therefore does not affect the subject. The 1974 lot map of the subject noted a 40-foot wide access road. We researched this easement and traced back the September 1967 Grant of Easement from Josefina R. Flores to David R. and Elfriede G. Flores (related party).

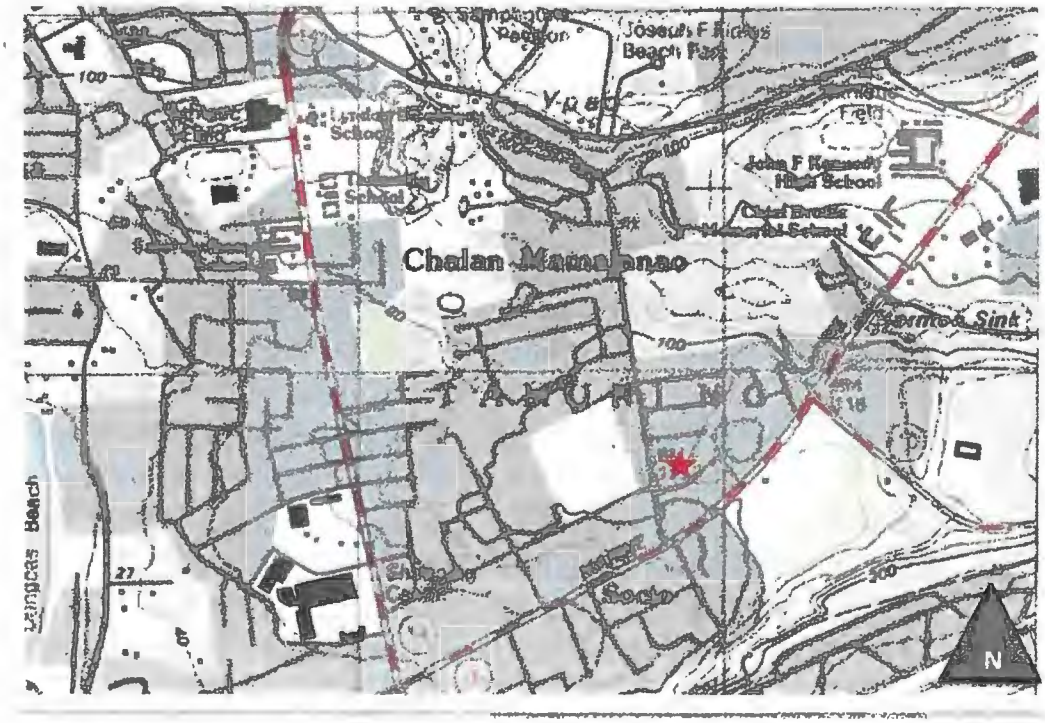
Therefore, this easement is privately owned and is considered usable land area in our analysis herein. We further researched adjacent survey maps for Lot No. 5147-2-PART-2-R1 (to the east) and Lot Nos. 2143-1-1 and -4 (to the north) and noted that access for these lots did not come from this 40-foot wide access easement.

It is further noted a portion of Century Plaza slightly encroaches upon the subject's southeastern boundary. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

We are not aware of any other easements or encroachments that affect the subject property.

m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not affected by any other hazardous materials that may be present on or near the property.

USGS Topographic Map



Flood Zone Map



OTHER PERTINENT FEATURES

The subject site involves vacant land at its northwest portions and paved interior access road and parking areas at its eastern and central/southern portions. It is noted a portion of Century Plaza, which is located along the subject's southeastern boundary as previously discussed. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

SUBJECT PHOTOGRAPHS



Aerial view of the subject property



Photographer: Siska S. Hutapea
Date Taken: September 8, 2015
Point of Reference: Northwesterly view along Ypao Road (Route 14B) from a point near the southwest corner of the subject lot panhandle. The portion to be acquired involves land adjacent to and involving portions of Ypao Road to the left of and beyond the two-story concrete building to the right of the photograph. Note the overhead powerlines.



Photographer: Siska S. Hutapea
Date Taken: September 8, 2015
Point of Reference: Easterly view near southwestern portion of the subject lot from a point along Ypao Road. The subject involves land to the left of and beyond the two-story commercial building to the right of the photograph.



Photographer: Siska S. Hutapea
Date Taken: September 8, 2015
Point of Reference: Northeasterly view along interior access road which intersects with Ypao Road at the subject southwestern boundary. The subject involves the private access road easement and land to the right and left of the roadway.



Photographer: Siska S. Hutapea
Date Taken: November 10, 2015
Point of Reference: Westerly view from an elevated portion on the second floor of Century Plaza near the southeast corner of the subject parent lot. The subject involves a portion of Century Plaza at the southeast corner and the access road and surrounding land.



Photographer: Siska S. Hutapea
Date Taken: November 10, 2015
Point of Reference: Northeasterly view along interior access road from a central point near the southern boundary of the subject parent lot. The subject involves the access road, a portion of Century Plaza visible to the right of the photograph, and land to the left of the access road.



Photographer: Siska S. Hutapea
Date Taken: November 10, 2015
Point of Reference: Southeasterly view from a central point within the subject parent lot. Note the two-story Century Plaza at the center of the photograph and adjacent two-story Winner Building to the right of the photograph. The subject parent lot includes portion of leasehold improvements encroached upon by a portion of Century Plaza, visible at the center of the photograph.



Photographer: Siska S. Hutapea
Date Taken: September 8, 2015
Point of Reference: Southeasterly view along Ypao Road (Route 14B) from a point near the northwestern most corner of the subject lot. The portion to be acquired involves land adjacent to Ypao Road, to the left of the paved roadway. Note the overhead powerlines.



Photographer: Siska S. Hutapea
Date Taken: September 8, 2015
Point of Reference: Easterly view near northern boundary of subject lot. It is noted the paved road to the left involves the 40-foot access road at the northwest corner of the subject lot.

235 EXISTING TRANSPORTATION FACILITY DESCRIPTION

Ypao Road (Route 14B) is a heavily traveled secondary roadway on Guam that connects primary roadway Marine Corps Drive (Route 1) to the western portion of Pale San Vitores Road in Tumon, Municipality of Tamuning.

According to the 2030 Guam Transportation Plan (dated December 19, 2008), in 2008 average daily traffic count volume reflected 27,088 vehicles for Ypao Road (Route 14B).

According to the 2030 Guam Transportation Plan (dated December 19, 2008), Ypao Road (Route 14B) involves a 0.8± mile roadway with unacceptable pavement condition. Unacceptable *"roads are those that may have major alignment issues, may lack appropriate safety features, or may have pavement in need of immediate repair." (pg. 3-14, 2030 Guam Transportation Master Plan).*

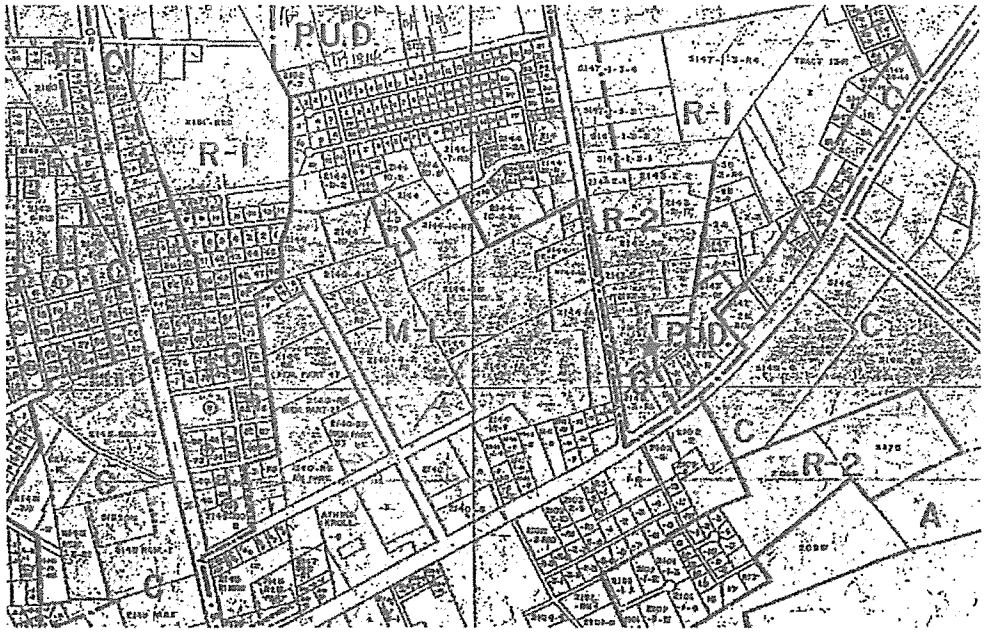
The Marine Corps Drive (Route 1) and Ypao Road (Route 14B) intersection involved a 33.5 second delay per vehicle in 2008, graded at an acceptable operation analysis level of "C" per the transportation plan.

It is further noted Table 3-4 in the 2030 Guam Transportation Plan further identifies the roadway as having four lanes, however, the roadway has historically only involved two-lanes, providing for vehicular transport in a northerly and southerly direction, respectively.

240 ZONING, LAND USE PLAN, CONCURRENCY

CURRENT ZONING

The subject is split zoned C, Commercial Zone at southwestern portions, PUD, Planned Unit Development District at southeastern portion and R2, Multiple Dwelling Zone at central and northwestern portions. Uses permitted in the C, Commercial Zone include a wide range of uses including one family dwellings, duplexes, wholesale and retail stores, shops and businesses, amusement enterprises, automobile service stations, uses customarily accessory to any permitted uses including only those accessory to manufacturing, storage, compounding, and other uses. A P.U.D., Planned Unit Development District is a substantial area in which development follows an approved plan integrating a combination of uses in appropriate and unified manner. The zoning map of the subject vicinity is included as follows. A detailed description of C, Commercial Zone and PUD, Planned Unit Development zone, R2, Multiple Dwelling Zone and R1, One-Family Dwelling Zone are described below.



§61307. C Commercial Zone.

Use Permitted.

- One family dwellings.
- Duplexes.
- Wholesale and retail stores, shops and businesses.
- Amusement enterprises.
- Automobile service station, including minor repairs.
- Bakeries.
- Mortuaries.
- Offices, business or professional inclusive of professional healing arts offices and clinics, and banks.
- Personal service shops, including barber shops, beauty parlors, laundromats, and the like.
- Repair shops and service shops, including shoe repair shops, plumbing shops, dressmaking shops, and the like, but not including automobile repair shops for major work.
- Restaurants and cafes.
- Studios.
- Other uses which in the judgment of the Commission, as evidenced by resolution in writing, are similar to those listed herein.

- Uses customarily accessory to any of the above listed uses, including only those accessory to manufacturing, storage, compounding, or processing activities which are necessary for the ordinary conduct of said listed uses and which are an integral part thereof.
- Accessory structures for the above.

Conditional Use.

- Hospital and clinics.
- Public utility and other public buildings.
- Shopping center.
- Recreation, including cockpits, marinas, amusement centers, drive-in theaters.
- Multi-family.
- Hotels, motels, tourist accommodations.
- Air, bus, taxi, auto rental terminals.
- Auto sales and car wash.
- Parking garages and lots.
- Service vehicle storage.
- Laundries and cleaning and dyeing establishments.
- Schools and churches.
- Parks, playgrounds, community centers.
- Utilities and public facilities.
- Accessory uses and structures for the above.

SOURCE: GC §17106. Repealed and reenacted by P.L. 21-40:20. Again repealed/reenacted by P.L. 22-72:44.

COMMENT: P.L. 22-72:44(a) gave the following Legislative Intent:

Section 61307 of Title 21, Guam Code Annotated, was amended by Section 20 of Public Law 21-40 to include the phrase, *inclusive of professional healing arts offices and clinics* after the phrase, *Offices, business or professional* in item (8) of subsection (a) of the section. At the time that this amendment was made, the introductory phrase repealing and reenacting §61307 of Title 21, Guam Code Annotated, cited *§61307 of Title 21, Chapter 61, Guam Code Annotated* rather than *Subsection (a) of §67307 of Title 21, Chapter 61, Guam Code Annotated,* thereby inadvertently repealing subsection (b) of that section, which contained conditional uses in the Commercial ("C") Zone. For this reason, it is necessary to correct this inadvertent repeal and restore subsection (b) of §61307 of Title 21, Guam Code Annotated.

PUD, Planned Unit Development

A P.U.D., Planned Unit Development District is a substantial area in which development follows an approved plan integrating a combination of uses in appropriate and unified manner. The Territorial Land Use Commission (TLUC) may approve the detailed plan when it comprises the following:

- An area of sufficient acreage to constitute a large planning unit having special attributes for integrated development.
- An appropriate development of the area from the viewpoints of its natural features, location and suitability for a particular use.
- A combination of structures and uses which are in reasonable association and proportion to make a harmonious unit and likely to continue compatibly with one another.
- All structures, including accessory structures, shall not cover more than thirty percent (30%) of the area.
- A project adequately serviced by the necessary public services, existing or proposed.
- A project consistent with an appropriate development of adjacent areas and not unreasonably detrimental to the existing structures and uses in such areas.
- An appropriate evolution of the comprehensive plan for that portion of the territory.

In approving a detailed development plan, the TLUC may impose such regulations of yards, open space, lot coverage, density and height as are reasonably required to permit the foregoing findings.

§61306. R2 Multiple Dwelling Zone.

Use Permitted.

- One-family dwellings.
- Duplexes.
- Multi-family dwellings.
- Hotels, private groups, and institutions.
- Accessory uses and structures for the above.

Conditional Uses.

- Any conditional uses permitted in the R1 zone (included following)
- Health Clinics.
- Utilities and public facilities.
- Air, bus, taxi, auto, rental terminals.
- Accessory uses and structures for the above.

SOURCE: GC §17105. Subsection (b) as amended by P.L. 11-60

§61305. R1 One-Family Dwelling Zone.

Use Permitted.

- One-family dwellings.
- Gardening and the keeping of pets for noncommercial purposes.
- Use customarily accessory to any of the above uses including home occupations and private parking areas with accessory buildings and structures.

Conditional Use.

- Duplexes.
- Schools and churches.
- Parks, playgrounds and community centers.
- Health service office, outpatient with laboratory.
- Utilities and public facilities.

SOURCE: GC §17104.

§ 61214. Split-Zoned Lots

a) Split-Zone Election. Whenever a lot is affected by a zoning boundary which creates two (2) separate zoning designations within its boundaries, the property owner of such affected lot shall have the right to select one (1) of the two (2) zones, and to have it apply to the entire lot. Upon receiving a written request by a property owner to elect a zoning designation for the affected lot, the Director of the Department of Land Management shall approve the request, shall process all necessary documents to reflect the approval, and shall update all official maps of Guam to indicate the zone which the property owner has chosen.

b) Applicability of Lot Split-Zone Boundary. While the lots are still affected by the lot split, a permitted use on one (1) portion of the zone boundary cannot be extended to the other side of the lot split-zone boundary if it is not a permitted use on the portion of the same lot or on the abutting lot to be extended. In order to extend such permitted use from one (1) side of the lot split-zone boundary to the other side, a conditional use permit or a zone variance, as applicable, must be obtained pursuant to § 61303 or § 61617, Title 21, Guam Code Annotated.

c) Conditional Use. All uses permitted on the affected lot by the zone chosen by the property owner making a split-zone election shall be conditional and subject to approval in the manner required to obtain a zone variance as provided in § 61303, Title 21, Guam Code Annotated. No such use shall be permitted upon any part of the lot described in Subsection (a) above which is inconsistent or incompatible with the uses of property adjacent to such part, nor which would otherwise be detrimental to the public. (d) Lot Consolidation. A split-zone election shall only be made on lots that are encumbered by such split-zone designation, as delineated in the official zone map series for the applicable municipality. No extension of a zone boundary shall be allowed under a lot consolidation with another lot unaffected by the split-zone boundary. Any split-zone extension being pursued through lot consolidation on an unaffected parcel must undergo the regular zone change process through the Guam Land Use Commission for such extension on the unaffected lot.

SOURCE: GC § 61214. Added by P.L. 25-131:2. Repealed and reenacted by P.L. 31-098:2 (Sept. 30, 2011).

Based on a property's zoning, Guam zoning laws require certain yard and setback restrictions when building improvements on a site. The subject is C, Commercial and PUD, Planned Unit Development District zoned as previously discussed and includes yard and setback requirements as shown on the following table taken from Chapter 61 of the Guam Code Annotated regarding real property.

21 GCA REAL PROPERTY
CH. 61 ZONING LAW

	Front Yard Depth	Rear Yard Depth	Side Yard Depth	Lot Width	Lot Area	Lot Area Per* Dwelling Unit
Single Family	15 ft.	10 ft.	8 ft.	50 ft.	5,000 sq. ft.	5,000 sq. ft.
Multi-family	15 ft.	10 ft.	8 ft.	50 ft.	5,000 sq. ft.	1,250 sq. ft.
Commercial	-----	20 ft.	-----	20 ft.	2,000 sq. ft.	400 sq. ft.
Light Industrial	-----	20 ft.	8 ft.	50 ft.	5,000 sq. ft.	1,250 sq. ft.
Heavy Industrial	25 ft.	25 ft	15 ft.	120 ft	40,000 sq. ft	----------

250 ASSESSED VALUE, TAXES AND SPECIAL ASSESSMENTS

DEPARTMENT OF REVENUE AND TAXATION

In March 2014 the government contracted Cornerstone Valuation Guam, Inc. to complete island wide revaluation to update the taxation roll to current market value. The mass appraisal is the first in 20 years and the effective date of the study is March 4, 2013. The Board of Equalization has certified the roll on March 14, 2015. By Public Law 31-196, signed into law on March 28, 2012, the land tax rate is at 7/80 percent of the appraised value and building tax rate is at 7/20 percent of the appraised value. Details to the subject real property tax assessments are shown as follows.

Department of Revenue & Taxation
Assessed Values and Estimated Real Property Taxes
Lot No. 2143-1-R4
Tamuning, Island of Guam

Identification	Land Area (sm)	2014 Appraised Value		Assessment Ratio	2014 Assessed Value		Tax Rate	Estimated 2014 Real Property Tax
Land								
Lot No. 2143-1-R4 [1]	16,733	$2,959,360	x	100%	$2,959,360	x	0.00088	$2,589
Total Estimated 2014 Real Property Tax								$2,589
Total 2014 Appraised Value								$2,959,360

[1] Subject valued as Lot No. 2143-1-R4 with appraised value of $3,301,300 and land area of 18,885SM. Land area amended to match computed area.
Source: Department of Revenue and Taxation records

260 HISTORY OF PROPERTY

David R. Flores, et al., have owned the leased fee interest in the subject lot for over five years, via Deed of Gift from Josefina R. Flores to David R. Flores, et al., dated July 30, 1975 and recorded as Instrument No. 259039.

The subject parent lot has been leased to Unity Development Corporation for over five years, as stated in that Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale dated July 9, 1979 and recorded as Instrument No. 303868 and as stated in that Termination and Assignment, dated October 7, 1993 and recorded as Instrument No. 511026.

We are not aware of any other sale/marketing activity of the subject property within the past five years.

As previously noted, for purposes of this report, we analyzed the fee simple interest in the subject and have not considered the leasehold/subleasehold improvements.

270 EXPOSURE/MARKETING TIME

The market exposure time preceding September 8, 2015 would have been twelve months and the estimated marketing period as of September 8, 2015 is twelve months. We researched average days on market for Tamuning C, Commercial, R2, Multi-Family Dwelling and M1, Limited Industrial Zone land parcels as shown on the following table. The days on market reflects 3.6 to 34.6 months, with an average of 13.0 months and a median of 11.5 months. We also segregated average days on market per year and per zoning, as shown on the following pages. Various reasons including substantially above market asking price may contribute to the above market marketing period. The subject includes 4± acres of C/PUD/R2 zoned land in central Tamuning. We conclude 12 months as reasonable exposure time for the subject larger parcel based on these data.

SUMMARY OF PERTINENT TAMUNING LAND SALES DAYS ON MARKET
Island of Guam

Sale No.	Lot No.	Zoning	Land Area (sm)	Land Area (acres)	Transaction Date	Transaction Type	Days on Market [1]	
1	L5166-5-5-5	M1	1,892 ±	0.5 ±	Aug-15	Deed	513	
2	L5166-5-5-R5	M1	2,892 ±	0.7 ±	Aug-15	Deed	509	
3	L2136-1-4NEW	C	987 ±	0.2 ±	May-15	Deed	596	
4	T1341, L3-R1	R2	1,858 ±	0.5 ±	May-15	Deed	399	
5	L2146-6-2-2	R2	626 ±	0.2 ±	Mar-15	Deed	77	
6	T90, B5, L7-1	R2	465 ±	0.1 ±	Mar-15	Deed	90	
7	L5166-R14	M1	2,823 ±	0.7 ±	Feb-15	Deed	604	
8	L5099-6	M1	6,307 ±	1.6 ±	Sep-14	Deed	657	
9	T149, B4, L5-2 & -R2	R2	1,037 ±	0.3 ±	May-14	Deed	118	
10	L2145-89C	M1	966 ±	0.2 ±	Mar-14	Deed	742	
11	L2123#1-5	C	1,530 ±	0.4 ±	Jan-14	Deed	212	
12	L2127#1NEW-R1	R2	12,836 ±	3.2 ±	Nov-13	Deed	80	
13	T2144-2, B4, L1	R2	466 ±	0.1 ±	Aug-13	Deed	273	
14	L5160-6-4-1	M1	2,000 ±	0.5 ±	Jul-13	Deed	136	
15	L5024-1-R1NEW-1	M1	2,420 ±	0.6 ±	Jun-13	Deed	131	
16	T283, L16	M1	1,820 ±	0.4 ±	Apr-13	Deed	48	
17	L5088-R1-R12	R2	2,896 ±	0.7 ±	Apr-13	Deed	204	
18	T13105, L13	R2	1,576 ±	0.4 ±	Apr-13	Deed	114	
19	L2146-6-2A-1	R2	1,014 ±	0.3 ±	Apr-13	Deed	79	
20	L2123#1-3	C	1,530 ±	0.4 ±	Feb-13	Deed	58	
21	L5166-5-1	C	929 ±	0.2 ±	Jul-12	Deed	30	
22	L2102-2-9-1 & -10-1	M1	3,784 ±	0.9 ±	Jul-12	Deed	85	
23	L2110-2R-2 & -3	M1	12,888 ±	3.2 ±	May-12	Deed	245	
24	L2104-5	M1	928 ±	0.2 ±	Jul-11	Deed	27	
25	L5166-3-15	M1	4,046 ±	1.0 ±	Jun-11	Deed	130	
26	L2144-2, B1, L28 & L30	R2	930 ±	0.2 ±	Apr-11	Deed	442	
27	L2144-2, B1, L3	R2	467 ±	0.1 ±	Apr-11	Deed	14	
28	L2102-2-7, etc.	M1	4,417 ±	1.1 ±	Feb-11	Deed	694	
29	L2149-8NEW-R1	R2	2,909 ±	0.7 ±	Oct-10	Deed	3714	
30	L5048-8	R2	4,382 ±	1.1 ±	Oct-10	Deed	1069	
31	T13105, L96	R2	1,111 ±	0.3 ±	Oct-10	Deed	764	
						Average:	**415**	**(34.6 mos.)**
						Median:	**204**	**(17.0 mos.)**

[1] Source: Multiple Listing Service (MLS), closed C, M1 and R2 zone land sales since 2010 in the Municipality of Tamicipality of Tamuning.

SUMMARY OF PERTINENT TAMUNING LAND SALES DAYS ON MARKET
Island of Guam

Sale No.	Lot No.	Zoning	Land Area (sm)	Land Area (acres)	Transaction Date	Transaction Type	Days on Market [1]	
2015 (through September 8, 2015)								
1	L5166-5-5-5	M1	1,892 ±	0.5 ±	Aug-15	Deed	513	
2	L5166-5-5-R5	M1	2,892 ±	0.7 ±	Aug-15	Deed	509	
3	L2136-1-4NEW	C	987 ±	0.2 ±	May-15	Deed	596	
4	T1341, L3-R1	R2	1,858 ±	0.5 ±	May-15	Deed	399	
5	L2146-6-2-2	R2	626 ±	0.2 ±	Mar-15	Deed	77	
6	T90, B5, L7-1	R2	465 ±	0.1 ±	Mar-15	Deed	90	
7	L5166-R14	M1	2,823 ±	0.7 ±	Feb-15	Deed	604	
						Average:	399	(33.2 mos.)
						Median:	509	(42.4 mos.)
2014								
8	L5099-6	M1	6,307 ±	1.6 ±	Sep-14	Deed	657	
9	T145, B4, L5-2 & -R2	R2	1,037 ±	0.3 ±	May-14	Deed	118	
10	L2145-89C	M1	966 ±	0.2 ±	Mar-14	Deed	742	
11	L2123#1-5	C	1,530 ±	0.4 ±	Jan-14	Deed	212	
						Average:	432	(36.0 mos.)
						Median:	435	(36.2 mos.)
2013								
12	L2127#1NEW-R1	R2	12,836 ±	3.2 ±	Nov-13	Deed	80	
13	T2144-2, B4, L1	R2	466 ±	0.1 ±	Aug-13	Deed	273	
14	L5160-6-4-1	M1	2,000 ±	0.5 ±	Jul-13	Deed	136	
15	L5024-1-R1NEW-1	M1	2,420 ±	0.6 ±	Jun-13	Deed	131	
16	T283, L16	M1	1,820 ±	0.4 ±	Apr-13	Deed	48	
17	L5088-R1-R12	R2	2,896 ±	0.7 ±	Apr-13	Deed	204	
18	T13105, L13	R2	1,576 ±	0.4 ±	Apr-13	Deed	114	
19	L2146-6-2A-1	R2	1,014 ±	0.3 ±	Apr-13	Deed	79	
20	L2123#1-3	C	1,530 ±	0.4 ±	Feb-13	Deed	55	
						Average:	125	(10.4 mos.)
						Median:	114	(9.5 mos.)
2012								
21	L5166-5-1	C	929 ±	0.2 ±	Jul-12	Deed	30	
22	L2102-2-9-1 & -10-1	M1	3,784 ±	0.9 ±	Jul-12	Deed	85	
23	L2110-2R-2 & -3	M1	12,888 ±	3.2 ±	May-12	Deed	245	
						Average:	120	(10.0 mos.)
						Median:	85	(7.1 mos.)
2011								
24	L2104-5	M1	928 ±	0.2 ±	Jul-11	Deed	27	
25	L5166-3-15	M1	4,046 ±	1.0 ±	Jun-11	Deed	130	
26	L2144-2, B1, L28 & L30	R2	930 ±	0.2 ±	Apr-11	Deed	442	
27	L2144-2, B1, L3	R2	467 ±	0.1 ±	Apr-11	Deed	14	
28	L2102-2-7, etc.	M1	4,417 ±	1.1 ±	Feb-11	Deed	694	
						Average:	261	(18.7 mos.)
						Median:	130	(11.3 mos.)
2010								
29	L2149-8NEW-R1	R2	2,909 ±	0.7 ±	Oct-10	Deed	3,714	
30	L5048-8	R2	4,382 ±	1.1 ±	Oct-10	Deed	1,069	
31	T13105, L96	R2	1,111 ±	0.3 ±	Oct-10	Deed	764	
						Average:	1,849	(154.1 mos.)
						Median:	1,069	(89.1 mos.)

[1] Source: Multiple Listing Service (MLS), closed C, M1 and R2 zone land sales since 2010 in the Municipality of Tamicipality of Tamuning.

SUMMARY OF PERTINENT TAMUNING LAND SALES DAYS ON MARKET
Island of Guam

Sale No.	Lot No.	Zoning	Land Area (sm)	Land Area (acres)	Transaction Date	Transaction Type	Days on Market [1]	
COMMERCIAL ZONE								
1	L2136-1-4NEW	C	987 ±	0.2 ±	May-15	Deed	596	
2	L2123#1-5	C	1,530 ±	0.4 ±	Jan-14	Deed	212	
3	L2123#1-3	C	1,530 ±	0.4 ±	Feb-13	Deed	58	
4	L5166-5-1	C	929 ±	0.2 ±	Jul-12	Deed	30	
						Average:	**224**	**(18.7 mos.)**
						Median:	**135**	**(11.3 mos.)**
LIMITED INDUSTRIAL ZONE								
5	L5166-5-5-5	M1	1,892 ±	0.5 ±	Aug-15	Deed	513	
6	L5166-5-5-R5	M1	2,892 ±	0.7 ±	Aug-15	Deed	509	
7	L5166-R14	M1	2,823 ±	0.7 ±	Feb-15	Deed	604	
8	L5099-6	M1	6,307 ±	1.6 ±	Sep-14	Deed	657	
9	L2145-89C	M1	966 ±	0.2 ±	Mar-14	Deed	742	
10	L5160-6-4-1	M1	2,000 ±	0.5 ±	Jul-13	Deed	136	
11	L5024-1-R1NEW-1	M1	2,420 ±	0.6 ±	Jun-13	Deed	131	
12	T283, L16	M1	1,820 ±	0.4 ±	Apr-13	Deed	48	
13	L2102-2-9-1 & -10-1	M1	3,784 ±	0.9 ±	Jul-12	Deed	85	
14	L2110-2R-2 & -3	M1	12,888 ±	3.2 ±	May-12	Deed	245	
15	L2104-5	M1	928 ±	0.2 ±	Jul-11	Deed	27	
16	L5166-3-15	M1	4,046 ±	1.0 ±	Jun-11	Deed	130	
17	L2102-2-7, etc.	M1	4,417 ±	1.1 ±	Feb-11	Deed	694	
						Average:	**348**	**(29.0 mos.)**
						Median:	**245**	**(20.4 mos.)**
MULTI-FAMILY DWELLING ZONE								
18	T1341, L3-R1	R2	1,858 ±	0.5 ±	May-15	Deed	399	
19	L2146-6-2-2	R2	626 ±	0.2 ±	Mar-15	Deed	77	
20	T90, B5, L7-1	R2	465 ±	0.1 ±	Mar-15	Deed	90	
21	T149, B4, L5-2 & -R2	R2	1,037 ±	0.3 ±	May-14	Deed	118	
22	L2127#1NEW-R1	R2	12,836 ±	3.2 ±	Nov-13	Deed	80	
23	T2144-2, B4, L1	R2	466 ±	0.1 ±	Aug-13	Deed	273	
24	L5088-R1-R12	R2	2,896 ±	0.7 ±	Apr-13	Deed	204	
25	T13105, L13	R2	1,576 ±	0.4 ±	Apr-13	Deed	114	
26	L2146-6-2A-1	R2	1,014 ±	0.3 ±	Apr-13	Deed	79	
27	L2144-2, B1, L28 & L30	R2	930 ±	0.2 ±	Apr-11	Deed	442	
28	L2144-2, B1, L3	R2	467 ±	0.1 ±	Apr-11	Deed	14	
29	L2149-8NEW-R1	R2	2,909 ±	0.7 ±	Oct-10	Deed	3,714	
30	L5048-8	R2	4,382 ±	1.1 ±	Oct-10	Deed	1,069	
31	T13105, L96	R2	1,111 ±	0.3 ±	Oct-10	Deed	764	
						Average:	**531**	**(13.0 mos.)**
						Median:	**161**	**(11.5 mos.)**

280 PUBLIC AND PRIVATE RESTRICTIONS

There are no known private or public restrictions affecting the subject property except as previously discussed.

ANALYSIS OF DATA AND CONCLUSIONS

300 HIGHEST AND BEST USE ANALYSES

Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value[21]. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property - specific with respect to the user and timing of the use - that is adequately supported and results in the highest present value.

Highest and best use is the basis upon which market value estimate is based on. In essence, the analysis will provide reasonably probable use of property that results in the highest value. The probable use must be:

- Physically Possible;
- Legally Permissible;
- Financially Feasible
- Maximum Productivity

Highest and best use analysis typically includes the subject both as land as though vacant and property as improved.

HIGHEST AND BEST USE OF LAND AS THOUGH VACANT

Analysis of highest and best use of land as though vacant needs to consider whether the land should be left vacant or be developed. Further, if the land should be left vacant, timing of the future development needs to be estimated and if it is developed, type of improvements should be summarized.

Physically Possible - The subject is located along Ypao Road in the Municipality of Tamuning. The subject includes a central location in close proximity to the commercial center of Tamuning and is less than one mile southeast of the vicinity of Guam's only public hospital where there is a high concentration of health care use facilities. The subject location is also a popular high-end residential area with various residential developments nearby. Ypao Road includes mixed use developments including residential,

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

commercial, medical facilities, hotel, and industrial uses. 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 legally permissible uses for the subject land are typically established by the zoning which is currently split zoned C, PUD and R2 zoned as previously discussed. Uses permitted in the C zoning allows for a range of uses including offices, retails, restaurants and cafes, etc. R2 zoning allows for a range of uses including single-family dwellings, duplexes, multi-family dwellings, etc. The range of uses allowed under the C, R2 and PUD are considered legally permissible for analysis purposes herein.

Financially Feasible - The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. The subjects' Ypao Road frontage is ideal for owner-occupant or partial owner-occupant commercial development. This would most likely be the uses that would be financially feasible for the subject property.

Maximum Productivity - The final test of highest and best use of the sites as vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that owner-occupant or partial owner-occupant commercial uses would be most appropriate.

302 HIGHEST AND BEST USE AS VACANT CONCLUSION

The highest and best use of the site, as vacant, would be for owner-occupant or partial owner-occupant commercial uses, or other use allowed under current zoning restrictions. Timing is immediate.

305 APPROACHES TO VALUE USED AND EXCLUDED

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

COST APPROACH

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

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per square meter, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

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

FINAL RECONCILIATION

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

ANALYSIS APPLIED

Cost Approach:	A cost approach not applied as the subject is analyzed as land only.
Sales Comparison Approach:	A sales approach was applied to estimate the fee simple land value only as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. This approach was not utilized to analyze the land and improvements (as a total).
Income Approach:	An income approach not applied as the subject is analyzed as land only.

310 LAND VALUATION

315-330 SECTIONS NOT APPLICABLE

As previously discussed, for purposes of analysis we are analyzing fee simple interest and the leasehold/subleasehold improvements are not analyzed herein.

335 SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

340 COLLECTION OF COMPARABLES

In order to estimate the subject land value by sales comparison, we researched and analyzed land sales involving land parcels having characteristics reasonably similar to the subject and made appropriate comparisons. We completed research on all larger commercial land transactions in recent years within the subject vicinity. Our company retains a comprehensive database of all recent real estate transactions in Guam and periodically produce Guam real estate statistics.

Our research disclosed three primary and one collateral land sales. A summary of the three primary and one collateral land sales disclosed by our research is shown on a following page with an accompanying map. Further details regarding the three primary land sales are included in the Addenda of this report as Addendum B. The three primary land sales are briefly discussed in the following paragraphs.

SUMMARY OF PERTINENT LAND SALES



Sale No.	Location (Lot No.)	Land Area (sm)	Land Area (acres)	Zoning	Transaction Date	Transaction Type	Sale Price/ Indicated Value $	Sale Price/ Indicated Value $/SM	Comments
PRIMARY SALES									
1	490 Marine Corps Drive, east of Triple J Auto Dealership, Tamuning (5128-1)	21,400 ±	5.3 ±	C/M1	Feb-15	Deed	$6,214,000 (see comments)	$290	Fairly level irregular shaped lot with all public utilities available at site or nearby. Indicated allocated land value reflects $8.0 million purchase price less $1,786,000 depreciated building value. Consolidation purchase. Former Foremost Foods, Inc. distribution plant and related improvements.
2	Finegayan Road (Route 27), east of the East-West Business Center, Tamuning (5106-R7)	14,746 ±	3.6 ±	C/M1	Mar-14	Deed	$3,000,000	$203	Fairly level trapezoidal shaped lot with all public utilities available at site or nearby. Site improved with 20,400± sq. ft. warehouse; building allocation estimated at $330,000. Buyer owns adjacent East-West Business Center Complex and the transaction was a consolidation purchase.
3	Marine Corps Drive, southwest of Route 16 intersection, Tamuning (5049-2-R5)	8,000 ±	2.0 ±	C	Apr-13	Deed	$1,900,000	$238	Fairly level rectangular shaped lot with all public utilities available at site or nearby. Southern portion of the site proposed for development with a service station.
COLLATERAL SALES									
4	Mamis Street, west of Ypao Road, Tamuning (2144-1D-9 &-R9)	7,860 ± (net)	1.9 ±	PUD	Jan-12	Deed	$1,577,000	$201	Fairly level rectangular shaped lot with all public utilities available at site. Acquired for rezoning and development with warehouses. Substantially below market seller financing. Consolidation.

Land Sale No. 1 involves the indicated allocated land value of a 21,400± square meter improved site (former Foremost Foods, Inc. distribution plant) located at 490 Marine Corps Drive, east of Triple J Auto

Dealership in Tamuning. The C/M1-zoned lot sold by Warranty Deed in February 2015 from June P. Ungacta, et al. to Triple J Enterprises, Inc. The $8,000,000 sale price (less $1,786,000 building allocation) reflects an indicated land value of $6,214,000, or a unit rate of $290 per square meter of land area.

Details of the transaction were verified with confidential source. It is noted that the buyer owns adjacent property.

Land Sale No. 2 involves a 14,746± square meter site located along Finegayan Road (Route 27), east of East-West Business Center in Tamuning. The split-zoned C-zoned and M1-zoned property sold by Warranty Deed in March 2014 from Pyong Hak Han to East-West Rental Center, Inc. The $3,000,000 sale price (cash to seller) reflects a unit rate of $203 per square meter of land area.

Details of this transaction were verified with Ms. Suki Nicole Sul, one of the real estate agents from the brokerage firm representing the buyers who was involved with and knowledgeable of the transaction. Ms. Sul confirmed the sale price and noted that the acquisition was a consolidation purchase (buyer owns adjacent East-West Business Center Complex). Ms. Sul further stated that the buyer reportedly attributed no value to the improvement and would have acquired the property vacant for the same consideration. Ms. Sul further noted that the initial purchase agreement was at $3.2 million, due to an encroachment issue indicated in the appraisal the seller discounted the price $200,000 to reflect potential cost to cure expenses. However, considering the condition of the improvements, we have allocated $330,000 (rounded) based on market extracted depreciated building value of $17 per square foot and 19,200± square feet of gross building area.

Land Sale No. 3 involves an 8,000± square meter site located along Marine Corps Drive, southwest of its intersection with Route 16 in Tamuning. The C-zoned land sold by Warranty Deed in April 2013 from Marine Drive Frontage Development, LLC to IP&E Holdings, LLC. The $1,900,000 sale price (cash to seller) reflects a unit rate of $238 per square meter of land area.

Details of this transaction were verified with Mr. Richard Behag, a representative of the buyer, and Mr. Chris Felix, the real estate agent involved in this sale. Mr. Behag confirmed the sale price and stated that the southern portion of the lot is proposed for development with a service station. Mr. Felix noted that although there is a sanitary sewer easement intersecting the lot, the sewer line has been dead and they received permission from Guam Waterworks Authority to build over the easement, with the understanding that if the sewer line easement were to be needed in the future the buyer would be responsible to accommodate the installation of the line around the building. Mr. Felix further noted that the sale price was discounted by $100,000 due to a 20-foot wide by 20-foot deep silo located on the lot which is to be filled by the buyer. Mr. Felix stated that the northern 4,000 square meters of the lot is proposed for parceling and selling. Mr. Behag stated that this portion could be proposed for development with an automobile shop.

345 SALES ADJUSTMENT GRID

SUMMARY OF LAND SALES COMPARISON APPROACH
Lot No. 2143-1-R4
Tamuning, Island of Guam

Analysis Grid			Land Sale No. 1		Land Sale No. 2		Land Sale No. 3	
Location	Ypao Road (Route 14)		490 Marine Corps Drive, east of Triple J Auto Dealership		Finegayan Road (Route 27), east of East-West Business Center		Marine Corps Drive, southeast of Route 16 Intersection	
Municipality	Tamuning		Tamuning		Tamuning		Tamuning	
Legal Description	Lot No. 2143-1-R4		LS128-1		LS106-R7		LS049-2-R5	
Transaction Date	-		February-15		March-14		April-13	
Transaction Type	-		Deed		Deed		Deed	
Zoning	C, Commercial and PUD, Planned Unit Development		C, Commercial & M1, Limited Industrial		C, Commercial & M1, Limited Industrial		C, Commercial	
Land Area (sm)	16,733		21,400		14,746		8,000	
Land Area (acres)	4.1		5.3		3.6		2.0	
Price	-		$6,214,000		$3,000,000		$1,900,000	
Price Adjustment	-		$0		-$330,000		$0	
Adjusted Price	-		$6,214,000		$2,670,000		$1,900,000	
			0.0%		-11.0%		0.0%	
$/sm	-		$290		$181		$238	
Transaction Adjustments								
Property Rights	Fee Simple		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	-		All Cash to Seller	0.0%	All Cash to Seller	0.0%	All Cash to Seller	0.0%
Conditions of Sale	-		Consolidation	-10.0%	Consolidation	-10.0%	Market	0.0%
Adjusted Unit Price			$261		$163		$238	
Market Trends Through	9/8/2015	0.0%	0.0%		0.0%		0.0%	
Adjusted Unit Price			$261		$163		$238	
Location/Access	Ypao Road , paved road access		Superior		Similar		Superior	
% Adjustment			-25%		0%		-5%	
$ Adjustment			-$65		$0		-$12	
Frontage/Shape	Extensive frontage along Ypao Road/Irregular Shape		Similar		Similar		Similar	
% Adjustment			0%		0%		0%	
$ Adjustment			$0		$0		$0	
Easements/Encroachments	Access road privately owned		Inferior		Inferior		Inferior	
% Adjustment			5%		5%		2.5%	
$ Adjustment			$13		$8		$6	
Topography	Fairly level to gently sloping		Superior		Superior		Superior	
% Adjustment			-5%		-5%		-5%	
$ Adjustment			-$13		-$9		-$12	
Size Magnitude			Inferior		Similar		Superior	
% Adjustment			5%		0%		-10%	
$ Adjustment			$13		$0		-$24	
Adjusted Unit Price			$209		$163		$196	
Net Adjustments			-29.9%		-10.0%		-17.6%	
Gross Adjustments			49.9%		19.9%		22.6%	
Weighting			30%		35%		35%	

Ranges & Reconciled Values				
Low:	$163	per sq. m. of gross land area		
High:	$209	per sq. m. of gross land area		
Average:	$189	per sq. m. of gross land area		
Median:	$196	per sq. m. of gross land area		
Indicated Weighted Value:	$189	or	$3,152,497	
Reconciled Final Value:	$3,150,000	or	$189	per s.m.

350 ANALYSES OF COMPARABLE SALES AND EXPLANATION OF ADJUSTMENTS

Sales Comparison Approach based on the three primary land sales is shown on a table on a following page. For purposes of analysis, a unit rate of dollars per square meter was employed. This is the unit rate typically employed by buyers and sellers in the marketplace. The three primary land sales, before adjustment, reflect a range of unit rate prices from $203 to $290 per square meter. We made adjustments considering property rights conveyed, financing, conditions of sale, market conditions, location/access, frontage/shape, easements/encroachments, topography, zoning/highest and best use and size magnitude as shown on the table. Further details to these adjustments are summarized in the following paragraphs.

Price Adjustment – No price adjustments were required for Sale Nos. 1 and 3 A price adjustment of -$330,000 (rounded) was required for Sale No. 2, based on market extracted depreciated building value of $17 per square foot for the 19,200± gross building area warehouse building, as discussed in a previous section of this report.

Property Rights Conveyed Adjustment – All sales involved fee simple ownership rights and no adjustments were required.

Financing Adjustment – All sales involved cash paid to seller and no financing adjustments were required.

Conditions of Sale Adjustment – Sale Nos. 1 and 2 involved consolidation purchases and required adjustments of -10 percent each. Sale Nos. 3 involved market conditions and no condition of sale adjustments were required.

Market Conditions Adjustment – Local real estate market conditions in Guam have peaked in 2007 due primarily to the news on the military buildup. As the buildup plans were delayed, realigned, and revisited, market participants are currently cautious and typically do not expect any related buildup activities to start immediately. In estimating adjustment for market conditions, we reviewed historic land market characteristics for similar locations on Guam. We analyzed selected transactions that allow for reliable paired sales analysis. We also relied on prior analyses completed, regular contact with market participants and our experience and judgment. Our adjustments are shown on the table.

Location/Access Adjustment – The subject is located along Ypao Road (Route 14B) with paved road access in the Municipality of Tamuning. The subject immediate vicinity involves commercial and residential developments along Ypao Road and commercial related developments to the south along Marine Corps Drive. Sale Nos. 1 and 3 involved superior location/access characteristics compared to the subject and required adjustments of -25 and -5 percent, respectively. Sale No. 2 involved similar location/access characteristics compared to the subject and required no adjustment.

Frontage/Shape Adjustment – The subject has extensive frontage along Ypao Road to the west and is irregular in shape. All sales involved similar frontage/shape characteristics compared to the subject and required no adjustments.

Easements/Encroachment Adjustment – The subject recorded lot map reflects the western portion of the lot as affected by 30-foot wide public access easement. As per client instruction/clarification, this proposed right-of-way is not an easement and therefore does not affect the subject. The 1974 lot map of the subject noted a 40-foot wide access road. We researched this easement and traced back the September 1967 Grant of Easement from Josefina R. Flores to David R. and Elfriede G. Flores (related party). Therefore, this easement is privately owned and is considered usable land area in our analysis herein. We further researched adjacent survey maps for Lot No. 5147-2-PART-2-R1 (to the east) and Lot Nos. 2143-1-1 and -4 (to the north) and noted that access for these lots did not come from this 40-foot wide access easement.

As previously discussed, the subject southeastern portion is slightly encroached by portion of Century Plaza. However, the encroachment is caused by the sub-leasehold owner improvements and they would be the one required to remedy this encroachment. Therefore, we have not made any adjustment in our analysis herein.

Therefore, for analysis purposes herein, we assumed the subject vacant of any improvements and cure of any encroachments from adjacent lots. All sales involved inferior easement/encroachment characteristics compared to the subject and required adjustments ranging from +2.5 percent to +5 percent.

Topography Adjustment – The subject involves fairly level to gently sloping topography. All sales involved superior topographic characteristics and required adjustments of -5 percent each.

Size Adjustments – Typically, smaller land area reflect higher unit rate than larger land area. Based on our analysis, size adjustments ranging from -10 percent to +5 percent adjustment were required as shown on the table.

355 INDICATED VALUE BY THE SALES COMPARISON APPROACH

Indicated Land Value Estimate – As shown on the table, the three primary land sales, after adjustment, reflect a unit rate fee simple value for the subject ranging from $163 to $209 per square meter. The average unit rate value is $189 per square meter and the median value is $196 per square meter. Most weight is given to Sale Nos 2 and 3 which involved least amount of adjustment. Lesser weight is given to Sale 1. Our analysis, as shown on the analysis table, reflects a subject fee simple value of $3,150,000 (rounded), or a unit rate of $188 per square meter of land area.

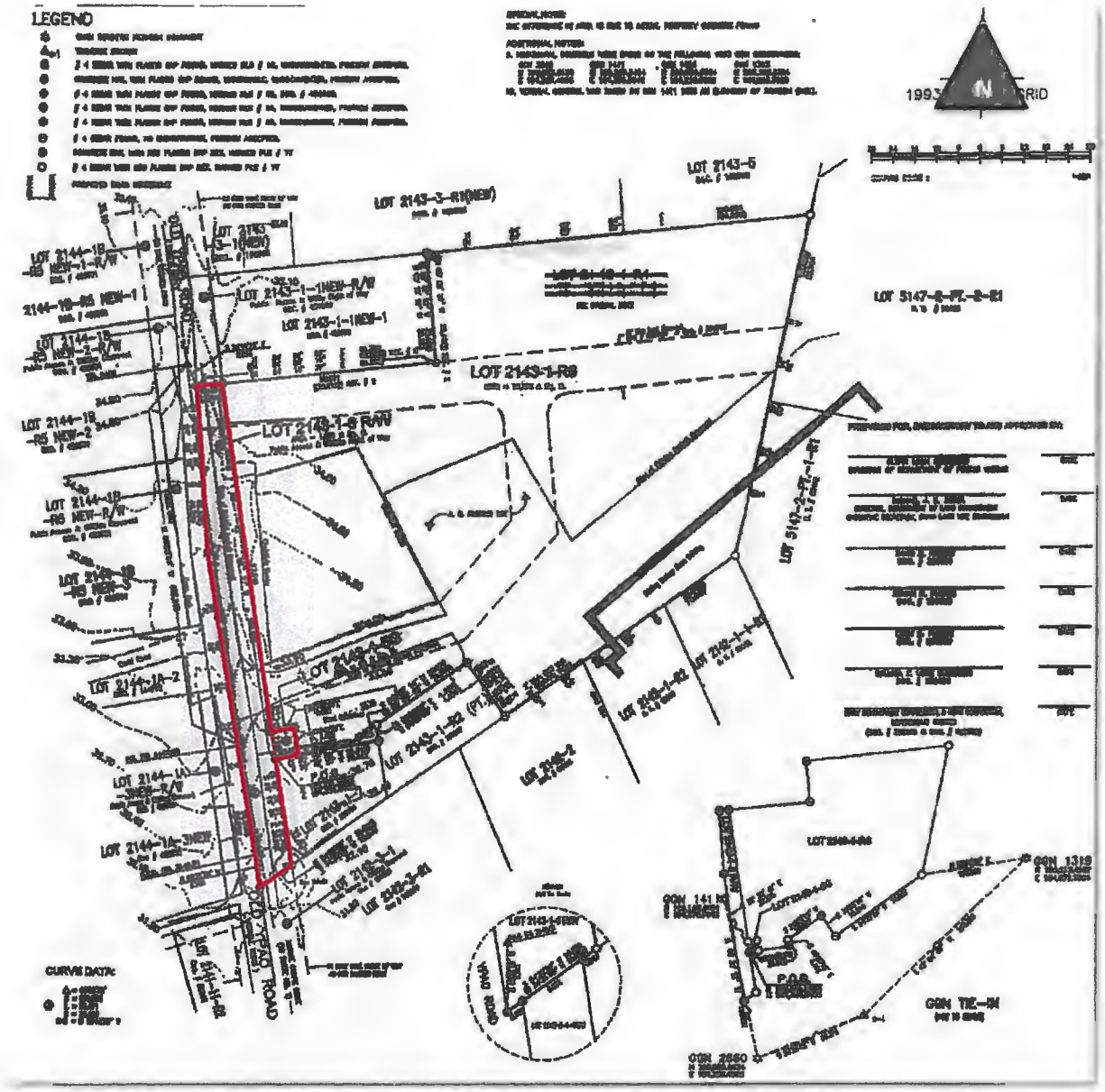
360-395 SECTIONS NOT APPLICABLE

The analysis of the subject property as the Larger Parcel assumed to be vacant of all improvements, renders sections 360-395 not applicable for this assignment.

400 DESCRIPTION OF THE PART ACQUIRED

The part to be acquired involves portions of Lot No. 2143-1-R4, containing a gross land area of 1,337± square meters (0.3± acres) identified as proposed Lot Nos. 2143-1-6 R/W and 2143-1-5G. Site maps of the parts acquired are included as follows.

SITE MAP


LEGEND
LOT 2143-5
LOT 2143-3-R1(NEW)
LOT 2143-1-R8
LOT 2143-1-6 R/W
LOT 5147-5-PT.-2-R1
LOT 2144-1A-2
LOT 2143-1-R2
LOT 2143-2
LOT 2143-1-R4
LOT 2143-1-5
LOT 2143-2-R1
CURVE DATA
P.O.B.
GCN 1319
GCN 141
GCN 2660
GCN TIE-IN


RIGHT OF WAY EXHIBIT MAP - LOT 2143-1-R6 (PROPOSED)
ROUTE 14B (YPAO ROAD) / GU-NH-014B(001)
LEGEND
N

The part to be acquired is described as follows:

1. Property Type: Land
2. Existing Use: Vacant land and paved roads
3. Land: Portions of Lot No. 2143-1-R4 identified as proposed Lot Nos. 2143-1-6 R/W and 2143-1-5G
   a. Gross land area: Shown as follows.

Proposed Lot No	Land Area sm	acres
2143-1-6 R/W	1,291 ±	0.3 ±
2143-1-5G	46 ±	0.0 ±
Gross Land Area	1,337 ±	0.3 ±

   b. Shape: Irregular
   c. Dimensions: Approximately 136± meters wide by 10± meters long for proposed Lot No. 2143-1-6 R/W and 6± meters wide by 7± meters long for proposed Lot No. 2143-1-5G
   d. Ingress/Egress: The subject property has an ingress/egress access points located along Ypao Road (Route 14B) on the western portion.
   e. Topography: The subject topography fairly level. Elevations range from 102 feet along the southwestern corner to 112 feet along the northeastern corner.
   f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency FEMA), the site is located within Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel Nos. 66000100084D. A copy of the flood zone map of the subject immediate vicinity was previously provided.
   g. Drainage: As of the date of inspection the parcel appears to have good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
   h. Soil Characteristics: No adverse conditions apparent.
   i. Utilities: Power, water and sewer lines are located at site or nearby.
   j. Utilities Available: Power, water and sewer lines
   k. Site Improvements: A portion of paved roadway of Ypao Road (Route 14B) and some vacant land. It is also noted that the part acquired involves a concrete bus stop, proposed for demolition.
   l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject part taken involves the 30-foot proposed road widening and small portions of a privately owned 40 foot wide access easement, as previously discussed. We are not aware of any other easements or encroachments that affect the subject property.

450

m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not affected by any other hazardous materials that may be present on or near the property.

OTHER PERTINENT FEATURES

The subject parts acquired are improved with a portion of Ypao Road (Route 14B), and a concrete bus stop proposed for demolition. Photographs of the acquisition were presented earlier in section 230.

450 VALUATION OF THE PART ACQUIRED

The value of the larger parcel was estimated by sales comparison approach.

The part acquired gross land area is 1,337± square meters. The unit price of the part acquired as part of the whole is the same as the abbreviated parent tract. The analysis and conclusion is shown in the following table.

Valuation of the Part Acquired As Part of Whole

Land Valuation			
Benchmark: Lot No. 2143-1-R4			
Improvements		$0	
Land			
Unit Value		$188	per square meter
Part Acquired Land Area	x	1,337	sq. meters
Total Value of Part Acquired		$251,356	
	Say,	**$251,400**	

Based on client written instruction, we have rounded up the value conclusion to the next $100's.

500 VALUE OF REMAINDER AS PART OF WHOLE PROPERTY

The value of the remainder as part of the whole property is the difference in value of the whole before the taking and the value of the part acquired. The property was analyzed as vacant and the value of site improvements is excluded in the value. The value of the remainder as part of the whole property is as follows.

Valuation of the Remainder As Part of Whole		
Land Valuation		
Larger Parcel Value		$3,150,000
Less Part Acquired Value	-	$251,400
Value of Remainder		$2,898,600

640 PURPOSE OF APPRAISAL OF REMAINDER AFTER ACQUISITION

As required by the Right of Manual, the appraisal of the remainder is made uncured under the assumption that the proposed roadway has been completed according to the construction plans and that said roadway is open for public use. The market value of the larger parcel before the taking has been estimated, the value of the part acquired has been subtracted. This results in the estimated value of the remainder as part of the whole. The purpose of the appraisal of the remainder un-cured is to estimate its market value to discover if there are any damages or special benefits caused by the taking.

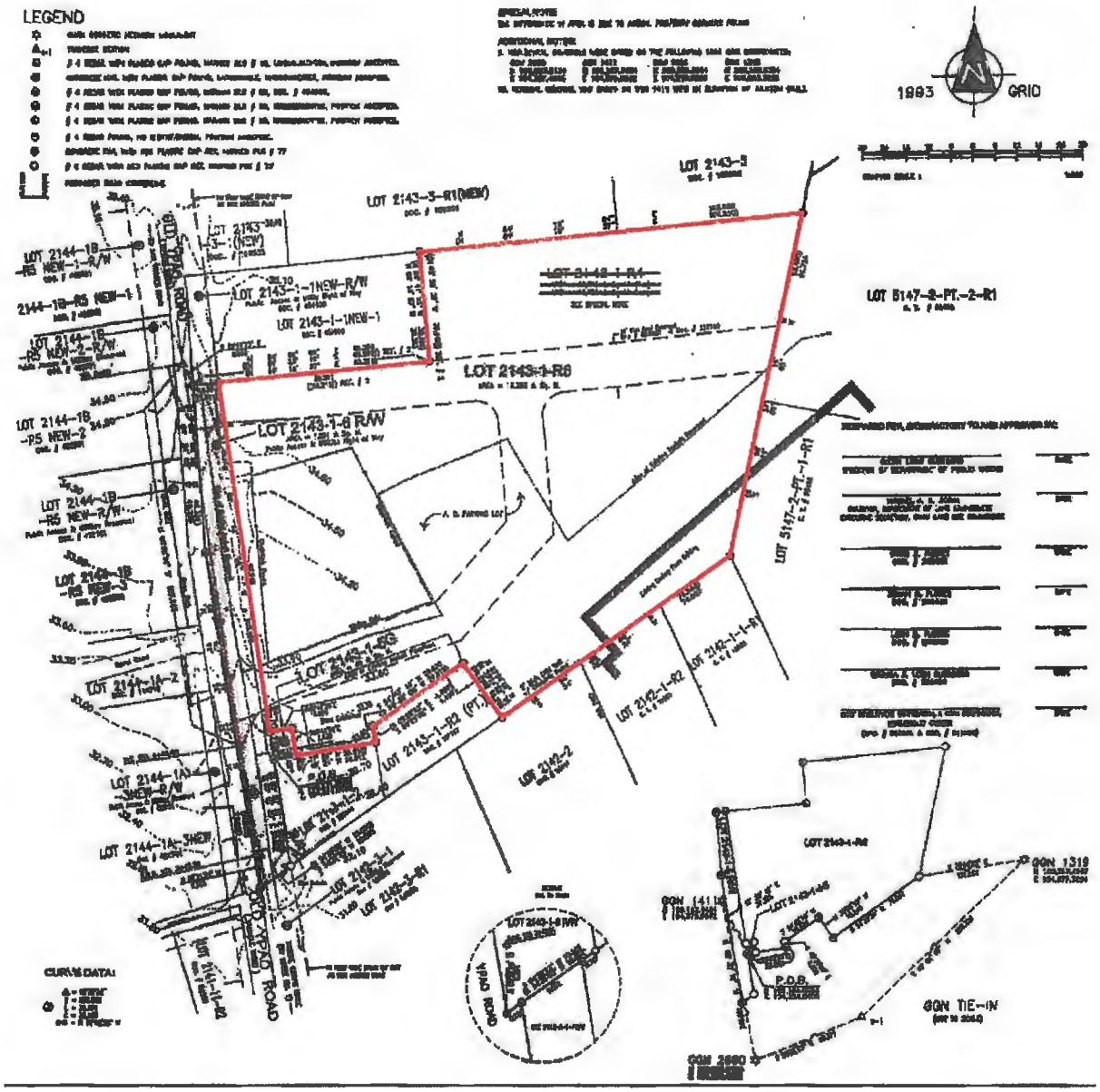
680 APPRAISAL PROBLEM

As required by the Right of Manual, the purpose of the appraisal is to estimate the market value of the remainder un-cured. This is done by appraising the remainder before any cure is applied and comparing this after value estimate with the value of the remainder as a part of the whole property to determine whether there is any reduction, damage, enhancement, or special benefit, as a result of the acquisition. The appraisal of the remainder property must be made presuming the proposed roadway has been completed according to construction plans and is open for public use.

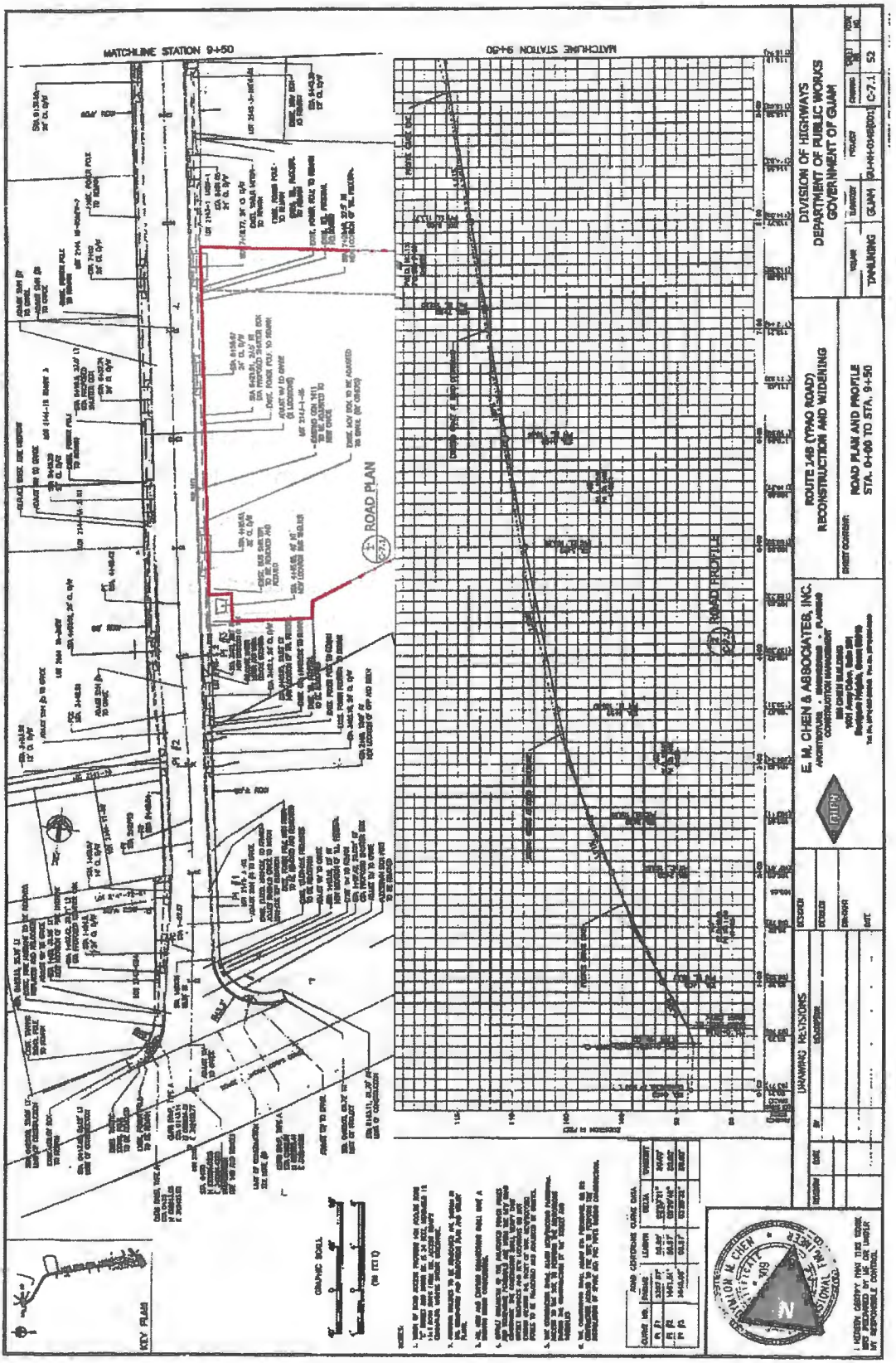
730 DESCRIPTION OF REMAINDER UNCURED

Section "230 Description of Property, Photographs, and Sketches" includes data for the parent tract and remainder parcels.

Site Map



PORTION OF LOT NO. 2143-1-R4 – 730 DESCRIPTION OF REMAINDER UNCURED



Remainder Data

1. Property Type: Land
2. Existing Use: Vacant land and paved roads
3. Land: Portion of Lot 2143-1-R4; identified as proposed Lot No. 2143-1-R6
   a. Gross Land Area: 15,396± square meters (3.8± acres)
   b. Shape: Irregular
   c. Dimensions: Approximately 155± meters wide by 130± meters long
   d. Ingress/Egress: The subject property has an ingress/egress access points located along Ypao Road (Route 14B) on the western portion.
   e. Topography: The subject topography fairly level to gently sloping. Elevations range from 105 feet along the southwestern corner to 125 feet along the northeastern corner.
   f. Flood Plain Data: According to Flood Insurance Rate Map published by the Federal Emergency Management Agency FEMA), the site is located within Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) as indicated on the Community Map Panel Nos. 66000100084D. A copy of the flood zone map of the subject immediate vicinity is shown as follows.
   g. Drainage: As of the date of inspection the parcel appears to have good drainage and does not suffer frequent flooding. The site is slightly above street grade. No adverse soil characteristic conditions are apparent.
   h. Soil Characteristics: No adverse conditions apparent.
   i. Utilities: Power, water and sewer lines are located along Ypao Road (Route 14B).
   j. Utilities Available: Power, water and sewer lines
   k. Site Improvements: A portion of paved roadway of Ypao Road (Route 14B) and some vacant land. It is also noted that the part acquired involves a concrete bus stop, proposed for demolition.
   l. Easement, Encroachments or Restrictions and their Effect or Limitation: The subject part taken involves the 30-foot proposed road widening and small portions of a privately owned 40 foot wide access easement, as previously discussed. We are not aware of any other easements or encroachments that affect the subject property.
   m. Environmental Issues: We have not observed, yet are not qualified to detect, the existence of other potentially hazardous material which may be present on or near the site. The existence of hazardous materials may have an effect on the value of the property. For this appraisal, we have specifically assumed that the property is not affected by any other hazardous materials that may be present on or near the property.

740 ZONING, LAND USE PLAN, CONCURRENCY

Section "240 Zoning, Land Use Plan, Concurrency" includes the zoning, land use plan, and other data for the larger parcels. The same description applies to the remainder parcels.

750 PROPOSED TRANSPORTATION FACILITY DESCRIPTION

According to client provided documents, the project involves the reconstruction and widening of the roadway from its intersection with Route 1 to its intersection with Route 14, having a length of 0.89± miles. The estimated project cost reflects $2,000,000 for the rehabilitation and expansion of the existing two-lane roadway to three-lanes with sidewalks and a 45 miles per hour designated speed limit.

775 EFFECT OF ACQUISITION ON REMAINDER UNCURED

The access to the property will not be adversely affected.

800 HIGHEST AND BEST USE

Section "300 Highest and Best Use Analyses" includes the highest and best use analyses for the parent tract. The remainder parcels are slightly smaller but this change does not affect the highest and best use analysis.

802 HIGHEST AND BEST USE CONCLUSION

Section "302 Highest and Best Use Conclusion" includes the highest and best use conclusion for the parent tract. The remainder parcels are only slightly smaller. This change does not affect the highest and best use analysis. Therefore, the same conclusion applies to the remainder. The highest and best use as vacant is for eventual development with owner occupant/partial-owner occupant commercial use.

805 APPROACHES TO VALUE USED AND EXCLUDED

Section "305 Approaches to Value Used and Excluded" includes the arguments for excluding the cost approach and income capitalization approach. The same arguments apply to the remainder parcel.

810 LAND VALUATION

Section "310 Land Valuation" contains the land valuation analysis for the larger parcel. The same methodology and analysis applies to this section.

The proposed road improvements, will improve traffic flow in the area and improve the general appearance of the roadways.

These are general benefits, which federal law does not permit to be considered in valuing the remainder. Therefore, these conditions have been disregarded in the remainder valuation.

The remainder is irregular shape with similar utility as the irregular shaped larger parcel. The access for the remainder will not change in overall utility from the larger parcel.

The remainder area reflects 15,396± square meters. Our remainder analysis is similar to our parent tract analysis as discussed in Section 345-350, as shown on the analysis table on the following page. As shown the value conclusion reflects $2,900,000 ($188 per square meter); similar to the value of the remainder as part of the whole, hence no damages.

SUMMARY OF LAND SALES COMPARISON APPROACH
Proposed Lot No. 2143-1-R6
Tamuning, Island of Guam

Analysis Grid			Land Sale No. 1		Land Sale No. 2		Land Sale No. 3	
Location	Ypao Road (Route 14)		490 Marine Corps Drive, east of Triple J Auto Dealership		Finegayan Road (Route 27), east of East-West Business Center		Marine Corps Drive, southeast of Route 16 intersection	
Municipality	Tamuning		Tamuning		Tamuning		Tamuning	
Legal Description	Proposed Lot No. 2143-1-R6		L5128-1		L5106-R7		L5049-2-R5	
Transaction Date	-		February-15		March-14		April-13	
Transaction Type	-		Deed		Deed		Deed	
Zoning	C, Commercial, R2, Multi-Family and PUD, Planned Unit		C, Commercial & M1, Limited Industrial		C, Commercial & M1, Limited Industrial		C, Commercial	
Land Area (sm)	15,396		21,400		14,746		8,000	
Land Area (acres)	3.8		5.3		3.6		2.0	
Price			$6,214,000		$3,000,000		$1,900,000	
Price Adjustment	-		$0		-$330,000		$0	
Adjusted Price	-		$6,214,000		$2,670,000		$1,900,000	
			0.0%		-11.0%		0.0%	
$/sm	-		$290		$181		$238	
Transaction Adjustments								
Property Rights	Fee Simple		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	-		All Cash to Seller	0.0%	All Cash to Seller	0.0%	All Cash to Seller	0.0%
Conditions of Sale	-		Consolidation	-10.0%	Consolidation	-10.0%	Market	0.0%
Adjusted Unit Price			$261		$163		$238	
Market Trends Through	9/8/2015	0.0%	0.0%		0.0%		0.0%	
Adjusted Unit Price			$261		$163		$238	
Location/Access	Ypao Road , paved road access		Superior		Similar		Superior	
% Adjustment			-25%		0%		-5%	
$ Adjustment			-$65		$0		-$12	
Frontage/Shape	Extensive frontage along Ypao Road/Irregular Shape		Similar		Similar		Similar	
% Adjustment			0%		0%		0%	
$ Adjustment			$0		$0		$0	
Easements/Encroachments	Access road privately owned		Inferior		Inferior		Inferior	
% Adjustment			5%		5%		2.5%	
$ Adjustment			$13		$8		$6	
Topography	Fairly level to gently sloping		Superior		Superior		Superior	
% Adjustment			-5%		-5%		-5%	
$ Adjustment			-$13		-$8		-$12	
Zoning/Highest and Best Use	C, Commercial, R2, Multi-Family and PUD, Planned Unit		Similar		Similar		Similar	
% Adjustment			0.0%		0.0%		0%	
$ Adjustment			$0		$0		$0	
Size Magnitude			Inferior		Similar		Superior	
% Adjustment			5%		0%		-10%	
$ Adjustment			$13		$0		-$24	
Adjusted Unit Price			$209		$163		$196	
Net Adjustments			-29.9%		-10.0%		-17.6%	
Gross Adjustments			49.9%		79.8%		22.6%	
Weighting			30%		35%		35%	

Ranges & Reconciled Values				
Low:	$163	per sq. m. of gross land area		
High:	$209	per sq. m. of gross land area		
Average:	$189	per sq. m. of gross land area		
Median:	$196	per sq. m. of gross land area		
Indicated Weighted Value:	$188	or	$2,900,606	
Reconciled Final Value:	$2,900,000	or	$188	per s.m.

815 THE COST APPROACH

Not applicable.

820 BUILDING COST ESTIMATE

Not applicable.

825 ACCRUED DEPRECIATION ESTIMATE

Not applicable.

830 INDICATED VALUE BY COST APPROACH

Not applicable.

835 THE SALES COMPARISON APPROACH

Section "810 Land Valuation" includes a sale comparison approach for the remainder as though vacant.

840 COLLECTION OF COMPARABLE SALES

See Addendum D attached to this report for details of the comparable transactions used in this report.

845 THE SALES ADJUSTMENT GRID

Section "810 Land Valuation" includes a sale adjustment grid for the site as though vacant.

850 ANALYSES OF COMPARABLE SALES AND EXPLANATION OF ADJUSTMENTS

Section "810 Land Valuation" includes analyses of comparable sales and explanation of adjustments.

855 INDICATED VALUE BY THE SALES COMPARISON APPROACH

Section "810 Land Valuation" includes and explains the indicated value of the site as though vacant.

860 THE INCOME CAPITALIZATION APPROACH

Not applicable.

865 GROSS RENT ESTIMATE

Not applicable.

870 VACANCY AND COLLECTION LOSS

Not applicable.

875 EXPENSE AND NET OPERATING INCOME ESTIMATES

Not applicable.

880 CAPITALIZATION RATE

Not applicable.

885 INDICATED VALUE BY THE INCOME CAPITALIZATION RATE

Not applicable.

890 RECONCILIATION VALUE INDICATIONS AND FINAL VALUE ESTIMATE

The cost approach and income approach were not necessary for this assignment. Section "810 Land Valuation" includes a sale comparison approach for the site as though vacant.

My opinion of the market value of the remainder, as of September 8, 2015 is $2,900,000.

900 SUPPORT FOR DAMAGES/NO DAMAGES TO THE REMAINDER

The valuation of the remainder took into consideration the government's proposed project and therefore reflects the anticipated impact of the project. As stated, no material impact, positive or negative, is anticipated on the remainder parcel as a result of the reconstruction and widening of the Ypao Road (Route 14B).

910 COST OF CURE DAMAGES

Not applicable.

920 SPECIAL BENEFITS

The Right of Way Manual states, "special benefits are the result of an enhancement in value which has advanced the market value of the remainder beyond the mere general appreciation of property in the neighborhood. The taking must be for a road, canal, levee, or water control facility right of way."

Relevant terms are defined:

Benefits

In eminent domain valuation, the advantageous factors that arise from a p public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal

counsel to resolve questions about the classification of benefits. See also general benefits; set-off rule; special benefits. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Special Benefits

In eminent domain valuation, the benefits that arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefitted in a similar manner, if not to the same degree. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

General Benefits

In eminent domain valuation, the benefits that accrue to the community at large as a result of the new public work and the increased general prosperity that accompanies development. Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

The proposed road reconstruction is anticipated to benefit the community, not just the subject remainders, thus it would result in a general benefit. The road reconstruction would not enhance the value of the remainder beyond that of other parcels. Thus, the proposed road reconstruction would result in general benefits but not special benefits.

995 SUMMARY OF VALUES

The final value for the acquisition is as shown in the following table.

Final Value of Acquisition

Item	Value
Land: 1,337 sq. m. (Proposed Lot Nos. 2144-1-6R/W & -G)	$251,400
Improvements	$0
Severance Damages	$0
Special Benefits	$0
Total Final Value of Acquisition	**$251,400**

ADDENDA

ADDENDUM A

GUAM ECONOMIC BACKGROUND DATA

GUAM ECONOMIC BACKGROUND DATA



GENERAL

The Island of Guam is an unincorporated U.S. Territory and includes a total land area of 212± square miles, or 549± square kilometers. Census 2010 figures indicate a total population of 159,358, an increase of 2.9 percent compared to 2000. The capital of Guam, Hagåtña (previously Agana), is situated at the center of the island alongside the Philippine Sea.

An advanced report of selected characteristics for Guam based on the 2010 Census are summarized as follows:

Summary of Indicators, Guam: 2000 and 2010

Description	2000	2010	Percent Change
Total Population	154,805	159,358	2.94
In households	150,928	154,060	2.08
Group Quarters	3,877	5,298	36.65
Age Structure			
0-14 years	47,156	43,319	(8.14)
15-64 years	99,434	105,294	5.89
65 years and over	8,215	10,745	30.80
Males	79,181	81,552	2.99
0-14 years	24,309	22,322	(8.17)
15-64 years	50,919	54,225	6.49
65 years and over	3,953	5,005	26.61
Females	75,624	77,806	2.89
0-14 years	22,847	20,997	(8.10)
15-64 years	48,515	51,069	5.26
65 years and over	4,262	5,740	34.68
Sex Ratio (males per 100 females)	105	105	...
In Labor Force	68,894	74,400	8.0
Civilian Labor Force	64,452	69,394	7.7
Employed	57,053	63,678	11.6
Unemployed	7,399	5,716	(22.7)
Armed forces	4,442	5,006	12.7
Not in the labor force	36,120	38,667	7.1
Unemployment Rate (% of civilian labor force)	11.5	8.2	...
Educational Attainment (25 years and over)	83,281	89,256	7.2
Percent high school graduate or higher	76.3	79.4	...
Percent bachelor's degree or higher	20.0	20.4	...
Marital Status (15 years and over)	107,649	116,039	7.8
Never married	37,711	43,795	16.1
Married (except separated)	57,505	57,856	0.6
Separated or Divorced	8,180	9,085	11.1
Widowed	4,253	5,303	24.7
Household Income (Households)	38,769	42,026	8.4
Percent households less than $50,000	61.0	51.5	...
Percent households $50,000 to $99,999	28.8	32.3	...
Percent households $100,000 or more	10.2	16.2	...
Housing Occupancy and Tenure			
Housing units	47,677	50,567	6.1
Occupied housing units	38,769	42,026	8.4
Owner-occupied housing units	18,747	21,140	12.8
Renter-occupied housing units	20,022	20,886	4.3
Vacant	8,908	8,541	(4.1)

Source: U.S. Census Bureau
... "not applicable"

Prepared by:
Guam State Data Center
Bureau of Statistics and Plans

August 2012

Guam's economy relies heavily on tourism and military expenditures. A summary of Guam Economic Indicators is shown as follows:

GUAM ECONOMIC INDICATORS

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tourist Arrival	1,211,674	1,224,894	1,141,779	1,052,871	1,197,408	1,159,778	1,307,796	1,334,497	1,343,092
GHRA Occupancy, Room Rates and REVPAR									
Hotel Room Rate	$106	$110	$116	$108	$111	$123	$123	$134	$149
Hotel Occupancy Rate	60%	68%	64%	60%	71%	72%	81%	75%	75%
REVPAR	$64	$75	$74	$65	$79	$89	$100	$101	$112
Percentage Change		18%	-1%	-13%	22%	12%	13%	1%	11%
Employment									
Total	59,360	60,350	60,840	61,220	62,600	60,820	61,840	61,070	62,480
Private Sector	44,160	45,320	45,730	45,670	46,790	44,760	46,050	46,270	47,030
Trade (Whsle&Retail)	32.0%	31.2%	29.7%	29.8%	29.3%	30.9%	30.5%	29.8%	29.7%
Service (Ldge/Food)	35.9%	35.9%	35.5%	35.3%	36.7%	36.3%	35.8%	35.6%	36.0%
Construction	10.7%	12.4%	14.1%	14.6%	14.2%	13.1%	14.2%	15.4%	15.0%
Other	21.4%	20.5%	20.6%	20.3%	19.8%	19.7%	19.5%	19.3%	19.3%
Public Sector	15,200	15,030	15,110	15,550	15,810	16,060	15,790	15,570	15,450
Government of Guam	77.2%	76.0%	75.1%	75.4%	75.1%	74.3%	74.3%	74.3%	73.2%
Federal Government	22.8%	24.0%	24.9%	24.6%	24.9%	25.7%	25.7%	25.7%	26.8%
Average Hourly Earnings									
Government of Guam	$17.75	$18.02	$18.51	$19.56	$20.35	$21.84	$20.66	$21.50	$22.77
Private Sector	$10.84	$11.29	$11.47	$12.16	$12.37	$12.36	$12.95	$12.77	$12.81
Unemployment Rate	6.9%	8.3%	NA	9.3%	NA	13.3%	10.7%	13.3%	N/A
CPI									
Annual Average	92.0	98.2	104.3	106.1	109.2	112.8	116.3	116.3	117.2
Percent Change	11.6%	6.7%	6.2%	1.7%	2.9%	3.3%	3.1%	0.0%	0.8%
Finance									
Bank Deposits (millions)	$1,727.8	$1,786.9	$1,776.3	$1,906.2	$2,049.5	$2,279.3	$2,298.7	NA	NA
Real Estate Loans (millions)	$1,013.4	$1,199.2	$1,325.1	$1,356.4	$1,389.6	$1,487.4	$1,490.6	NA	NA
Construction Permits [1]									
Value (millions)	$195.4	$305.9	$210.4	$299.1	$184.8	$211.1	$349.1	$180.3	$303.5
No. of Permits	1,197	1,414	1,162	850	1,024	1,036	920	2,341	1,805
Federal Expenditures (millions)	$1,380.3	$1,478.9	$1,532.8	$1,396.0	$2,012.5	NA	NA	NA	NA
Gross Domestic Product	4,077	4,207	4,335	4,542	4,577	4,555	4,761	NA	NA

[1] 2014 Construction Permits reflect 8 mos. annualized

Source: Guam Visitor's Bureau, GHRA, Bureau of Statistics and Plans & Department of Labor

TOURISM

The tourism industry has shown continual growth since 2010, primarily the result of increasing tourist arrival figures from diversified, historically smaller target markets outside of the primary market of Japan. Overall Guam tourism rebounded in 2010 with a 13.6 percent increase in visitor arrivals compared to 2009. Despite the severe impact of Japan's triple disasters in March 2011, visitor arrivals in 2011 only reflect a -3.9 percent decrease. Since 2011, tourism has seen consecutive years of sustained growth in overall arrivals, room rate, and REVPAR. 2014 total figures of 1.3 million tourist arrivals reflect a 1.5 percent increase compared to the 2013 total.

Further, various new airlines from Russia, Korea and Taiwan have resulted in an increase of tourist arrivals from these countries. United Airlines also added a daily flight to Seoul and twice weekly service to Shanghai. Russian arrivals doubled in 2014 despite the weakening of the ruble with a 101.5 percent increase of Russian visitors to 16,293. Guam also had a 25 percent increase in Korean visitors to 307,939 and a 45 percent increase in Chinese visitors to 16,279. This all contributed towards the stable 0.6

percent indicated growth for 2014. The 2014, year-end tourist arrival figure of 1,343,092 is the highest visitor arrival count since the 1997 peak at 1,224,894 tourists.

Several major hotels in Tumon Bay exchanged hands in the mid-2000's and the new owner's renovated most of the structures, resulting in a better product. Resultantly, compared to 2006, REVPAR has increased by 75 percent to $112 in 2014. Slight increases in room revenue, REVPAR and average daily room rate compared to 2013 figures reflect the strengthening tourism market. For the first time in over a decade, Tumon Bay has gained an additional 400-rooms to its oceanfront hotel inventory with the opening of the five-star, 400-room Dusit Thani hotel, which opened in June 2015 after various delays. Due to improved arrivals and product, especially in regards to room inventory, the tourism sector is expected to see continued growth in the smaller market segments and an overall stable, positive outlook.

Average daily hotel room rate increased by 12.7 percent to $149 from $134 from 2013 to 2014 and average hotel occupancy remained stable at 75 percent. The Russia visa waiver, although a small piece of the market most recently declining due to the weakening of the ruble, continues to add to the diversification of tourism markets. Market participants are also expecting the long-awaited China visa waiver to actualize in the near term. Korean and Russian arrivals have substantially increased with the latest addition of budget Korean and Russian airlines. Market participants typically foresee steady, continued growth of in the local tourism sector in the near future.

MILITARY EXPENDITURES

In 2006, the United States and Japan announced 8,600 Marines and 9,000 dependents from a military base in Okinawa were to be relocated to Guam at a reported overall cost of $10.3 billion (with Japan contributing 60 percent) as part of a bi-lateral Realignment Roadmap agreement. The initial plan called for military related construction to initiate in 2010 and to complete the relocation by 2014. Since then the plan has modified several times, with current plans reporting a target year of 2020 for completion of buildup related projects and the initiation of personnel relocation. In late April 2012, the revised 2006 Agreed Implementation Plan was released, modifying the realignment of Marines by calling for a reduction Marines to 4,700 Marine Corps service members. The price tag was also reduced from $10.3 billion to $8.6 billion.

A freeze on spending construction funds from the U.S. and Japan implemented by the Senate Armed Services Committee on funding related to the buildup had previously remained in effect, limiting 2013 military construction related expenditure to $88 million. 2014 figures reflect a 197 percent increase at $261.2 million, mostly due to the proposed National Defense Authorization Act for FY2015, since signed into Public Law by the President, which cut $80.6 million in military related projects but more importantly lifted the military buildup funding freeze. The current proposed budget for FY 2016 indicates a total of $266.9 million in proposed military construction projects for Guam. However, market participants

remain cautious about the impact and potential of the military buildup on Guam after repeated delays, reductions, reassessments and modifications since the initial announcement. As such, it is unclear at this point what effect the buildup will have on Guam real estate.

On March 6, 2013, Admiral Samuel Locklear of the Navy's U.S. Pacific Command confirmed to the House Armed Services Committee at an oversight hearing that the relocation of U.S. Marines from Okinawa to Guam is likely to be completed by 2020. A Draft Supplemental EIS was also published in April 2014 which notably extended the buildup period to a more moderate 13-years, maintained the 2012 reduction of total relocated marine population to 5,000 service members (including 1,300 dependents) and reduced the overall cost of the transfer, as previously discussed.

A summary of key differences between 2010 final EIS and 2014 Draft EIS is included on the following page. In addition, a recent article regarding military construction on Guam is included on following pages.


Key Differences Between 2010 Final EIS and 2014 Draft SEIS
2010 Final EIS
2014 Draft SEIS
Approximately 8,600 Marines and 9,000 dependents relocating over 5 years
Relocated Population
Approximately 5,000 Marines and 1,300 dependents relocating over 12 years
7-year intense construction boom followed by sharp decline
Construction Period
13-years of moderate construction activity with gradual phase out
More than 79,000 new Guam residents at peak
Peak Population Increase
Less than 10,000 new Guam residents at peak
More than 33,000 additional Guam residents
Steady State Population Increase
Approximately 7,400 additional Guam residents
2,580 acres at Finegayan preferred alternative
Project Area: Cantonment
1,452 acres at Finegayan preferred alternative
Acquisition of 688 acres of non-federal land at Finegayan preferred alternative
Land Acquisition: Cantonment
No land acquisition at Finegayan preferred alternative
5,529 acres for Route 15 preferred alternative (4,439 acres in SDZs, mostly over ocean)
Project Area: LFTRC
3,966 acres for Northwest Field preferred alternative (3,701 acres in SDZs, mostly over ocean)
Acquisition of more than 1,000 acres of non-federal land at Route 15 preferred alternative
Land Acquisition: LFTRC
No land acquisition at Northwest Field preferred alternative
20 megawatts
Power Demand
5.7 megawatts
5.82 million gallons/day
Potable Water Demand
1.7 million gallons/day
2.6 million gallons/day
Wastewater Generation
1.2 million gallons/day
165,600 pounds/day
Solid Waste Generation
54,250 pounds/day
4 alternative sites in EIS analysis, all in same vicinity
EIS Alternatives: Cantonment
4 alternative sites in 3 different areas on Guam
2 alternative sites in EIS analysis, both in same vicinity
EIS Alternatives: LFTRC
5 alternative sites in 3 different areas on Guam

$272M for Guam construction

SATURDAY, 02 MAY 2015 03:00AM
BY JASMINE STOLE | VARIETY NEWS STAFF



ON THE heels of favorable comments from Japan Prime Minister Shinzo Abe and President Barack Obama supporting the military realignment in the Pacific, the House Armed Services Committee has released the National Defense Authorization Act for fiscal 2016, which includes $272 million for military construction projects on Guam.

The $272 million for military construction in Guam is a portion of the total $7.7 billion the committee authorized for construction.

"Importantly for Guam, the bill authorizes for appropriation $272 million for military construction projects to support military installations on Guam. In particular, it continues important investments for the realignment of Marines from Okinawa to Guam and builds off the success of last year's legislation," Guam Delegate Madeleine Bordallo said in a statement Thursday.

Of the $272 million, the sum of $125 million is appropriated for construction for the live-fire training range complex at Northwest Field; $16 million for municipal solid waste landfill closure; $45 million for sanitary sewer system recapitalization; and $5.3 million for energy conservation.

More than $66 million of the $272 million will be used for military construction projects for the Air Force, according to a breakdown of funds provided by Bordallo's office.

The bill, also known as H.R. 1735, will move from committee to the full House of Representatives the week of May 11.

Restrictions lifted

"The bill also lifts restrictions enacted in past defense bills on funding for civilian infrastructure projects related to the buildup. Specifically, the bill permits the obligation and expenditure of funds for projects that will be contained in an Economic Adjustment Committee report that is expected later this year," Bordallo said.

H.R. 1735 also includes provisions sponsored by Bordallo. This includes a provision requiring a report on the transfer of the Navy's water and wastewater systems to the government of Guam. Bordallo said government of Guam authorities "can run the water and wastewater system in a more cost-effective manner."

One of the amendment's Bordallo added to H.R. 1735 seeks to enhance the National Guard's State Partnership Program, which she said makes the program permanent and helps the National Guard establish important relationships with other nations.

Bordallo said she was pleased that the bill included her amendment regarding the National Guard's partnership program. "Aligning the State Partnership Program with broad national security goals is important to ensuring the longevity of the program," Bordallo said.

The Guam delegate said she led an effort to delete a provision in the bill that she said would harm the civilian and contractor workforce in the Department of Defense. Section 209 would have eliminated veterans' preference in hiring jobs and would undermine DoD's current efforts to develop a performance appraisal system. With this in mind, Bordallo said she led an effort that revised H.R. 1735 to deleted Section 209.

Also in H.R. 1735 is a requirement to report about the potential for a permanent bomber presence at Anderson Air Force Base.

The bill also appropriates $75 million for the Readiness and Environmental Protection Integration Program or REPI.

Like the REPI, the sea cadet program also received an additional funding of $1 million to maintain reduced out-of-pocket costs for participants.

H.R. 1735 also provides changes to improve accountability and oversight of Japan money that will be used for the relocation of marines from Okinawa to Guam.

"H.R. 1735 provides the authority and resources needed to provide our service members with the tools they need to carry out their missions," Bordallo said. She also urged her colleagues to support the bill when the rest of the House of Representatives will consider the act.

Other features of the bill related to Guam are as follows:

- Supports current law on military basic pay for fiscal year 2016, which authorizes a 2.3 percent increase.
- Reverse DoD policy instituted to reduce per diem rates for federal employees on travel for longer than 30 days of work.
- Includes the modified text of Congresswoman Bordallo's bill, H.R. 1614, to strengthen the National Guard's State Partnership Program by establishing a central account for the program and requiring the Chief of the National Guard Bureau to develop and maintain a list of core competencies for the program. It also requires the States to identify a director for each partnership program and extends the program by two years.
- Requires the General Accountability Office to study the adequacy of support assets for the Asia Pacific rebalance.
- Lifts restrictions placed on the development of civilian infrastructure on Guam by allowing the use of OEA funds for infrastructure projects that are identified a forthcoming Economic Adjustment Committee report required by the FY14 NDAA.
- Expresses a Sense of Congress regarding the consolidation of U.S. military facilities in Okinawa and support for continued progress on construction of the Futenma Replacement Facility in Henoko.
- Supports recent revisions to the U.S.-Japan Defense guidelines and directs the DOD to report to Congress on how the revisions will be implemented.
- Requires the President to develop a Presidential Policy Directive to provide federal agencies with guidance on how to implement and fund the rebalance strategy which is similar to a provision included in last year's defense bill intending to ensure adequate funding and resourcing to support the rebalance strategy in future Administrations.

- Provides for greater accountability and oversight on the use of Government of Japan funds contributed for the relocation of Marines from Okinawa to Guam.
- Increases slots available at each of the U.S. Service Academies for student from Guam from three to four.
- Requires the DOD to report on efforts to transfer the Navy's water and wastewater system to the Government of Guam.
- Requires the DOD to report on the potential for a permanent bomber presence at Andersen Air Force Base.
- Provides additional funding for an additional MQ-4 Triton Navy Unmanned Ariel Vehicle (UAV) and effort led by Congresswoman Bordallo to ensure that the Triton program stays on-budget and on track including initial operating capability on Guam in the coming years.
- Supports the Long Range Strike Bomber (LRS-B) program with a cut due to slippage in the date for awarding the contract for the new bomber.
- Provides an additional $1 million for the Sea Cadet Program to maintain reduced out-of-pocket for attendees.

On August 29, 2015, Record of Decision (ROD) for relocating Marine Corps to Guam was issued by the Department of Navy. The ROD selected NCTS Finegayan as the cantonment and Andersen Air Force Base as the family housing. Further, the ROD selected Andersen Air Force Base – Northwest Field as the Live Fire Training Range complex. The ROD paved the way for the military buildup to begin. Market participants on Guam typically are cautiously optimistic on this development.

REAL ESTATE

The local real estate market peaked in 2007 after the military related build-up news in 2006. Overall real estate sales volume declined sharply from the $700 million peak in 2007 to a $251 million low in 2009. Outside of 2012's $472.9 million sales volume, which involved several major multi-million dollar real estate acquisitions including, but not limited to Guam Premier Outlets and Tumon Sands Plaza, since 2009 sales volume has remained relatively stable ranging from $251.1 to $307.5 million per year through 2014 (excluding 2012 major acquisitions). The recent 2015 Ann. (through 2nd Quarter) reflects a $343.9 million sales volume.

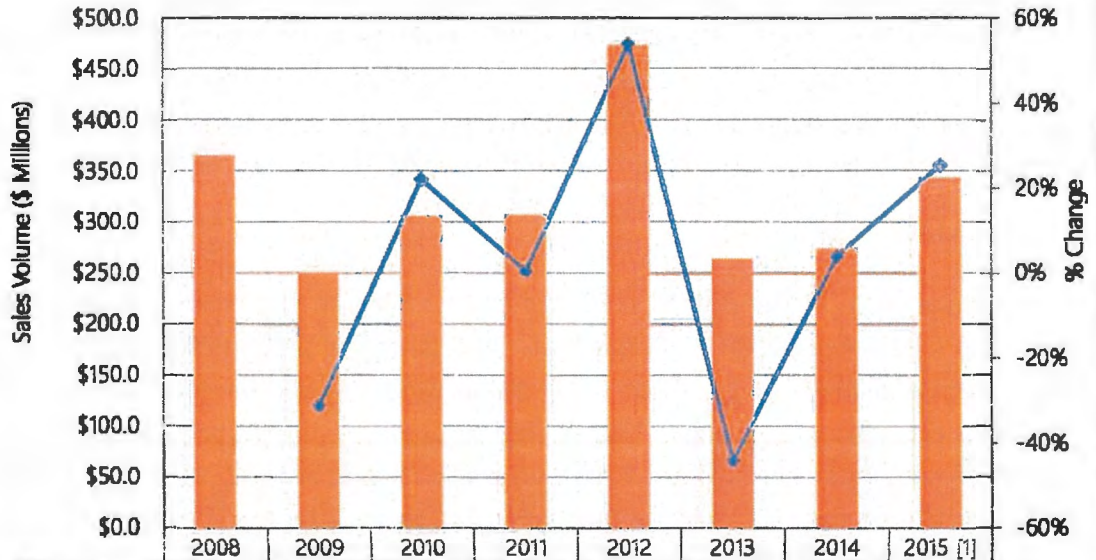
Military related construction project spending is expected to increase as the planned buildup continues to gain momentum, however the impact this will have on local real estate is unknown as participants remain cautious, as previously discussed. Local market participants continue to take advantage of low interest rates, primarily limited to established industry players acquiring or developing owner-occupant facilities. Various commercial acquisitions in early 2012 also involved local buyers taking advantage of reasonable prices and low interest rates.

The 2015 Ann. (through 2nd Quarter) sales volume of $343.9 million is a 25 percent increase from the 2014 sales volume of $274.6 million. In addition, the 2014 figures reflect a 4 percent increase compared to the 2013 sales volume at $264.4 million. Compared to 2012, the 2013 sales volume reflects a -44 percent decrease. However, almost half of the sales volume of 2012 includes five major transactions.

This includes the sale of the Guam Premier Outlets, Tumon Sands Plaza, Ladera Tower, Tumon Bay Shopping Center and the former Fujita hotel interior site at a combined price of over $227 million. Excluding these five sales, the real estate sales volume averages to less than a mere $20 million per month or $245 million, slightly less than 2013 total sales volume as shown on the following table. In addition, the sales volume broken down by quarter is included on a following page.

The number of sales is another indicator of real estate activity and the 1,252 sales for 2015 Ann. (through 2nd Quarter) reflects a 14 percent increase compared to 2014 at 1,098 sales. However, compared to the nearly 1,800 sales in the recent peak in 2007, the total number of transactions reflects a substantial decrease. Historical overall sales volume, number of sales and a quarterly breakdown of recent sales volume are shown on a following page.

Guam Real Estate Sales Volume by Year ($M)

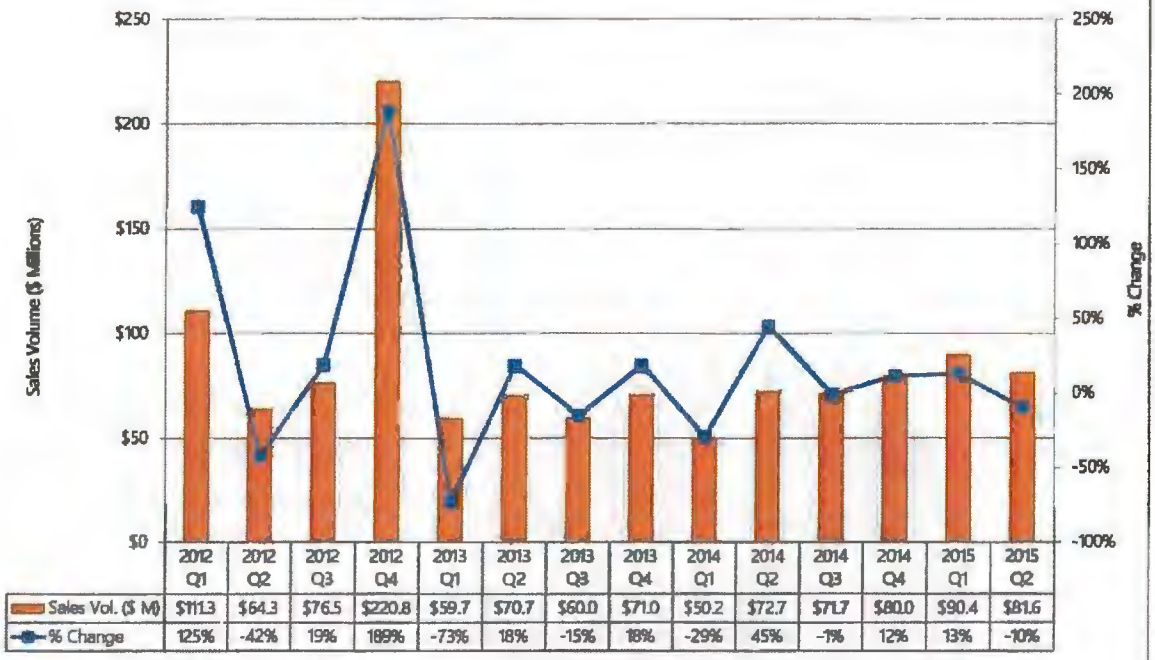


	2008	2009	2010	2011	2012	2013	2014	2015 [1]
Sales Vol. ($ M)	$365.0	$251.0	$306.2	$307.5	$472.9	$264.4	$274.6	$343.9
% Change		-31%	22%	0%	54%	-44%	4%	25%

[1] Reflects Annualized sales volume through Q2 2015.

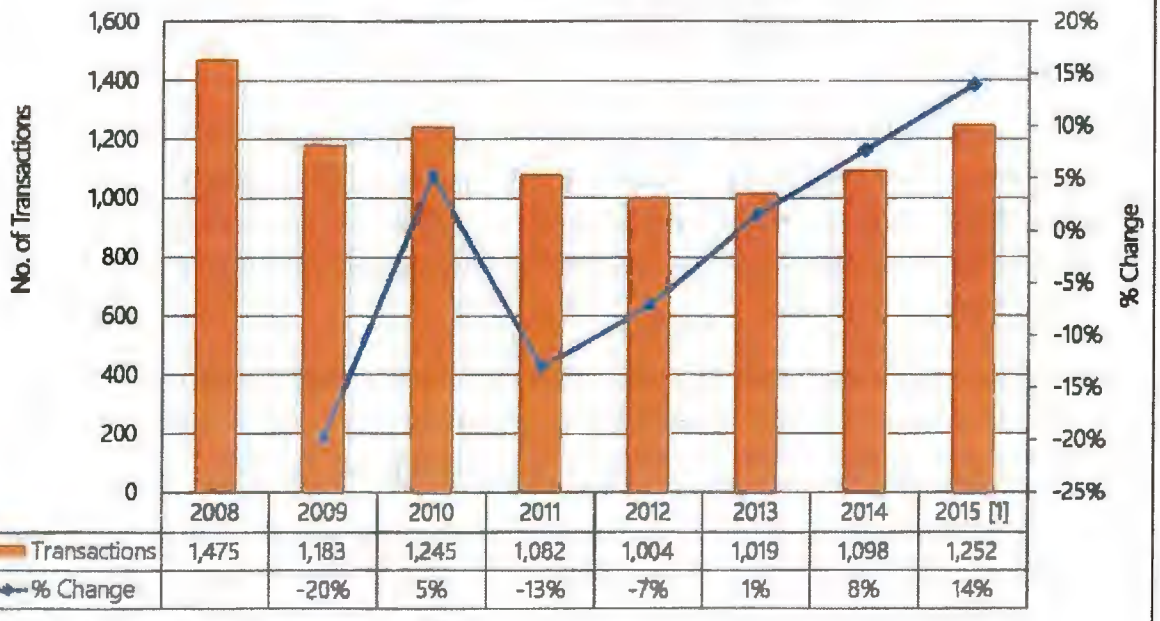
Source: Cornerstone Valuation Guam, Inc.; All rights reserved

Guam Real Estate Sales - Sales Volume By Quarter



	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
Sales Vol. ($ M)	$111.3	$64.3	$76.5	$220.8	$59.7	$70.7	$60.0	$71.0	$50.2	$72.7	$71.7	$80.0	$90.4	$81.6
% Change	125%	-42%	19%	189%	-73%	18%	-15%	18%	-29%	45%	-1%	12%	13%	-10%

Guam Real Estate No. of Sales by Year

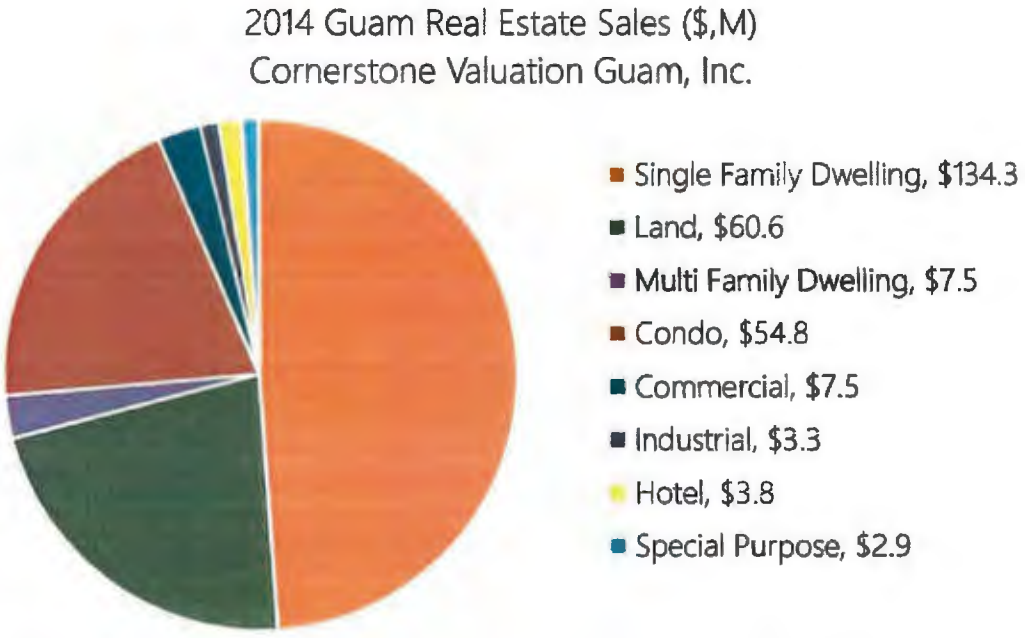


	2008	2009	2010	2011	2012	2013	2014	2015 [1]
Transactions	1,475	1,183	1,245	1,082	1,004	1,019	1,098	1,252
% Change		-20%	5%	-13%	-7%	1%	8%	14%

[1] Reflects Annualized number of sales through Q2 2015.

Source: Cornerstone Valuation Guam, Inc.; All rights reserved

The 2014 Guam real estate sales are broken down by sector on the following graph. The Single Family Dwelling ("SFD") sector was the largest with $134.3 million in sales with land sales following as the second largest sector at $60.6 million. All other major sectors dropped slightly from last year's figures which included commercial sector from $8.1 million to $7.5 million, industrial from $6.2 million to $3.3 million, and Multi Family Dwelling ("MFD") from $12.2 million to $7.5 million. Land sales also posted a decrease in sales volume from $72.2 million in 2013 to $60.6 million in 2014.



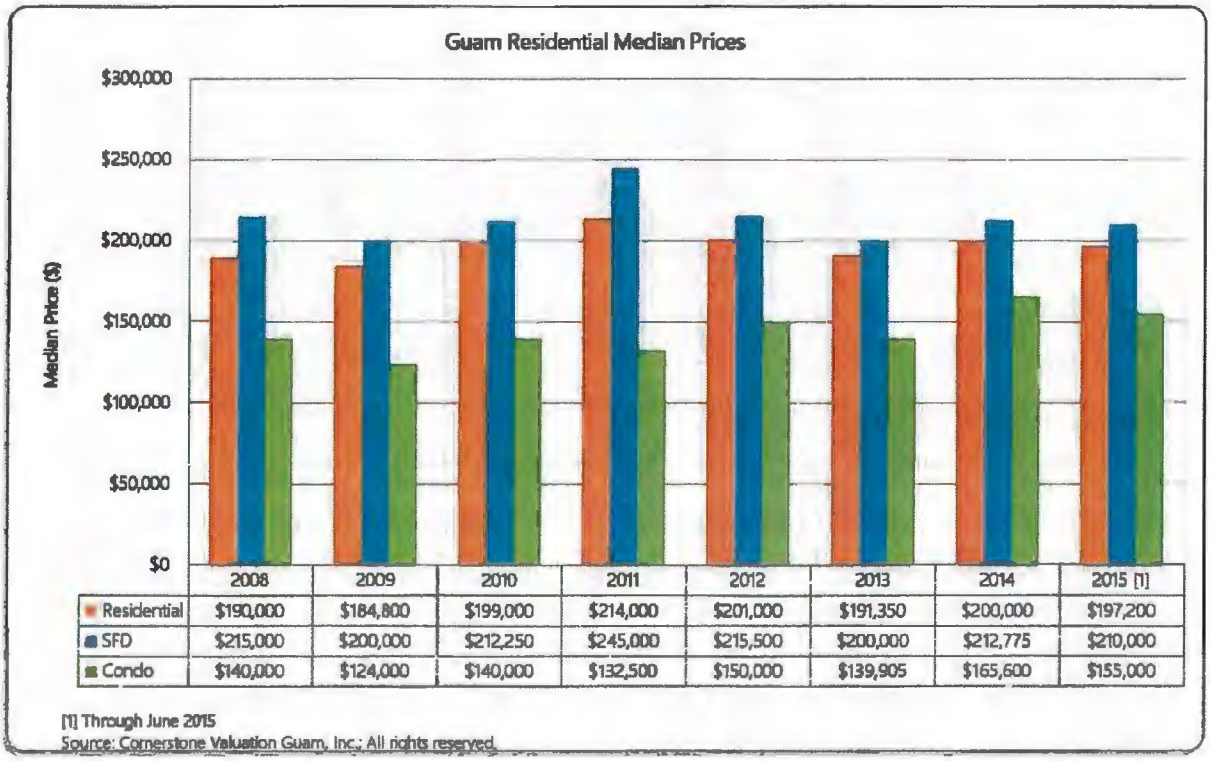
In 2014, the condominium sector posted the strongest growth, contributing to 2014's overall real estate sales volume increase by posting a 77 percent increase in sales volume compared to 2013's $31.0 million, to reflect $54.8 million in condominium sales for 2014. Additionally, hotel sales were at $3.8 million in 2014 compared to no sales in 2013. The 2015 Ann. figure for condominium reflects $54.7, which is similar to the 2014 sales volume.

Industrial land, which was the prima donna during the hype of military build-up, is the overall hardest hit sector with price corrections apparent and activity slowing. An exception appears in the Route 3 vicinity where the $215 million new private hospital expected to open in 2015.

Although interest rates are at an all-time low, stricter lending requirements prohibit buyers and prospective investors from taking advantage of this opportunity. The 2015 Ann. residential sales volume reflects $202.0 million, a 6.8 percent increase from 2014 at $189.1 million. Overall residential sales volume in 2014 reflects a 16 percent increase compared to $163.0 million in 2013 residential sales (including single-family dwellings and condominium units), however, the increase is primarily due to a

substantial increase in condominium sales, as previously discussed. Single family dwelling sales appear stable in 2014 reflecting $134.3 million compared to $132.0 million in 2013.

Overall number of residential sales, previously declining to 768 sales in 2010, 711 sales in 2011, and 667 sales in 2012, have seen two years of sustained growth to 722 sales in 2013 and 818 in 2014 – the highest total since 2008's 948 sales.

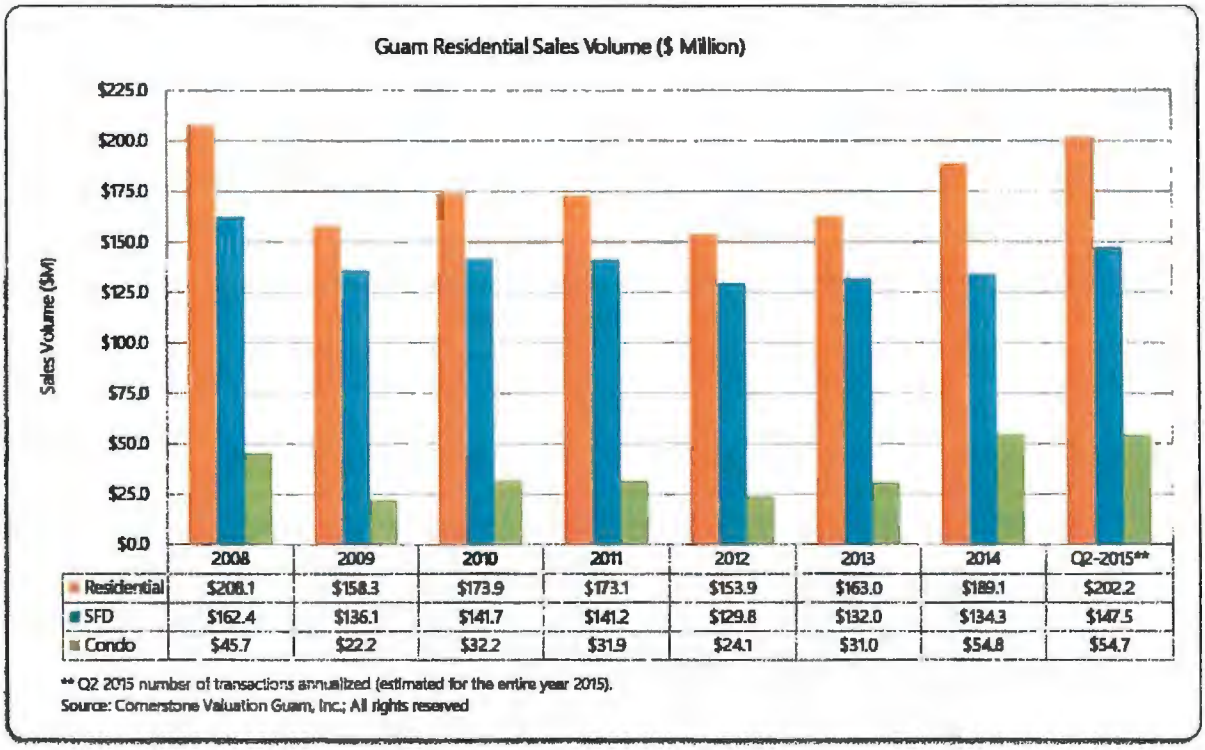


	2008	2009	2010	2011	2012	2013	2014	2015 [1]
Residential	$190,000	$184,800	$199,000	$214,000	$201,000	$191,350	$200,000	$197,200
SFD	$215,000	$200,000	$212,250	$245,000	$215,500	$200,000	$212,775	$210,000
Condo	$140,000	$124,000	$140,000	$132,500	$150,000	$139,905	$165,600	$155,000

[1] Through June 2015

Source: Cornerstone Valuation Guam, Inc.; All rights reserved.

The overall residential median price (single family dwelling and condominium units) in 2014 increased slightly to $200,000 from $191,350 in 2013. Individual median prices for single family dwelling and condominium median prices both posted increases to $212,775 (SFD) and $165,600 (condominium), from $200,000 (SFD) and $139,905 (condominium) in 2013, respectively. Out of the 558 single-family dwellings sold in 2014, 29 are priced at $500,000 and above and 258 are priced at $200,000 and below. A similar pattern can also be seen in the condominium sector. Out of 260 sales that occurred in 2014, only 51 sales were priced at $250,000 and above and over double times the number of sales (112) were priced at $150,000 and below. A summary of historic residential sales volume and median prices are included on the following page.



	2008	2009	2010	2011	2012	2013	2014	Q2-2015**
Residential	$208.1	$158.3	$173.9	$173.1	$153.9	$163.0	$189.1	$202.2
SFD	$162.4	$136.1	$141.7	$141.2	$129.8	$132.0	$134.3	$147.5
Condo	$45.7	$22.2	$32.2	$31.9	$24.1	$31.0	$54.8	$54.7

** Q2 2015 number of transactions annualized (estimated for the entire year 2015).
Source: Cornerstone Valuation Guam, Inc; All rights reserved

Commercial activity in 2014 decreased slightly to $7.5 million from $8.1 million, with the most notable sales involving the two-story Marine Corps Drive fronting Centam office building at $3.5± million and a two-story concrete commercial building located along Fujita Road for $1.1 million. Other recent major commercial acquisitions include 2012's $142 million sale of Guam Premier Outlets and Tumon Sands Plaza, in addition to the $20.5 million Tumon Bay Shopping Center sale. Various recent new developments of owner occupant facilities include the Personal Finance Center building within the Camacho Landmark Center, Data Management Resources building along Route 16 and the Ambros facility, among others.

Multi-family sales activity for 2014 decreased 33 percent to $7.5 million and includes the sales of Benbea Apartments in Barrigada and Paraiso Isla Townhouse in Yona. Other recent MFD sales involve Ladera Tower, Airport Apartment and various smaller apartments. This sector is heavily affected by the policy change in subsidized military tenants with the requirement to fill-up 400 unit barracks facility on base before lower ranking personnel can lease off base. Further, the impact of the newly constructed supply of affordable housing built on tax credit funded programs, expected to add 442 total units to the existing inventory in as little as 5 years, is likely to affect this sector.

The hotel sector was dormant in 2013 with no sales. 2014 hotel sales reflects $3.8 million, with the Inarajan Garden House and former New Marine Hotel comprising the two hotel sector transactions. The strengthening tourism industry has stirred up activity in Tumon in recent years, with sales involving two Pale San Vitores parcels at record-setting prices, Tumon Sands Plaza and a large portion of the

former Fujita Hotel site. The proposed Tumon Bay Shopping Center, an 180,000-square-foot concrete shell, was purchased by the owner of Micronesia Mall on a foreclosure-related transaction at $20.5 million, a fraction of its cost. Tourism related properties are expected to continue strong interest from local and foreign investors in 2015, especially with the opening of Guam's first five-star beachfront resort, the Dusit Thani in June 2015.

In general, the Guam real estate market appears to have somewhat shows increased activity in 2015 since the recent stabilization after the sharp decline from the 2007 peak. Excluding the five major acquisitions in 2012 totaling nearly $200 million, sales volume in 2014 likely reflects that of the modified 2012 sales volume of $275 million – indicating a relatively narrow range within the last five years of $250± to $300± million per year.

2015 real estate market conditions are likely to benefit from the combined effects of an increase in federally related spending due to the lift of the military buildup funding freeze, positive outlook and continued diversification within the tourism industry, and enduring low interest rates and favorable local economic conditions for potential investors. However, market participants will likely remain relatively cautious, subject to further military related build up modifications and the drastically changing global economic condition.

Guam real estate activity hints positive

By Siska Hutapea

The first three quarters of this year's real estate sales activity reflect a stabilized situation compared to previous years, with hints of positive years to come. The hints include the return of off-island buyers — this time from Taiwan. (Guam had a resurgence of Japanese buyers in late 1980s/early 1990s and new investors from Korea and Hawaii during the hype of military buildup in mid-2000s.)

The annualized first three quarters sales volume reflects $259.7 million, down 2% from 2013 at $264.4 million. This level of annual sales volume has been pretty much flat since 2010 except for 2012 when several major properties changed hands.

There has been an 8% increase in the number of sales: 1,019 in 2013 to 1,099 in 2014. The increase in the number of sales is primarily due to the increase in activity in the condominium sector. On a quarterly basis, the second and third quarters of 2014 reflect $72.7 million and $71.8 million in sales volume, respectively. A same-quarter comparison of the third quarters of 2014 and 2013 reflects a 19.7% increase in sales volume. (See "Guam Real Estate Sales Volume By Quarter" and "Guam Real Estate No. of Sales by Quarter" graphs.)



Siska Hutapea

Sixteen sales of $1 million or more during the first three quarters of 2014 included seven land parcels, five commercial building sales, a six-unit townhouse, two luxury houses and a luxury condominium unit. (See "Sales over $1 million during the first three quarters of 2014.")

The seven land parcels that sold for $1 million and up include the increasingly popular Route 3 area land, an oceanfront piece adjacent to Pago Bay Resort, MI land, Limited Industrial zone land by the intersection of Marine Corps Drive and Finegayan Road, leased-fee and fee-simple land along Chalan San Antonio in Tamuning, Santa Rita housing lots, a Route 15 former federal excess land lot, and another leased fee purchase of a Marine Drive property.

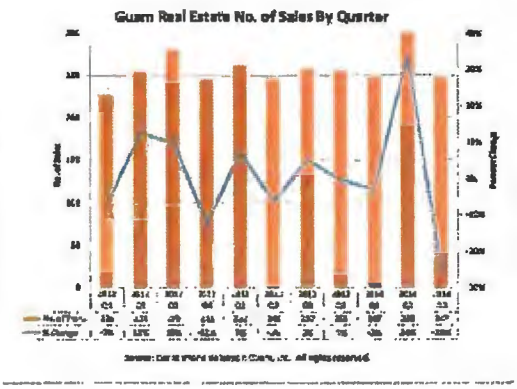
Commercial building sales includes the three-story Cen-Tam building in Tamuning, the former Trinity Christian School along Marine Drive in Yigo, Inarajan Garden House, a two-story commercial building by Fujita Road in Tumon, and the former New Marina Hotel in Hagåtña. A luxury house in Talo Verde Estates and another one in Chalan Pago also made the list along with the highest priced condominium unit sale this year in Villa Kanton Tasi at $1.7 million.

What is interesting from this list is the increase in the number of Taiwan-related buyers in addition to local investors.

It is probably too early to say that there is a rebound in the residential sector, but there is definitely increased

CONTINUED ON PAGE 10





ECONOMIC OUTLOOK

CONTINUED FROM PAGE 9

activity in the condominium sector, a sector that typifies the investment sector in Guam. Based on sales data through September, annualized 2014 condominium sales increased from $31 million in 2013 to $51.9 million, a substantial increase of 67.4%. Condominium sales singlehandedly increased Guam residential real estate sales. (See "Guam Residential Sales Volume" graph.)

There were 161 condominium units sold between January and September, or an annualized total of 242 units, a significant increase from the 165 units sold in 2013. Again, the interesting trend to note is the increased numbers of off-island buyers.

The median price has also increased by 20.8% from $139,905 in 2013 to $169,000 in 2014, although a disclaimer must be stated that an increase in the median price is not necessarily the same as a mean price increase, and is influenced largely by what types of units were sold during the period. In particular, various Agana Beach oceanfront condominium units, a $1.7 million Villa Kanton Tasi unit, and a $931,000 La Stella Maris unit were included in the top-priced condominium units sold in the first nine months of 2014.

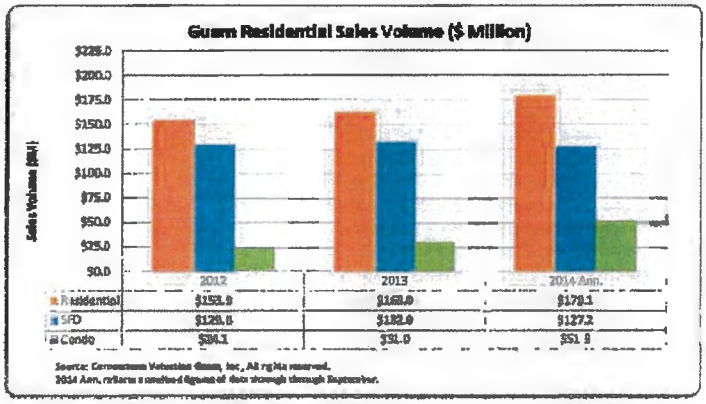
There were 402 single-family residential units sold between January and September, or an annualized total of 536 units, pretty much the same level of sales over the past four years. Single-family median prices increased by 3.3% to $206,650, a slight increase compared with the 2013 level of $200,000. Annualized sales volume dipped by -3.6% to $127.2 million. While two million-dollar house sales were transacted during this period, only 10 houses have been sold in Guam for more than $1 million dollars in the last 10 years.

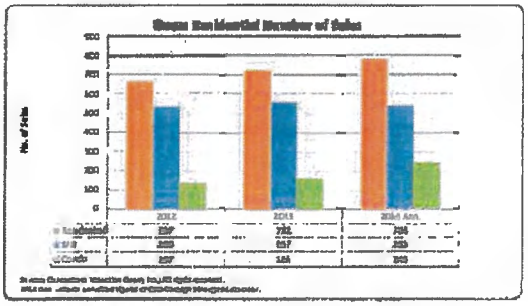
The announcement of the proposed construction of a 368-room

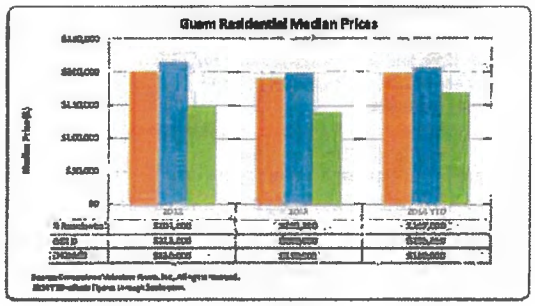
Sales over $1 million during the first three quarters of 2014

Identification	Municipality	Land Area (sm)	Transaction Date	Appraised Price	Comments
L3B4-4NEW-1	Yona	27,825	5/27/2014	$4,700,000	Commercial Land
L2118-3A NEW & L2135B1-5-3	Tamuning	6,499	7/3/2014	$3,485,000	Commercial Building
L5116-4 NEW-1	Dededo	49,565	4/4/2014	$3,294,420	Duplex 3 Land
L5108-A7	Tamuning	14,748	5/21/2014	$3,000,000	all 3 Zoned Land
L9011-2-3-4-5 NEW	Yigo	8,895	7/24/2014	$2,450,000	Storage & Land
L81-2NEW	Inarajan	14,755	7/3/2014	$2,700,000	Inarajan Garden House
L2143-R2N-X	Tamuning	8,153	5/2/2014	$2,350,000	Commercial Land
T24404 B1 L34 etc.	Santa Rita	54,315	8/28/2014	$1,768,000	Land
Villa Kanton Tasi 1 1A	Tamuning	3,865	9/22/2014	$1,700,000	Condominium
T13105 L17	Tamuning	1,111	9/18/2014	$1,675,500	Villa Verde House
L5216R3	Mangilao	16,051	8/13/2014	$1,324,300	Duplex 1 Land
T122 L8NEW-R1	OCP	1,780	7/31/2014	$1,160,000	6 Units Townhouse
T85 B9 L7	Barrigada	900	7/15/2014	$1,150,000	Former Commercial Building
B9 L5, L6, L7, L8, L31, L32, L33 & L34	Hagatna	3,445	11/4/2013	$1,100,000	Former New Mamas
T2617 B3 L5	OCP	1,858	8/29/2014	$1,080,000	Luxury House
L2136PART-2	Tamuning	36,374	4/21/2014	$1,000,000	Leased Fee

Note: Sales made in 2013 recorded in 2014







ECONOMIC OUTLOOK

hotel by Ken Corp. next to Hotel Nikko Guam is welcome news. Although the tourism industry has rebounded sharply, and the revenue per available room of Guam hotels has increased significantly, room rate levels barely justify hotel development in Guam. However, some hotel developments still make sense for an existing operator or current land owner.

The first is the 400-room Dusit Thani hotel that has been built by a combination of an existing owner of land plus existing synergy with the adjacent Bayview development (including The Plaza, the former Commette Building and the Outrigger hotel) and is located at the center of Pleasure Island in Tumon.

The second is a 366-room hotel with a reported cost of $120 million ($326,000 per room), again because the developer already owned the land.

I am in the middle of a large assignment that has multi-faceted issues. Analyzing property issues, I sometimes find the issues overwhelming. One of my expert colleagues visiting me from Ireland told me that analysis is only great when we have clean data available and the analytical results describe exactly what we thought it should be. However, he noted, in these situations an expert is not required. So we come to a point where we should be thankful for problems, as they created opportunities for the people who are willing to work hard to resolve these problems.

The same analogy applies to investment property in Guam: The faithful are rewarded, as I have witnessed working with my clients over the past 16 years. Successful real estate investors work hard, stay focused on cash flow and are always looking for new ways to increase efficiency and create synergies.

— Shiku S. Hutapea is the president of Cornerstone Valuation Guam Inc., a real estate appraisal and advisory company. She holds the MAI designation from the Appraisal Institute in Chicago and MRICS from Royal Institution of Chartered Surveyor based in London. With her wealth of knowledge, she also provides her clients with advice on real estate investment decisions. She can be reached at 989-9288.

ADDENDUM B

DETAILS TO PERTINENT LAND TRANSACTIONS

DETAILS TO PERTINENT LAND SALES

Sale No. 1

A.	Recording Data:	Instrument No. 876395
B.	Grantor/Lessor:	June P. Ungacta, et al.
C.	Grantee/Lessee:	Triple J Enterprises, Inc.
D.	Date of Transaction:	February 7, 2015
E.	Date Inspected:	October 2, 2015
F.	Dimensions and size:	Data taken from Property Map dated April 5, 1962 and recorded as Instrument No. 44869
	a. Land	Gross Land Area: 21,400 ± square meters
	b. Improvements	Former Foremost Foods, Inc. beverages and production plant
G.	Consideration:	$8,000,000 (cash to seller) $1,786,000 (less building allocation based on $45/sf for concrete portions and $25/sf for main facility metal portion) $6,214,000 (indicated land value)
H.	Unit Price:	$290 per square meter ($6,214,000 / 21,400 square meter) $1,175,106 per acre ($6,214,000 / 5.3 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	Lot No. 5128-1
K.	Address:	490 Marine Corps Drive, east of Triple J Auto Dealership and Kmart, Municipality of Tamuning
L.	Zoning:	C, Commercial and M1, Limited Industrial Zone
M.	Present Use:	Former industrial production plant, distribution warehouse and offices
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/partial owner-occupant industrial/commercial uses
O.	Condition of Transaction:	Arms-length, non-MLS sale
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	1,258± square meter portion of land is located within Marine Corps Drive and is unusable
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside the 0.2% annual chance floodplain) indicated on Flood Insurance Rate Map No. 6600010125D effective September 28, 2007
	c. Other	None
R.	Type of Improvements:	Industrial/commercial
S.	Site Utilities:	At site
T.	Verification Information:	
	a. Verification Sources:	DLM Public Records and a confidential source.
	b. Information verified:	Price confirmed by confidential source and Recording Fees. Zoning and former use confirmed with zoning map and confidential source. All cash to seller.

U. Motivation of Parties:
   a. Source of Information: Confidential
   b. Relation of Parties: No relation
   c. Unusual Motivations: Buyer owns adjacent property.

V. Analysis of Pertinent Info.: None

W. Overall Exposure Time: Not listed on open market

X. Days on Market: Not available

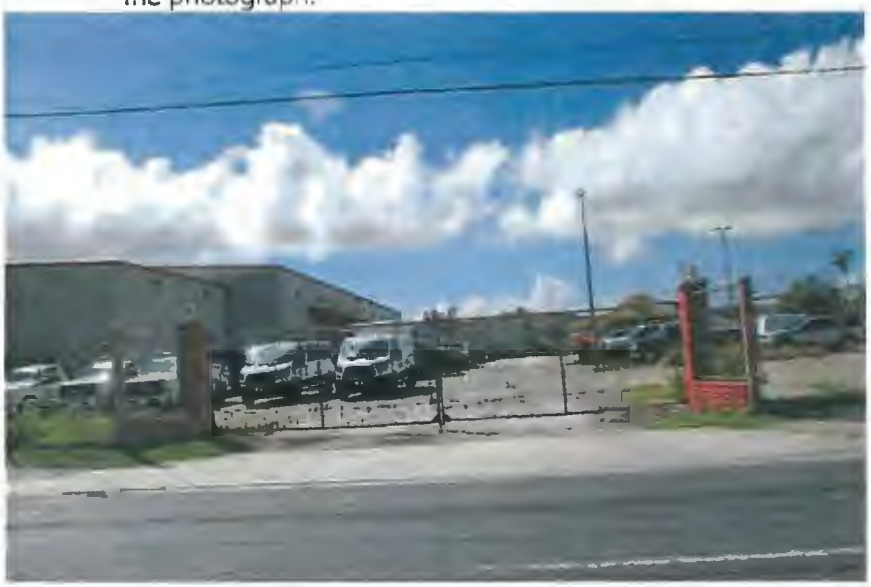
Y. Remarks
   a. Topography: Fairly level
   b. Access: Northern boundary has access along Marine Corps Drive
   c. Amenity View: The property is exposed to traffic along Marine Corps Drive along its northern boundary.

Z. See photograph and maps on following pages.

PHOTOGRAPH

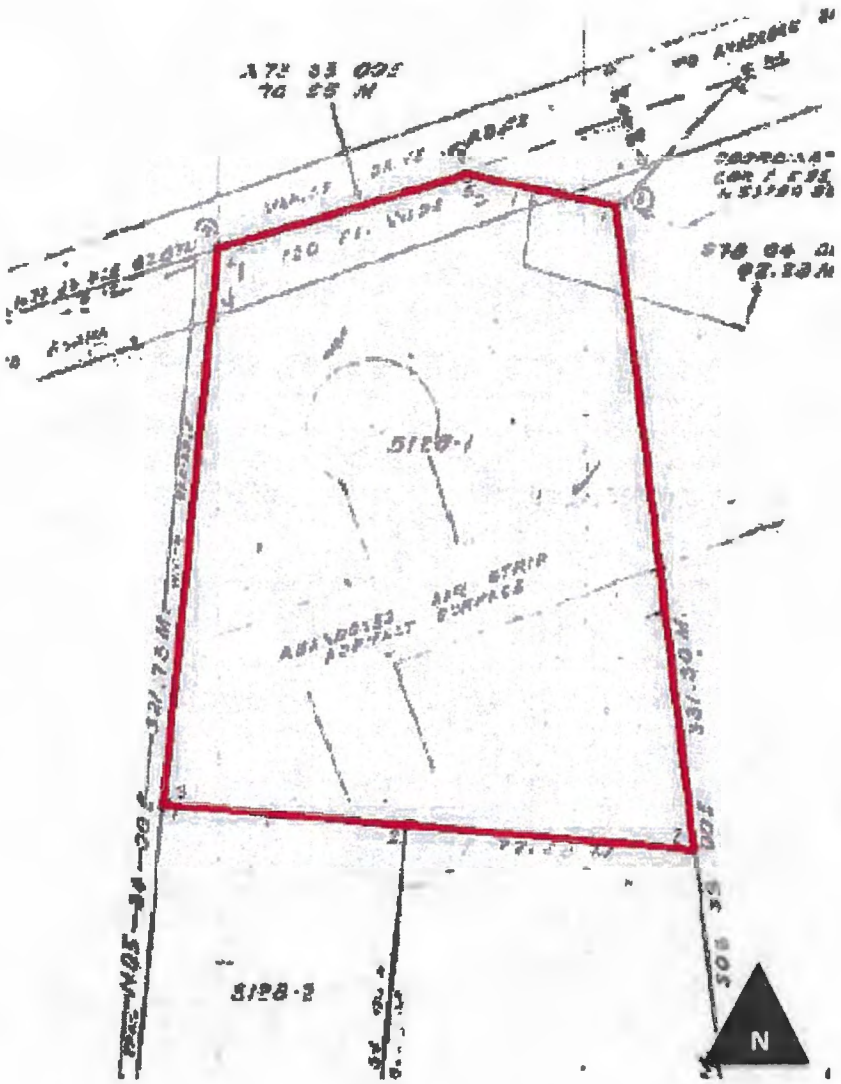


Photographer: Siska S. Hutapea
Date Taken: October 2, 2015
Point of Reference: Northeasterly view near northern boundary of lot from a point near the northwest corner of the site. Note Marine Corps Drive frontage to the left of the photograph.



Photographer: Siska S. Hutapea
Date Taken: October 2, 2015
Point of Reference: Southerly view across Marine Corps Drive at the northern portion of the lot. The site involves the improvements beyond the perimeter chain link fence and gated entrance.

LOT MAP



GOOGLE EARTH SATELLITE IMAGE



USGS TOPOGRAPHICAL MAP



GUAM MAP BOOK



DETAILS TO PERTINENT LAND SALES

Sale No. 2

A.	Recording Data:	Instrument No. 867724
B.	Grantor/Lessor:	Pyong Hak Han
C.	Grantee/Lessee:	East-West Rental Center, Inc.
D.	Date of Transaction:	March 31, 2014
E.	Date Inspected:	October 2, 2015
F.	Dimensions and size:	Data taken from Parcel Survey Plat dated December 21, 1969 and recorded as Instrument No. 93309 (233FY70).
	a. Land	Gross Land Area: 14,746 ± square meters
	b. Improvements	Former DCK Pacific construction yard with one, metal warehouse containing a total gross building area of 20,400± square feet. The improvements were built in 1970 (per Tax Office records) and are in poor condition. It is noted that the warehouse is located on a R/W.
G.	Consideration:	$3,000,000 (cash to seller)
H.	Unit Price:	$203 per square meter ($3,000,000 / 14,746 square meter) $823,316 per acre ($3,000,000 / 3.6 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	Lot No. 5106-R7
K.	Address:	Finegayan Road (Route 27), east of the East-West Business Center, Municipality of Tamuning, Island of Guam
L.	Zoning:	Split-zoned, C, Commercial Zone (northern portion) and M1, Limited Industrial Zone (southern portion)
M.	Present Use:	Vacant land with concrete slab
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/partial owner-occupant industrial/commercial uses
O.	Condition of Transaction:	Arms-length sale; non-MLS but pocket listing with Mr. Ramon Puangco since April 2013.
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	Cul-de-sac Portion of 40-foot wide public access and utility easement on southern boundary. Two other minor utility easements.
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside of the 0.2% annual chance floodplain) as indicated on the Community Map Panel No. 6600010125D, effective September 2007.
	c. Other	None
R.	Type of Improvements:	One-story metal warehouse
S.	Site Utilities:	All public utilities available to site
T.	Verification Information:	
	a. Verification Sources:	DLM Public Records and Ms. Suki Nicole Sul, the real estate agent from the brokerage firm representing the buyers familiar with the transaction.

b. Information verified: Price confirmed by Ms. Sul and Recording Fees. Ms. Sul stated the buyer reportedly attributed no value to the improvements and would have acquired the property vacant for the same consideration. Ms. Sul further noted that the initial purchase agreement was at $3.2 million, due to an encroachment issue indicated in the appraisal the seller discounted the price $200,000 to reflect potential cost to cure expenses. However, considering the condition of the improvements, we have allocated $330,000 (rounded) based on market extracted depreciated building value of $17 per square foot and 19,200± square feet of gross building area.

U. Motivation of Parties:
   a. Source of Information: Ms. Suki Nicole Sul
   b. Relation of Parties: No relation; arm's length transaction
   c. Unusual Motivations: Buyer owns adjacent East-West Business Center Complex; consolidation purchase

V. Analysis of Pertinent Info.: None

W. Overall Exposure Time: None available

X. Days on Market: Non MLS sale

Y. Remarks
   a. Topography: The subject topography is fairly level, slightly below street grade.
   b. Access: Legal access to the subject property is provided via Finegayan Road, fronting the subject to the north.
   c. Amenity View: The property is exposed to traffic along Finegayan road on the northern portion.

Z. See photograph and maps on following pages.

PHOTOGRAPH

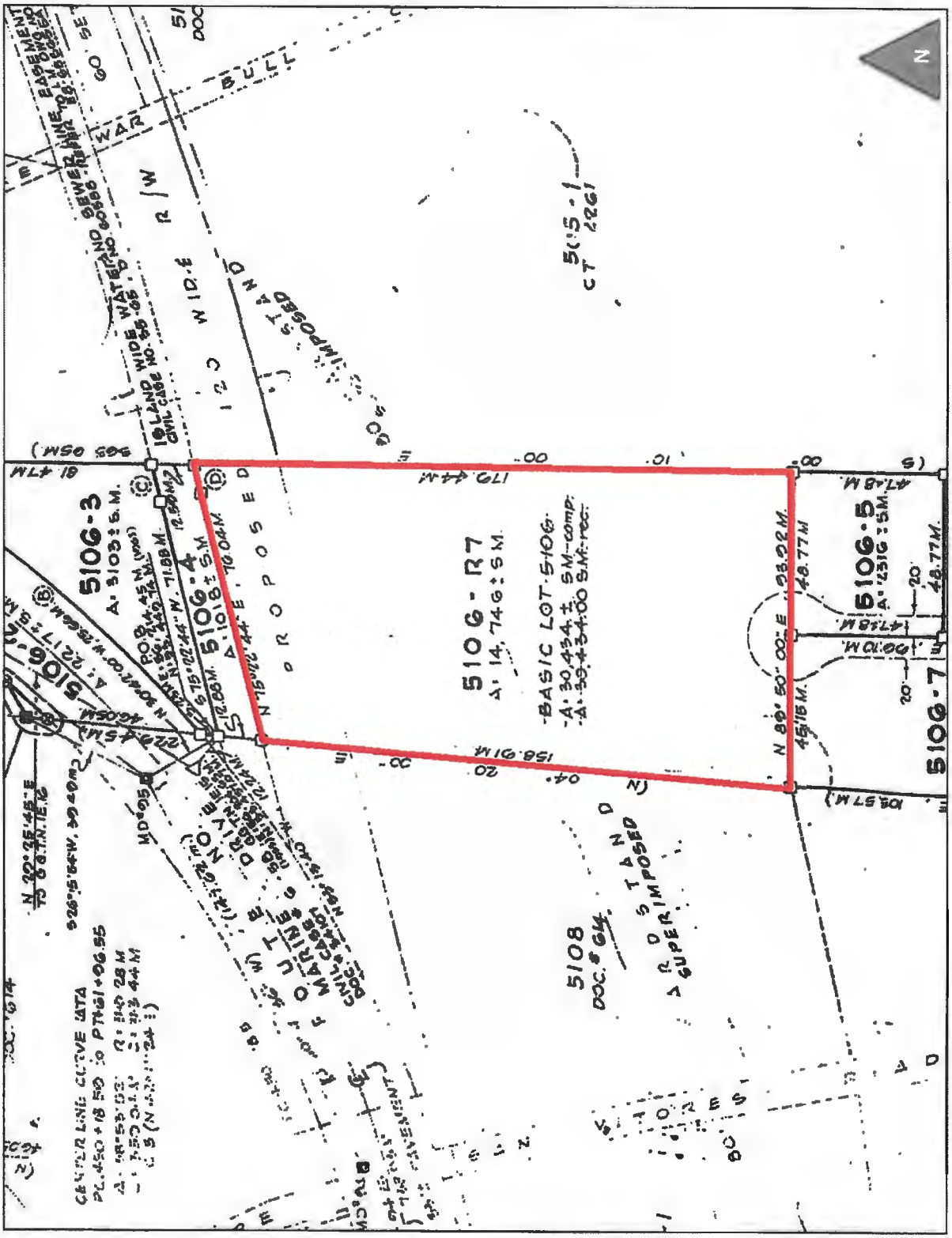


Photographer: Siska S. Hutapea
Date Taken: October 2, 2015
Point of Reference: Southwesterly view along Finegayan Road from a point near the northeast corner of the lot. The site is located to the left of the roadway.



Photographer: Siska S. Hutapea
Date Taken: October 2, 2015
Point of Reference: Southwesterly view across the site from a point near the northeast corner of the lot. Note the concrete slab and recently demolished warehouse.

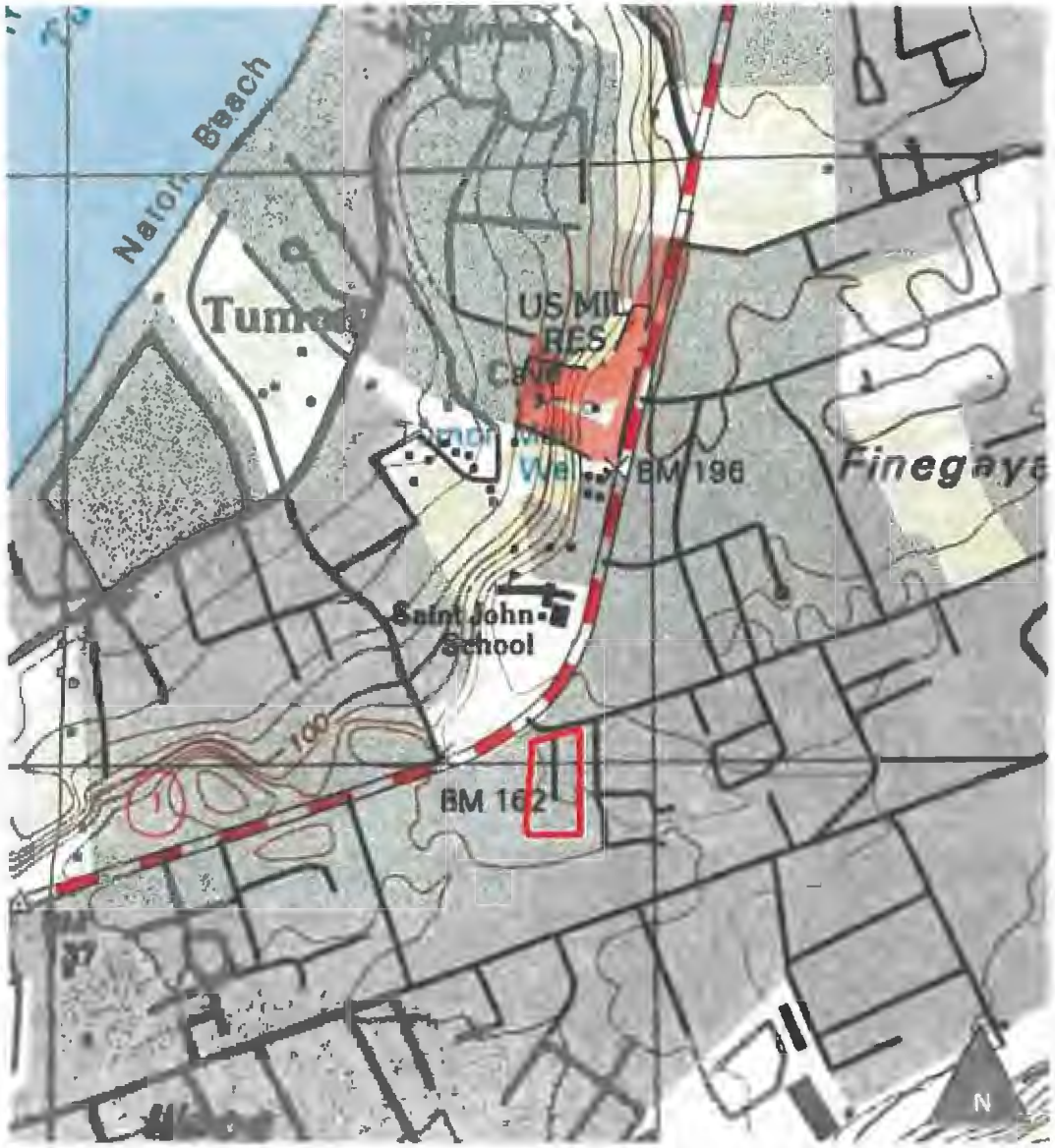
LOT MAP


N
PROPOSED
5106-R7
A: 14,746± S.M.
-BASIC LOT-5106-
-A: 30,434± SM-comp.
-A: 29,434± S.M.-rec.
5106-3
A: 3103± S.M.
5106-4
A: 1018± S.M.
5106-5
A: 1431± S.M.
5106-7
5108
DOC. # 614
PROPOSED
SUPERIMPOSED
EASEMENT
20' WIDE WATERLINE EASEMENT
15' ISLAND WIDE WATER AND SEWER LINE EASEMENT
CIVIL CASE NO. 56-05
5115-1
CT 2261
R / W
N 88° 50' 00" E
93.02 M.
45.16 M.
48.77 M.
47.48 M.
158.91 M.
179.44 M.
105.57 M.
N 75° 22' 44" E
71.88 M.
P.O.B.
N 88° 50' 00" E
47.48 M.
20'
N 04° 20' 00" W
158.91 M.
S 75° 22' 44" W
71.88 M.
N 75° 22' 44" E
71.88 M.
N 04° 20' 00" W
179.44 M.
S 88° 50' 00" W
47.48 M.
S 04° 20' 00" E
158.91 M.
N 88° 50' 00" E
47.48 M.
S 04° 20' 00" E
179.44 M.
S 88° 50' 00" W
105.57 M.
N 88° 50' 00" E
93.02 M.
S 04° 20' 00" E
48.77 M.
S 88° 50' 00" W
48.77 M.
N 04° 20' 00" W
48.77 M.
N 88° 50' 00" E
48.77 M.
20'
20'
20'

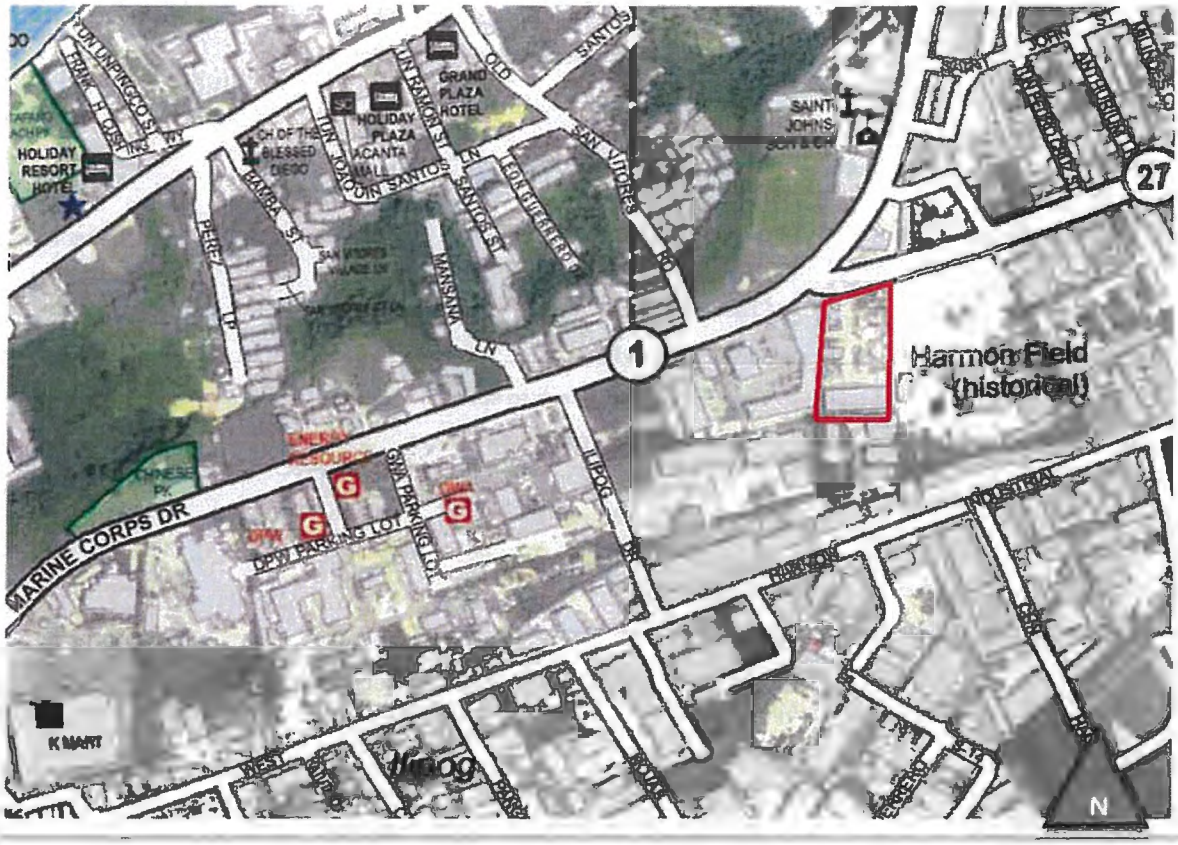
GOOGLE EARTH SATELLITE IMAGE



USGS TOPOGRAPHICAL MAP



GUAM MAP BOOK



DETAILS TO PERTINENT LAND SALES

Sale No. 3

A.	Recording Data:	Instrument No. 850885
B.	Grantor/Lessor:	Marine Drive Frontage Development, LLC
C.	Grantee/Lessee:	IP&E Holdings, LLC
D.	Date of Transaction:	April 25, 2013
E.	Date Inspected:	November 7, 2015
F.	Dimensions and size:	Data taken from Parcel Survey Plat dated November 05, 2004 and recorded as Instrument No. 710842 (041FY2005).
	a. Land	Gross Land Area: 8,000 ± square meters
	b. Improvements	Vacant at sale date
G.	Consideration:	$1,900,000 (cash to seller)
H.	Unit Price:	$238 per square meter ($1,900,000 / 8,000 square meter) $961,132 per acre ($1,900,000 / 2.0 acres)
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification:	Lot No.5049-2-R5
K.	Address:	Marine Corps Drive, southwest of its intersection with Route 16, Upper Tumon, Municipality of Tamuning, Island of Guam
L.	Zoning:	C, Commercial Zone
M.	Present Use:	Service station/Convenience Store/Restaurant
N.	Highest and Best Use at Time of Transaction:	Owner-occupant/commercial uses
O.	Condition of Transaction:	Arms-length sale; non-MLS but pocket listing with Mr. Chris Felix since April 2013.
P.	Type of Financing:	Cash to seller
Q.	Encumbrances:	
	a. Easements:	Sanitary sewer easement intersecting the lot, the line is dead ,since received permission from GWA to build over easement, understanding if need be buyer is responsible for installation.
	b. Flood Zone:	Zone X, Other Areas (Areas determined to be outside of the 0.2% annual chance floodplain) as indicated on the Community Map Panel No. 6600010125D, effective September 2007.
	c. Other	20-foot wide by 20-foot deep silo located on lot and is to be filled by the buyer
R.	Type of Improvements:	Vacant
S.	Site Utilities:	All public utilities at site or nearby.
T.	Verification Information:	
	a. Verification Sources:	DLM Public Records, Mr. Richard Behag, a representative of the buyer, Mr. Chris Felix the real estate agent involved in this sale.

b. Information verified: Mr. Behag confirmed the sale price and stated that the southern portion of the lot is proposed for development with a service station. Mr. Felix stated that the northern 4,000 square meters of the lot is proposed for parceling and selling. Mr. Behag stated that this portion could be proposed for development with an automobile shop.

U. Motivation of Parties:
   a. Source of Information: Mr. Richard Behag and Mr. Chris Felix
   b. Relation of Parties: No relation; arm's length transaction
   c. Unusual Motivations: none known.

V. Analysis of Pertinent Info.: None

W. Overall Exposure Time: None available

X. Days on Market: Non MLS sale

Y. Remarks
   a. Topography: The subject topography is fairly level.
   b. Access: Legal access to the subject property is provided via Marine Corps Drive, fronting the subject to the south and easement along western boundary.
   c. Amenity View: The property is exposed to traffic along Marine Corps Drive on the northern portion.

Z. See photograph and maps on following pages.

PHOTOGRAPH

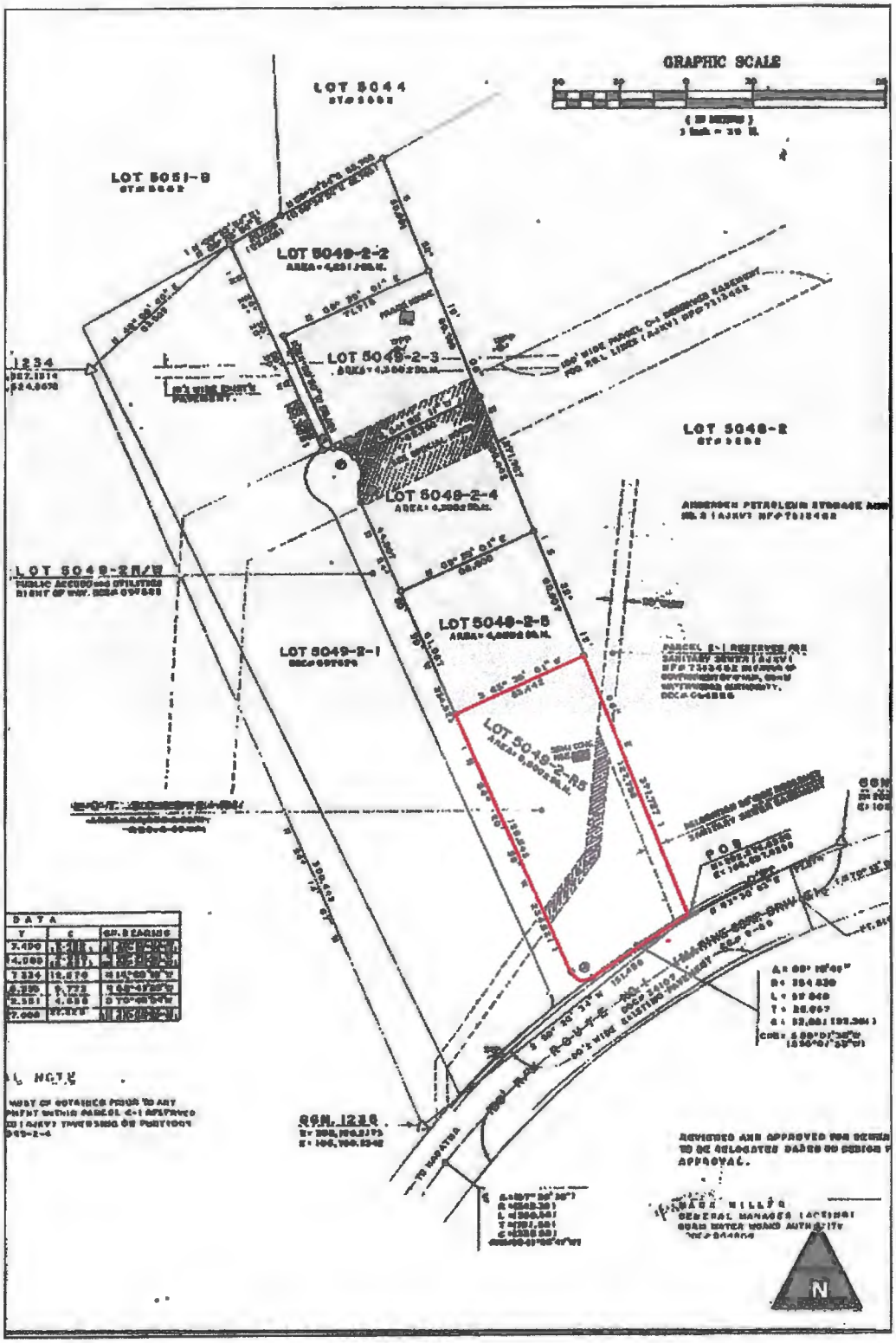


Photographer: Siska S. Hutapea
Date Taken: November 7, 2015
Point of Reference: Northeasterly view along Marine Corps Drive from a point near the southwest corner of the lot. The site is located to the left of the roadway.



Photographer: Siska S. Hutapea
Date Taken: November 7, 2015
Point of Reference: Northwesterly view across the site from a central point across Marine Corps Drive.

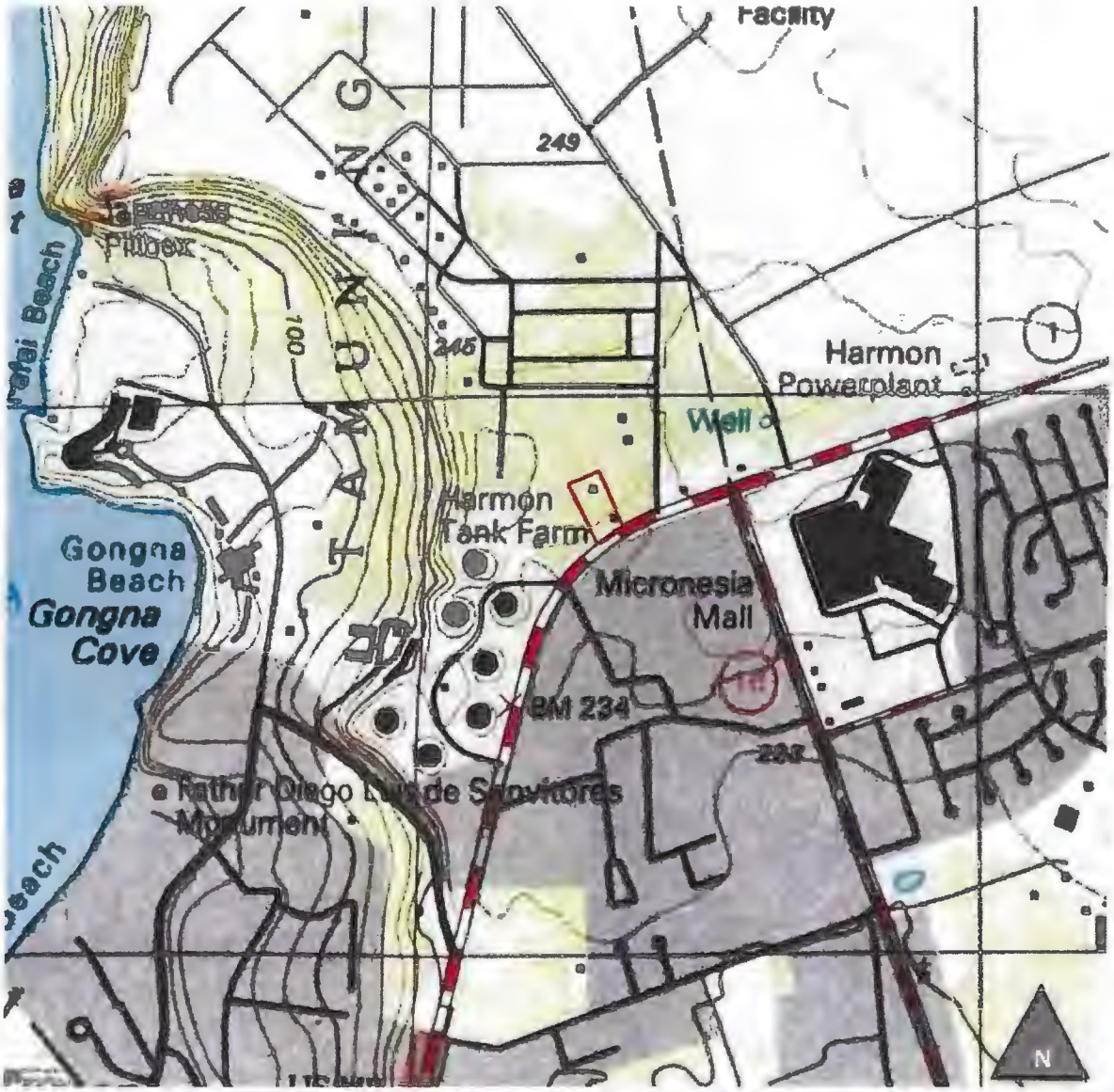
LOT MAP


GRAPHIC SCALE
LOT 5044
LOT 5051-B
LOT 5049-2-2
LOT 5049-2-3
LOT 5049-2-4
LOT 5049-2-5
LOT 5049-2-1
LOT 5049-2-R5
LOT 5049-2-R/B
LOT 5048-2
1234
P.O.B.
N

GOOGLE EARTH SATELLITE IMAGE



USGS TOPOGRAPHICAL MAP



GUAM MAP BOOK



ADDENDUM C

AMENDED ABSTRACT OF TITLE

The Honorable
EDDIE BAZA CALVO
Governor

The Honorable
RAY S. TENORIO
Lieutenant Governor

public works
DIPATTAMENTON CHI'CHO' PUPBLEKO
Carl V. Dominguez
Director
Jessie B. Palican
Deputy Director

AMENDED ABSTRACT OF TITLE
LOT 2143-1-R4, TAMUNING

Lot 2143-1-R4, Tamuning, (Formerly Dededo), Estate No. 8804, Suburban, Containing an area of 16,746 square meters, Drawing No. C-558-74, L. M. Check No. 558 FY 74 as delineated on that Parcelling Survey Map, under Instrument No. 236790. The Last Registered Owner being Josefina R. Flores under Certificate of Title No. 27579. The Owner of Record being David R. Flores, Roman R. Flores, Erlinda F. Leon Guerrero and Leon R. Flores, share and share alike as stated in that Deed of Gift, dated 7/30/75 and recorded 8/1/75 under Instrument No. 259039. The Leasehold owner being Unity Development Corporation, a Guam corporation as stated on that Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale, dated and recorded 7/9/79 under Instrument No. 303868 & Termination and Assignment, dated 10/7/93, recorded 6/24/94 under Instrument No. 511026 all recorded at the Department of Land Management.

Instrument No.:	Agana Book, Volume 8, Page 522 Dated: 09/12/1913 Recorded Date: 09/23/1923
Type of Instrument:	First Record
Made By:	Honorable Luis Torres, Senior Judge, Island Court, Guam
In Favor Of:	Pancracio Rabago Palting, he acquired it by purchase from Justo Dungca. No written title to the property having been executed.
Lot Description:	Rural-A tract or parcel of land situate, lying and being in the place known as "Chalan Mamajanao or Tamuning" of the municipal district of Agana
Area:	31 Hectares, 61 Area & 91 Centares
Estate No.:	2427
Instrument No.:	Agana, Vol. 18, Pg. 547 Dated: 05/18/1923 Recorded Date:06/13/1923
Type of Instrument:	Second Record
Purpose:	To correct location, description, area and bounderies.
Reference No.:	Agana Book, Volume 8, Page 522
Lot Description:	2144, Chalan Mamajano, also known as Timoneng, Tamuning, Municipal of Agana
Area:	26 Hectares, 3 Ares & 53 Centares
Lot Description:	2143, Chalan Mamajanao, also known as Timoneng, Tamuning, Municipal of Agana
Area:	5 hectares, 94 ares & 35 centares
Estate No.:	2427
Guaranteed Claim No.:	2092
Owner:	Pancracio Rabago Palting
Reference No.:	Agana, Volume 18, Page 547
Lot Description:	The place known as Chalan Mamajanao, also known as Timoneng, district of Agana, designated as Lots Nos. 2144 and 2143, Estate No. 2427

542 North Marine Corps Drive, Tamuning, Guam 96913 • Tel (671) 646-3131 / 3232 • Fax (671) 649-6178

Instrument No.:	1941 Tax Roll
Type of Instrument:	1941 Tax Roll
Owner:	Palting, Pancracio Rabago
Lot Description:	2143 & 2144, Dededo, Suburban
Area:	32 Hectares, 97 Ares & 88 Centares
Certificate of Title No.:	7609
Owner:	Pancracio Rabago Palting
Reference No.:	027569 (This Instrument No. does not pertain to subject lot.)
Lot Description:	2143, Socio, Dededo, Estate No. 2427, Suburban
Instrument No.:	028136 Dated: 10/28/54 Recorded Date: 11/23/54
Type of Instrument:	Decree Settling Final Account of Administrator and Final Distribution Probate Matter No. 279-45
Made By:	In the Matter of the Estate of Pancracio Rabago Palting, deceased.
In Favor Of:	Leon D. Flores
Lot Description:	2143-1, Dededo
Area:	2 hectares
Note:	Other lots and owners included.
Instrument No.:	075927 Dated: 5/3/66 Recorded Date: 5/5/66
Type of Instrument:	Property Map Lots 2143-1-1 &2143-1-R1, Saucio, Municipal District of Dededo Land Square 13, Section 1 Drawing No. ISL4-66-D518
Lot Description:	2143-1-R1
Area:	18,885.86 sq. m.
Subject to the Following:	1.) 40' Access Road, 2.) to the encroachment on the Pre-war Ypao Road, 3.) 22' Edge of existing pavement and 4.) A 30' setback for the proposed right-of-way.
Certificate of Title No.:	17771
Owner:	Leon D. Flores
Reference No.:	075927
Lot Description:	2143-1-R1, Dededo, Estate No. 8804, Suburban, containing an area of 18,885.86 sq. m.
Instrument No.:	081846 Dated: 9/8/67 Recorded Date: 9/11/67
Type of Instrument:	Grant of Easement
Grantor:	Josefina R. Flores
Grantee:	David R. Flores and Elfriede G. Flores, H/W
Purpose:	A 40' right-of-way across Lot 2143-1-R1, Dededo, as shown on map and marked 40' Access Road" , Document no. 075972.

Instrument No.:	087108 Dated: 8/28/68 Recorded Date: 8/29/68
Type of Instrument:	Decree Settling Final Account of Administratrix and Final Distribution
Made By:	In the matter of the Estate of Leon Dungca Flores, Deceased
In Favor Of:	Josefina R. Flores, Administratrix
Lot Description:	2143-1, Tamuning
Certificate of Title No.:	27579
Owner:	Josefina R. Flores
Reference No.:	087108
Lot Description:	2143-1-R1, Dededo, Estate No.8804, Suburban, containing an area of 18,885.86 sq. m.

Certificate of Title No.:	27579
Owner:	Josefina R. Flores
Reference No.:	087108
Lot Description:	2143-1-R1, Dededo, Estate No. 8804, Suburban, containing an area of 18,885.86 sq. m.

Instrument No.:	100906 Dated: 1/25/71 Recorded Date: 4/8/71
Type of Instrument:	Parcellling Survey Map of Lot No. 2143-1-R1, Situated in Saucio, Municipality of Dededo Land Square 13, Section 4 Drawing No. MSM-1017071 L. M. Check No. 298-FY71
Lot Description:	2143-1-R2
Area:	18,335.86 sq. m.
Subject to the Following:	1.) 40' Access Road, 2.) Encroachment on the Ypao Road, 3.) 22'pavement, 4.) 30' from setback

Instrument No:	110326 Dated: 1/13/72 Recorded Date: 3/20/72
Type of Instrument:	Lease Agreement
Lessor:	Josefina R. Flores
Lessee:	Al Their's Realty dba; Alfonsina D. Their
Term:	99 years, commencing 7/10/71
Amount:	$1,800.00 per month and to be increased 10% every (5) years per month
Lot Description:	2143-1-R2, Tamuning (Ipao Road)
Area:	1.6 Hectares

Instrument No.:	111232 Dated: 4/22/72 Recorded Date: 4/24/72
Type of Instrument:	Assignment of Lease
Assignor:	Alfonsina D. Their, doing business as Al Their's Realty
Assignee:	Federal Building, Inc., a Guam corporation, by Edward M. Calvo
Reference No.:	110326
Lot Description:	2143-1-R1, Socio, Tamuning, Dededo (Ipao Road)
Area:	1.6 Hectares

Instrument No.:	115105 Dated: 8/10/72 Recorded Date: 8/14/72
Type of Instrument:	Sublease
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo
Sublessee:	K. P. Tin 7 Sons, Inc., a Guam corporation, K. P. Tin
Term:	Sublease for a term expiring on 7/9/2070.
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)
Area:	1.6 Hectares

Instrument No.:	229790 Dated: 10/25/73 Recorded Date: 10/29/73
Type of Instrument:	Assignment of Lease
Assignor:	K. P. Tin & Sons, Inc, a Guam corporation, by K. P. Tin
Assignee:	Zee's Development Inc., a Guam corporation
Reference No.:	115105
Term:	98 years, commencing on 8/10/72 and ending 7/9/2070
Lot Description:	2143-1-R2, formerly designated as Lot 2143-1-R1 and also known as Lot 2143-1-R3/18,335.86 sq. m.
Area:	1.6 Hectares
Note:	Other lots included to include references not pertaining to subject lot.
Attached:	Dated: 8/10/72
Type of Instrument:	Sublease
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo
Sublessee:	K. P. Tin & Sons, Inc., a Guam corporation, K. P. Tin
Term:	Sublease for a term expiring on 7/9/2070.
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)
Area:	1.6 Hectares

Instrument No.:	233377 Dated: 5/1/73 Recorded Date: 2/19/74
Type of Instrument:	Joint Venture Agreement
Made By & Between:	Federal Building Inc., by Edward M. Calvo & Alfred C. Ysreal
In Favor Of:	Federal Building, Inc., 80% & Alfred C. Ysreal, 20%
Lot Description:	2143-1-R2, Saucio, Tamuning

Instrument No.:	233421	Dated: 1/3/74	Recorded Date: 2/20/74
Type of Instrument:	Assignment of Lease		
Assignor:	Zee's Development Inc., by Gordon T. C. Chu, Director, duly authorized representative		
Assignee:	Zee's Investment Corporation, by Jeffrey T. F. Zee, President		
Lot Description:	2143-1-R2, AKA 2143-1-R1 and AKA 2143-1-R3		
Attached:	Instrument No. 229790		
Type of Instrument:	Assignment of Lease		
Assignor:	K. P. Tin & Sons, Inc, a Guam corporation, by K. P. Tin		
Assignee:	Zee's Development Inc., a Guam corporation		
Reference No.:	115105		
Term:	98 years, commencing on 8/10/72 and ending 7/9/2070		
Lot Description:	2143-1-R2, formerly designated as Lot 2143-1-R1 and also known as Lot 2143-1-R3/18,335.86 sq. m.		
Area:	1.6 Hectares		
Note:	Other lots included to include references not pertaining to subject lot.		
Attached:		Dated:8/10/72	
Type of Instrument:	Sublease		
Sublessor:	Federal Building, Inc. a Guam corporation, by Edward M. Calvo		
Sublessee:	K. P. Tin & Sons, Inc., a Guam corporation, by K. P. Tin		
Term:	Sublease for a term expiring on 7/9/2070.		
Amount:	$6,500.00 per month and to increase 10% monthly rental every (5) years.		
Lot Description:	2143-1-R2, Socio, Tamuning, Dededo (formerly designated as Lot 2143-1-R1)		
Area:	1.6 Hectares		

Instrument No.:	236790	Dated: 5/7/74	Recorded Date: 6/7/74
Type of Instrument:	Parcelling Survey Map of Basic Lot 2143-1-R3, Saucio, Municipality of Dededo Land Square 13, Section 4 Drawing No. C-558-74 L. M. Check No. 558 FY 74		
Lot Description:	2143-1-R4		
Area:	16746 sq. m. 180250 sq. ft.		
Subject to the Following:	1.) 40' Access Road (Doc. No. 075927), 2.) Proposed 60' Right of Way on Ypao Road, 3.) 30' Setback from centerline of exist. Pavement for public access and utility easement.		

Instrument No.:	241233	Dated: 8/2/74	Recorded Date: 10/25/74
Type of Instrument:	Attornment Agreement		
Landlord:	Josefina R. Flores		
Subtenant:	Zee's Investment Corporation		
Reference No.:	111232, 115105		
Lot Description:	2143-1-R2, Tamuning, Dededo		

Instrument No.:	259039 Dated: 7/30/75 Recorded Date: 8/1/75
Type of Instrument:	Deed of Gift
Grantor:	Josefina R. Flores
Grantee:	David R. Flores, Roman R. Flores, Erlinda F. Leon Guerrero and Leon R. Flores, share and share alike
Lot Description:	2143-1-R4, Tamuning, Dededo
Area:	16,746 sq. m.
Instrument No.:	271249 Dated: 4/30/76 Recorded Date: 9/1/76
Type of Instrument:	Assignment of Lease
Assignor:	Federal Building, Inc., a Guam corporation, by Paul M. Calvo, president
Assignee:	Pacific Construction Company, Incorporated, a Guam corporation, Paul M. Calvo, president
Reference No.:	110326, 111232, 115105, 229790, 233421
Lot Description:	2143-1-R2, Dededo
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	298053 Dated: 12/5/78 Recorded Date: 12/7/78
Type of Instrument:	Marshall's Certificate of Sale on Foreclosure Civil Case No. 317-76
Made By & Between:	Bank of America, National Trust & Savings Association, Plaintiff Vs. Zee's Investment Corporation, a Guam corporation, J. F. Zee and Jeffrey T. F. Zee, Individually, Pacific and Guam Enterprises, Inc., a Guam corporation, Amelco, Inc., a Guam corporation, Investment Overseas Corporation, A Guam corporation and Central Amusement Corporation, a Guam Corporation, Defendants.
In Favor Of:	Bank of America, National Trust & Savings Association
Reference No.:	115104 (as id and should read 115105), 229790, 233421
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	301856 Dated: 4/27/79 Recorded Date: 4/30/79
Type of Instrument:	Dissolution of Joint Venture
Made By & Among:	Alfred C. Ysreal and Diana Z. Ysreal, H/W, Pacific Construction Company Incorporated, a Guam corporation & Calvo Finance Corporation, a Guam corporation
Reference No.:	233377, 110326, 11123(as is and should read 111232)
In Favor Of:	Alfred C. Ysreal and Diana Z. Ysreal, H/W, 20% & Pacific Construction Company Incorporated, a Guam corporation, 80%
Lot Description:	2143-1-R2, Dededo
Area:	1.6 Hectares
Note:	Other lots and references included that does not pertain to subject lot.

Instrument No.:	303867	Dated: 7/9/79	Recorded Date: 7/9/79
Type of Instrument:	Sublease		
Sublessor:	Bank of America NT & SA, A National Banking Association		
Sublessee:	Unity Development Corporation, A Guam Corporation		
Term:	Expiring on 7/7/1994		
Reference:	Civil Case No. 317-76		
Reference No.:	115105, 229790, 233421		
Lot Description:	2143-1-R2, Dededo		
Area:	18,335.86 sq. m.		
Note:	Other lots and references included that does not pertain to subject lot.		

Instrument No.:	303868	Dated: 7/9/79	Recorded Date: 7/9/79
Type of Instrument:	Quitclaim of Improvements and Partial Assignment of Rights Under Certificate of Sale		
Assignor:	Bank of America NT & SA., a national banking association, authorized and transecting a banking business		
Assignee:	Unity Development Corporation, a Guam corporation		
Reference No.:	298053, 115105, 229790, 233421		
Lot Description:	2143-1-R2. Dededo		
Area:	18,335.86 sq. m.		
Note:	Other lots and references included that does not pertain to subject lot.		

Instrument No.:	310532	Dated: 2/20/80	Recorded Date: 3/7/80
Type of Instrument:	Amended Notice of Levy Civil case No. 193-76		
Made By:	Amelco, Inc., Plaintiff, Vs. Zee's Investment Corporation, Defendant.		
To:	American Savings & Loan, Agana, Guam; American Savings & Loan, Dededo, Guam; Bank of America, Agana, Guam; Bank of America, Tamuning, Guam; Bank of Guam, Agana, Guam; Bank of Hawaii, Agana, Guam; Bank of Hawaii, Agat, Guam; Bank of Hawaii, Tamuning, Guam; Chase Manhattan Bank, Agana, Guam; First Bank of California, Agana, Guam; First Commercial Bank of Taiwan, Agana, Guam; First Hawaiian Bank, Agana, Guam; First National City Bank, Agana, Guam; and to all whom it may concern:		
Lot Description:	2143-1-R2, Dededo, Guam		
Note:	Other lots included.		

Instrument No.:	351430	Dated: 8/15/84	Recorded Date: 9/18/84
Type of Instrument	Grant of Right of Way for the Erection and Maintenance of Power Lines, Poles, Wire, Cables and Underground Conduits		
Grantor:	Mr. Jerry Tan, of Unity Development Corporation		
Grantee:	Guam Power Authority		
Purpose:	A 10' X 180' ± foot strip of land extending partially across Lot 2143-1-R3, Dededo		

Instrument No.:	412337 Dated: 1/31/89 Recorded Date: 2/3/89
Type of Instrument:	Warranty Deed
Grantor:	Su Shing Huang
Grantee:	W. K. Yamamoto and J. L. Yamamoto, H/W, as joint tenants with right of survivorship
Lot Descriptions:	2143-1-2 and 2143-1-R2, Tamuning, Dededo
Instrument No.:	443307 Dated: 3/7/90 Recorded Date: 10/14/90
Type of Instrument:	Deed of Real Property Sold for Nonpayment of Property taxes
Made By:	Department of Revenue and Taxation
Against:	Flores, David R et al
Taxation Period:	1987
Amount:	$586.10
Lot Description:	2143-1-R4, Dededo, Suburban
Area:	16,746.00 (as is)
Instrument No.:	493100 Dated: 6/4/93 Recorded Date: 8/5/93
Type of Instrument:	Special Power of Attorney
Made by:	Bank of America National Trust and Savings Association
In Favor of:	Bank of Hawaii
Purpose:	Giving said attorney the power to transfer and convey any said interest to Unity Development
Lot Description:	2143-1-R2, Dededo
Area:	18,335.86 sq. m.
Note:	Other lots included.
Instrument No.:	509711 Dated: 6/1/94 Recorded Date: 6/6/94
Type of Instrument:	Marshall's Deed
Grantor:	Marshall, Superior Court of Guam, by Juan G. Blas
Grantee:	Bank of America, National Trust & Savings Association
Reference No.:	115104(as is and should read 115105), 229790, 233421, 293053 (as is and should read 298053)
Lot Description:	All leasehold interests on Lot 2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and references included that does not pertain to subject lot.
Instrument No.:	511026 Dated: 10/7/93 Recorded Date: 6/24/94
Type of Instrument:	Termination and Assignment
Made By & Between:	Bank of America, NT & SA, by Andy Jordanou, Vice President of Bank of Hawaii, attorney –in-fact, Bank & Unity Development Corporation, a Guam corporation, by Gordon T. C. Chu, Vice President, Unity
In Favor Of:	Unity Development Corporation, a Guam corporation
Reference No.:	298053, 303867, 115105, 229790, 233421
Lot Description:	2143-1-R2, Dededo
Area:	18,335.86 sq. m.

Instrument No.:	527365 Dated: 11/1/94 Recorded Date: 4/25/95
Type of Instrument:	Leasehold Mortgage
Mortgagor:	Unity Development Corporation, a Guam corporation
Mortgagee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Amount:	$1,200,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2. Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	527366 Dated: 11/1/94 Recorded Date: 4/25/95
Type of Instrument:	Assignment of Rental Income
Assignor:	Unity Development Corporation
Assignee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Amount:	$1,200,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	568566 Dated: 4/30/97 Recorded Date: 8/13/97
Type of Instrument:	Addendum to Leasehold Mortgage
Mortgagor:	Unity Development Corporation, a Guam corporation
Mortgagee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Additional Indebtedness:	$100,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026, 527365
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	568567 Dated: 4/30/97 Recorded Date: 8/13/97
Type of Instrument:	First Amendment to Assignment of Rental Income Additional Indebtedness
Assignor:	Unity Development Corporation, a Guam corporation
Assignee:	The HongKong and Shanghai Banking Corporation, Ltd., a foreign corporation
Additional Indebtedness:	$100,000.00
Reference No.:	115104 (as is and should read 115105), 229790, 233421, 511026, 527366
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	620776 Dated: 4/12/00 Recorded Date: 4/27/00
Type of Instrument:	Grant of Easement
Grantor:	David R. Flores and Elfriede G. Flores, H/W
Grantee:	Hubert Ho-Sun Lee and Young Ja Lee, H/W
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972.

Instrument No.:	622112 Dated: 5/25/00 Recorded Date: 5/25/00
Type of Instrument:	Assignment of Grant of Easement
Assignor:	Hubert Ho-Sun Lee and Young Ja Lee, H/W
Assignee:	Terra Pacific Resources, L. L. C., a Guam Limited Liability
Reference No.:	620076(as is and should read 620776)
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972 and 236790.

Instrument No.:	673945 Dated: 10/9/02 Recorded Date: 4/25/03
Type of Instrument:	Assignment of Leasehold Mortgage
Assignor:	The HongKong and Shanghai Banking Corporation Limited
Assignee:	Citizens Security Bank, (Guam) Inc., a bank incorporated under the Territory of Guam
Amount:	$328,882.71
Reference No.:	527365, 568566, 115104 (as is and should read 115105), 229790, 233421, 511026
Lot Description:	2143-1-R2, Dededo
Area:	18,235.86 sq. m.
Note:	Other lots and reference nos. included that does not pertain to subject lot

Instrument No.:	676952 Dated: 3/15/00 Recorded Date: 6/23/03
Type of Instrument:	Unlimited Power of Attorney
Made By:	Evelyn R. T. Woo
In Favor Of:	Jack C. S. Woo and Nicole C. W. Woo

Instrument No.:	707707 Dated: 4/29/05 Recorded Date: 4/29/05
Type of Instrument:	Fee Leasehold Real Property Accommodation Mortgage with Power of Sale, Security Agreement, Financing Statement and Assignment of Rentals
Mortgagor:	Calvo Enterprises, Inc., a Guam corporation, E. C. Development LLP, a Guam limited liability and Pacific Construction Company, Inc. a Guam corporation
Mortgagee:	First Hawaiian Bank, a Hawaii corporation
Amount:	$4,500,000.00
Lot Description:	2143-1-R4, Tamuning (Zee's Complex)
Area:	16,746 sq. m./180,250 sq. ft.
Note:	Other lots included.

Instrument No.:	707710 Dated: 4/28/05 Recorded Date: 4/29/05
Type of Instrument:	Assignment of Rental Income
Assignor:	Pacific Construction Company, Inc., a Guam corporation
Assignee:	First Hawaiian Bank, a Hawaii corporation
Amount:	$4,500,000.00
Lot Description:	2343-1-R4, Tamuning
Area:	16,746 sq. m./180,250 sq. ft.
Note:	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	714432 Dated: 9/27/05 Recorded Date: 9/28/05
Type of Instrument:	Assignment of Grant of Easement
Assignor:	Terra Pacific Resources, L. L. C., a Guam limited liability company
Assignee:	Jack C. S. Woo and Nicole C. W. Woo, H/W and Evelyn R. T. Woo, a single woman, by Jack C. S. Woo and Nicole C. W. Woo, attorney-in-fact, as joint tenants with rights of survivorship
Reference No.:	620776, 676952
Purpose:	A 40' right-of-way and easement across Basic Lot 2143-1-R3, Dededo, as shown and marked "40' Access Road on that map no. 075972 and 236790.

Instrument No.:	720904 Dated: 2/8/06 Recorded Date: 2/8/06
Type of Instrument:	Amended Assignment of Grant of Easement
Assignor:	Terra Pacific Resources, L. L. C., a Guam Limited Liability Company
Assignee:	Jack C. S. Woo and Nicole C. W. Woo, H/W and Evelyn R. T. Woo, a single woman, as joint tenants with rights of survivorship
Reference No.:	620776, 714432
Purpose:	a 40' right-of-way and easement across Basic Lot 2143-1-R3, Tamuning,
Amending:	to correct instrument no. 75972 to read 75927 (map)

Instrument No.:	781341 Dated: 10/27/08 Recorded Date: 10/29/08
Type of Instrument:	Mortgage
Mortgagor:	Unity Development Corporation, a Guam Corporation, in a Leasehold and Subleasehold Estate
Mortgagee:	Citizens Security Bank (Guam), Inc.
Amount:	$1,800,000.00
Reference No.:	110326, 111232, 115105, 229790, 233421, 233377, 271249, 301856, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	781342 Dated: 10/27/08 Recorded Date: 10/29/08
Type of Instrument:	Assignment of Rent
Assignor:	Unity Development Corporation, a Guam Corporation, in a Leasehold and Subleasehold Estate
Assignee:	Citizens Security Bank (Guam), Inc.
Amount:	$1,800,000.00
Reference No.:	115105, 229790, 233421, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Instrument No.:	781350 Dated: 10/29/08 Recorded Date: 10/29/08\
Type of Instrument:	Estoppel Certificate
Made By & Among:	Pacific Construction Company, Incorporated, by Leonard P. Calvo (80%), Alfred C. Ysrael & Diana Z. Ysrael (20%), Tenants & Citizen Security Bank (Guam), Inc., Lender
Reference No.:	110326, 111232, 233377, 271249, 301856
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.

Instrument No.:	781352 Dated: 10/29/08 Recorded Date: 10/29/08
Type of Instrument:	Estoppel Certificate
Made By & Among:	Unity Development Corporation, Tenant, Pacific Construction Company, Incorporated, by Leonard P. Calvo, Alfred C. Ysreal and Diana Z. Ysreal, Landlord, & Citizens Security Bank (Guam), Inc., Lender
Reference No.:	115105, 229790, 233421, 509711, 511026
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Instrument No.:	828494 Dated: 8/31/11 Recorded Date: 10/31/11
Type of Instrument:	Modification of Mortgage
Mortgagor:	Unity Development Corporation
Mortgagee:	ANZ Guam Inc.
Reference No.:	781341, 781342, 115105, 229790, 233241, 509711, 511026
Modification:	To decrease the amount of the loan from original amount of $1,800.000.00 to $904,738.00.
Lot Description:	2143-1-R4, Tamuning
Area:	16,746 sq. m. / 180,250 sq. ft.
Note	Other lots and reference nos. included that does not pertain to subject lot.

Researched by: Diodre K. O. Mafnas, Land Agent II — 7.17.14 Date

Approved by: Carl V. Dominguez, Director, Department of Public Works — 7/29/14 Date

JBLAZ/JJMAN/ANONA/DMAFNAS

ADDENDUM D

QUALIFICATIONS

SISKA S. HUTAPEA, MAI, MRICS, MRE



PROFESSIONAL EXPERIENCE

Engaged in real estate research, valuation and consulting since 1992. Appraisal assignments include residential, commercial, industrial and resort property throughout Indonesia. Part-time lecturer in Tarumanagara University, Jakarta, Indonesia in valuation-related subjects from 1997 through 1999. Previously served as an active member in Indonesian Society of Appraisers (ISA).

Experience in Guam real estate appraisal and consulting for 15 years. Engaged as Real Estate Appraiser & Consultant by The Captain Company in May 1999. Promoted to Chief Appraiser in 2004. Managing Partner at Captain, Hutapea & Associates. Types of properties covered include hotels, residential, industrial, shopping center and other commercial properties.

PROFESSIONAL BACKGROUND

2012 - Present

- President – Cornerstone Valuation Guam, Inc.
  http://www.cornerstonevaluation.com

Previously Served:

- Managing Partner & Chief Appraiser, Captain, Hutapea & Associates (2007-2012)
- Chief Appraiser, The Captain Company (2004-2007)
- Appraiser, The Captain Company (1999-2004)
- Managing Director of PT Graha Karya Reksatama, Appraisal Co., Jakarta, Indonesia (1992-1997)
- Part-time Lecturer, Tarumanagara University, Jakarta, Indonesia
- Structural Engineer, PT Suradjin Sutjipto, Jakarta, Indonesia

PROFESSIONAL AND OTHER AFFILIATIONS

- Appraisal Institute, MAI Designated Member No. 406088
- Royal Institution of Chartered Surveyor Professional Member No. 6493989
- Territory of Guam Certified General Appraiser (License No. CA-14-027)
- CNMI Certified General Appraiser (License No. REA-036-93)
- Guam Women's Chamber of Commerce, Founding Board Member
- Pacific Islands University, Trustee (2012 - 2014)
- SBA 2014 Women in Business Champion
- Guam Workforce Investment Board (Governor Appointed Member 2011-2013)
- Guam Association of Realtors 2014 Director
- Soroptimist International of the Marianas, Past President (2008 – 2009)
- Lutheran Church of Guam, Council Member
- Tender Shepherd, Past Board Chairman

EDUCATION

UNIVERSITY OF NEW SOUTH WALES – SYDNEY, AUSTRALIA
Master of Real Estate, 1997
TRISAKTI UNIVERSITY – JAKARTA, INDONESIA
Bachelor of Science in Civil Engineering, 1994

SPECIAL REAL ESTATE COURSES

MIT CENTER FOR REAL ESTATE
- Real Estate Markets, Boston, June 2008

ROYAL INSTITUTION CHARTERED SURVEYORS (RICS)

APRIL 2015
- Summit of the Americas, Los Angeles, CA

NOVEMBER 2014
- RICS HKIS Joint Valuation Conference, Hong Kong

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS (IAAO)

DECEMBER 2014
- IAAO Thirty-Fifth Annual Legal Seminar, Chicago, IL

APPRAISAL INSTITUTE

APRIL 2015
- The Appraiser as an Expert Witness: Preparation & Testimony, Costa Mesa, CA
- Improving Appraisal Reports Used for Financing Institutions – Strategies from Reviewers, Webinar

MARCH 2015
- 2014-2015 7 Hour National USPAP Equivalent Course
- Litigation Appraising: Specialized Topics and Applications, Webinar
- The 50% FEMA Appraisal Rule, Webinar

FEBRUARY 2015
- General Market Analysis, Webinar

DECEMBER 2014
- Appraising Airports and Airplane Hangars, Webinar

NOVEMBER 2014
- A Picture is Worth a Thousand Words: Data Visualization in Appraisal, Webinar
- Review of Court Decisions on Valuations, Webinar

OCTOBER 2014
- Right of Way – Three Case Studies with Two Approaches to Value, Webinar

SEPTEMBER 2014
- The Valuation of Bank Branches, Webinar

MAY 2014
Golf Course Property Valuation, Webinar

DECEMBER 2013
- Appraising Cell Towers

OCTOBER 2013
- ARGUS Discounted Cash Flow Valuation, Costa Mesa, CA
- 2012-2013 National USPAP Update Course, Honolulu, HI
- 2012-2013 Business Practices and Ethics, Honolulu, HI

AUGUST 2013
2013 Appraisal Institute Annual Meeting, Indianapolis, IN

JULY 2013
- Marina Valuation Overview

MAY 2013
- Leadership Development & Advisory Council, Washington D.C.

SEPTEMBER 2012
- Condemnation Appraising: Principles and Applications, Las Vegas, NV

AUGUST 2012
- Marketability Studies: Advanced Considerations & Applications, Course 835
- Appraising the Appraisal: Appraisal Review, Course 824
- 2012 Appraisal Institute Annual Meeting, San Diego, CA

SPECIAL REAL ESTATE COURSES (CONTINUED)

2011

- Small Hotel/Motel Valuation
- 7 Hour National USPAP Equivalent Course
- 2011 Appraisal Institute Annual Meeting, Las Vegas, NV
- Advanced Spreadsheet Modeling for Valuation Applications
- Perspectives from Commercial Review Appraisers, Webinar
- Rates and Ratios: Making Sense of GIMs, OARs, and DCF

2010

- Analyzing Operating Expenses
- Eminent Domain and Condemnation
- 2014 Realtor® Party Training Conference, Williamsburg, December 2013

2001-2008

- Subdivision Valuation, 2008
- 7 Hour National USPAP Equivalent Course, 2007

2001-2008 (CONTINUED)

- Course 420 – Business Practices and Ethics, 2007
- Small Hotel/Motel Valuation, 2005
- Course 330 – Apartment Appraisal, 2005
- General Comprehensive Exam, 2003
- Course 550 – Advance Applications, 2003
- Course 540 – Advance Report Writing & Valuation Analysis, 2002
- Course 530 – Advance Sales Comparison & Cost Approach, 2003
- Course 520 – Advance Highest and Best Use Analysis, 2002
- Course 510 – Advance Income Capitalization, 2002 Analyzing Operating Expenses, 2001

PAN PACIFIC CONGRESS FOR REAL ESTATE APPRAISERS AND CONSULTANTS

Melbourne, October 2012; Auckland, 2000;
San Francisco, 2006, Singapore, 1998,Taipei, September 2004; Sydney, 1996

SECURITIES INSTITUTE EDUCATION - AUSTRALIA

- Property Investment Analysis and Financial Statement Analysis, 1998

AUSTRALIAN PROPERTY INSTITUTE

- Feasibility Study Module, Office Building for the Future and Property Market Outlook, 1997

NATIONAL ASSOCIATION OF REALTORS®

SPEAKING, TEACHING & WRITING

- **INDONESIAN SOCIETY OF APPRAISERS**
  Hotel Valuations. Jakarta, November 2011
- **Pacific Market Place – Various Guam Real Estate Market Insights Articles**
- **AFFORDABLE HOUSING SYMPOSIUMS**
  Hyatt Regency Guam – June 2012, 2013

Market Value of Taking of Proposed Portion of Lot 2143-R5, Tamuning, Island of Guam

A Real Property Appraisal Report

For Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

April 2016

Micronesian Appraisal Associates, Inc.
1069 Army Drive, Suite 205
Barrigada, Guam 96913

Introduction and Premises of the Appraisal

100 Certificate of Value

DPW Form 4.2-3

CERTIFICATE OF VALUE

Parcel No: Lot 2143-R5 Item/Segment: Proposed Lot 2143-6 R/W
Project: Route 14B Reconstruction and Widening GU No. GU-NH-014B(001)

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are my personal, unbiased, professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property or bias with respect to the property that is subject of this report, and I have no personal interest or bias with respect to the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
4. My compensation 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.
5. This is an appraisal communicated in a restricted use report format. This report is intended for use only by the Department of Public Works, the client. Use of this report cannot be relied upon without access to the additional information contained in the appraiser's work files.
6. I have made a personal inspection of the property on December 02, 2015 that is the subject of this report and I have afforded the property owner the opportunity to accompany me at the time of the inspection. I have also on December 02, 2015 made a personal field inspection of the comparable sales relied upon in making this appraisal.
7. Johnathan P. Magliari, an Appraiser Trainee, provided significant real property appraisal assistance to the person signing this certification.
8. The purpose of this appraisal is to estimate market value as of the effective date of the report. The definition of market value can be found in the Section 4.1, DPW Right of Way Manual. The intended use is in connection with the acquisition of right-of-way for a transportation facility to be constructed by the Government of Guam with the assistance of Federal-aid highway funds, or other Federal funds. This report is not intended for any other use.
9. This appraisal has been made in conformity with appropriate Territory of Guam laws, regulations, policies and procedures applicable to appraisal of right-of-way for highway purposes; and, to the best of my knowledge, no portion of the property value entered on this certificate consists of items which are non-compensable under the established law of the Territory of Guam.
10. I have not revealed the findings or results of this appraisal to anyone other than the proper officials of the Territory of Guam or officials of the Federal Highway Administration and I will not do so until authorized by Government of Guam officials or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
11. Regardless of any stated limiting condition or assumption, I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the Government of Guam without restriction or limitation on their use. This file information is retained to support the conclusions, opinions, and analyses.
12. Statements supplemental to this certification required by membership or candidacy in a professional appraisal organization, are described on an addendum to this certificate and, by reference, are made a part hereof.

Based upon my independent appraisal and the exercise of my professional judgment, my opinion of the market value for the part taken, including damages, if any, of the property appraised as of the December 02, 2015 is: $84,600.

Market Value should be allocated as follows:

Land:	$84,600	Land Area (Sq. Meters): 445 square meters
Improvements:	$0	Land Use: Partial driveway, part of Ypao Rd, and part of a ponding basin
Severance Damages/ Cost to Cure:	$0	
Total:	$84,600	

04/22/2016
Date

Vance L. Reklai, SRA
Appraiser

President and Chief Commercial Appraiser
License No. CA-16-031
Expiration February 10, 2018

CERTIFICATION ADDENDUM

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

1. I have not completed any services regarding the subject property within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity;
2. as of the date of this report, Vance L. Reklai, SRA has completed the requirements of the continuing education program of the Appraisal Institute;
3. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;
4. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
5. Johnathan Magliari provided real property appraisal assistance to the person signing this report. He assisted in data input, verification, and writing the factual data section of the report.

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ADDENDA **42**

Exhibits

1. Island Data
2. Market Data, Land Transaction, Island of Guam
3. Property Owner Contact Letter
4. Qualifications of the Appraiser

115 Qualifying and Limiting Conditions

Extraordinary Assumptions

One extraordinary assumption applies to this assignment:

1. *The original survey map for Lot 2143-R5 (Drawing No. SDCO-02-969) shows the property as having 13,037 sq meters. The proposed Severance map (Drawing No. VPO-2009-120) shows a combined Remainder and Severance total of 13,034 sq meters, as well as a "Special Note" stating that "The difference in area is due to actual property corners found." The discrepancy between the two maps is 3 sq meters, and is due to error ellipse. We are assuming that the current proposed severance map's square meter calculations are accurate.*

Hypothetical Conditions

1. The analysis of the property after the taking assumes a hypothetical condition that the taking has occurred, when in fact it has not. The valuation of the remainder parcel also assumes that the Reconstruction and Widening of Route 14B has been completed, when in fact it has not. These assumptions are necessary for the purpose of the analysis herein. These hypothetical conditions may affect the assignment result.
2. The valuation of the remainder parcel assumed that the proposed transportation improvements has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This hypothetical condition may affect the assignment result.

General Assumptions and Limiting Conditions

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that

it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos building materials, urea-formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

Supplemental Standards
This report is prepared in compliance with Section 4.2 of the Right of Way Manual (Effective Date: November 19 2010).

The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

120 Summary of Salient Facts and Conclusions

Owner/Address of Record:	
Fee Simple Owner:	Margarita H. Inocentes, Trustee Under the Inocentes 2002 Trust
Leasehold Owner	Micronesian Industrial Corporation P.O. Box 6780-F, Tamuning, Guam 96931
Lease Agreement:	DLM #110349
Modification of Lease:	DLM #221496
Assigngment of Lease:	DLM #224869
Mailing Address	1633 Scenic View Dr., San Leandro, Ca. 94577. This address was provided to the appraiser by a representative of DPW.
Street Address:	Ypao Gardens Condominium. Fronting Ypao Rd on the East side.
Legal Description:	Lot 2143-R5
Property Rights Appraised:	Fee Simple
Property Inspection Date:	December 02, 2015
Effective Date of Value:	December 02, 2015
Names of Person(s) Who Accompanied The Appraiser On The Inspection:	Appraiser went on inspection with Siska S. Hutapea. The owner did not accompany the appraiser. A letter to the

	owner informing them of the appraisal inspection was sent to the address provided by the DPW. The owners did not contact the appraiser prior to the inspection.
Extent of the Inspection:	The appraiser inspected the West Side of the property on foot from the ground.
Size:	
Parent Tract	Lot 2143-R5. Site Area: 13,034 square meters.
Area to be Acquired	Lot 2143-6 R/W. Site Area 445 square meters.
Remainder:	Lot 2143-R6. Site Area: 12,589 square meters gross
Improvements:	A 55-unit condominium project with three buildings commonly known as Ypao Garden Apartments.
Access:	Ypao Road on the site's West boundary
Utilities:	Public power, sewer, water, telephone.
Topography:	Level with an eight foot deep drain basin on the West boundary..
Zoning:	R-2, Multi- Family Dwelling.
Flood Zoning:	Zone X, FEMA Map No. 6600010084 D
Amenities/Other:	Two swimming pools, four small buildings, a tennis court, and a parking lot on the property.

Highest and Best Use	
As Vacant	Multi- Family
As Improved	Continue use as Multi-Family.

The subject property is owned in leased fee Margarita H. Inocentes, Trustee Under the Inocentes 2002 Trust and leased on a long term basis to Ypao Gardens Condominium. The appraisal reflect the "fee simple" value; the appraiser has not consider any other values.

130 Type of Report Format

This report is an Appraisal Report prepared in compliance with Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (2016-2017 Edition).

140 Purpose, Intended Use, Intended User of the Appraisal

As stated in the Right of Way Manual, "the purpose of the appraisal is to develop and report an opinion of market value. The intended use of an acquisition appraisal is for the Department's staff review appraiser to use as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility. The intended user of the appraisal is the Guam Department of Public Works Office of Right of Way."

150 Definition of Market Value

The following value definition applies to this assignment:

Market Value[1]
"Value' as used in eminent domain statute, ordinarily means amount which would be paid for property on assessing date to willing seller not compelled to sell, by willing purchaser, not compelled to purchase, taking into consideration all uses to which property is adapted and might reasonably be applied."

151 Definition of Other Terms

The following definitions for appraisal terminology apply to this assignment:

Before-and-After Rule[2]: In eminent domain valuation, a procedure in which just compensation is measured as the

[1] Department of Works Right of Way Manual

difference between the value of the entire property before the taking and the value of the remainder after the taking.

Benefits[3]: In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits are considered in determining the value of the remainder in a partial acquisition. General benefits accrue to the community at large as a result of the new public work and the increased general prosperity that accompanies development. Special benefits arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefited in a similar manner, if not to the same degree. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits.

Client[4]: The Department of Public Works Right of Way Supervisor (DPWRS) and his/her designee.

Compensable Damages[5]: Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable.

Consequential Damages[6]: Damage to property arising as a consequence of a taking over and above direct damages.

Damages[7]: In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently.

Eminent Domain[8]: The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the takings clause, guarantees payment of just compensation upon appropriation of private property.

Exposure Time[9]: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Fee Simple Estate[10]: 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.

Highest and Best Use[11]: The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Just Compensation[12]: In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken, Just compensation should put the owner in as good a position as he or she would be if the property had not been taken.

Larger Parcel[13]: In government land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination

[2] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2015)
[3] Ibid
[4] Department of Works Right of Way Manual
[5] Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2015)
[6] Ibid
[7] Ibid
[8] Ibid
[9] Ibid
[10] Ibid
[11] Ibid
[12] Ibid
[13] Ibid

in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use, the three conditions that establish the larger parcel for the consideration of severance damages in most states. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.

Partial Taking[14]: The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation.

Recommended Compensation[15]: The amount established by the Department's appraisal reviewer which typically represents full compensation, excluding business damages, moving costs, attorney fees, and landowner costs. Recommended compensation is almost always equal to the approved market value.

Remainder[16]: (1) In eminent domain condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.

Severance Damages[17]: Generally used to mean those damages to a remainder property that are compensable.

160 Property Right (Interest) Appraised

The subject property is encumbered by Lease Agreement between the lessor (Inocentes) and lessee (Hisa) subsequently assigned to Micronesia Industrial Corporation who developed Ypao Garden Apartments Condominium. The Horizontal Property Regime for all 55 units were filed in the Department of Land Management under instrument number 242681. The has since been individually subleased to different owners that are represented by the Ypao Gardens Apartment Homeowners Association.

According to the lease agreement[18]:

> "...any part of any award in condemnation as compensation to LESSOR." "Provided, however, that if a substantial potion of the real estate herein leased shall be proportionally adjusted and if the improvements thereon situated shall be condemned within twenty (20) years, LESSEE shall be entitle..."

Therefore, the following assignment reflects the value as though fee simple interest. No other interests or rights in the parcels were considered.

175 Scope (Extent of Process of Collecting, Confirming and Reporting Data)

The scope of the analysis refers to the extent of the process of collecting, confirming, and reporting data. The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the consulting services is desirable to protect other parties whose reliance on the report may be affected.

General data include information on the social, economic governmental, and environmental forces that affect property value. The appraisers have accumulated general data from a wide variety of sources, including Pacific Area regional information sources, Government of Guam sources, Federal Government sources, and local real estate organizations, and trade associations. The appraiser's educational background and experience is utilized extensively in the collection and evaluation of data.

Specific data include details about the property being analyzed, comparable sales, rental properties, and relevant local market characteristics. In real property appraisal these data are used to determine highest and best use and to make the specific comparisons and analyses required to estimate market value.

Assignment Specific Scope of Work Summary

This appraisal was performed under the following scope of work; the appraiser: A) Inspected and cataloged the salient attributes of the subject property. Data on both subject properties were obtained from a variety of commercially available mapping sources; these maps are presented in this report.

B) Investigated appropriate market data for utilization in a direct sales comparison approach to value. The appraiser's investigations included research of

[14] Ibid
[15] Department of Works Right of Way Manual Section 4.1-1
[16] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[17] Ibid
[18] DLM Document No 110349, Section 10.

Department of Land Management public records, the Guam Association of Realtor's Flex MLS database, and the appraiser's in-house office files and database.

Search parameters such as dates of sales, locations, sizes, and types of properties were customized based on the characteristics of each property being appraised and started with relatively narrow constraints and were expanded until appraiser had retrieved data sufficient to estimate market value.

Researched sale data were reviewed and, if found to be appropriate, efforts were made to verify the data with persons directly involved in the transactions such as buyer, sellers, brokers or agents. Data were gathered and presented for each comparable transaction in compliance with Sections 4.2.19 and 4.2.20 of the Right of Way Manual.

C) Investigated and analyzed all pertinent easements and restrictions on the fee simple ownership of the subject property. We relied upon the latest available professionally produced draft survey maps provided by DPW for this assignment; these maps are cited and presented in this report. It is noted that these maps have not been finalized and material changes in the maps may affect the appraiser's conclusions.

D) The appraiser did not ascertain the existence of toxic waste or other contamination present on or off the site. However, the appraiser has reported all indications of toxic waste or contaminants that may affect value if readily apparent during the appraiser's investigations. Appraiser cautions the user of the report that appraiser is not expert in such matters and that appraiser may overlook contamination that might be readily apparent to others.

180 Appraisal Problem

DPW requires and this report includes one appraisal, conforming to DPW Right of Way Manual, under one cover to provide expert opinions of Just Compensation for one partial acquisition.

The remainder was appraised presuming that the transportation improvements are in place and operating. The remainder is not impacted, thus a cost to cure estimate was not applicable.

Once the parent tract was appraised, the value of the part taken as part of the whole was calculated and stated. This calculation was based on the unit values set forth in the reconciliation of the parent tract or "whole" before the taking.

Site improvements are not within the part taken. Considering the taking does not include any portion of the improvements, as discussed with the client, we have analyzed the parent tract as land only. There are no damages or costs to cures. Special benefits were not applicable. Therefore, no offsetting damages needed to be considered.

The taking does not adversely affect the overall use of the property as a condominium project. At DPW's expense, the amendment to the Horizontal Property Regime (HPR) is necessary to update any changes to the document.

Presentation of Data

200 Identification of Property and Legal Description

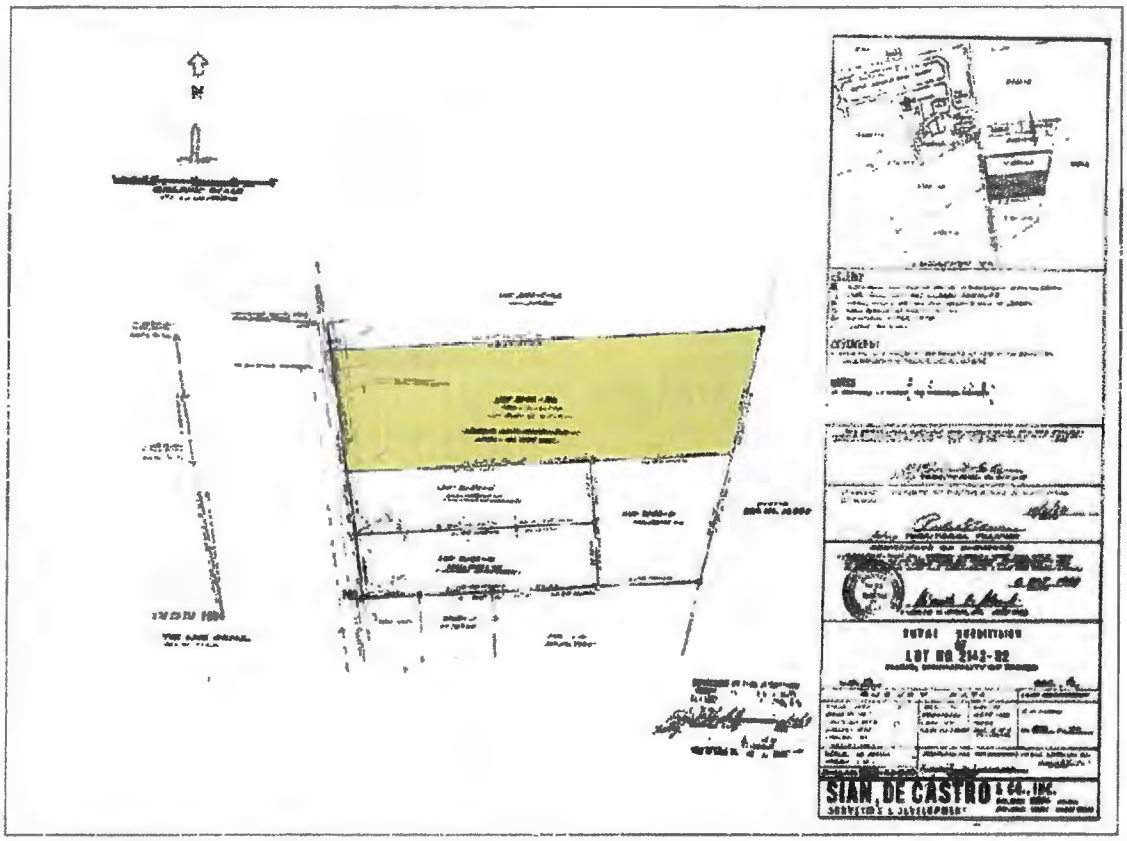
The subject property is in close vicinity of the island's Hotel District, immediately to the North. Maps indicating the precise location of the property are shown on the following pages.

The properties are legally described as follows:

Lot No. 2143-R5, Not part of Survey, (Subdivision of Lot No. 2143-R2), Municipality of Tamuning, (Formerly of Dededo), Territory of Guam. Estate No. 2427, Suburban, as said Lot is marked and designated on Drawing No. SDCO-02-969, as L.M. Check No. 887 FY 70, dated October 07, 1969 and recorded October 28, 1969, as the Records Division, Department of Land Management, Government of Guam, under Document No. 92196..

The appraisal in this report is of the above referenced property. The scope of work refers to the above lot as well as the proposed Severance Lot 2143-6 R/W, and Remainder Lot 2143-R6.

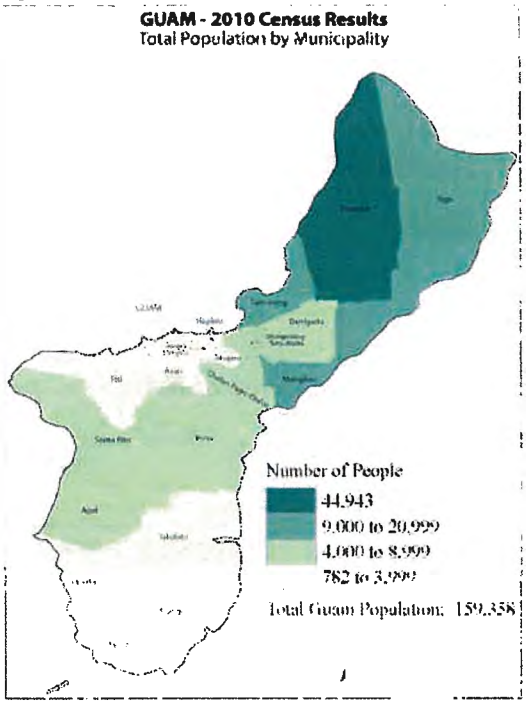
Map Drawing No. SDCO-02-969 (L.M. Check No. 88 FY 70)



220 Description of Area and Neighborhood

The subject site is located along the east side of Ypao Road in the Municipality of Tamuning, island of Guam. There is no numerical or street address assigned to the subject. The subject site is located in an area that is primarily residential. Land use to the north and west consists of hotels, beaches, and businesses. East and southeast of the subject site land use consists of multi-family condominiums and businesses . Directly south of the subject site land use consists of several multi-family homes in average condition. Further south, land use consists of businesses. Commercial uses are located along Marine Corps Drive with Payless, Cost-u-less, and Guam Premium Outlets less than a mile south of the subject..

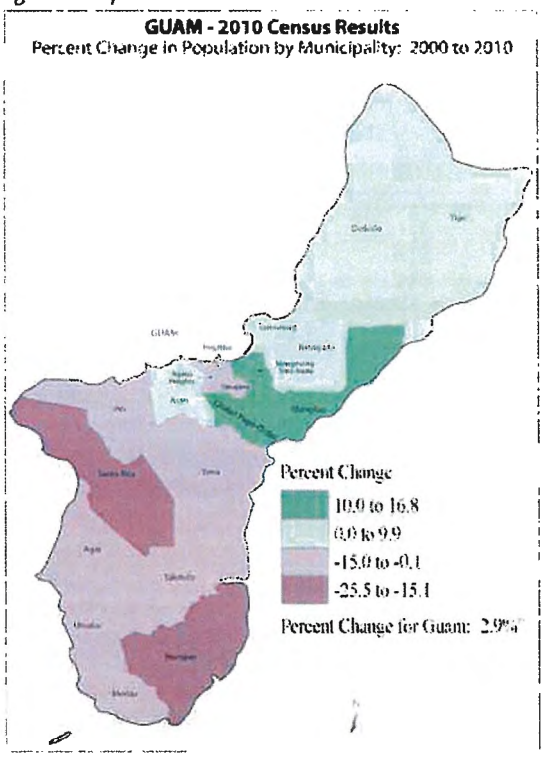
Figure 1: Population



Source: U.S. Census Bureau, 2010 Census for Guam

The presence of substantial employment and shopping areas in Tamuning and Hagatna makes it a convenient and desirable place to live and is a key reason for its high population density, increasing population trend, and high property prices relative to southern and northern villages.

Figure 2: Population Trend

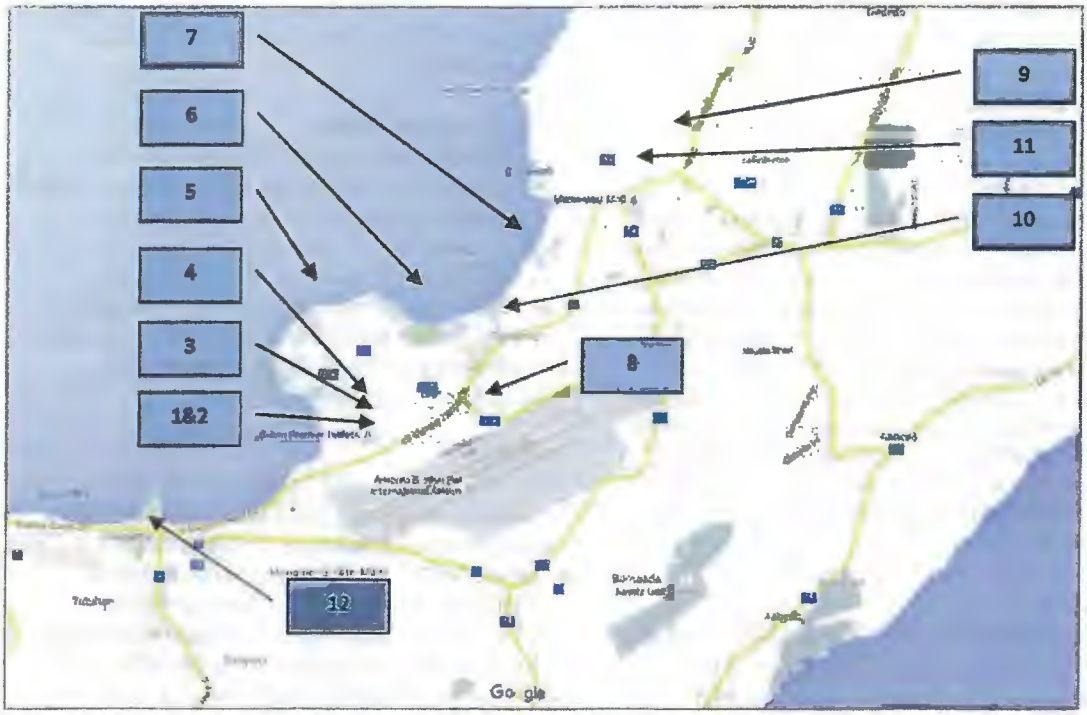


Source: U.S. Census Bureau, Census 2000 for Guam and the 2010 Census for Guam.

The population ranges and trends for Tamuning and other municipalities in Guam are depicted in Figure 1 and 2. Figure 1 shows that the southernmost villages of Guam are within the lowest population range (782 to 3,999 persons). This is in contrast to the central and northern villages which all have much higher populations.

Nearby Community Services

Neighborhood shops, parks, schools and healthcare facilities are conveniently located close to the site. A balanced mix of residential, services and retail centers contributes favorably to the area.



No.	Amenity	Location
1	ITC Building	South Marine Corps Dr. , Tamuning
2	Tamuning Post Office	South Marine Corps Dr. , Tamuning
3	Tamuning Fire Station	South Marine Corps Dr. , Tamuning
4	GPO Shopping Center	Chalan San Antonio Road, Tamuning
5	Guam Memorial Hospital	Governor Camacho Road, Tamuning
6	Ypao Beach Park	Pale San Vitores Road, Tamuning
7	Hotel District	Tumon Bay Beachfront, Tamuning
8	Won Pat International Airport	Route 10A, Tamuning
9	Guam Regional Hospital	Route 3, Dededo
10	K-mart	North Marine Corps Dr., Tamuning
11	Micronesian Mall	North Marine Corps Dr., Dededo
12	Guam Public Library	Route 4, Hagatna

Retail shopping:

Neighborhood markets, pharmacies, and retail centers are convenient to the site. The Guam Premium Outlet shopping center houses many small clothing and shoe stores, as well as a theatre. Fast food restaurants - as well as sit-in restaurants - are located around the GPO shopping center. More stores can be found along Route 1 (South Marine Corp Dr.) Also located in the area is a Payless grocery store and a Cost-U-Less market (all are less than a mile West from the site). The World's largest Kmart is in Tamuning less than a mile from the site. The Kmart store also has a pharmacy. Micronesia Mall, the largest mall in Guam, is located in Tamuning less than three miles to the North East of the property. The mall is anchored by Macy's and a Payless Supermarket, and features more than 100 national retailers, twenty restaurants and a multi-screen stadium theatre.

Employment Opportunities:
The area offers employment opportunities at office, banking, and retail venues. Healthcare employment can be found among several local clinics as well as at two major hospitals: the new Guam Regional Medical City in Dededo, and Guam Memorial Hospital in Tamuning.

Guam's resort hotels, luxury tourist shopping areas, restaurants, cultural attractions and other hospitality-related employment centers are less than a mile North and North East of the site. Beaches, resort hotels such as the Hilton, Hyatt Regency, the Westin and Hotel Nikko are found on either side of Pale San Vitores Road to the site's North (along Tumon Bay). Situated in Tumon's premier shopping district are restaurants and shops at Pleasure Island and the DFS Gallery (duty free) featuring internationally known brands such as Louis Vuitton, Chanel, Gucci, Armani and Coach.

Schools
Guam Community College is located less than five miles South East of the site. The college offers secondary and postsecondary programs, adult education, community education, and specialized education for technical workforce development. Its certificate programs include such diverse areas as medical assisting, culinary arts, cosmetology, hospitality and English as a second language.

Hospitals/Clinics:
SDA Guam Clinic is located on Ypao Road less than a minute's drive from the site.

Guam Memorial Hospital is a 208-bed acute care hospital located at 850 Governor Camacho Road, and is about a mile West of the site. The hospital provides all customary acute care services and certain specialty services. These include inpatient and outpatient surgery; intensive care; skilled nursing care; and 24-hour emergency services.

Guam Regional Medical City is about one mile west of the site. The hospital recently opened in 2015 and hosts 130 beds.. Operated by The Medical City (an accredited Philippine healthcare organization) its range of services includes, but is not limited to, cardiology, orthopedics, cancer treatment, and physical therapy.

Healthcare clinics in close proximity to the property include The Doctor's Office Medical Clinics on Father Duenas Dr., across from Guam Memorial Hospital. The clinics provide, medical, dental, vision and pharmacy services. FHP also offers Medicaid certified home health services.

Public Transportation:
Mass transit service is provided by the Guam Mass Transit Authority. The Authority operates buses on nine routes, connecting nearly all of the villages of the island. The Gray line serves Dededo, Yigo, and the surrounding areas. The standard fare is $3.00/day, $1.00/ride with discounts available for senior citizens, students, and physically challenged passengers. Service on all routes is provided six days a week, and is available to people with disabilities.

Libraries:
The Public Library, located in Hagatna, is less than three miles South West of the site. The library provides linkages to Pacific Resources for Education and Learning (PREL), specializing in multicultural and multilingual environments, providing programs, services developed to promote educational excellence. The public library also operates a bookmobile service with scheduled stops at schools, learning centers and churches.

Social Services/Churches:
Guam's population is predominantly Catholic (85%). The Catholic Church offers many services for the poor, elderly, and the disenfranchised. Their main office - Catholic Social Services - is located in the village of Barrigada, less than three miles from the subject. The Catholic group Kusinan Kamalen Karidat (in the village of Hagatna) offers free meals to the homeless, along with other services. Other churches on the island include Baptist, Mormons, Iglesia ni Cristo, Jehovah's Witnesses, and many non-denominational churches. A large Buddhist temple is located in Barrigada, and a mosque is located in the village of Mangilao.

Public Safety:
The Tamuning Fire Station and a Police Precinct office are situated on Marine Corps Drive, less than a mile south of the subject property.

Island Location Map

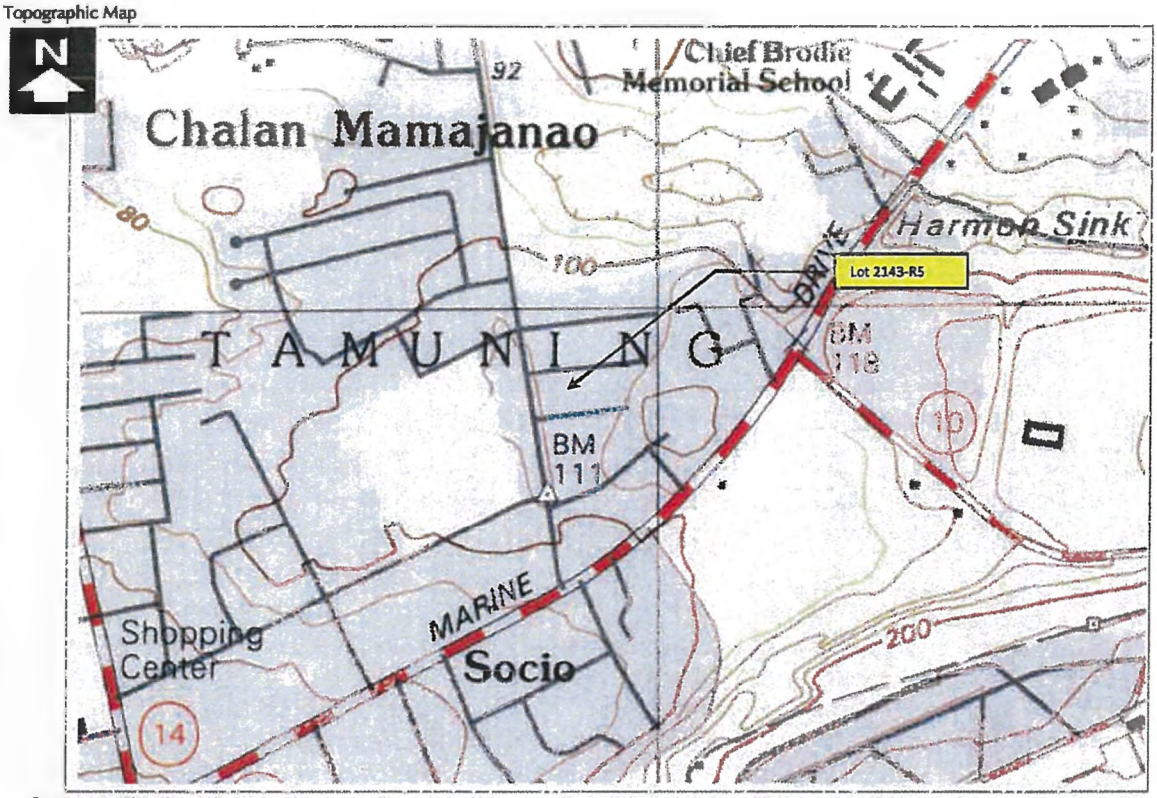


Neighborhood Location Map



Source: 2008 Bureau of Statistics & Plans, Map Book of Guam

Topographic Map



Source: U.S. Geological Survey

230 Description of Property, Photographs, and Sketches

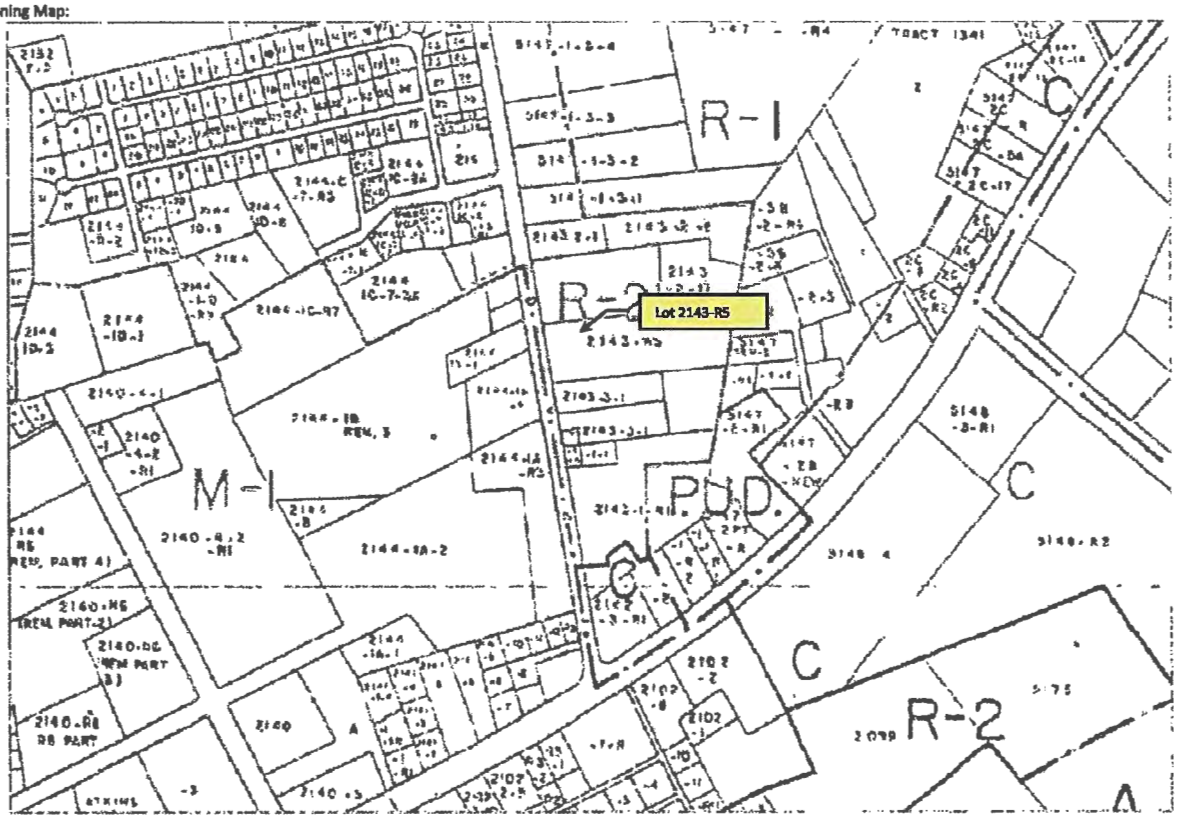
Satellite Image of Property



Flood Insurance Rate Map



Zoning Map:



Property Data (Lot 2143-R5)

Site

1. Property Type: Multi-Family Residential
2. Existing use: Multi-Family Residential use
3. Land
   A. Area: 13,034 square meters.
   B. Shape: trapezoid
   C. Dimensions: North boundary is 218.23 meters; East boundary 65.99 meters; South boundary 194.29 meters; West boundary is 63.33 meters.
   D. Ingress/Egress: Ypao Road (Paved)
   E. Topography: Level with an eight foot deep drain pit on the West boundary..
   F. Flood Plain Data: The property is in Zone X (no shading), FEMA Map No. 6600010084 D
   G. Drainage: The parcel drains down into a ponding basin on the West boundary.
   H. Soil Characteristics: No adverse conditions apparent.
   I. Utilities on Site: Power pole on Ypao Road (Route 14B).
   J. Utilities Available: Public power, sewer, water, telephone.
   K. Site Improvements:
      1. A 55-unit condominium project with three 3-story building:
         - Building I has 25 units
         - Building II has 24 units
         - Building III has 6 units
      2. Amenities:
         - Tennis court, swimming pools, pavilions, two open parking, and other amenities.
   L. Easement, Encroachments or Restrictions and their Effect or Limitation: Government Utility Easement runs along the West side of the property.

Other Pertinent Features

None.

Photographs



Photographer: Vance Reklai **Date:** 12/02/2015	View of subject, taken from a point across from the entrance and near the North West corner facing South East into the subject lot.



Photographer: Vance Reklai **Date:** 12/02/2015	Street view, taken from a point on the subject's West boundary and facing North down Ypao Road. The Area to be Acquired is to the right of the camera, extends about 7 meters into the subject property, and runs the length of the property. The sign is within the Area to be Aquired.



Photographer: Vance Reklai **Date:** 12/02/2015	Street view, taken from a point near the North West corner, and facing South down Ypao Road. The Area to be Acquired stretches from the side of the road and into the subject property about 7 meters. Roughly half of the ponding basin is within the Area to be Acquired.



Photographer: Vance Reklai **Date:** 12/02/2015	View of ponding basin, from a point on the subject's South West corner facing North. Roughly half of the basin is within the Area to be Acquired.



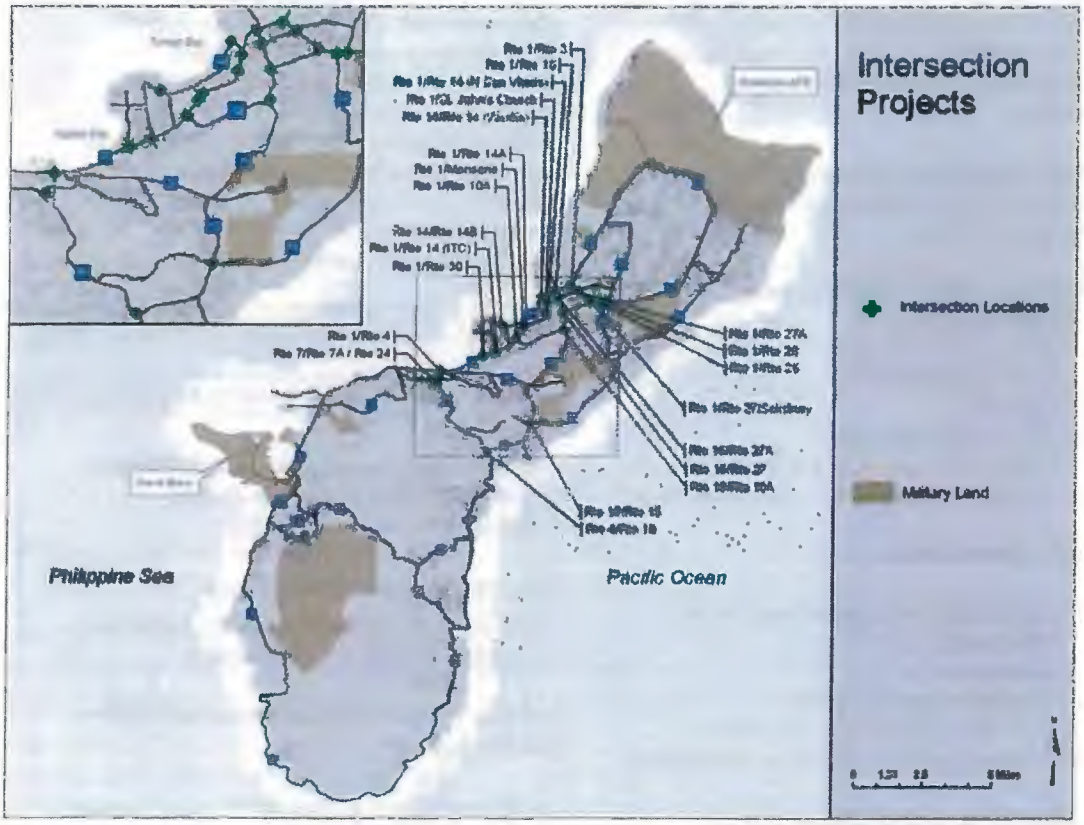
Photographer: Vance Reklai **Date:** 01/07/2015	View of the complex from the northeastern boundary facing west. The units are on the left facing the parking lot.



Photographer: Vance Reklai **Date:** 01/07/2015	View of the pool amenity. Photograph is taken from the southwestern facing east. The units are to the left of the photograph.

235 Existing Transportation Facility Description

Route 14B (Ypao Road) is located on the West part of the island and connects with Route 14 to the North (which runs along Tumon Bay) and with Route 1 in the South. It provides residents in the neighborhood with a quick access to the Hotel District and beaches in Tumon, as well as access to Marine Corps. Dr., the island's main road.



240 Zoning, Land Use Plan, Concurrency

Guam's Zoning Law establishes regulations in order to:

establish certain minimum regulations for the protection and promotion of the public health, safety and general welfare of the people of the Territory of Guam, which regulations are deemed necessary in order to encourage the most appropriate use of land, to provide adequate open spaces about buildings for light and air, to prevent undue concentration of population, and to assure adequate provisions for community utilities and facilities such as water, schools, parks and other public requirements.[19]

Private properties on Guam are divided into eight zones:

- "A" - Agricultural zone
- "R1" - One-Family zone
- "R2" - Multiple-Family zone
- "C" - Commercial
- "P" - Parking
- "M1" - Light Industrial
- "M2" - Heavy Industrial
- "H" - Resort

[19] Government of Guam, Title XVIII, Chapter I, Paragraph 17001, as quoted in Land use Regulations for Guam, p. 80.

These zones are depicted on Official Zoning Maps, available at the Planning Division of the Department of Land Management. Each zone has permitted uses and conditional uses as well as height limitations and yard setback restrictions. If a proposed development is a permitted use and complies with the zone's regulations, Government review and approval is not necessary by either the ARC (Application Review Committee) or the GLUC (Guam Land Use Commission).

The Official Zoning Map (see excerpt on page 19) indicates the subject is located on an R-2, Multi-Family Residential Zone.

§ 61306. R2 Multiple Dwelling Zone.

(a) Permitted Uses

1. One-family dwellings.
2. Duplexes.
3. Multi-family dwellings.
4. Hotels, private groups and institutions.
5. Accessory uses and structures for the above.

(b) Conditional Uses

1. Any conditional uses permitted in the "R1" zone.
2. Health clinics.
3. Utilities and public facilities.
4. Air, bus, taxi, auto, rental facilities.
5. Accessory uses and structures for the above.

SOURCE: GC § 17105. Subsection (b) as amended by P.L. 11-060. Subsection (a) amended by P.L. 32-045:3 (July 5, 2013).

A new zoning plan, the I Tano-'ta Land Use Plan, was enacted in June 1998 with an implementation date of May 1st, 1999. The plan was a "performance-based" plan that permitted a wide range of uses with detailed performance standards. As a result of concerns raised by the financial community, I Tano-'ta was deferred/repealed by legislative act on May 26th.

The concerns centered primarily on the large number of "legally non-conforming" properties resulting from new performance standards. A significant concern for the real estate community is the continuity of secondary market financing for these legally non-conforming properties. Public sentiment appears to remain against I Tano-'ta unless the concerns of the secondary market are addressed.

250 Assessed Value, Taxes and Special Assessments

The assessed value is established by the Department of Revenue and Taxation, Government of Guam at 100% of the "market value" as determined by the most recent government revaluation conducted, with an effective date of 2014. Real estate taxes are currently computed as 0.0875% of the assessed value of land, and 0.35% of the assessed value on improvements. The tax information is based on the newest subdivision map reflecting the proposed taking and remainder parcel.

Property Component	Government "Market" Value	Government Assessed Value	Real Property Tax Amount
Land	$ 1,774,440	$ 1,774,440	$ 3,552.64
Building	$ -	$ -	$ -
Total	$ 1,774,440	$ 1,774,440	$ 3,552.64

Source: Government of Guam, Department of Revenue and Taxation, Real Property Tax Division

A government assess value was only available for the land. The building taxes are charged individually for each condo unit.

260 History of Property

Department of Land Management records show no transaction of within the last five years.

No other offers to purchase were made within the last five years.

270 Exposure Time

"Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."[20]

Residential Land: In the five year period immediately prior to the effective date of appraisal, a total of 48 residential land transactions were recorded in the GAR MLS database for the island of Guam. We developed a search parameter to narrow land transactions that would compete with the subject property:

- Sold Date: 12/2/2010 to 12/2/2015
- Size: 5,000 SM to 20,000 SM

[20] Department of Works Right of Way Manual

- Zoning: R-2, Multi-Family

Based on these parameters the GAR MLS results for the Days on Market area as follows:

DOM Analysis

Data between 12/2/2010 and 12/2/2015
for Guam Association of Realtors®
Search Parameters: Property type Land For Sale; Status of "Closed"; Lot +/- Sq Meters between 5000 and 20000.
Group by: Zoning

Zoning	Number of Sales	Average DOM	Average DTC
A	25	198	80
C	4	90	84
M-1	4	302	82
PUD	1	714	24
R-1	7	232	43
R-2	2	118	34
Unknown	5	168	74
Totals:	48	275	71

Given the preceding data, the exposure times for the appraisals in this report are estimated at approximately three to six months.

280 Public and Private Restrictions

There are no private or public restrictions affecting the subject property.

Analysis of Data and Conclusions

300 Highest and Best Use Analyses

Highest and best use is defined:

Highest and Best Use[21]
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Methodology
Determination of highest and best use for a given property is a process of elimination of all possible uses by the application of certain tests to the subject site:

1) *As though vacant.* This analysis will result in a decision to either leave the property vacant or to develop it. If the decision is to develop the site, the appraiser suggests the ideal improvement for the site.

2) *As improved.* If improved, this analysis compares the existing improvement with the ideal improvement, resulting in a decision of what to do with the existing improvements, including leaving as is, repairing, remodeling, or demolishing.

Highest and Best Use Tests
1. *Physical possibility*: Which uses would be reasonably possible given the site's size, shape, topography, drainage, access, soil and infrastructure.

2. *Legal permissibility*: Which uses which are physically possible would also be legally permissible given: zoning restrictions, building codes, deed restrictions, and other title encumbrances.

[21] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition, 2015.

3. *Financial feasibility*: Which uses(s) meeting the first two tests also create positive income or positive value. This third test can involve a development approach, which tests the feasibility of a specific set of circumstances in the light of financial criteria derived from comparable properties.

4. *Maximum productivity*: Of the possible uses which meet the first three tests, which use results in the highest net present land value.

As Though Vacant
Legally Permissible: The property is zone Multiple Dwelling, which permits high density residential use.

Physically Possible: All of the legally permissible uses are physically possible.

Financially Feasible: All of the physically possible uses are financially feasible.

Maximally Productive: The maximally productive use of the property is to develop for multiple residential development.

As Improved
The improvement analysis of the subject property is not applicable as the part acquired involves minimal land taking that will not result in damages to the existing parent tract. Considering that the taking does not include any portion of the improvements, as discussed with the client, we have analyzed the parent tract as land only.

302 Highest and Best Use Conclusion

The maximally productive use of the property is to develop for multi- family use.

305 Approaches to Value Used and Excluded

The valuation of real property typically involves three approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Utilization of the appropriate approach or approaches for a given property is based on the quality and quantity of data available, and the relevance of the data to the property being appraised. If more than one valuation approach is utilized, the resulting value estimates are reconciled to produce a final value conclusion.

Methodology
The Cost Approach is based on the principle of substitution that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The Cost Approach is a procedure that estimates the current reproduction or replacement cost of the improvements, adds entrepreneurial profit, deducts accrued depreciation from all sources, and adds the value of the land. The Cost Approach is most appropriate when the improvements being appraised are proposed or relatively new (with a small amount of physical deterioration) and represent the highest and best use for the site.

The Sales Comparison Approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The value of this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property being appraised. The sold properties are compared to the subject using key units of comparison. Adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. The adjusted values are reconciled for a value conclusion by the Sales Comparison Approach. The Sales Comparison Approach is appropriate for most real property interests.

The Income Capitalization Approach is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property. The Income Capitalization Approach mirrors the analysis of typical investors and is considered appropriate for valuing investment properties.

Selection and Exclusion of Approaches
Cost Approach: The acquisition includes land and minor site improvements, including a power pole, but no building improvements. For this reason, a complete cost approach is not necessary and would not enhance the reliability of the assignment results.

Sales Comparison Approach: There is good quality data of sufficient quantity to appraise the site as though vacant. The sales comparison approach is applicable and necessary for the valuation of the subject property.

Income Approach: It is possible to value land using income techniques such as an income residual analysis. However, such analyses are very sensitive to inputs and unreliable. For this reason, the income approach is not appropriate or necessary for the subject property.

Given the preceding, this assignment will consider the sales comparison approach and will exclude the cost approach and income approach, which are not necessary.

310 Land Valuation

Methodology[22]

Sales comparison[23] is the most common technique for valuing land, and it is the preferred method when comparable sales are available. To apply this method, data on sales of similar parcels of land is collected, analyzed, compared, and adjusted to provide a value indication for the site being appraised. In the comparison process the similarity or dissimilarity of the parcels is considered.

The appraisers must perform several tasks in developing an opinion of site value:

- Gather data on actual sales as well as listings, offers and options based on highest and best use.
- Identify the similarities and differences in the data.
- Identify the highest and best use of each potential comparable sale and then choose the appropriate sales for analysis.
- Identify units of comparison that explain market behavior.
- Adjust the appropriate unit prices of the comparable sales to account for the dissimilar characteristics of the site being appraised.
- Form a conclusion as to the market value of the subject site.

The goal of the sales comparison approach is to select the most comparable sales and then adjust the comparables sales for differences that cannot be eliminated within the selection process. After comparable data is collected and categorized and the comparable properties are examined and described, sales data can be assembled in an organized, logical manner. Sales are commonly arranged in a market data grid that has separate rows (or columns) for important property characteristics. It is also known as a site valuation chart.

Selection of Comparables

Sales that require significant adjustment – either in magnitude or number of adjustments – are suspect for their comparability and reliability. Therefore, the appraiser's objective was to select sales with the fewest number and lowest magnitude of adjustments. Another important consideration is the highest and best of the land. Transactions with the same highest and best use as the subject were selected.

Land Transaction Data

The land transactions selected for comparison against the subject are attached in the exhibit section of this report. Given that the highest and best use of the subject property as residential, the land comparables selected for analysis also have similar highest and best use.

[22] The following four paragraphs are quoted from The Appraisal of Real Estate, 14th Edition, Appraisal Institute, 2013.

[23] One of the three generally accepted methods for valuing real estate: cost approach, income approach and sales comparison approach. The cost approach utilizes the sales comparison approach for valuing the land component of the overall project. The income approach can convert ground rent estimates (based on comparable transactions) into value via market-extracted capitalization rates (derived from comparable sales analyzed via the sales comparison approach).

Site Valuation Chart

Site Valuation: Comparisons and Adjustments

Property Identification		Subject	Comparable	Comparable	Comparable
Lot Number		Lot 2143-RS	Lot 5147-1-3-, 3, -R4NEW-2, and -R4NEW-1R/W	Lot 2144-1D-9 and -R9	Lot 5147-3-3NEW-6
Municipality		Tamuning	Tamuning	Tamuning	Tamuning
	Document		Warranty Deed	Warranty Deed	Warranty Deed
	Instrument		803209	831961	886242
Date of Sale		02-Dec-15	10-Mar-10	20-Jan-12	30-Nov-15
Cash Equivalent Sales Price			US$ 2,004,000	US$ 1,577,000	US$ 752,800
Size (Square Meters)		13,034.00 SM	10,000.00 Square Meters	7,860.00 Square Meters	3,764.00 Square Meters
Unadjusted Sales Price Per Square Meter			$ 200.40	$ 200.64	$ 200.00
Real Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
	Comparison		Equal	Equal	Equal
	Adjustment		0%	0%	0%
Adjusted Sales Price Per Square Meter			$ 200.40	$ 200.64	$ 200.00
Financing Terms		Cash Equivalency	All cash transaction	Small downpayment with seller financing	All cash transaction
	Comparison		Equal	Superior	Equal
	Adjustment		0%	-10%	0%
Adjusted Sales Price Per Square Meter			$ 200.40	$ 180.58	$ 200.00
Conditions of Sale		No unusual conditions	No unusual conditions noted	Consolidation	No unusual conditions noted
	Comparison		Equal	Superior	Equal
	Adjustment		0%	-5%	0%
Adjusted Sales Price Per Square Meter			$ 200.40	$ 171.55	$ 200.00
Expenditures Made Immediately After Purchase		None	None known	None known	None known
	Comparison		Equal	Equal	Equal
	Adjustment		0%	0%	0%
Adjusted Sales Price Per Square Meter			$ 200.40	$ 171.55	$ 200.00
Market Conditions		12/02/15	Similar Market Conditions	Similar Market Conditions	Similar Market Conditions
	Comparison		Equal	Equal	Equal
	Adjustment		0.0%	0.0%	0.0%

Real Property Rights Conveyed: The subject and all comparables are fee simple; therefore, no adjustment is required.

Financing Terms: The market value definition applied in this assignment requires payment of an amount that would ordinarily be paid...Sellers and buyers on Guam ordinarily transact real property such that the seller in the vast majority of times receives all cash. Therefore, the analysis adjusts all of the comparables so as to be equivalent to a transaction where the seller receives all cash at closing. For comparables one and three, the seller received all cash at closing. Comparable two consisted of seller financing; therefore, an adjustment is required.

Conditions of Sales: Comp 2 includes a consolidation with adjacent parcels, a negative adjustment was required.

Expenditures Made Immediately After Purchase: No material expenditures were noted or reported to have been made immediately after purchase for any of the three comparables; therefore, no adjustment is required.

Market Conditions: Comparables one sold in 2010. Comparable two sold in 2012. Market conditions have been stable and adjustment required.

Adjustment for Physical Characteristics

Location	Ypao Road	Fronting Ypao Road, Site of Irondwood Highs	Mamis Street	Fronting Ypao Road, north of Irondwood Highs
	Comparison	Equal	Equal	Equal
	Adjustment	0%	0%	0%
Size	13,034.00 SM	10,000.00 Square Meters	7,860.00 Square Meters	3,764.00 Square Meters
	Comparison	Equal	Superior	Superior
	Adjustment	0%	-5%	-20%
Topography	Level, portion of the front is 8' deep used as ponding basin	Level	Level	Level
	Comparison	Superior	Superior	Superior
	Adjustment	-2.5%	-2.5%	-2.5%
Access	Paved, Front Ypao Road	Paved road, Front Ypao Road	Paved road, Front Mamis Street	Paved road, Front Ypao Road
	Comparison	Equal	Inferior	Equal
	Adjustment	0%	10%	0%
Zoning	R2, Multiple-Dwelling	R2, Multiple-dwelling zone	PUD, Planned Unit Development	R2, Multiple-dwelling zone
	Comparison	Equal	Equal	Equal
	Adjustment	0%	0%	0%
Other	None	20' easement on the northern boundary	Easement	None
	Comparison	Inferior	Inferior	Equal
	Adjustment	5%	5%	0%
View	Neighborhood	Neighborhood	Neighborhood	Neighborhood
	Comparison	Equal	Equal	Equal
	Adjustment	0%	0%	0%
Net Adjustments, Physical Characteristics		2.5%	7.5%	-22.5%
Final Adjusted Price Per Square Meter		$ 205.41	$ 184.42	$ 155.00

Location: All the comparable sales are located within one mile of the subject; no adjustments required.

Size: Comparable 1 required no adjustment as it's in the same magnitude as the subject. Comparables 2 and 3 are much smaller than the subject and required adjustments. Smaller land area tends to command higher price per square meter because of economies of scale principal.

Topography: A small adjustment to all the comps is necessary for the ponding basin. The subject front portion is 8' below street level.

Access/Visibility: Comp 2 and is located on a secondary road and required +10%.

Zoning: Comp 1 and 3 have similar zoning to the subject. Comp 2 is a PUD, these property types are usually reserved for multiple residences. No adjustment required.

Other: Comp 1 and 2 has an easement running through or on the property. The comparable sales were adjusted +5%.

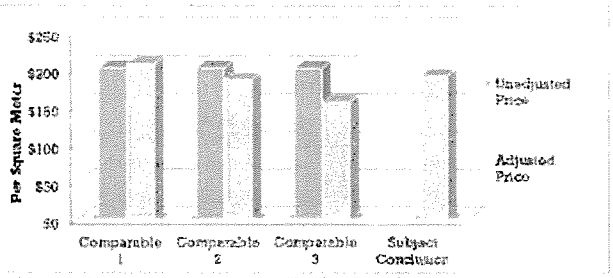
View Amenity: All of the comparable sales had similar views with no adjustment necessary.

Site Valuation Reconciliation and Conclusion

Property Identification	Subject	Comparable 1	Comparable 2	Comparable 3
Lot Number	Lot 2443-R5	Lot 5147-1, -3, RNEW 2, and RNEW 1RW	Lot 2444-H39 and -R9	Lot 5147-1 (NEW 6
Municipality	Tamuning	Tamuning	Tamuning	Tamuning
Unadjusted Sales Price Per Square Meter		$ 200.00	$ 200.61	$ 200.00
Adjusted Price Per Square Meter		$ 205.41	$ 184.32	$ 155.00
Weighting Considerations	Net Adjustments, Per Square Meter	$ 5.01	$ -16.22	$ -45.00
	Total Adjustments, Gross %	7.5%	17.5%	22.5%
	Total Adjustments, Net %	2.5%	8.1%	-22.5%
	Weight	45.0%	15.0%	25.0%

Summary of Unit Values

Unadjusted Price Range	$ 200.00 to $ 200.61
Adjusted Price Range	$ 155.00 to $ 205.41
Average Adjusted Price	$ 181.61
Weighted Average Sales Price	$ 187.96
Conclusion	$ 190.00



Value Conclusion: $ 190.00 Per Square Meter @ Site Area of 13,034.00 Square Meters = $2,476,460, rounded to $2,476,000

The weighting of the comparables sales is based on the amount of gross and net percentage adjustments. Comparables with lower levels of adjustment are given more weight on the basis that such comparables are more similar to the subject

The site valuation analysis concludes a site value for the 13,034 square meters of land area at $190.00 per square meter or $2,476,000 for the entire property, as though vacant, as of the effective date of appraisal. This conclusion is subject to the hypothetical conditions and extraordinary assumptions of this appraisal which may have affected the assignment results.

315 The Cost Approach
Not applicable.

320 Building Cost Estimate
Not applicable.

325 Accrued Depreciation Estimate
Not applicable.

330 Indicated Value by Cost Approach
Not applicable.

335 Sales Comparison Approach
Section "310 Land Valuation" includes a sale comparison approach for the site as though vacant.

340 Collection of Comparable Sales
See Exhibit 3 attached to this report for details of the comparable transactions used in this report.

345 The Sales Adjustment Grid
Section "310 Land Valuation" includes a sale adjustment grid for the site as though vacant.

350 Analyses of Comparable Sales and Explanation of Adjustments
Section "310 Land Valuation" includes analyses of comparable sales and explanation of adjustments.

355 Indicated Value by the Sales Comparison Approach
Section "310 Land Valuation" includes and explains the indicated value of the site as though vacant.

360 The Income Capitalization Approach
Not applicable.

365 Gross Rent Estimate
Not applicable.

370 Vacancy and Collection Loss
Not applicable.

375 Expenses and Net Operating Income Estimate
Not applicable.

380 Capitalization Rate
Not applicable.

385 Indication of Value by the Income Capitalization Approach
Not applicable.

390 Reconciliation of Value Indications and Final Value Opinion
The cost approach and income approach were not necessary for this assignment. Section "310 Land Valuation" includes a sale comparison approach for the site as though vacant.

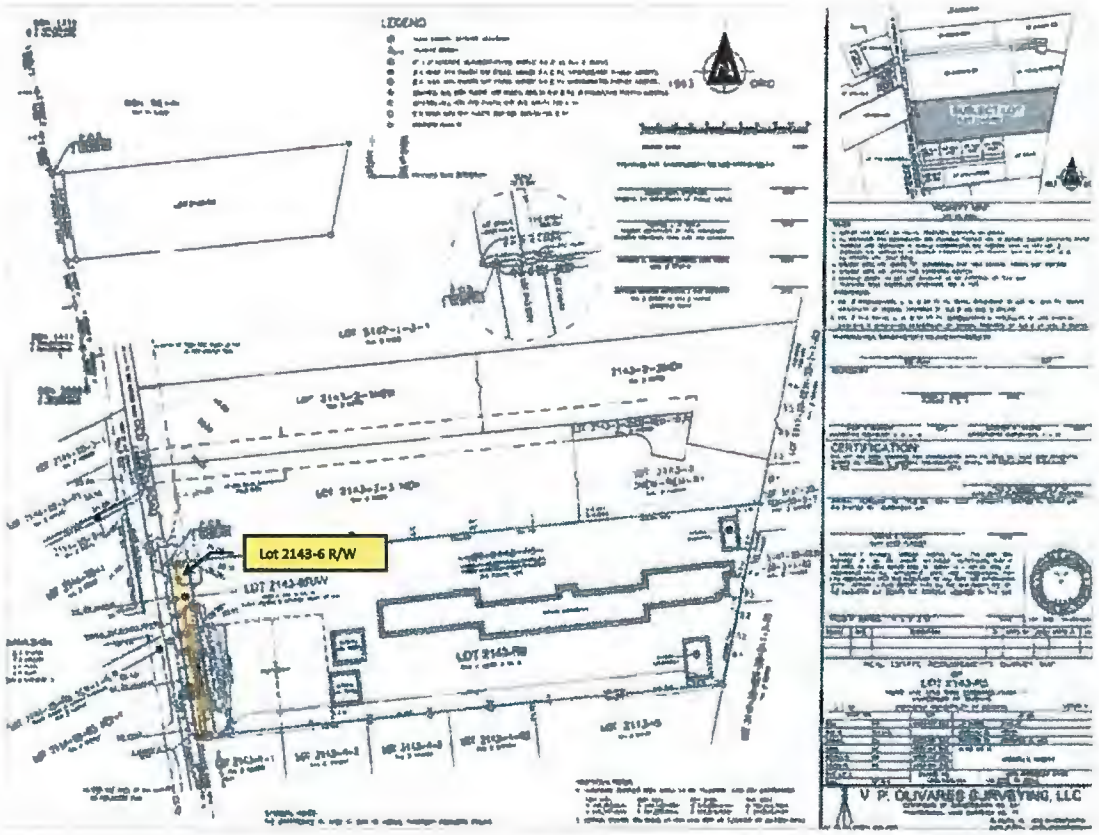
The preceding analysis concluded the 13,034 square meter site has a value as vacant of $190.00 per square meters. My opinion of the market value of subject, as of December 02, 2015, is or $2,476,000.

395 Allocation of Land, Site Improvements, Structures, and Other Improvements
The improvement analysis of the subject property is not applicable as the part acquired involves minimal land taking that will not result in damages to the existing parent tract.

Description and Valuation of Part Acquired

400 Description of the Part Acquired
The part to be acquired is 445 square meters (4789.94 square feet).

Proposed Lot 2143-6 R/W:




ROUTE 148 (YPAO ROAD) / GU-NH-014B(001)
RIGHT OF WAY EXHIBIT MAP - LOT 2143-R6 (PROPOSED)

The proposed Lot 2143-6 R/W to be acquired is described as follows:

Land

A. Area: 445 square meters (4,789.94 square feet)
B. Shape: Rectangular
C. Dimensions: West boundary is 63.37 meters; North boundary is 7.37 meters; East boundary is 63.33 meters; South boundary is 6.74 meters.
D. Ingress/Egress: Ypao Road on its western border.
E. Topography: An eight foot deep ponding basin takes up over half of the site on the east boundary. The rest of the site is level.
F. Flood Plain Data: The property is in Zone X (no shading), which has low risk for flood.
G. Drainage: The parcel drains down into ponding basin.
H. Soil Characteristics: No adverse conditions apparent.
I. Utilities on Site: Power pole on Ypao Road.
J. Utilities Available: Public power, sewer, water, and telephone.
K. Site Improvements: Ponding basin and fence.
L. Easement, Encroachments or Restrictions and their Effect or Limitation: Large area in use as ponding basin.

Other Pertinent Features
None.

Improvements

There are no building improvements on the site. A ponding basin that takes up more than half of the area to be acquired. According to the project chief engineer, Mr. Wilson, the taking does not affect the rate of retention of water in the ponding basin. The fence would also be relocated therefore there are no loss of any improvements.

Photographs

Photographs of the acquisition were presented earlier in Section 230.

450 Valuation of the Part Acquired

The value of the parent tract was estimated by sales comparison approach. The land area of 445 square meters for the part acquired was calculated by the preceding maps.

Valuation of the Part Acquired					
Land Valuation					
Benchmark: Parent Tract:	13,034	SM			
Unit Value				$ 190.00	
Adjustments					
None		Adj. @	0% or	$ -	
Adjusted Unit Value of Part Acquired				$ 190.00	$/SM
Land Area		445	SM		
Total Value of Part Acquired (As Part of Whole)				$ 84,550	

Valuation of Remainder as Part of Whole

500 Value of Remainder as Part of Whole Property

The value of the remainder as part of the whole property is by definition the difference in value of the whole before the taking and the value of the part acquired. Considering the taking does not include any portion of the improvements, as discussed with the client, we have analyzed the parent tract as land only . The value of the remainder as part of the whole property is as follows.

Remainder Size (SM):	12,589 SM		
Component	Value		Totals
Value of Whole Before Taking			
Land	$ 2,476,000		
Improvements	$ -		
Total (Excludes Structures)			$ 2,476,000
Value of Part Acquired			
Land	$ 84,550		
Improvements (Included Portion)	$ -		
Total			$ 84,550
Value of Remainder as Part of Whole			
Land	$ 2,391,450		
Improvements	$ -		
Total			$ 2,391,450

Premises of the Appraisal – The Remainder Valuation

640 Purpose of Appraisal of Remainder after the Acquisition

As required by the Right of Way Manual, "the appraisal of the remainder is made uncured under the assumption that the transportation facility has been completed according to the construction plans and that said facility is open for public use. The market value of the parent tract before the taking has been estimated, the value of the part taken has been subtracted. This results in the estimated value of the remainder as part of the whole. The purpose of the appraisal of the remainder un-cured is to estimate its market value to discover if there are any damages or special benefits caused by the taking."

680 Appraisal Problem

As required by the Right of Way Manual, "the purpose of the appraisal is to estimate the market value of the remainder un-cured. This is done by appraising the remainder before any cure is applied and comparing this after value estimate with the value of the remainder as a part of the whole property to determine whether there is any reduction, damage, enhancement, or special benefit, as a result of the acquisition. The appraisal of the remainder property must be made presuming the transportation facility has been completed according to construction plans and is open for public use."

As mentioned earlier, according to the project chief engineer, Mr. Wilson, the taking does not affect the rate of retention of water in the ponding basin.

Presentation of Data – The Remainder

730 Description of Remainder Uncured

Section "230 Description of Property, Photographs, and Sketches" includes data for the parent tract and remainder parcels.

Remainder Data

Site

1. Property Type: Multi-Family Residential Use
2. Existing use: Multi-Family Residential use
3. Land
   - A. Area: 12,589 square meters.
   - B. Shape: Trapezoid
   - C. Dimensions: North boundary is 210.88 meters; East boundary 65.99 meters; South boundary 187.55 meters; West boundary is 63.33 meters..
   - D. Ingress/Egress, Present Condition: Ypao Road (Paved)
   - E. Topography: Level
   - F. Flood Plain Data: The property is in Zone X (no shading), which has low risk for flood.
   - G. Drainage: The parcel drains down into ponding basin on the West boundary.
   - H. Soil Characteristics: No adverse conditions apparent.
   - I. Utilities on Site: Power poles on Ypao Road.
   - J. Utilities Available: Public power, sewer, water, telephone.
   - K. Site Improvements: One large building, two swimming pools, four small buildings, a tennis court, and a parking lot on the property.
   - L. Easement, Encroachments or Restrictions and their Effect or Limitation: Ponding basin on West boundary.

Other Pertinent Features

None.

Photographs

Photographs of the remainder are included in Section 230.

740 Zoning, Land Use Plan, Concurrency

Section "240 Zoning, Land Use Plan, Concurrency" includes the zoning, land use plan, and concurrency data for the larger parcels. The same description applies to the remainder parcels.

750 Proposed Transportation Facility Description

According to client provided documents, the project involves the reconstruction and widening of the roadway from its intersection with Route 1 to its intersection with Route 14, having a length of 0.89 miles. The estimated project cost reflects $2,000,000 for the rehabilitation and expansion of the existing two-lane roadway to three-lanes with sidewalks and a 45 miles per hour designated speed limit.

775 Effect of Acquisition on Remainder Uncured

The access to the property will not be adversely affected.

Analysis of Data and Conclusions – The Remainder

800 Highest and Best Use

Section "300 Highest and Best Use Analyses" includes the highest and best use analyses for the parent tract. The remainder parcels are slightly

smaller but this change does not affect the highest and best use analysis.

802 Highest and Best Use Conclusion

Section "302 Highest and Best Use Conclusion" includes the highest and best use conclusion for the parent tract. The remainder parcels are only slightly smaller. This change does not affect the highest and best use analysis. Therefore, the same conclusion applies to the remainder. The highest and best use as vacant is to develop for a single-family use.

805 Approaches to Value Used and Excluded

Section "305 Approaches to Value Used and Excluded" includes the arguments for excluding the cost approach and income capitalization approach. The very same reasoning applies to the remainder parcel.

810 Land Valuation

Section "310 Land Valuation" contains the land valuation analysis for the parent tract. The same methodology and analysis applies to this section.

The unit value of the parent tract is $190.00 per. The remainder area is 12,589 square meters; thus, the remainder land value is $2,391,910, rounded to $2,390,000.

815 The Cost Approach

Not applicable.

820 Building Cost Estimate

Not applicable.

825 Accrued Depreciation Estimate

Not applicable.

830 Indicated Value by Cost Approach

Not applicable.

835 The Sales Comparison Approach

Section "810 Land Valuation" includes a sale comparison approach for the remainder as though vacant.

840 Collection of Comparable Sales

See Exhibit 3 attached to this report for details of the comparable transactions used in this report.

845 The Sales Adjustment Grid

Section "310 Land Valuation" includes a Land Valuation table for the site as though vacant.

850 Analyses of Comparable Sales and Explanation of Adjustments

Section "810 Land Valuation" includes analyses of comparable sales and explanation of adjustments.

855 Indicated Value by the Sales Comparison Approach

Section "810 Land Valuation" includes and explains the indicated value of the site as though vacant.

860 The Income Capitalization Approach

Not applicable.

865 Gross Rent Estimate

Not applicable.

870 Vacancy and Collection Loss

Not applicable.

875 Expense and Net Operating Income Estimates

Not applicable.

880 Capitalization Rate

Not applicable.

885 Indicated Value by the Income Capitalization Approach

Not applicable.

890 Reconciliation Value Indications and Final Value Estimate

The cost approach and income approach were not necessary for this assignment. Section "810 Land Valuation" includes a sale comparison approach for the site as though vacant.

My opinion of the market value of the remainder parcel as though vacant, as of December 02, 2015, is $$2,390,000, rounded.

900 Support for Damages/No Damages to the Remainder

The valuation of the remainder took into consideration the government's proposed project and therefore reflects the anticipated impact of the project. As stated, no material impact, positive or negative, is anticipated on the remainder parcel as a result of the taking.

910 Cost to Cure Damages

Not applicable.

920 Special Benefits

The Right of Way Manual states, "special benefits are the result of an enhancement in value which has advanced the market value of the remainder beyond the mere general appreciation of property in the neighborhood. The taking must be for a road, canal, levee, or water control facility right of way."

Relevant terms are defined:

Benefits

In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits. See also general benefits; set-off rule; special benefits.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Special Benefits

In condemnation, the benefits that arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefitted in a similar manner, if not to the same degree.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

General Benefits

1. *In eminent domain takings, the benefits that accrue to the community at large, to the area adjacent to the improvement, or to other property situated near a taken property.*
2. *Benefits that arise from the fulfillment of the public object that justified a taking.*

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

The proposed road reconstruction is anticipated to benefit the community, not just the subject remainders, thus it would result in a general benefit. The road reconstruction would not enhance the value of the remainder beyond that of other parcels. Thus, the proposed road reconstruction would result in general benefits but not special benefits.

995 Summary of Values

The final value for the acquisition is as shown in the following table.

Component	Value
Land	$ 84,550
Improvements	$ -
Severance Damages	$ -
Special Benefits	$ -
Total Just Compensation	$ 84,550

As per client directed scope, the final valuation is rounded up to the next 100's. The final value of the part taken is concluded at $84,600.

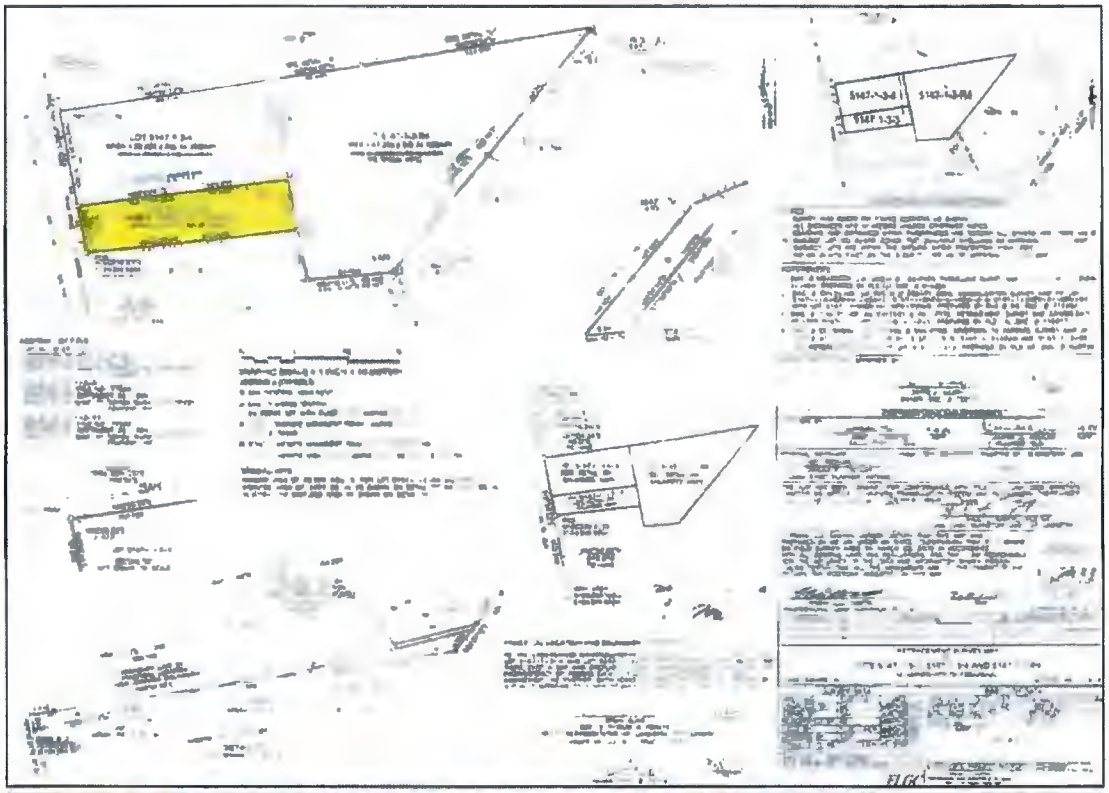
Addenda

Exhibit 1

Market Data, Land Transactions, Island of Guam

Land Transaction 1

A.	Recording Data:	Instrument Number 803209
B.	Grantor/Lessor:	Lujan, David J.
C.	Grantee/Lessee:	Ironwood Heights Guam, LLC
D.	Date of Transaction:	3/11/2010
E.	Date Inspected:	1/21/2016
F.	Dimensions and size:	Survey Reference # 168FY2006
	a. Land:	10000 square meters
	b. Improvement:	None
G.	Consideration:	$2004000
H.	Unit Price:	$200.4 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 5147-1-3-, 3, -R4NEW-2, and -R4NEW-1R/W
K.	Address:	Off Ypao Road, Site of Irondwood Hights
L.	Zoning:	R2, Multiple-dwelling zone
M.	Present Use:	Vacant and Idle
N.	Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
O.	Condition of Transaction:	Arm's-length transaction; seller to install underground power and water
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	Easement
	a. Easements:	The parcel includes a 20' easement running along the northern boundary.
	b. Flood Zone:	Zone X
	c. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Buyer Agent, Mr. Carlos Camacho
	a. Verification Sources:	Public Records; MLS 07-3202, Mr. Carlos Camacho
	b. Information Verified:	Buyer Agent, Mr. Carlos Camacho; Rich Inman (404) 504-2772
	i. Transaction Price:	$2,004,000
	ii. Terms/Concessions:	All cash transaction
	iii. Other:	None
U.	Motivation of Parties:	Buyer purchased for development and investment purposes
	a. Source of Information:	Buyer Agent, Mr. Carlos Camacho: (671) 687-7233
	b. Relation of Parties:	No relation
	c. Unusual Motivations:	None known
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	Property listed on MLS for 891 days prior to closing
X.	Days on Market:	891
Y.	Remarks:	The survey map found herein (Drawing No. FCO15/2006) was the map used at the time of sale. The survey map has since been upgraded in 12/28/2010 which led to the change in legal description and includes the Right-of-Way (Document No. 815711)
	a. Topography:	Level
	b. Access:	Paved road, Front Ypao Road
	c. Amenity View:	Neighborhood View
Z.	Property Sketch:	None





Photograph



Date Taken: 01/21/2015 By: Vance L. Reklai	View of the front, across the street facing the western boundary looking southeast.

Land Transaction 2

A.	Recording Data:	Instrument Number 831961
B.	Grantor/Lessor:	Sook Cha Lee aka Shirley Lee
C.	Grantee/Lessee:	Sunilh H. Uttamchandani
D.	Date of Transaction:	1/20/2012
E.	Date Inspected:	1/21/2016
F.	Dimensions and size:	Survey Reference # 099FY73
	c. Land:	7860 square meters
	d. Improvement:	None
G.	Consideration:	$1577000
H.	Unit Price:	$200.6361 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 2144-1D-9 and -R9
K.	Address:	Mamis Street
L.	Zoning:	PUD, Planned Unit Development
M.	Present Use:	Vacant and idle
N.	Highest and Best Use at Time of Transaction:	Industrial/Commercial
O.	Condition of Transaction:	Arm's-length transaction sold in MLS.
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	None
	d. Easements:	Running throught the two parcels.
	e. Flood Zone:	Zone X
	f. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Buyer, Mr. Uttamchandani
	c. Verification Sources:	Public Records; MLS 10-671, Buyer Mr.
	d. Information Verified:	Uttamchandani Buyer, Mr. Uttamchandani
	iv. Transaction Price:	$1577000
	v. Terms/Concessions:	Small downpayment with seller financing
	vi. Other:	None
U.	Motivation of Parties:	Buyer purchased to develop for commercial investment
	d. Source of Information:	Buyer, Mr. Uttamchandani; (671) 989-8778
	e. Relation of Parties:	No relation
	f. Unusual Motivations:	None known
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	Property listed on MLS for 714 days prior to closing
X.	Days on Market:	714
Y.	Remarks:	None
	d. Topography:	Level
	e. Access:	Paved road, Front Mamis Street
	f. Amenity View:	Neighborhood View
Z.	Property Sketch:	None



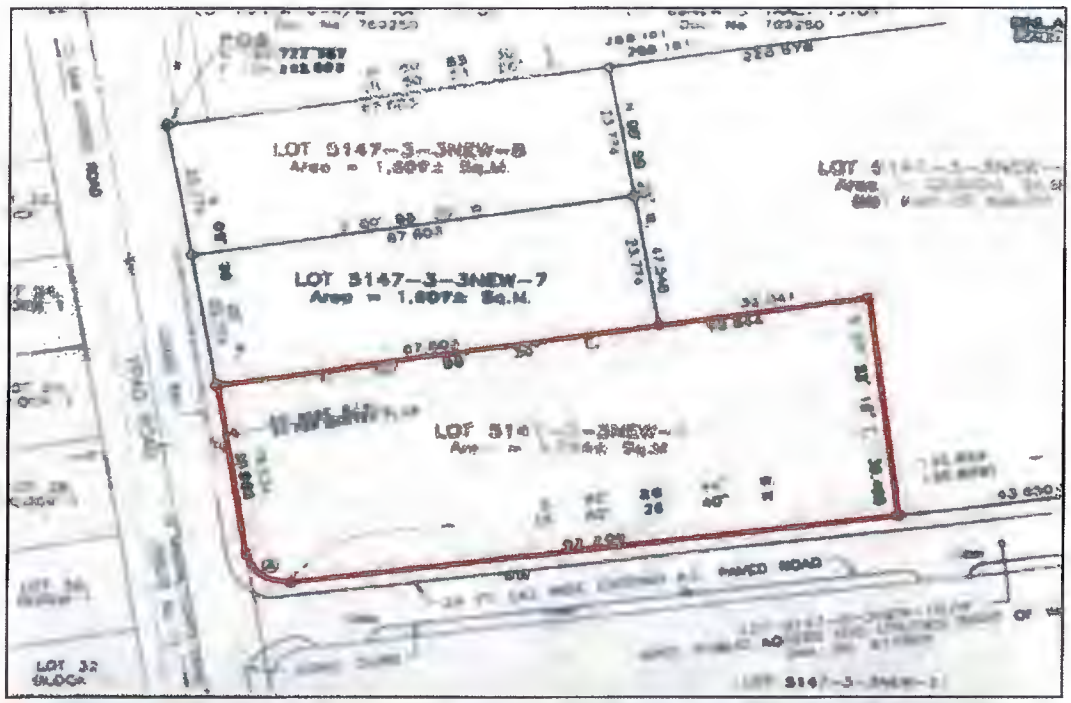
Photograph



Date Taken: 01/21/2015 **By: Vance L. Reklai**	**View of Lot 2144-1-D-9 from the southwest corner facing east; Lot 2144-1-D-R9 is located to the southwest on the other side of the pavement.**

Land Transaction 3

AA. Recording Data:	Instrument Number 886242
BB. Grantor/Lessor:	Lujan, David J.
CC. Grantor/Lessee:	LZ Company
DD. Date of Transaction:	11/30/2015
EE. Date Inspected:	1/21/2016
FF. Dimensions and size:	Survey Document # 876133
e. Land:	3764 square meters
f. Improvement:	None
GG. Consideration:	$752,800
HH. Unit Price:	$200 per square meters
II. Type of Instrument:	Warranty Deed
JJ. Tax Identification/Folio Number:	Lot 5147-3-3NEW-3
KK. Address:	Fronting Ypao Road, North of Ironwood Hights
LL. Zoning:	R2, Multiple-dwelling zone
MM. Present Use:	Vacant and idle
NN. Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
OO. Condition of Transaction:	Arm's-length transaction sold in MLS.
PP. Type of Financing:	All cash to seller
QQ. Encumbrances:	None
g. Easements:	None
h. Flood Zone:	Zone X
i. Other:	None
RR. Type of Improvements:	None
SS. Site Utilities:	All Utilities On Site
TT. Verification Information:	Buyer Agent, Mr. Mark Zhao
e. Verification Sources:	Public Records; MLS 14-2727
f. Information Verified:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
vii. Transaction Price:	$752,800
viii. Terms/Concessions:	All cash transaction
ix. Other:	None
UU. Motivation of Parties:	Buyers acquired the property for partial owner-occupant commercial/residential development purposes
g. Source of Information:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
h. Relation of Parties:	No relation
i. Unusual Motivations:	None known
VV. Analysis of Pertinent Information:	None
WW. Overall Exposure Time:	It is noted that the property was listed on Multiple Listing Service (MLS No. 14-2727) for 482 days with an asking price of $846,000 ($225 per square meters).
XX. Days on Market:	482
YY. Remarks:	None
g. Topography:	Level
h. Access:	Paved road, Front Ypao Road
i. Amenity View:	Neighborhood View
A. Property Sketch:	None


LOT 3147-3-3NEW-8
Area = 1,809± Sq.M.
LOT 3147-3-3NEW-7
Area = 1,807± Sq.M.
PAVED ROAD
LOT 32
BLOCK


I want to

Photograph



Date Taken: 01/21/2015 By: Vance L. Reklai	View of L5147-3-3-NEW-6, to the right side of the easement.

Exhibit 1

Market Data, Land Transactions, Island of Guam

Regional Analysis (Island Data)

Guam: The Setting

Located in the western Pacific, Guam is the southernmost of the Marianas Islands and the closest U.S. possession to Asia. Guam is about 2,400 km. south of Tokyo, 3,360 km. southeast of Hong Kong, 2,400 km. east of Manila and 6,000 km. southwest of Honolulu. The Mariana Trench, the deepest known ocean depth, is located southeast of Guam.



Guam lies 13 degrees north latitude and 144 degrees east longitude of the equator. It is the largest landmass in Micronesia. Guam is about 48 km. long, and from six to 14 km. wide. The central and northern parts of the island consist of a limestone plateau with steep cliffs dropping down to a narrow coastal shelf. Southern Guam is made up of volcanic hills with a maximum elevation of 407 meters. Coral reefs surround the island except for openings at harbor and river mouths.

The history and natural beauty of Guam offer numerous sights of interest. Latte stones, which served as foundation blocks for the thatch huts of pre-contact Chamorros, are found in parks and jungle areas. The graceful remains of Spanish buildings, plazas and bridges may be seen in Agana and at other locations around the island.

The major hotel, business and residential centers are on the western side of the island facing the calm Philippine Sea. A drive along the east coast past Pago Bay and Yona, south to Talofofo and Inarajan affords spectacular views of the open Pacific thundering against the narrow coastal shelf. Spanish influence is clearly visible in the architectural design of the southern village.

Climate

Guam's tropical climate shows little variation throughout the year. The mean annual temperature is 81 degrees Fahrenheit and humidity is tempered by prevailing northeast trade winds. The rainy season is from July through November, and the cooler dry season from December through June. Guam lies in the path of tropical storms and occasionally experiences typhoons.

People

The indigenous people of Guam are Chamorros, a Micronesian race with a mixture of Spanish, Mexican and Filipino blood. Present day Guam is a cosmopolitan community featuring large populations of Filipinos, Japanese, "stateside" Americans, Chinese, Koreans, and islanders from throughout Micronesia, as well as Europeans, Vietnamese and Indians. Current population is estimated at 171,019.

History

Archaeological evidence indicates that Guam has been settled since about 2000 B.C. The island was discovered for the western world by Portuguese explorer Magellan in 1521, and claimed for Spain in 1565. Jesuit missionaries arrived in 1668 to convert the populace to Christianity. For the next 200 years, Guam remained a Spanish colony administered from Mexico.

Guam first became a U.S. possession in 1898 after the Spanish-American War, and was run as a U.S. naval station until the outbreak of World War II. The island was surrendered to a Japanese invasion force in December 1941.

On July 21, 1944, American troops landed on Guam and recaptured the island in a series of fierce battles. More than 200,000 U.S. servicemen were stationed on Guam after the conclusion of the war.

In 1950, administration of the island was transferred to the United States Department of the Interior and residents were granted U.S. citizenship. In 1962 a U.S. navy security clearance requirement was lifted and Guam began its rapid entry into the mainstream of modern development.

Government

Guam is an unincorporated territory of the United States, administered under the 1950 Organic Act of Guam. Plans are underway to change the island's status to that of a commonwealth. It is anticipated that this change in the political relationship with the federal government would ease some legal constraints that hamper economic development.

The executive branch of government is headed by a governor elected by voters at large for a four-year term. Guam has a unicameral legislature consisting of 15 senators elected for two-year terms. The most recent election for governor was held in 2014 and for senators in 2014.

The District Court of Guam, headed by a judge appointed by the U.S. president for an eight-year term, has jurisdiction over all cases arising under the U.S. Constitution, federal laws and treaties. The Superior Court of Guam handles all other cases arising under the laws of Guam. Appeals may be made to the Ninth Circuit Court of Appeals or to the U.S. Supreme Court.

Economy

The establishment of Guam's economy dates only to 1962 when a U.S. Navy security clearance which restricted travel to the island was lifted. Since that time, Guam has witnessed tremendous growth and

change, and now serves as a Pacific crossroads with good telecommunications, airline connections and media.

During the late eighties and early nineties, the island experienced an economic boom fueled by Japanese investment, and by tourism, most of which originated in Japan. Land values spiraled, with the sales prices of parcels in some prime areas of the island doubling within a short period. However, the "bubble economy" on Guam suffered when the Japanese economy weakened (1990/91). A persistently weak Japanese economy, a series of typhoons in 1992 and a powerful earthquake in 1993 adversely impacted Guam real estate markets for years thereafter; its effects lingered through 2003. A recovering visitor industry and increased external investment led a recovering economy; anticipation of military upsizing will provide significant stimulus into the local market over the next decade and is already driving investment into the real estate market.

Tourism remains the leading component of Guam's economy, and is discussed in further detail below.

Federal and Military Impact

The Federal Government has historically played a major role in the economic affairs of Guam. Increases in Federal and Military spending has remained strong, and helped mitigate the adverse impact of the Japanese economy. The following table presents the growth in Military and Federal spending on Guam from 1989 to 2005.

Military expenditures went through a decline from 1995 to 1999 as part of the U.S. cut-backs world-wide.

> *On February 28, 1995, the Pentagon in its 1995 Base Closure and Realignment Report recommended to the Defense Base Closure and Realignment Commission that four of Guam's military bases be closed or reduced in size, resulting in a loss of 2,104 military jobs and 2,665 civilian jobs. Specifically, the Pentagon recommended the realignment of Naval Activities Guam, with 2,421 jobs being transferred to Hawaii; the closure of the Ship Repair Facility, with a loss of 633 jobs; the shifting of some 1,270 jobs formerly performed at Naval Air Station Guam to the U.S. mainland and Hawaii instead of to Guam's Anderson Air Force Base as previously recommended; and the closure of Fleet and Industrial Supply Center, with a loss of 413 jobs....Naval Air Station was closed by the military on April 1, 1995, and the facility, along with the civilian airport, now is operated by the Government of Guam. The base was renamed Tiyan Reuse Facility, and some government of Guam agencies occupy former military housing units. Guam has experienced a steady decrease in military personnel and infrastructure, a consequence of declining overall military spending. Because Guam's military expenditures have run an important second to tourism in economic input, most of the changes have had a direct impact on the island."*[1]

One result of overall military downsizing during the mid-1990s was a transfer of substantial federally-held lands back to the Government of Guam. During 1999, an estimated 1,317 acres of the total 3,200 acres in the Guam Excess Lands Act were returned by the military. Economically significant properties being turned over to Guam include the Tiyan area around the Guam International Airport and the Harmon Annex (Cliffline) area.

The Tiyan property returned to the Government of Guam was leased during 2001 by the Tiyan Trust (Guam Economic Development and Commerce Authority) to a private developer. Opposition by "original landowners" resulted in the 2002 abolition of the Tiyan Trust and the requirement that all Government of

[1] U.S. Naval Forces Marianas Fact Sheet - Military Presence on Guam, as quoted in Business Almanac of Guam and the Mariana Islands, 1996.

Guam agencies not supporting the airport to vacate occupied buildings. Current local political sentiment is for a return of these properties to "original landowners" (those owners at the time of condemnation following World War II), but the Federal Aviation Administration has indicated that this is inconsistent with the provisions of the excess land return from the Federal Government. These properties have yet to impact supply because of title restrictions and absence of zoning.

The trend in military activity is now for significantly increased presence. An early indicator was the May 1995 decision to halt the transfer of the 100-acre Naval Ship Repair Facility to the Government of Guam. Under lease to the Government of Guam and sublease to a private contractor, the Navy announced its decision to retain the property only one week before the scheduled transfer date.

Significant investments have been made by the military into renovation and expansion of on-base housing and school facilities, a precursor to increased personnel. During 2000, it was announced that up to five nuclear-powered submarines would be moved to Guam. The advance team arrived early in 2001 with the first submarine arriving in 2002 and two additional during 2003. There were persistent rumors about possible significant relocation of military personnel to Guam; for example, real estate professionals were contacted during late 2000 by individuals studying the ability of Guam's market to support up to 25,000 to 30,000 additional population. There has also been ongoing discussion of possible home-porting of an aircraft carrier on Guam. The past years have also seen increased port calls by various Navy ships.

In its 2001 Quadrennial Review, the Department of Defense included comments about Guam and the region[2]:

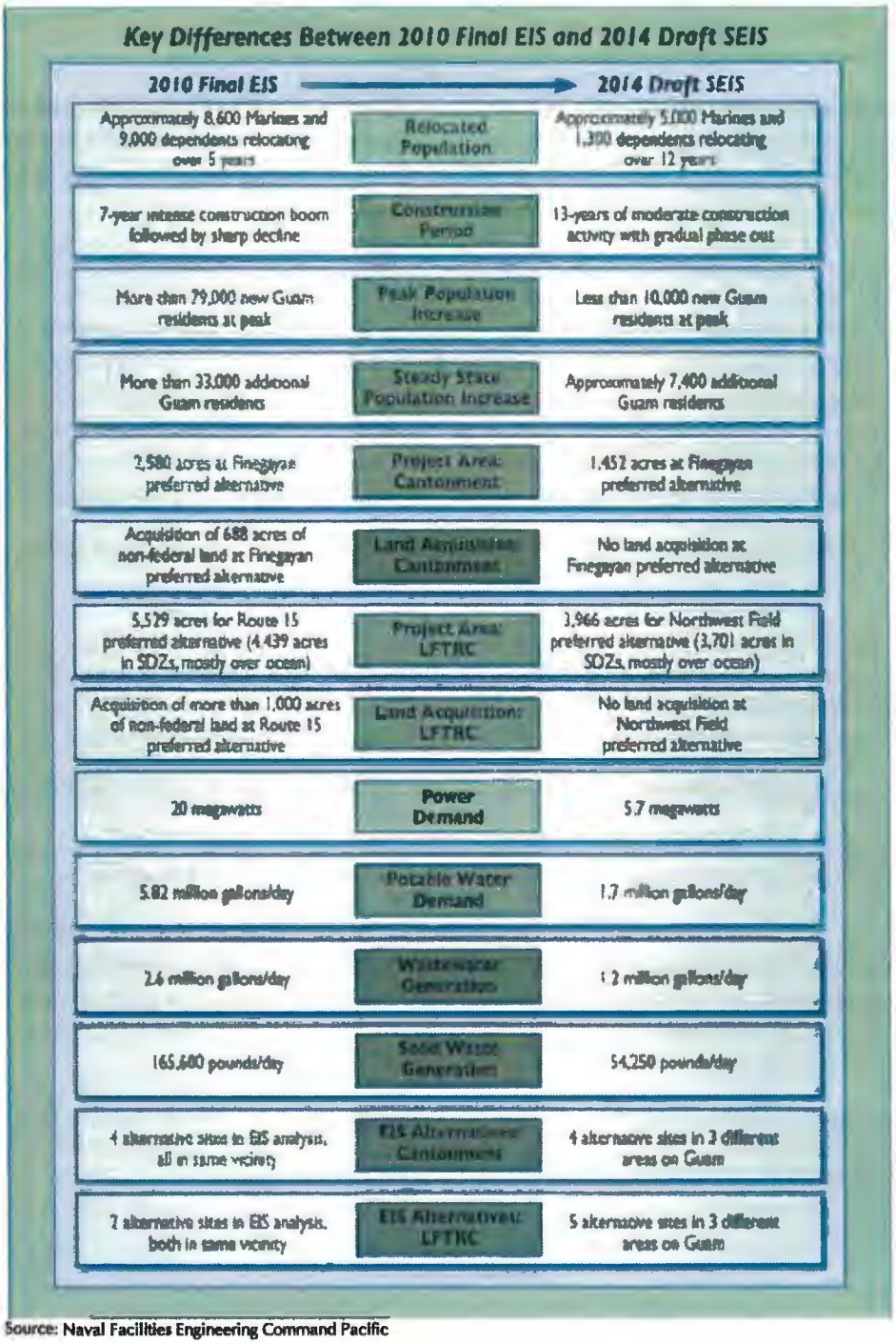
- *The Secretary of the Navy will increase aircraft carrier battle group presence in the Western Pacific and will explore options for home porting an additional three to four surface combatants, and guided cruise missile submarines (SSGNs), in that area.*
- *The Secretary of the Air Force will develop plans to increase contingency basing in the Pacific and Indian Oceans, as well as in the Arabian Gulf. The Secretary of the Air Force will ensure sufficient infrastructure for refueling and logistics to support operations in the Arabian Gulf or Western Pacific areas.*
- *In consultation with U.S. allies and friends, the Secretary of the Navy will explore the feasibility of conducting training for littoral warfare in the Western Pacific for the Marine Corps.*

The most significant event is the April 2006 announcement of the relocation of 8,000 Marines (together with an estimated 12,000 dependents) from Okinawa to Guam. As recently as 2014, those figures have dropped to 5,000 marines and 1,300 dependents relocating over a 12 year period. Other changes to the original force relocation plans are listed in the following 2014 chart from Naval Facilities Engineering Command Pacific, on the next page.

The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[3].

[2] Department of Defense, Quadrennial Defense Review Report, September 2001, p. 27.
[3] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)

The Guam Economic Development Authority - in their October 2014 Invest Guam conference - estimated that the military expansion is expected to "create $6.2 billion in economic contributions over the next 10 years."[4]



Source: Naval Facilities Engineering Command Pacific

[4] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)

Exhibit 2

Island Data

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[1] U.S. Naval Forces Marianas Fact Sheet - Military Presence on Guam, as quoted in Business Almanac of Guam and the Mariana Islands, 1996.

Guam agencies not supporting the airport to vacate occupied buildings. Current local political sentiment is for a return of these properties to "original landowners" (those owners at the time of condemnation following World War II), but the Federal Aviation Administration has indicated that this is inconsistent with the provisions of the excess land return from the Federal Government. These properties have yet to impact supply because of title restrictions and absence of zoning.

The trend in military activity is now for significantly increased presence. An early indicator was the May 1995 decision to halt the transfer of the 100-acre Naval Ship Repair Facility to the Government of Guam. Under lease to the Government of Guam and sublease to a private contractor, the Navy announced its decision to retain the property only one week before the scheduled transfer date.

Significant investments have been made by the military into renovation and expansion of on-base housing and school facilities, a precursor to increased personnel. During 2000, it was announced that up to five nuclear-powered submarines would be moved to Guam. The advance team arrived early in 2001 with the first submarine arriving in 2002 and two additional during 2003. There were persistent rumors about possible significant relocation of military personnel to Guam; for example, real estate professionals were contacted during late 2000 by individuals studying the ability of Guam's market to support up to 25,000 to 30,000 additional population. There has also been ongoing discussion of possible home-porting of an aircraft carrier on Guam. The past years have also seen increased port calls by various Navy ships.

In its 2001 Quadrennial Review, the Department of Defense included comments about Guam and the region[2]:

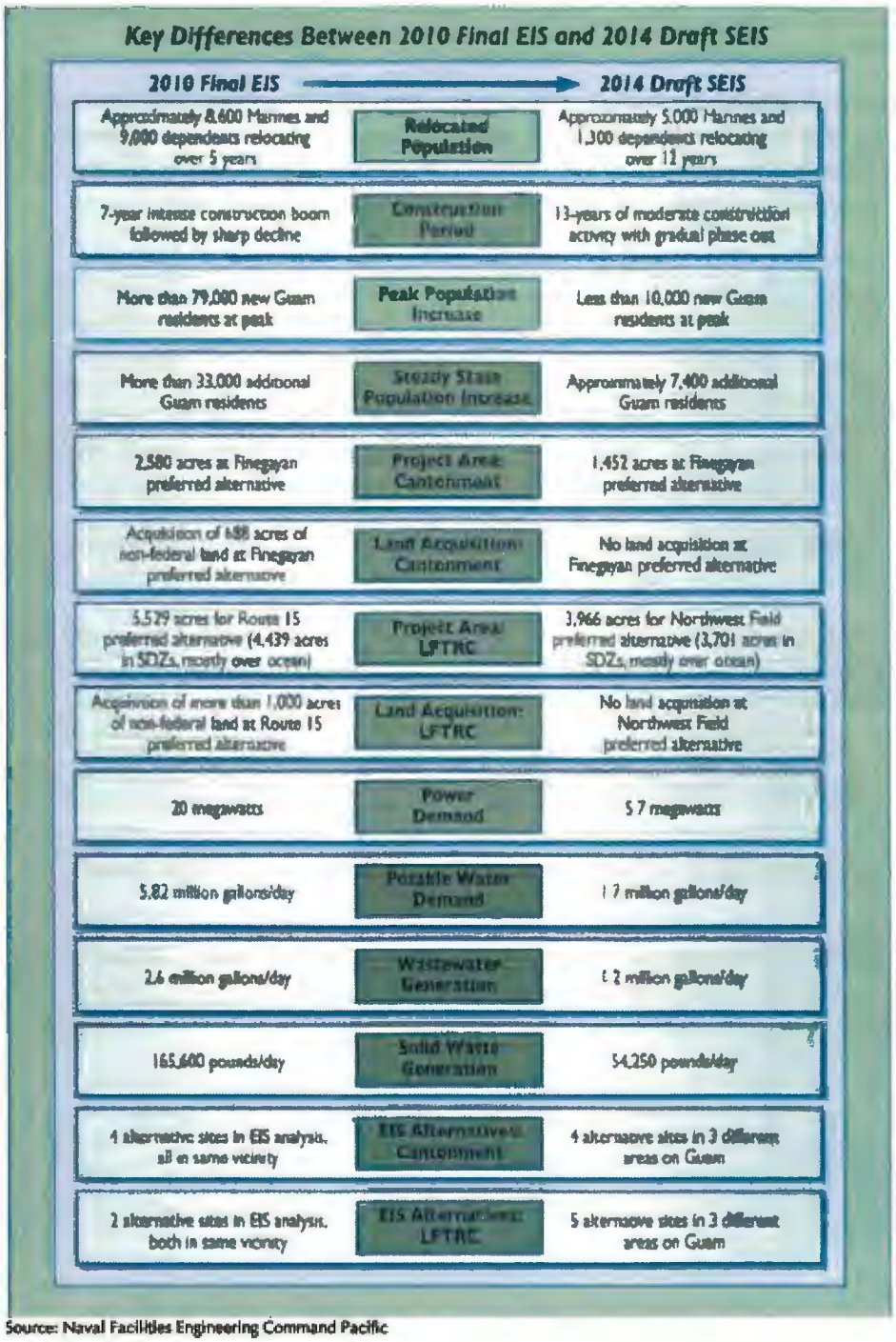
- *The Secretary of the Navy will increase aircraft carrier battle group presence in the Western Pacific and will explore options for home porting an additional three to four surface combatants, and guided cruise missile submarines (SSGNs), in that area.*
- *The Secretary of the Air Force will develop plans to increase contingency basing in the Pacific and Indian Oceans, as well as in the Arabian Gulf. The Secretary of the Air Force will ensure sufficient infrastructure for refueling and logistics to support operations in the Arabian Gulf or Western Pacific areas.*
- *In consultation with U.S. allies and friends, the Secretary of the Navy will explore the feasibility of conducting training for littoral warfare in the Western Pacific for the Marine Corps.*

The most significant event is the April 2006 announcement of the relocation of 8,000 Marines (together with an estimated 12,000 dependents) from Okinawa to Guam. As recently as 2014, those figures have dropped to 5,000 marines and 1,300 dependents relocating over a 12 year period. Other changes to the original force relocation plans are listed in the following 2014 chart from Naval Facilities Engineering Command Pacific, on the next page.

The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[3].

[2] Department of Defense, Quadrennial Defense Review Report, September 2001, p. 27.
[3] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)

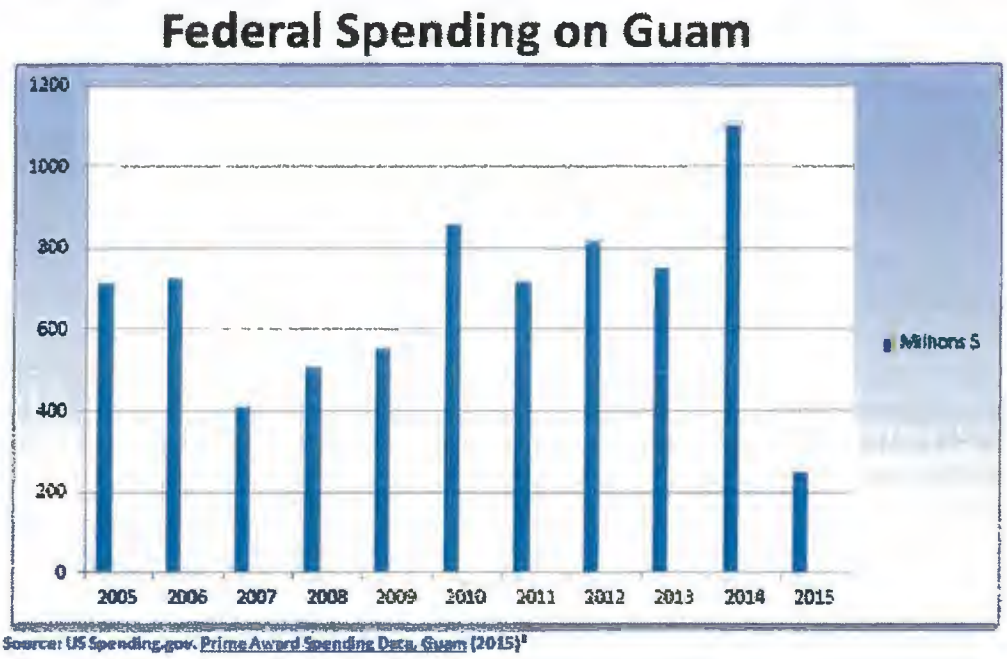
The Guam Economic Development Authority - in their October 2014 Invest Guam conference - estimated that the military expansion is expected to "create $6.2 billion in economic contributions over the next 10 years."[4]



Source: Naval Facilities Engineering Command Pacific

[4] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)

The following table presents the growth in Federal spending on Guam from 2005 to 2015.[5]



Source: US Spending.gov. Prime Award Spending Data, Guam (2015)[8]

Federal spending had reached its peak of $1.1 billion in 2014 and is already at $248.6 million for the first quarter of 2015. Much of the money had flowed into the island as part of the preparation for the military buildup. However, the bulk of that money has gone to upgrade military facilities on base (such as airstrips and base infrastructure projects). The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[6].

Construction

When construction is in an upswing, construction companies tend to hire more people and purchase more supplies from the local economy to complete the project. This, in turn, increases economic activity to the region.

A snap shot of existing and upcoming construction projects for 2014 to 2016 (including federal, local government, and private contracts) shows a total of $610 million in construction work that has been awarded as of September, 2014[7]. The data was compiled by Guam Business Magazine from data gained from the Department of Public Works and Navy Engineering Facilities Command Marianas.

[5] Source: US Spending.gov. Prime Award Spending Data, Guam (2015)
[6] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)
[7] Johnson. Guam Business Magazine. Building Confidence: Construction Industry gradually on its way back up (September, 2014).

2014-2015 Construction Projects in Guam

Project	Vendor	Estimated cost	Award Date	Completion Date
DPW - Reconstruction of Pale[illegible]	Mirada Pacific [illegible]p	$[illegible]	1-4-[illegible]	[illegible]
DPW - Route [illegible]ooking Route 28 to Chalan Kanoa	ESFM International [illegible]al In	$2[illegible]	[illegible]	[illegible]
Piaa na Espana Restoration	Pelati[illegible]	$[illegible]	[illegible]12	[illegible]
DPW - Route 4 Agfayan Bridge Replacement	Black Construction [illegible]	$4 [illegible]	[illegible]	[illegible]12/2014
Phase II GU Claymore Equestrian Building	Island Evol[illegible]ip	$[illegible]	[illegible]	[illegible]20[illegible]
DPW - Route 17 [illegible]ands & Wilderness Phase 2A	Hoppe Corp	$2[illegible]	[illegible]	[illegible]4
DPW - Dededo Dump Closure - Construction o[illegible]t Dededo Road Sewer Improvements	Blac[illegible]structor	$4[illegible]	[illegible]31	[illegible]
DPW - Inarajan [illegible]orking Bridge Rehab	HACO General Construction	$[illegible]	[illegible]	[illegible]
DPW - Ro[illegible]ads and 25 Intersection Improvements	Koamalu Corp	$2[illegible]	3/6/2015	[illegible]2014
DPW - Tiyan Park[illegible] Phase I Project	HACO General Construction Inc	$7[illegible]	[illegible]2014	[illegible]
NAVFAC Marianas - AAFB BAAS Hangar MAC	[illegible] Builders	$45[illegible]	[illegible]14	4/2014
NAVFAC Marianas - IDIQ Construction Navy Support Facility Diego Garcia, BIOT	Black Construction Co	$10 million	[illegible]	[illegible]
NAVFAC Marianas - Emergen[illegible] Power Fac[illegible]	MACC Guam MACC Bu[illegible]ders	$25[illegible]	[illegible]14	[illegible]
Coral Farmers Coop[illegible] Facility and Relocation - Dededo Flea Martan	Hago United Corp	$2 5 million	[illegible]	25/2015
NAVFAC Marianas - Marine Corps Support [illegible] Maintenance [illegible] Hangar MAC	D & Pa[illegible]	$[illegible]	[illegible]4	12[illegible]
NAVFAC Marianas - Modular Sewage Construction & [illegible]structure Improvements MACC	Guam MACC Bu[illegible]	$42.3 m[illegible]	[illegible]	[illegible]
DPW - Bile Pupua Bridge Replacement Project	Forensic [illegible]arp	$3[illegible]	[illegible]014	[illegible]2015
Guam Public Library - Extension Design-Build	[illegible] Construction Inc & Guam	$[illegible] million	[illegible]4/2014	[illegible]/2015
NAVFAC Marianas - IDIQ Asphalt Paving	Ku[illegible]sman Rock Products Corp.	$50 million	1[illegible]/16	TBD
NAVFAC Marianas - Guam Strike Fuel Systems Maintenance Hangar	TBD	$ 31 5 million	[illegible]/2014	TBD
NAVFAC Marianas - Re-Fol Fuel Systems Hardened Structures	TBD	$20 million	[illegible]30/2014	TBD
NAVFAC Marianas - PRTC Red Horse Logistics Facility	TBD	$[illegible] million	[illegible]/2015	TBD
NAVFAC Marianas - PRTC Satellite Fire Station	TBD	$4 3 million	[illegible]25/201[illegible]	TBD
NAVFAC Marianas - Composite Repair Shop	TBD	$3[illegible] million	[illegible]2015	TBD
NAVFAC Marianas - PRTC - [illegible]ombat [illegible]ommunications Infrastructure	TBD	$4[illegible] million	[illegible]	TBD
NAVFAC Marianas - DPRI-GSE Shops at North Ramp	TBD	$21[illegible]	[illegible]	TBD
NAVFAC Marianas - DPRI - MWSS Facilities at North Ramp	TBD	$29[illegible] million	9/4/20[illegible]	TBD

[illegible]es Department of Pu[illegible] [illegible] [illegible] Engineering [illegible]

John Sage - Vice-President of Watts Construction - stated in an interview with Guam Business Magazine in 2014 that the limited skilled labor force on the island was going to be a problem when more government contracts are handed out. He stated in the article,

> *"The biggest challenge we see is the upcoming pressure on the local labor supply from upcoming [Department of Defense] projects....We are reinforcing training within the company, re-evaluating the employee benefits we offer and looking at alternate sources of labor."* (as qtd in Johnson, 2014)

Other contractors had concerns regarding the industry as a whole and the lack of large government jobs in general. The Guam Business Magazine article[8] quoted another contractor - Louis DeMaria, vice president of Dck Pacific Guam LLC - as saying,

[8] Ibid

> *"The prices are tighter and the margins are tighter, but I think a lot of that is just what happens when we go through a period like we have — when there just wasn't much work to go around. And now it looks like we're starting to come out of that, but whether or not it continues this trend, we'll just have to see. Things change fast."* (as qtd in Johnson, 2014) [9]

It must be noted that an increase in construction activity may not indicate a growing economy since the allocation of money for some of the projects may have occurred one to two years prior to work actually begins on a project. Also, military contracts may be awarded to construction companies based and operated outside of Guam.
However, construction projects still act as a stimulus for the local economy as contractors hire more people and buy more supplies during the construction period.

Guam is also expected to make some major investments and upgrades to its energy infrastructure in the coming years. These upgrades are necessary for Guam to be in compliance with federal environmental protection laws. The Guam Economic Development Authority outlined some of these upgrades in infrastructures in its Invest Guam Conference Sponsorship Packet in 2014:[10]

Guam Economic Development Authority
Invest Guam Conference Sponsorship Packet
October, 2014
....
Guam is mandated by EPA to come in to compliance with provisions of the Clean Air and Clean Water Act. The cost to meet mandated water treatment standards will require $400 million in infrastructural investment. To meet the requirement of the clean air act will require an investment twice as large. The Guam Power Authority (GPA) is planning to invest between $650 to $850 million to build a modern mix of generation facilities that support solar, the burning of Low Sulfur Diesel, and/or LNG. The planned new generators are twice as efficient as the current generation facilities. The use of new technology will stabilize and possibly lower power rates. Just as important, the plan also supports an aggressive increase in the use of solar, wind and other alternative technologies. GPA plans to convert 40% of their current generation capacity to solar by 2020. The economic impact of the program will contribute $3.3 billion in increased economic activity over the next seven years to the economy. In addition both Guam's international Air and Sea ports are embarking on substantial upgrades further adding to the islands dynamic economic development.

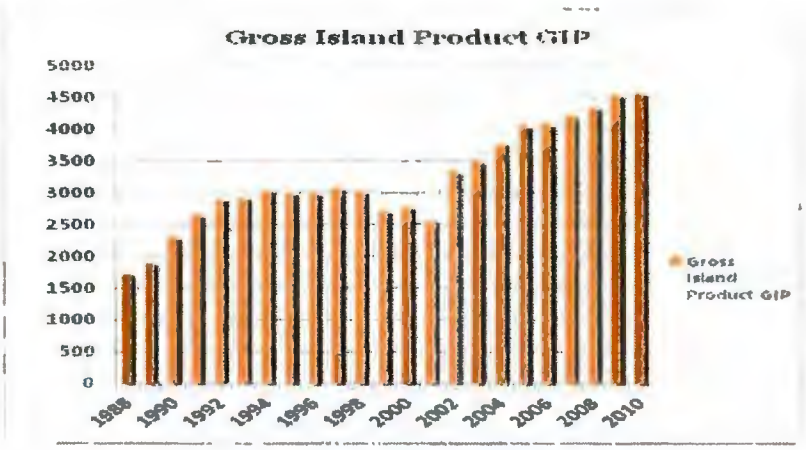
Local Economic Indicators

Guam's retail sector is one of the areas heavily influenced by tourism. It can respond more quickly than other sectors to changes in income, consumer preferences, population changes and import prices. In 2001, retail gross business income was $1.47 billion, down from its 1996/7 peak of $1.83 billion. Retail gross income accounts for more than 40 percent of total gross business income; retail sector employment makes up 27% of total private-sector employment. Confidence in Guam retailing is indicated by entries over the past decade: Liberty House (now Macy's), a high image and quality department store; Crazy Shirts, ABC Stores and other Hawaii based companies; K-Mart[11], a large chain of discount stores; and two Cost-U-Less warehouse retail stores. The Guam Shopping Center (Gibson's) was renovated into an 80,000sf outlet mall (Guam Premium Outlets) by a Hawaii developer during 1997; during 2000, Ross Dress For Less became the anchor of this center. There have been persisting rumors about Wal-Mart considering Guam, including in

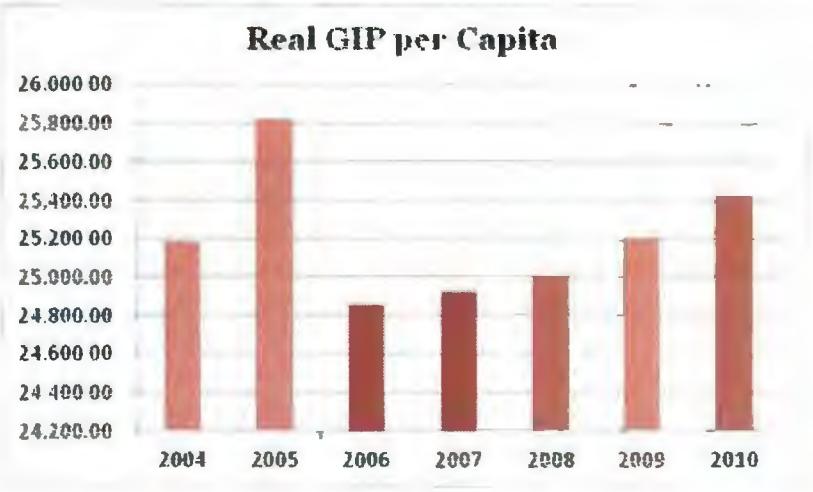
[9] Johnson. Guam Business Magazine, Building Confidence: Construction industry gradually on its way back up (September, 2014). Retrieved from http://www.guambusinessmagazine.com/?p=1756
[10] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)
[11] The Guam store, opened in mid-1995, was immediately projected to become the chain's highest producing store. This store remains the number one store within the chain, changed to 24 hour operations during 2000, and shortly thereafter converted to a "Big K" format.

conjunction with the Micronesia Mall (300,000sf) expansion. Purchases by visitors contribute to the high retail and wholesale receipts. Visitor expenditures have historically provided Guam with revenues in excess of $1.4 billion annually. The high expenditures on gifts and souvenirs may reflect the cultural habits of the Japanese tourists, as Guam is a duty-free port without luxury taxes on goods.

The **Gross Island Product** grew rapidly from 1988 through 1992, both on an absolute and per-capita basis, accompanying the boom in the visitor industry, as discussed below. From 1993 to 1998 Gross Island Product was relatively stable, although it declined on a per capita basis. From 1999 to 2003 GIP declined gradually. GIP began recovering in 2004 and continued to recover in 2005. For the year 2010 (the year of the most recent data) GIP was at 4,577 and GIP per Capita was $28,721.49. The island population at the time was 159,358.[12]



The following table shows Real GIP per Capita from 2004 to the most current numbers of 2010:[13]



[12] Source: Department of Commerce, Guam Annual Economic Review
[13] Source: Department of Commerce. Guam Annual Economic Review (2011)

Population and Census Data

According to the Guam Bureau of Statistics and Plans' *FY 2013 Citizens Centric Report* (October, 2014), the total population on Guam in 2014 stood at 161,001. This represents a 0.4% increase from 2013's figure of 160,378, and a 0.7% increase from 2012's figure. The population of the island has grown steadily at less than 0.5% per year since 2004. The village with the largest population is Dededo which hosts 45,406 people; this is followed by Yigo with 20,751 people, and Tamuning with 19,888 residents.[14]

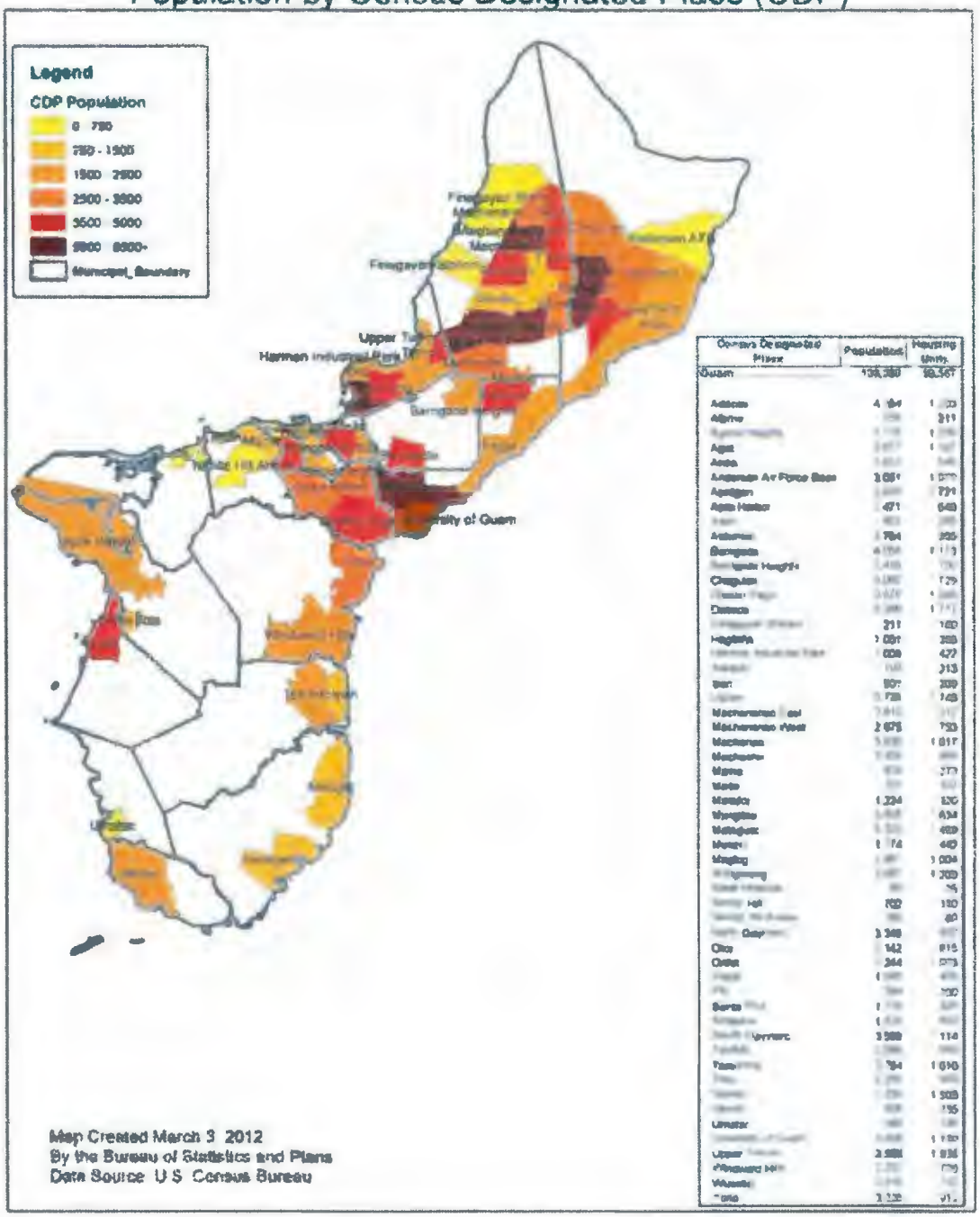
Village Population Projection

	2014	2013	2012	2011	2010
Total	161,001	160,378	159,914	159,600	159,358
Agana Heights	3,847	3,832	3,821	3,814	3,808
Agat	4,968	4,948	4,934	4,924	4,917
Asan-Maina	2,159	2,151	2,144	2,140	2,137
Barrigada	8,967	8,932	8,906	8,886	8,875
Chalan Pago-Ordot	6,882	6,866	6,846	6,832	6,822
Dededo	45,406	45,231	45,100	45,011	44,943
Hagatna	1,062	1,058	1,055	1,053	1,051
Inarajan	2,296	2,288	2,281	2,276	2,273
Mangilao	15,348	15,288	15,244	15,214	15,191
Merizo	1,869	1,862	1,856	1,853	1,850
M-T-M	6,895	6,869	6,849	6,835	6,825
Piti	1,469	1,463	1,459	1,456	1,454
Santa Rita	6,147	6,123	6,105	6,093	6,084
Sinajana	2,619	2,609	2,601	2,596	2,592
Talofofo	3,081	3,070	3,061	3,055	3,050
Tamuning	19,888	19,811	19,754	19,715	19,685
Umatac	790	787	785	783	782
Yigo	20,751	20,670	20,611	20,570	20,539
Yona	6,547	6,521	6,503	6,490	6,480

Source: 2010 Census Population and Housing

[14] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

2010 Census of Population and Housing:Guam
Population by Census Designated Place (CDP)



Vital Statistics Summary

Event	2011	2010
Births	3,298	3,419
Deaths	842	872
Fetal Deaths	37	49
Marriages	1,579	1,484
Divorces	734	718
Life Expectancy [1]	78.3	78.2
Male	75.3	75.1
Female	81.6	81.4

Source: Office of Vital Statistics, DPHSS.

[1] International Data Base, International Programs Center, U.S. Census Bureau

Birth rates on the island had decreased by 3.5 % from 2010 to 2011. The Death rate had also gone down 3.4 % (from 872 in 2010 to 842 in 2011). Below is a summary of anti-drug activities conducted on Guam by law enforcement personnel from 2012 to 2013. The chart came from the FY 2013 Citizens Centric Report and shows an almost $6 million (in drug street value) decrease in drugs seizures on Guam, from 2012 to 2013. [15]

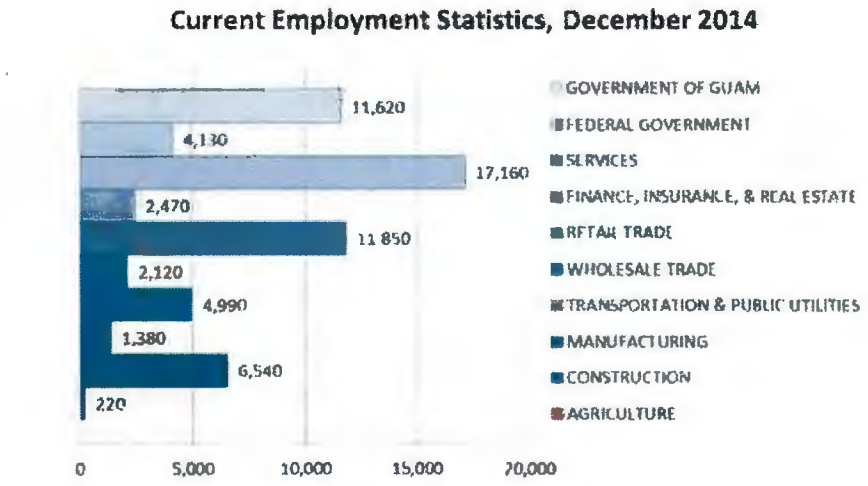
Multijurisdictional Task Force Drug Seizures and Value of Drugs Seized

Drugs in Guam	CY 2013		CY 2012	
	Seizure	Value	Seizure	Value
Methamphetamine	34,922.39	$20,281,477.62	34,557.43	$26,916,658.00
Marijuana	2,267.00	$62,892.00	3,000.00	$80,463.00
Marijuana Plants	87	$87,000.00	424	$424,000.00
Heroin	0	$0.00	0	$0.00
Cocaine	0	$0.00	0	$0.00
MDMA (Estacy)	499	$24,950.00	0	$0.00
Spice/Salvia	1,982.00	$19,190.00	25,064.99	$179,844.65
Spice/Salvia: Vials	0	$0.00	320	$16,000.00
Total Drugs Seized in Grams	**39,757.39**	**$20,475,515.62**	**63,366.42**	**$26,616,963.65**

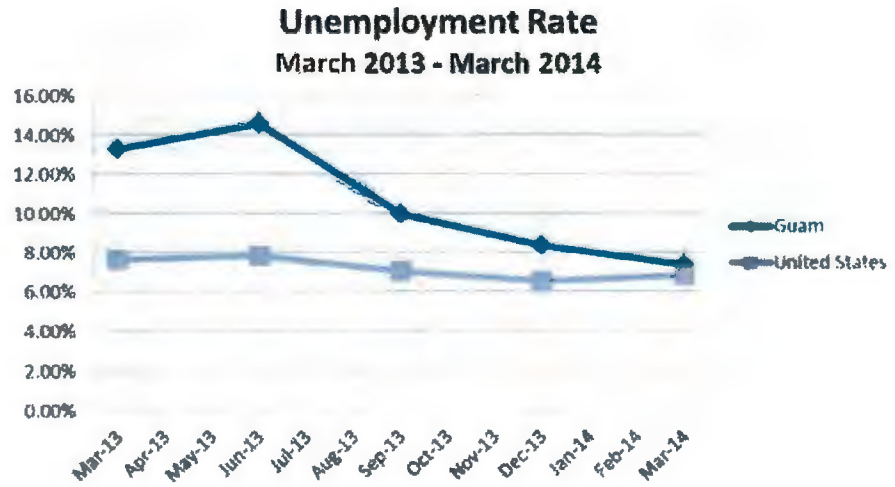
Source: Guam's Multi-jurisdictional Task Force FY 2013 Quarter Progress Reports

[15] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

The following chart shows employment by sectors in 2014:



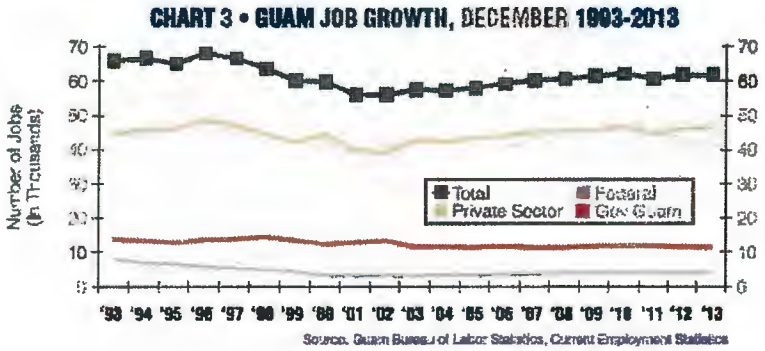
Unemployment had steadily declined from during the first part of the last decade, but then went up to a high of 13.3% in March of 2013. The number came down to 7.4% in March of 2014: a 5.9% drop from the year prior. The Government of Guam Bureau of Labor and Statistics chart shows that - as of the end of 2014 - the services sector employed the most people on island (outside of the military). The second largest employing sector was the retail and trade sector, and the third largest was the Government of Guam. The following charts were taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[16]

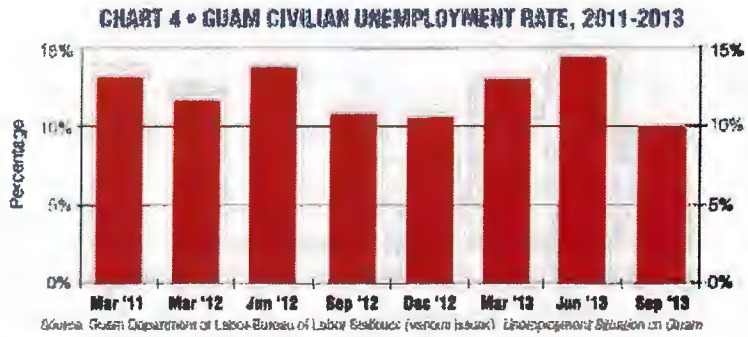


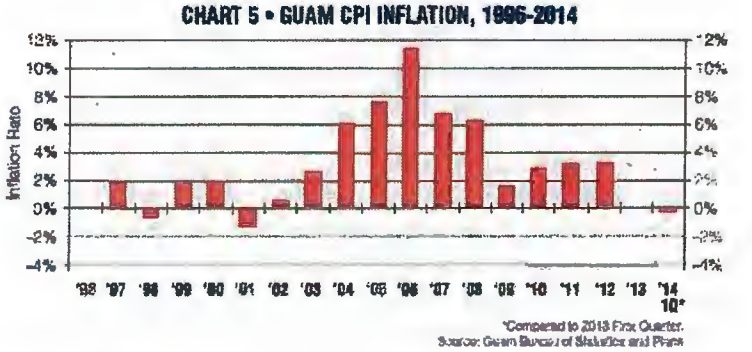
[16] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

The Department of Labor statistics exclude members of the U.S. Armed Forces and their dependants living on base but includes those living off base.

The following charts were taken from First Hawaiian Bank *Economic Forecast: 2014 Guam-CNMI Edition*[17]







Guam's current minimum wage is $8.25 per hour. The following charts on current minimum wage data, and projected minimum wage data (with minimum wage projections at $9.15 per hr) were also taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[18]

[17] Source: First Hawaiian Bank Economic Forecast: 2014 Guam-CNMI Edition (2014)
[18] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

Proposed Minimum Wage - $8.25 per hour | All Sectors			
Estimated Total Workforce Number At or Below Wage			8,849
Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	2,211
43-0000	Office and Administrative Support Occupations	10,879	1,620
41-0000	Sales and Related Occupations	4,562	1,128
37-0000	Building and Grounds Cleaning and Maintenance Occupations	2,999	1,051
53-0000	Transportation and Material Moving Occupations	3,304	592
39-0000	Personal Care and Service Occupations	1,576	469
33-0000	Protective Service Occupations	2,602	446
25-0000	Education, Training, and Library Occupations	4,490	412
49-0000	Installation, Maintenance, and Repair Occupations	3,364	293
51-0000	Production Occupations	1,654	260

Projected Minimum Wage - $9.10 per hour | All Sectors			
Estimated Total Workforce Number At or Below Wage			18,338
Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	4,480
43-0000	Office and Administrative Support Occupations	10,879	3,382
41-0000	Sales and Related Occupations	4,562	2,330
37-0000	Cleaning and Maintenance Occupations	2,999	2,128
53-0000	Transportation and Material Moving Occupations	3,304	1,218
39-0000	Personal Care and Service Occupations	1,576	948
33-0000	Protective Service Occupations	2,602	886
25-0000	Education, Training, and Library Occupations	4,490	829
49-0000	Installation, Maintenance, and Repair Occupations	3,364	612
51-0000	Production Occupations	1,654	538

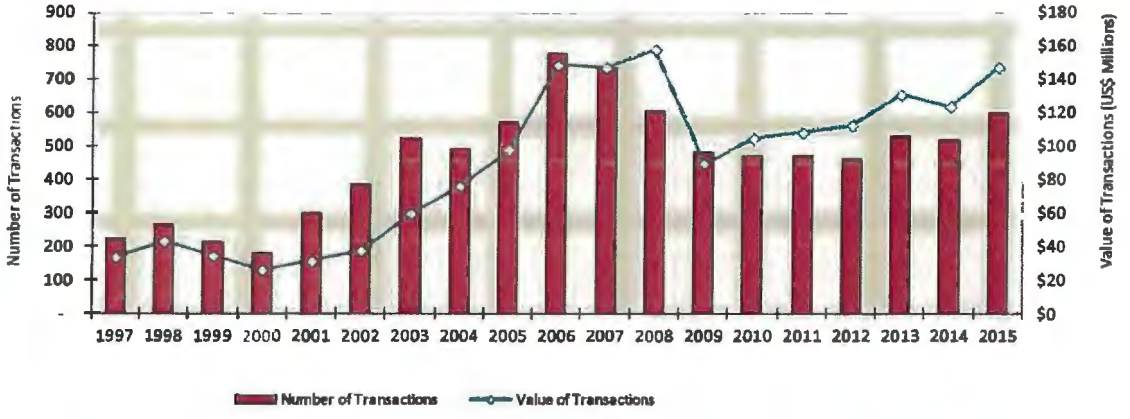
Real Estate

Overall Activity: Figure 2 shows Multiple Listing Service figures from 1996 through 2014 on volume and value of property transactions. The data includes detached dwelling, condominium, apartment, commercial, and land sales activity. The Multiple Listing Service data represents only a portion of total activity on Guam but has historically been indicative of single family, condominium, and multi-family and, land activity.

Market activity increased since the lows of 2001 due to significantly lower prices resulting from a dramatic increase in foreclosure activity. Foreclosure-related sales during this period represented a sizable portion of the market, about 100 to 200 transaction each year.

Market optimism was at an all-time high in 2006 from to the announcement of the military buildup and foreign investment activity, mostly Korean, drove demand and prices higher. Korean investments focused on prime locations (Tamuning and Tumon) for high-end condominium development. Some of these projects began construction but most never broke ground. All Korean projects on Guam halted as a result of the worldwide financial crisis and its severe impact on the Korean economy. The worldwide financial crisis led to the sharp decline in activity in 2008 and again in 2009. Since this time the market has remained relatively flat.

All Property Sales, Multiple Listing Service, 1997 to 2015, Guam



Source: Multiple Listing Service, Guam Association of Realtors.

Commercial and Industrial Market

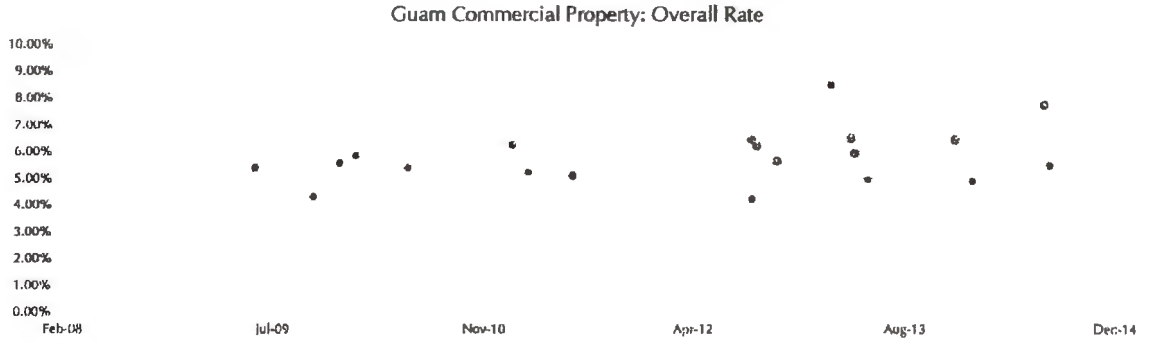
Commercial and industrial property transaction statistics are available from the multiple listing service database and typically include small and medium size properties. Hotels, shopping centers, and very large properties are seldom sold through the MLS.

Commercial and Industrial Property Sales Statistics, Guam

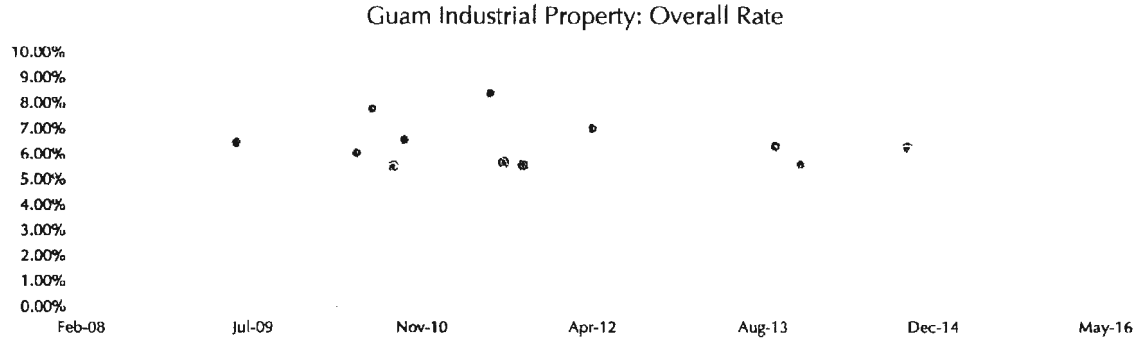
Period	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Sales	6	3	5	4	6	6	3	6	6	5
Dollar Volume	$4,541,000	$2,025,000	$3,905,000	$2,634,200	$2,325,000	$8,044,998	$3,685,000	$5,883,000	$5,523,888	$8,740,000
Median Sales Price	$432,500	$650,000	$595,000	$384,600	$322,500	$989,999	$1,035,000	$665,000	$890,000	$1,130,000
Average Sales Price	$756,833	$675,000	$661,000	$658,550	$387,500	$1,007,500	$1,228,333	$980,500	$920,648	$1,748,000

From 2005 through 2014 commercial property prices increased, resulting in declining overall rates of return, as shown in the graph below. Overall rates has been stable at around 6% to 7%.

Guam Commercial Property Overall Rate Trend: 2009 to 2014



Guam Industrial Property Overall Rate Trend: 2008 to 2014



The increases in price have been driven by anticipation of the military buildup and low interest rates. The commercial unit median sales price per square foot of leasable area during this period has been $150 per square foot. Industrial properties median for the same period is $86 per square foot

Seller expectations have risen dramatically due to the impending buildup. Presently there are currently 18 commercial buildings listed for sale with a median list price of $1.55 million and a median time on market of 121 days. In the last 10 years a total of 50 buildings have sold through MLS, thus the current listings may appear to represent over seven years' worth of supply. But many of the listings are by sellers that appear to be testing the market with pricing well above historical levels.

Land Market

Market conditions:

- Ancestral land activity that began at round $20 to $30 per square meter in the Harmon cliffline area several years ago is now transacting at $50 to $100 per square meter, with the upper end being road frontage parcels and lower end being interior parcels with no to poor access. The earlier prices reflected some uncertainties about the title conditions and lack of zoning, as well as risk/timing for end-user demand for military buildup. Title insurance is now generally available for ancestral lands, and many have been rezoned (typically by Public Law through Legislature) so that buyers now have that expectation.

- Light industrial land (5 acres or smaller) in Harmon Industrial Park: prices have increased from the market bottom in 2003 at about $50 per square meter to a present level of about $150 per square meter.

- Since 2008 there were 22 industrial land transactions around Dos Amantes area. Price ranges from $44 per square foot for R-2, Multi-family residential, to $123 per square foot for M-1, Light Industrial parcels. One of the land transaction is the site of the Guam Regional Medical City, expected to open in April 2015.

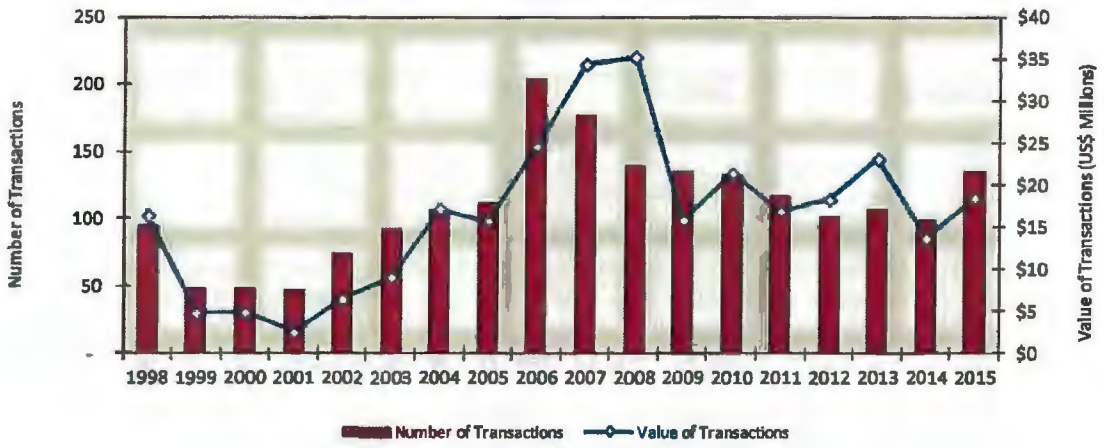
- Residential land: most activity in northern Guam (Dededo, Yigo) is at $20 per square meter for raw land in rural locations. Suburban or better located tracts of land and those nearby sewer lines sell for $30 to $60 per square foot.

-

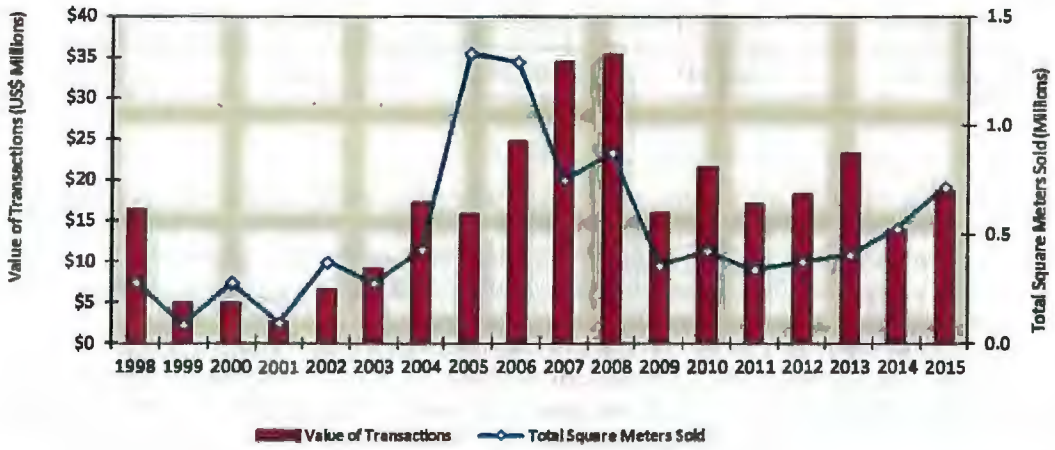
Multiple Listing Service database includes all types of land transaction activity: residential, commercial, industrial. Drivers of demand (military buildup) for the various uses of property are similar thus sales volume trends for each use tends to correlate closely with the overall trend.

For industrial/commercial real estate, the current environment is limited activity with no noticeable change in prices (sales or rents). We attribute this to limited supply rather than weak demand.[19]

Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Real Estate Conclusion:

In conclusion, the state of the island's commercial real estate market is heating up while the residential real estate market is stable. However, it must be noted that some areas- such as Dededo, Yigo, and Mangilao - have seen increases in activity in the sale of medium sized, single family residential homes. We may expect to see even more activities in these villages - as well as villages surrounding the Navy base down South - as more military personnel are transferred to the island during the base build up.

[19] Source: Multiple Listing Service, Guam Association of Realtors (2011)

Tourism

Guam has seen a steady increase in tourist arrivals for the last 3 years. In 2012, the number of arrivals was 1,308,035. That number climbed to 1,334,497 in 2013: a 2% increase. The following is a chart from First Hawaiian Bank's *Economic Forecast, 2014 Guam- CNMI Edition (2014)* that shows the total number of arrivals from each of the eleven main tourist markets.[20]

CHART 6 • SOURCES OF GUAM VISITORS, 2013 VS. 2012

Calendar Year	2013	2012	Growth	2013 Share
Japan	893,118	929,229	-3.9%	66.9%
Korea	245,655	182,829	34.4%	18.4%
U.S. Mainland	48,836	51,321	-4.8%	3.7%
Taiwan	48,653	49,144	-1.0%	3.6%
CNMI	16,154	16,717	-3.4%	1.2%
China P.R.C.	11,225	8,939	25.6%	0.8%
Philippines	10,920	10,483	4.2%	0.8%
FSM	9,842	10,069	-2.3%	0.7%
Hawaii	9,746	11,297	-13.7%	0.7%
Hong Kong	8,857	8,609	2.9%	0.7%
Russia	8,084	4,040	100.1%	0.6%
All others	17,671	15,964	10.7%	1.3%
Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

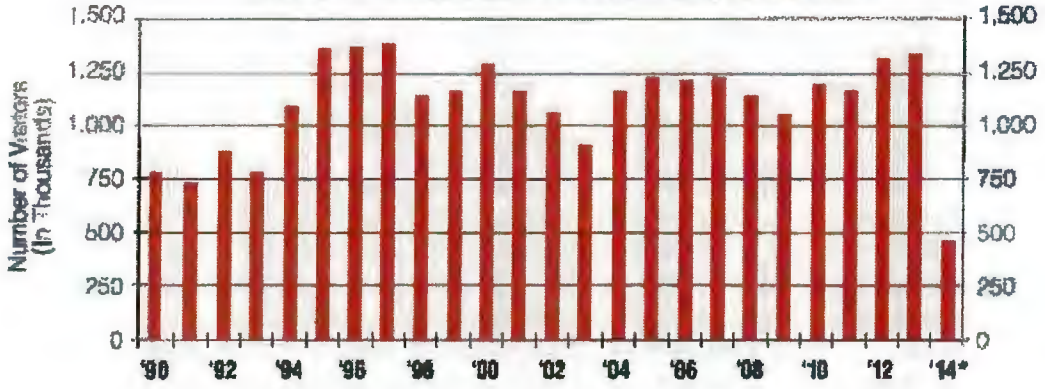
Source: Guam Declaration Forms, Guarantine Agri. Processed, Guam Visitors Bureau

The graph shows that Japan still supplies Guam with the largest number of tourist each year and, even with a 3.9% drop in arrivals from 2012 to 2013, represented 66.9% of the market for 2013. The drop in Japanese arrivals from 2012 to 2013 had much to do with the changing Japanese demographics (more elderly Japanese than younger families who are more likely to travel) and a weakening of the Japanese economy that has made Guam a more expensive destination for Japanese. [21]
the year 2014 had also seen a 25.4% increase in tourist from Korea, Guam's second largest source market; a 45% increase in tourist from the People's Republic of China; and a 101.5% increase in arrivals from Russia.[22] In his 2015 Guam State of the Island Speech, Governor Calvo said that, *"The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy."*[23]

The end of 2014 saw a total arrival to the island of 1,342,377 visitors: a nearly 6% increase from the previous year. Korea arrivals for calendar year 2014 grew by 25.4%, while the People's Republic of China rose by 45%, and the Russia Federation arrivals increased by 101.5%. Additionally, sea arrivals for CY 2014 increased by 115.7%. The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy.

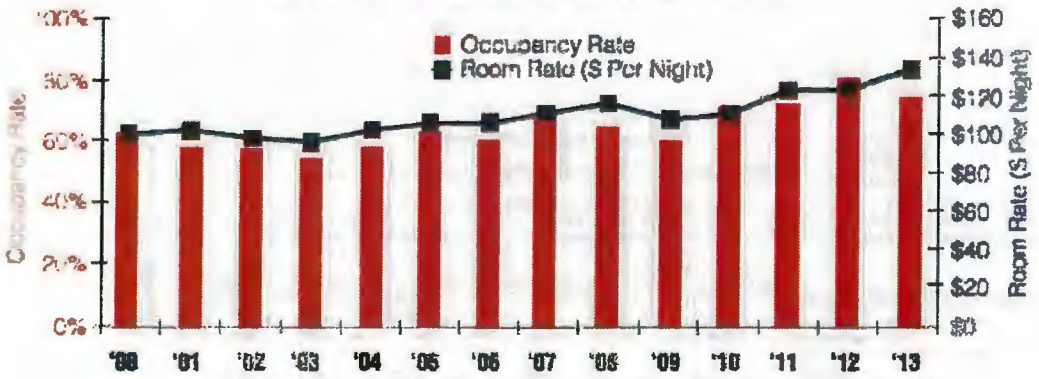
[20] Source: First Hawaiian Bank . Economic Forecast, 2014 Guam- CNMI Edition (2014)
[21] Source: Guam Business Magazine. Houston, We have Lift-off (Well, Maybe). (November, 2014)
[22] Source: Eddie Calvo, Guam Governor. Guam 2015 State of the Island Speech (January, 2015)
[23] Source: Ibid

CHART 1 • GUAM VISITOR ARRIVALS, 1998-2013



*2014, January-April. Sources: Guam Visitors Bureau, *Guam Visitor Arrivals, multiple issues*

CHART 7 • GUAM HOTEL DATA, 2000-2013



Source: Guam Hotel and Restaurant Association, *Summary Statistical Report March 2013*

CHART 8 • ECONOMIC GROWTH IN GUAM'S TOURIST MARKETS

	U.S.	Japan	Korea	Taiwan	China	Hong Kong
2011			3.7	4.2	9.3	4.8
2012	2.8	1.4	2.0	1.5	7.7	1.5
2013	1.7	1.5	2.8	2.1	7.7	2.9
2014	2.8	1.3	3.7	2.7	7.5	3.5
2015*	3.0	1.3	3.8	3.2	7.4	3.6

*Forecast Source: Asian Development Bank

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Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

Source: Guam Customs Declaration Forms. Customs and Quarantine Agency. Processed by the Guam Visitors Bureau

GUAM HOTEL & RESTAURANT ASSOCIATION

SUMMARY STATISTICAL REPORT SEPTEMBER 2014 (Released November 18, 2014)

Number of Hotels in GHRA	24	Number of Rooms under Construction	0
Number of Existing Hotel Rooms	7 512	Capacity in Room Nights	216,880
Number of Rooms under Renovation	65	Room-Employee Ratio	1 57(Room to 1 Employee)
		Rev Par 2014	$ 105 43
		Rev Par 2013	$ 91 11

	2013 YTD	2014 YTD	YTD CHANGE	Sep-13	Sep-14	CHANGE
NUMBER OF HOTELS REPORTING				13	14	1
Room Nights Available for Sale	1 564 473	1,644,754	5%	173 850	216 680	25%
Room Nights Sold	1 260 426	1 258 671	-0%	128 327	159 828	25%
HOTEL OCCUPANCY RATES						
Low Average	42%	48%	6pts	27%	58%	31pts.
Mean Average	77%	78%	1 pt.	76%	83%	7pts.
Weighted Average	77%	77%	0 pts.	74%	74%	0 pts.
High Average	93%	93%	0 pts.	92%	81%	(1pt.)
HOTEL ROOM RATES						
Low Average	$51	$50	-2%	$48	$46	-4%
Mean Average	$121	$134	11%	$110	$133	21%
Weighted Average	$134	$150	12%	$123	$143	16%
High Average	$181	$201	11%	$166	$186	12%
GROSS RECEIPTS TAX PAID	$12 369 241	$13 640 574	10%	$1 190 058	$1 459 561	23%
ROOM OCCUPANCY TAX PAID	$16 746 376	$19 442 260	16%	$1 645 686	$2 331 560	41%
PAX ARRIVAL COUNT - JGTA	583 092	515,604	-10%	73 493	68 409	-7%
PAX ARRIVAL COUNT - KOREA	177 555	225 350	27%	19 686	23 657	20%
PAX ARRIVAL COUNT - TAIWAN	37 739	40 000	6%	4 949	3 408	-31%
PAX ARRIVAL COUNT - CHINA, P.R.C	8 472	11,739	39%	873	1 651	89%
PAX ARRIVAL COUNT - RUSSIA	4 761	14 968	214%	238	195	-18%
GVB TOTAL ARRIVAL COUNT	1 006 475	1 010 031	1%	108 835	112 523	4%

Weighted Average Occupancy = Sum of Room Nights Sold divided by total number of Room Nights Available for sale by reporting hotels
Weighted Average Room Rate = Sum of all Room Sales divided by sum of all Room Nights Sold by Reporting Hotels
Room Employee Ratio = (Hotel Rooms/Total Number of Employees from Reporting Hotels)
* As of release date two hotels have not reported information to the Guam Hotel & Restaurant Association

Source: Guam Hotel & Restaurant Association. Statistical Report (September, 2014)

Japan

For the past several decades, Japan has been the single biggest source of tourist for Guam and the CNMI. Out of the 1,334,497 visitors to Guam in 2013, 893,118 of them were from Japan. However, that number was down from 929,229 visitors from the prior year[24].

The 2011 disasters (referred to as 3/11 by the Guam visitors Bureau), the down turn in the economy and the devaluation of currency, as well as the aging Japanese population, has all contributed to a marked drop in Japanese tourist visits both in Guam and around the world. The industry has seen double digit declines of tourist from Japan month over month since 2013[25]

Diversifying the tourism industry's target visitor make-up, and expanding the target market beyond Japan tourist, will help lower Guam's reliance on the Japanese economy. According to Governor Edward Calvo, Japanese tourist make up around 71% of all arrivals to Guam in 2013 (GVB, p. 3). This massive reliance on a single country exposes Guam's economy to Japan's economic hardship. Considering that tourism contributes $1.4 billion into the economy- and accounts for 31% of non-federal employment on the island- any down turn in Japan's economy will definitely have an impact on Guam's.

This fact has not evaded the Guam Visitor's Bureau. One of the goals stated in their Guam Tourism 2020 Strategic Plan (published in January, 2014) is to diversify the industry's visitor target market makeup. The goal is to "maintain a Japan market mix of at least 55- 60%" (GVB publication. Jan, 2014) [26].

According to the GVB, Japan will continue to be a major source of tourism for Guam, but efforts will continue to be made to advertise Guam to other markets.

Korea

Korea has always been a large source of tourist for Guam and has maintained a second place status to that of Japan. Guam Business Magazine wrote an article regarding the increase in Korean visitors[27]:

Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise
January 19, 2015
(Guam Business Magazine)

With the Japanese market on a gradual decline in recent years, Guam and the NMI have been steadily expanding their efforts into secondary markets. Korea is the top secondary market for both destinations, and marketing efforts to draw Korean visitors have grown by leaps and bounds over the past several years.

According to Karl A. Pangelinan, outgoing general manager of Guam Visitors Bureau, Japan has suffered a significant downturn in its role as Guam's number one visitor market segment. "We've seen double-digit declines pretty steadily month over month since last year, and last year was a down year for us as well. We've been heavily reliant on the Japan market for a number of years, and Korea has been a decent second over the years, but it's now becoming a very strong second"

Pangelinan's assertions are backed by significant numbers, which show that Guam's Korean visitor numbers in fiscal 2014 have more than doubled since fiscal 2011, going from 144,844 to 293,437. Considering that the bureau's stretch goal was intended to be 350,000 by 2020, the numbers are far ahead of the curve.

"That's due in large part to airlift," he says. "We've been working closely with the airlines that service Korea,

[24] First Hawaiian Bank. Economic Forecast, 2014 Guam-CNMI Edition (2014)
[25] Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise(January, 2015)
[26] Source: Guam Visitors Bureau. Guam Tourism 2020 Strategic Plan (January, 2014)

[27] Source: Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise. (January, 2015)

and I think that by the end of December, we should have approximately half a million seats coming out of Korea. Now that we've done that, the onus is now on us to create additional demand for Guam to meet the supply. We need to meet that to keep the airlines healthy."

...

" ...The airlines have increased the flights and the number of overall seats, but not the accommodations," says Thomas Hur, assistant manager for the Mode Tour Guam office. He adds that airport congestion has also been one of the primary complaints by Korean visitors, with outbound visitors saying they "had to wait a long time, sometimes hours, to be cleared through immigration and customs..."

...Hur also agrees with the assessment, saying that Guam was marketed in Korea as a "fantasy island" for honeymooners in the 1990s because of traveling restrictions imposed by the Korean government. Since the restrictions have been lifted, the destination has now come to be marketed heavily as a more family - oriented location, with an emphasis on the island's shopping and water parks....

Hong Soon Im, President of Tagada Amusement Park, Miki Taxi Service, and Miki Advertising, agrees that safety is a major source of concern for visitors with families. A former GVB Korean Marketing Committee chairman, former president of the Korean tour Association of Guam, and member of the Governor's economic advisory council, Im has over 30 years of experience with the local hospitality industry.

The majority of Korean visitors are here with families," he says. "They like the island because it's an American territory and they feel safe here, but they feel more could be done. They've said that the streets need to be better lit in certain parts of Tumon, and that the sidewalks need to be widened in areas like Pleasure island because of how dangerous the traffic is."

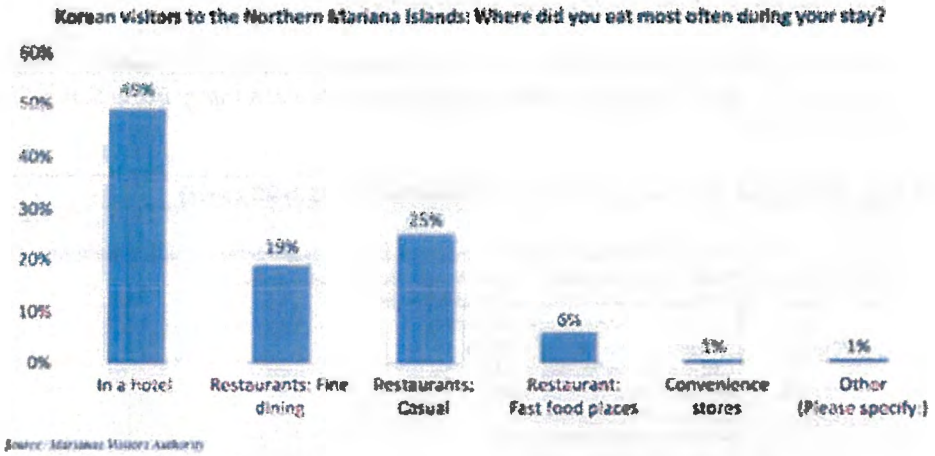
The article posted a "Korean Visitor Profile" break down list, describing the demographics and behavior of the common Korean visitor.[28]

Korean Visitor Profile

Average age: 34.8
Average stay: 3.64 days
56% are white-collar office workers, specialists or self-employed
78% are married
83% are traveling with family
73% are traveling with spouse
86% are traveling on a packaged tour
84% are first-time visitors
Average repeat visitor has been to Guam 2.38 times
Half of repeat visitors have been here within the last year
Mean average spent in prepaid expenses: $2,303.53 per party ($850.87 per person)
Mean average spent on island: $985.72 per party ($429.02 per person)

[28] Source: Ibid

The Marianas Visitors Authority also noted (in their chart below) that up to 49% of Korean tourist would eat their meals at the hotel they stay at. The second source of meals for them are at casual restaurants. Only 19% eat at fine dining establishments.



It must be noted that security and safety were very important considerations in the Koreans' choice for coming to Guam. This is understandable since many of them - 83% - travel with their families. This concern has also been voiced by visitors from other countries to Guam, such as the Japanese and Russians.[29] The rise in crime on Guam may prove to have a negative impact on the perception that potential tourists have of Guam. This, in turn, may have a long lasting negative impact on Guam's overall economy.

China

Guam received 14,542 visitors from the People's Republic of China in 2014. This represents a 30% increase in the number of arrivals from the 11,225 visitors of 2013. The increase is due to three main factors:

1. The increase in airline routes to Guam from mainland China.
2. The extension of US visas for Chinese visitors.
3. And the increased focus on marketing to Chinese tourist by the GVB

The increase in flights from main land China to Guam in the past few years eased the way for increased Chinese travel to the island. An agreement to extend tourist and business visas for 10 years (which started in 2014) is having a profound impact on the number of visitors arriving in Guam from mainland China as well. Former Visitors Bureau General Manager Karl Pangelinan was quoted in a November, 2014 Pacific Island Report as saying,

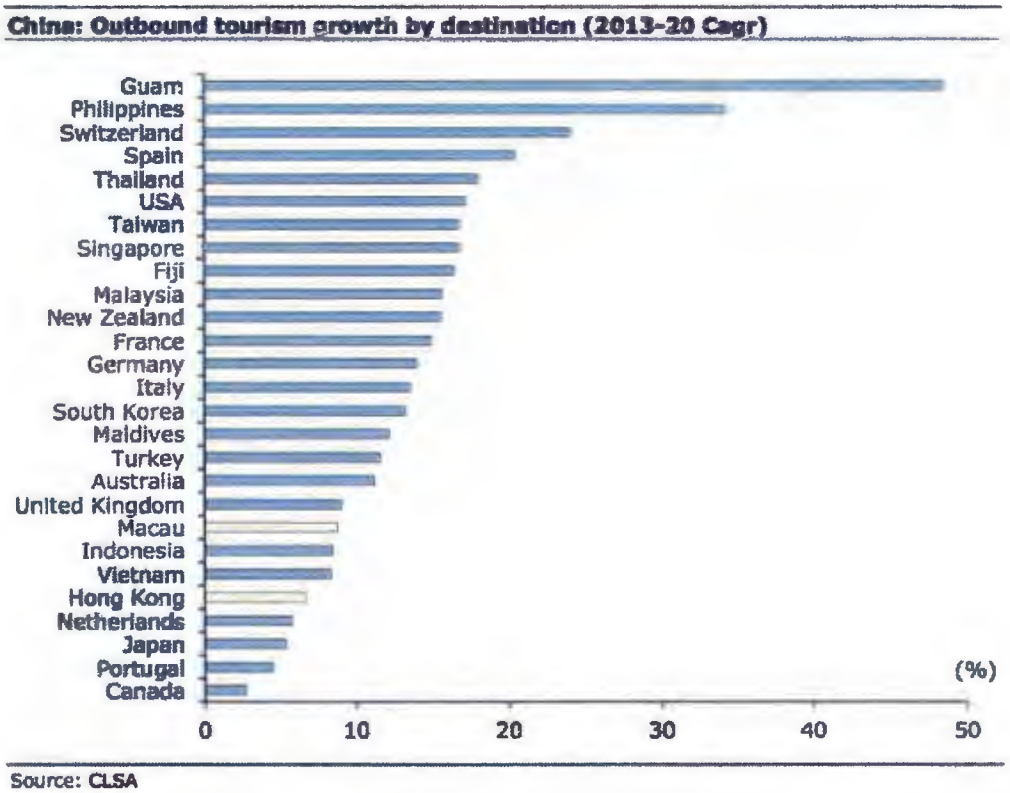
> *"The announcement from the federal government that it is extending short-term Chinese tourist and business visas from one year to 10 years is great news for Guam... While we will still push for a visa waiver, this visa extension will definitely help ease the travel process for visitors and provide more jobs and opportunities for our people."* (qtd. in *Dumat-ol Daleno, November, 2014)*

Quartz Magazine emphasized Guam's advantage over other destination potentials for Chinese tourist in their January, 2014 article *Chinese tourists are broadening their horizons: here today, Guam tomorrow:*

[29] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

"Chinese tourism overseas will double in the next six years to 200 million people a year, according to a recent report from analysts at CLSA, and a tiny US military outpost 900 miles north of the equator in the Western Pacific could be one of the biggest beneficiaries. The hilly 200-square-mile island of Guam, population about 160,000, could see 50% growth in Chinese tourists, analysts say, the most of any destination...

"Guam's military history might prove as much of a draw for the Chinese, who are clashing with Japan and other Asian neighbors over the rights to islands and territory in the South China Sea."(H. Timmons, 2014)[30]



Global Travel Industry News also considers Guam and Saipan to be in good positions to receive a good share of attention from the growing number of Chinese tourists:

eTN Global Travel Industry News
Why Chinese tourists travel to Hawaii, Guam or Saipan
July 31, 2014

United States Pacific Islands are new hot destinations for the lucrative Chinese outbound travel market. An interesting article translated from the Chinese media gives a take from the Chinese side of the story. It reads: Safety concerns, better travel options help lesser-known destinations gain an edge over once-popular locales.
Political uncertainties in some Southeast Asian nations are propelling Chinese tourists to such exotic destinations as Hawaii, Saipan and Guam in the Pacific and also helping boost local tourism industries in

[30] Quartz online magazine, Chinese tourists are broadening their horizons: here today, Guam tomorrow (January, 2014)

these regions, tourism sources said.
Jiang Yiyi, director of the China Tourism Academy's international tourism development division, said that the number of outbound tourists from China will cross 100million this year.
"It is obvious that newer destinations will benefit from the increased outflows," he said.
According to Jiang, nearly one-third of the Chinese tourists are self-guided travelers who prefer trips to exotic destinations like the Pacific Islands. Other destinations like Japan and South Korea also are gaining in popularity with Chinese tourists because of the continued political problems in some Southeast Asian nations.
"The Pacific Islands will be the main beneficiary of the increased tourist flows as many of the islands are new and unexplored destinations," she said.
....
"The visa policy of Saipan is even more convenient than some Southeast Asian countries," said Xie Ting, a 27-year-old office worker from Xi'an, Shaanxi province.
Xie spent her holiday in Saipan in May, though her original plan was to go to Phuket Island in Thailand. "I changed my plans, as I was worried that the local political events would affect my holiday," she said.
Charter flights operated by some carriers like China Southern Airlines Co Ltd, Sichuan Airlines Co Ltd and Asiana Airlines Inc provided multiple choices for Xie to arrive in Saipan, although there are no regular direct flights between China and the island.
Though there is considerable interest among Chinese tourists for trips to Pacific islands, many of these destinations still need to spruce up facilities.
There are 29 hotels with 8,451 rooms in Guam, an over-seas territory of the US, that is slowly becoming popular with Chinese tourists. High-end hotels account for 31.3 percent of the total, and there are no super-luxury hotels, according to the Guam Visitor Bureau.

An article written on the CLSA website (a Hong Kong based broker and investment group) in January, 2014 predicted increase growth of overseas Chinese tourist. The article also highlighted some results of its recently conducted survey of 1000 Chinese travelers in China. Some of their findings are as follows:

- 64% of respondents were interested in travelling overseas in the next 12 months and 67% intend to increase their travel budget.
- Chinese tourists are desiring new experiences : from sightseeing, to food, to hotels, to gaming and shopping.
- Chinese tourists are becoming increasingly savvy, independent and demand high quality experiences and service."
- Shopping remains an important component of the travel itinerary. Local specialties, skincare/makeup/perfume, and apparel are the most purchased items
- 80% of tourists buy these items from local specialty shops
- Close to 60% make purchases at downtown or airport duty free stores.
- 40% of CLSA survey respondents may book their own flights and hotels and make their own arrangements in the future.[31]

[31]**Source:** CLSA. Outbound Chinese tourists to double by 2020 propelling global growth in travel related sectors (January, 2014)

Russia

In January of 2012, The Department of Homeland Security gave visa-free entry discretion and authorization to the US Customs and Border Protection (CBP) to allow citizens of Russia to enter Guam and the CNMI. A press release on the U.S. Customs and Border Protection website stated the following:

> U.S. Customs and Border Protection website
> **Russian Citizens Now Eligible to Travel to Guam Visa-Free**
>
> Release Date:
> January 26, 2012
> **WASHINGTON, D.C.**—Effective January 15, citizens of Russia are eligible to travel to Guam without a visa. On November 15, 2011, the Secretary of the Department of Homeland Security (DHS) signed a decision that allows U.S. Customs and Border Protection (CBP) to exercise discretionary parole authority on a case-by-case basis to permit Russian nationals to travel to Guam visa-free.
> The new eligibility allows citizens of Russia to enter Guam visa-free and travel between Guam and the CNMI as nonimmigrant visitors for business or pleasure for a period of stay up to 45 days, provided the traveler meets certain conditions.
>
> .....
>
> Parole authorization is limited to Guam and the CNMI only and does not include the benefit of travel to another location within the United States.
>
> Previously, on October 21, 2009, DHS announced that citizens of the People's Republic of China and Russia would be permitted to travel to the Commonwealth of the Northern Mariana Islands (CNMI) visa-free, and those travelers would be paroled into the CNMI, based on the Secretary's discretionary parole authority, on a case-by-case basis. This benefit became effective November 28, 2009....

Neither program allows for citizens of either country to travel to any other part of the US without a visa[32]. This visa exception has been profitable to both Guam and the CNMI. Guam received 8,084 visitors from the Russian Federation in the year 2013. That was a 100% increase from the previous year's 4,040 tourist who visited the island in 2012.

The Marianas Variety, Guam edition, reported that Russian tourist average per person expenditure was $2,746.96, and that the average overall expenditure of Russian tourist was $5,516.10.[33]
The newspaper also noted that Guam "is marketed as a high-end family destination," and reported on the findings of a QMark Research exit poll survey of 602 Russian tourist conducted in 2013 for the Guam Visitor's Bureau.

Some of the findings of the Russia Visitor Tracker Exit Profile survey included the following:

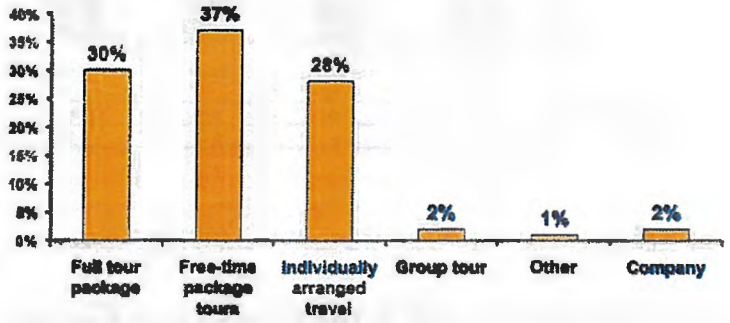
- 19% traveled with a friend
- 82% travel with family
- 51% of the children who arrived with their families were between the ages of 3 and 6
- 32% travel with children

[32] Source: U.S. Customs and Border Protection website. Russian Citizens Now Eligible to Travel to Guam Visa-Free (January, 2012)
[33] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

- 13% travel alone
- 18% were repeat visitors
- 55% of travelers were between 35 to 49 years old
- Median length of stay was 14 days

The following are charts taken from the Guam Visitors Bureau's Russian Visitor Tracker Exit Profile:

Travel Planning - Overall

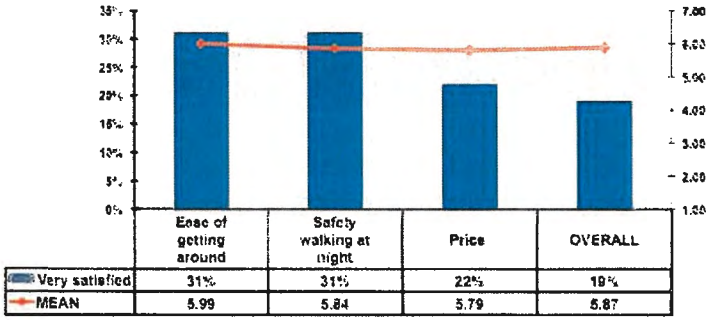


Motivation by Age & Gender

	TOTAL	AGE				GENDER	
		18-24	25-34	35-49	50+	Male	Female
[illegible]	92%	92%	89%	94%	90%	92%	91%
Natural beauty	90%	92%	87%	90%	93%	89%	91%
Relax	60%	47%	52%	64%	68%	50%	61%
Short time time	55%	24%	55%	60%	43%	53%	58%
Pleasure	35%	47%	30%	30%	30%	36%	34%
Safe	30%	29%	24%	31%	34%	32%	28%
Shopping	29%	35%	29%	30%	25%	26%	33%
Freedom- Disciplined age	20%	41%	18%	20%	20%	20%	19%
Business trip	15%	12%	10%	16%	10%	16%	15%
Water sports	5%		7%	5%	3%	5%	4%
Scuba	4%	6%	7%	4%		6%	3%
Visit friends/ Relatives	4%	12%	5%	3%	3%	3%	4%
Price	4%		3%	4%	3%	4%	3%
Golf	3%	6%	4%	2%	3%	2%	3%
Organized sports	3%		4%	3%	1%	3%	1%
Company Sponsored	2%		4%	2%	2%	3%	1%
Company Business Trip	2%		2%	2%	3%	2%	2%
Honeymoon	1%	6%			2%	1%	0%
Stamp/ Air awarding	0%		1%	0%		1%	
Total [illegible]	600	17	123	327	117	303	297

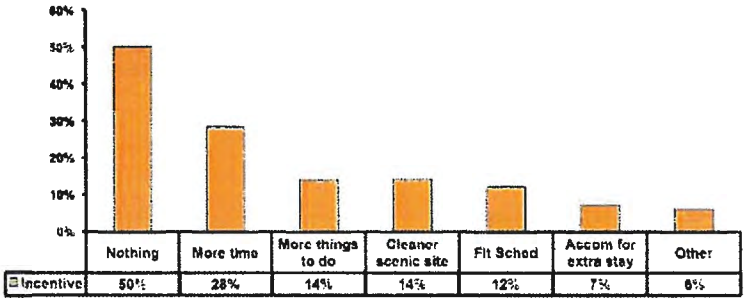
Satisfaction Scores Overall

7pt Rating Scale
7=Very Satisfied/1=Very Dissatisfied



	Ease of getting around	Safety walking at night	Price	OVERALL
Very satisfied	31%	31%	22%	19%
MEAN	5.99	5.84	5.79	5.67

What would it take to make Guam more enjoyable for families?



	Nothing	More time	More things to do	Cleaner scenic site	Fit Sched	Accom for extra stay	Other
Incentive	50%	28%	14%	14%	12%	7%	6%

The Marianas Variety also noted that the average Russian tourist "would prefer to spend time relaxing undisturbed on the beach or participating in the typical tour attractions at a leisurely pace."[34] Russians must travel to either Korea or Japan to get to Guam, as there are currently no direct flights between Russia and Guam.

Future Trends

With the current situation in Ukraine, and with the Russian government's vilification of the U.S., it is unlikely that we will see a large return of Russian visitors within the next two years. The Sanctions imposed on Russian by US and Western countries have hurt their economy substantially, and the Ruble had lost 46% of its value in 2014.[35] Inflation in Russia - as of February, 2015- was at 16.7%.[36]

However, political distrust and turmoil tend to change with politics and policies. We may yet see a return of the Russian tourist in large numbers in the future.

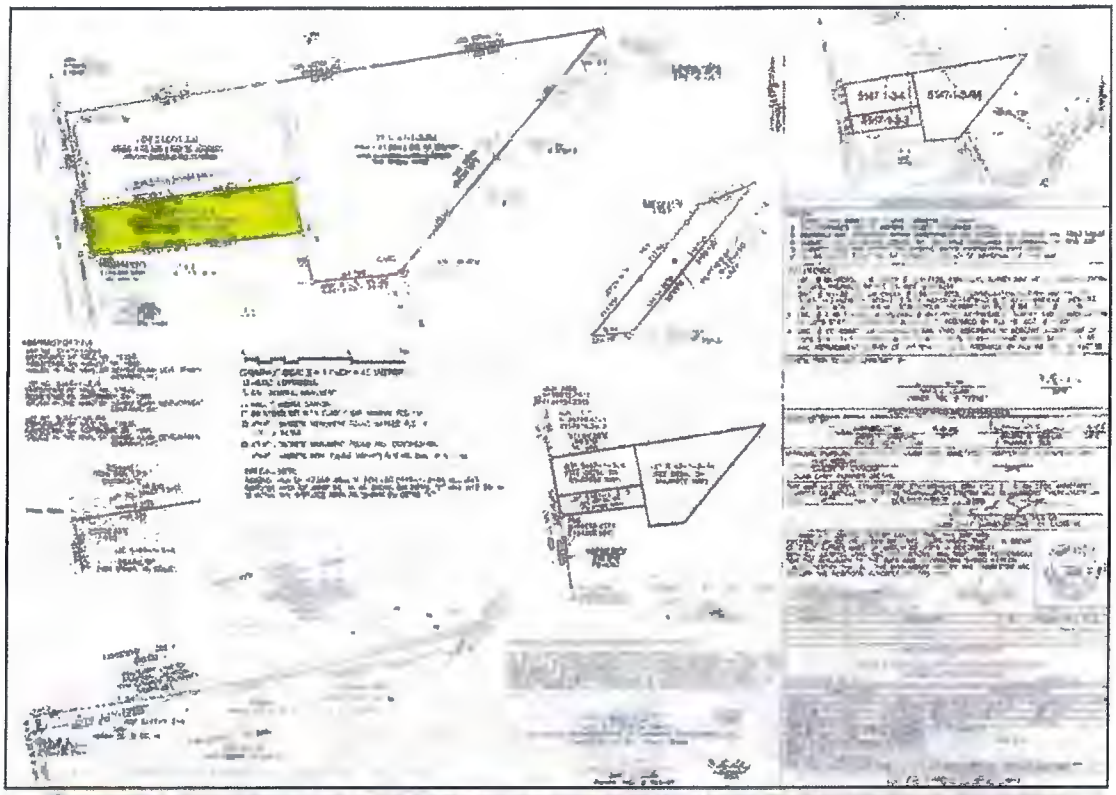
[34] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)
[35] Source: CNN Money online. Ruble jumps as Russia moves to support banks (Dec. 2014)
[36] Source: Trading Economics. Russia Inflation Rate. (March, 2015)

Exhibit 2

Island Data

Land Transaction 1

A.	Recording Data:	Instrument Number 803209
B.	Grantor/Lessor:	Lujan, David J.
C.	Grantee/Lessee:	Ironwood Heights Guam, LLC
D.	Date of Transaction:	3/11/2010
E.	Date Inspected:	1/21/2016
F.	Dimensions and size:	Survey Reference # 168FY2006
	a. Land:	10000 square meters
	b. Improvement:	None
G.	Consideration:	$2004000
H.	Unit Price:	$200.4 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 5147-1-3-, 3, -R4NEW-2, and -R4NEW-1R/W
K.	Address:	Off Ypao Road, Site of Irondwood Hights
L.	Zoning:	R2, Multiple-dwelling zone
M.	Present Use:	Vacant and idle
N.	Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
O.	Condition of Transaction:	Arm's-length transaction; seller to install underground power and water
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	Easement
	a. Easements:	The parcel includes a 20' easement running along the northern boundary.
	b. Flood Zone:	Zone X
	c. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Buyer Agent, Mr. Carlos Camacho
	a. Verification Sources:	Public Records; MLS 07-3202, Mr. Carlos Camacho
	b. Information Verified:	Buyer Agent, Mr. Carlos Camacho; Rich Inman (404) 504-2772
	i. Transaction Price:	$2,004,000
	ii. Terms/Concessions:	All cash transaction
	iii. Other:	None
U.	Motivation of Parties:	Buyer purchased for development and investment purposes
	a. Source of Information:	Buyer Agent, Mr. Carlos Camacho: (671) 687-7233
	b. Relation of Parties:	No relation
	c. Unusual Motivations:	None known
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	Property listed on MLS for 891 days prior to closing
X.	Days on Market:	891
Y.	Remarks:	The survey map found herein (Drawing No. FCO15/2006) was the map used at the time of sale. The survey map has since been upgraded in 12/28/2010 which led to the change in legal description and includes the Right-of-Way (Document No. 815711)
	a. Topography:	Level
	b. Access:	Paved road, Front Ypao Road
	c. Amenity View:	Neighborhood View
Z.	Property Sketch:	None




I want to

Photograph



Date Taken: 01/21/2015 By: Vance L. Reklai	View of the front, across the street facing the western boundary looking southeast.

Land Transaction 2

A.	Recording Data:	Instrument Number 831961
B.	Grantor/Lessor:	Sook Cha Lee aka Shirley Lee
C.	Grantee/Lessee:	Sunilh H. Uttamchandani
D.	Date of Transaction:	1/20/2012
E.	Date Inspected:	1/21/2016
F.	Dimensions and size:	Survey Reference # 099FY73
	c. Land:	7860 square meters
	d. Improvement:	None
G.	Consideration:	$1577000
H.	Unit Price:	$200.6361 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 2144-1D-9 and -R9
K.	Address:	Mamis Street
L.	Zoning:	PUD, Planned Unit Development
M.	Present Use:	Vacant and idle
N.	Highest and Best Use at Time of Transaction:	Industrial/Commercial
O.	Condition of Transaction:	Arm's-length transaction sold in MLS.
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	None
	d. Easements:	None
	e. Flood Zone:	Zone X
	f. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Buyer, Mr. Uttamchandani
	c. Verification Sources:	Public Records; MLS 10-671, Buyer Mr. Uttamchandani
	d. Information Verified:	Buyer, Mr. Uttamchandani
	iv. Transaction Price:	$1577000
	v. Terms/Concessions:	Small downpayment with seller financing
	vi. Other:	None
U.	Motivation of Parties:	Buyer purchased to develop for commercial investment
	d. Source of Information:	Buyer, Mr. Uttamchandani; (671) 989-8778
	e. Relation of Parties:	No relation
	f. Unusual Motivations:	None known
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	Property listed on MLS for 714 days prior to closing
X.	Days on Market:	714
Y.	Remarks:	None
	d. Topography:	Level
	e. Access:	Paved road, Front Mamis Street
	f. Amenity View:	Neighborhood View
Z.	Property Sketch:	None



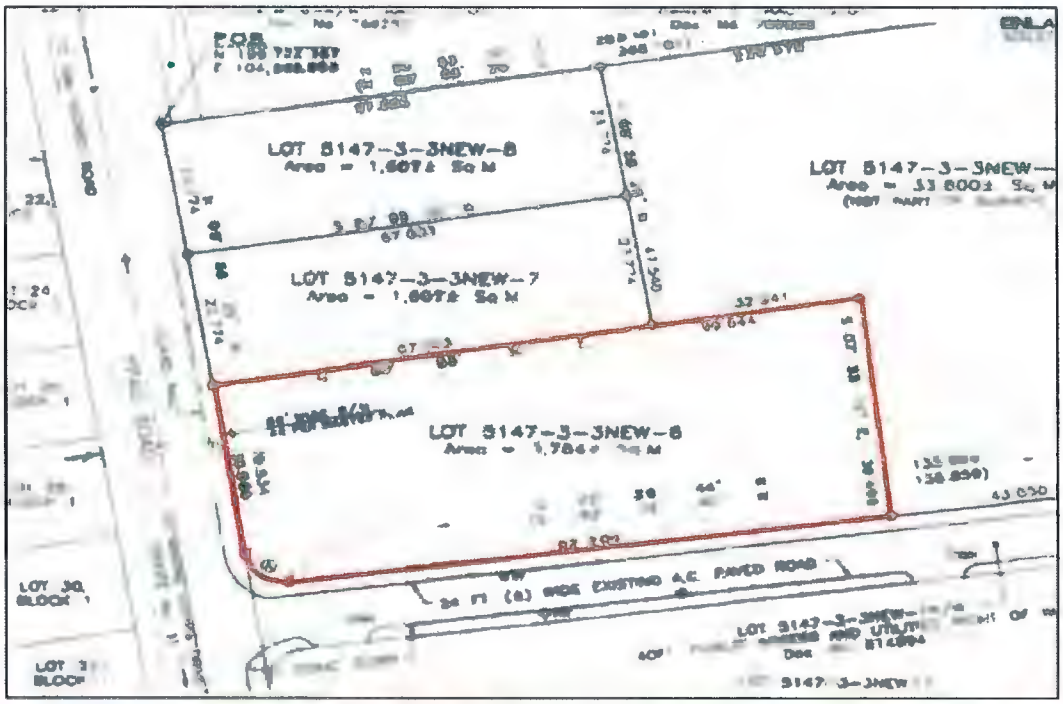
Photograph



Date Taken: 01/21/2015 **By: Vance L. Reklai**	**View of Lot 2144-1-D-9 from the southwest corner facing east; Lot 2144-1-D-R9 is located to the southwest on the other side of the pavement.**

Land Transaction 3

AA. Recording Data:	Instrument Number 886242
BB. Grantor/Lessor:	Lujan, David J.
CC. Grantor/Lessee:	LZ Company
DD. Date of Transaction:	11/30/2015
EE. Date Inspected:	1/21/2016
FF. Dimensions and size:	Survey Document # 876133
e. Land:	3764 square meters
f. Improvement:	None
GG. Consideration:	$752,800
HH. Unit Price:	$200 per square meters
II. Type of Instrument:	Warranty Deed
JJ. Tax Identification/Folio Number:	Lot 5147-3-3NEW-3
KK. Address:	Fronting Ypao Road, North of Ironwood Hights
LL. Zoning:	R2, Multiple-dwelling zone
MM. Present Use:	Vacant and idle
NN. Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
OO. Condition of Transaction:	Arm's-length transaction sold in MLS.
PP. Type of Financing:	All cash to seller
QQ. Encumbrances:	None
g. Easements:	None
h. Flood Zone:	Zone X
i. Other:	None
RR. Type of Improvements:	None
SS. Site Utilities:	All Utilities On Site
TT. Verification Information:	Buyer Agent, Mr. Mark Zhao
e. Verification Sources:	Public Records; MLS 14-2727
f. Information Verified:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
vii. Transaction Price:	$752,800
viii. Terms/Concessions:	All cash transaction
ix. Other:	None
UU. Motivation of Parties:	Buyers acquired the property for partial owner-occupant commercial/residential development purposes
g. Source of Information:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
h. Relation of Parties:	No relation
i. Unusual Motivations:	None known
VV. Analysis of Pertinent Information:	None
WW. Overall Exposure Time:	It is noted that the property was listed on Multiple Listing Service (MLS No. 14-2727) for 482 days with an asking price of $846,000 ($225 per square meters).
XX. Days on Market:	482
YY. Remarks:	None
g. Topography:	Level
h. Access:	Paved road, Front Ypao Road
i. Amenity View:	Neighborhood View
A. Property Sketch:	None


LOT 5147-3-3NEW-8
Area = 1,607± Sq M
LOT 5147-3-3NEW-7
Area = 1,607± Sq M
LOT 5147-3-3NEW-6
LOT 30
BLOCK 1
LOT 3
BLOCK
24 FT (6) WIDE EXISTING A.C. PAVED ROAD



Photograph



Date Taken: 01/21/2015 By: Vance L. Rekiai	View of L5147-3-3-NEW-6, to the right side of the easement.

Exhibit 3

Abstract of Title

November 16, 2015

Ms. Margarita H. Inocentes
Trustee Under the Inocentes 2002 Trust
1633 Scenicview Dr.
San Leandro, CA 94577

Subject: Lot 2143-R5, Municipality of Tamuning
Route 14B (Ypao Road) Reconstruction and Widening
Project No. GU-NH-0014B (001)

Dear Ms. Inocentes,

As you may be aware, the Department of Public Works (DPW) is planning construction of the above referenced roadway project. DPW has engaged me to appraise the above subject property, located in the Municipality of Tamuning, Territory of Guam, which is owned by you.

The purpose of the appraisal is to state an opinion of market value of the portion of the property needed for right of way at this particular location for the reconstruction and widening of Route 14B.

I have scheduled a field inspection of the above described property. If you or your designated representative would like to accompany me on this inspection, please call me at 671-646-0234 so that we can schedule a mutually agreeable time and meeting place.

Any information you can provide concerning surveys, building plans, names of tenants, leases, rents, real estate taxes, operating expenses, and factors which affect the value of the property will be helpful in estimating the market value of your property.

You may contact me or my secretary Monday through Friday between 8:00 AM and 5:00 PM. Should you find it necessary to call long distance, please call collect. Please advise me of your wishes at your earliest convenience.

Very truly yours,

Vance L. Reklai, SRA
President and Chief Appraiser
Micronesian Appraisal Associates, Inc

November 16, 2015

Ms. Margarita H. Inocentes
Trustee Under the Inocentes 2002 Trust
c/o Timothy H. Smallreed
1221 Broadway, 21st Floor
Oakland, CA 94612

Subject: Lot 2143-R5, Municipality of Tamuning
Route 14B (Ypao Road) Reconstruction and Widening
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Very truly yours,

Vance L. Reklai, SRA
President and Chief Appraiser
Micronesian Appraisal Associates, Inc

Exhibit 4

Appraiser's Qualifications

Professional Qualifications: Vance L. Reklai, SRA

Professional Experience

Guam General Certified Appraiser - CA-14-031, Expiration Date: February 10, 2016

Appraisal experience includes vacant land single family residential, multi-family residential, and commercial.

Geographic areas covered include Guam and Republic of Palau.

Appraisal circumstances include financing, leasing, acquisition, foreclosure disposition, and insurable replacement value.

Clients include lenders (FDIC and non-domestic), attorneys and private property owners. Work product accepted by most lender within the region.

Work History

May 1999 to Present: Micronesian Appraisal Associates, Inc. President and Chief Appraiser Real estate appraisals and consultation.

October 2000 to 2013: Palau Appraisal Associates, Inc., Vice President. Real estate appraisals and consultation.

August 1998 to May 1999: Salomon Smith Barney, Investment consulting firm.

Organizations and Professional Affiliations

- Pacific Association of Professional Real Estate Appraisers
- Appraisal Institute, Residential Associate Member

Designation

- SRA, Appraisal Institute, Member Number 428821

Professional Education

The Appraisal Institute

- 2-4 Units Case Study: Residential R3, 1999
- Appraisal Methods, 2000
- Appraisal Standards, 2001
- Advance Residential Form and Report Writing, 2001
- Basic Income Capitalization, 2003
- Residential Market Analysis and Highest and Best Use, 2005
- Report Writing and Valuation Analysis, 2006
- Advance Application, 2007
- Advance Income Capitalization, 2009
- General Appraiser Market Analysis and Highest and Best Use, 2009
- Advanced Sales Comparison & Cost Approaches, 2009
- Uniform Appraisal Standards for Federal Land Acquisitions, 2010
- Online Cool Tools: New Technology for Real Estate Appraisers, 2012
- Online Advanced Internet Search Strategies, 2012
- Online Appraising From Blueprints and Specifications, 2012

McKissock

- 2014-2015 7-hour National USPAP Update Course, 2014
- Appraising FHA Today, 2014
- 2-4 Family Finesse, 2014
- Residential Appraisal Review, 2014

International Right of Way Association

- The Appraisal of Partial Acquisitions, 2000

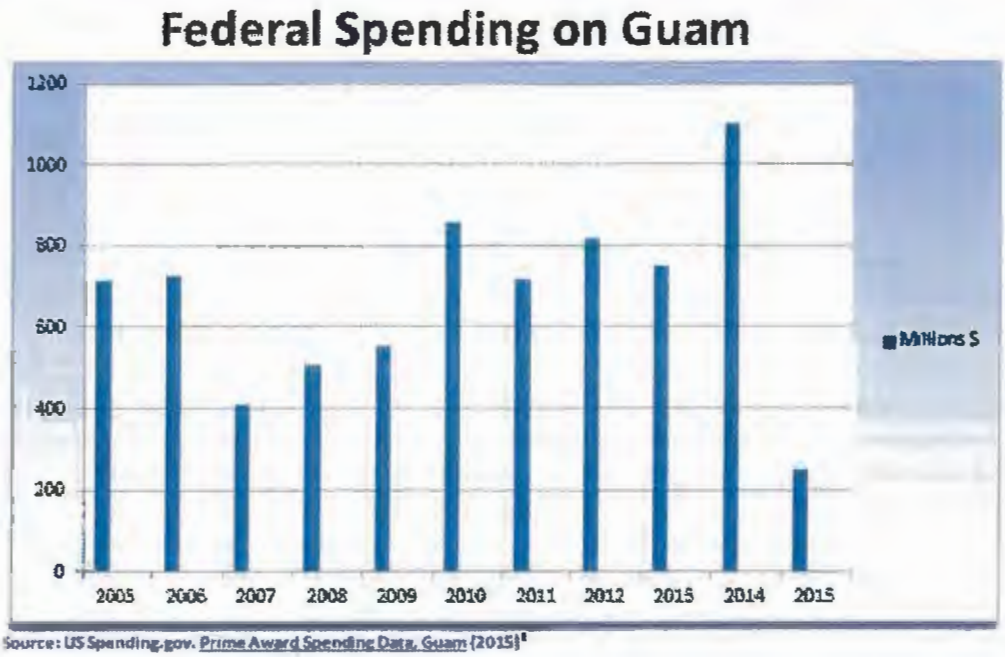
University of Guam

- Real Estate Investment Analysis, 1998
- Real Estate Finance, 1999

Education

1992 to 1999: Bachelor of Business Administration in Finance and Economics University of Guam, Guam.

The following table presents the growth in Federal spending on Guam from 2005 to 2015.[5]



Source: US Spending.gov. Prime Award Spending Data, Guam (2015)[6]

Federal spending had reached its peak of $1.1 billion in 2014 and is already at $248.6 million for the first quarter of 2015. Much of the money had flowed into the island as part of the preparation for the military buildup. However, the bulk of that money has gone to upgrade military facilities on base (such as airstrips and base infrastructure projects). The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[6].

Construction

When construction is in an upswing, construction companies tend to hire more people and purchase more supplies from the local economy to complete the project. This, in turn, increases economic activity to the region.

A snap shot of existing and upcoming construction projects for 2014 to 2016 (including federal, local government, and private contracts) shows a total of $610 million in construction work that has been awarded as of September, 2014[7]. The data was compiled by Guam Business Magazine from data gained from the Department of Public Works and Navy Engineering Facilities Command Marianas.

[5] Source: US Spending.gov. Prime Award Spending Data, Guam (2015)
[6] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)
[7] Johnson. Guam Business Magazine. Building Confidence: Construction Industry gradually on its way back up (September, 2014).

2014-2016 Construction Projects in Guam

Project	Vendor	Estimated cost	Award Date	Completion Date
DP[illegible] Reconst[illegible] Pale Sa[illegible]ers Road	Mceda Pa[illegible]lic Corp	$[illegible] million	12/[illegible]	[illegible]
DPW – Route [illegible]ening Route 28 to Chulan Kaiwa	SSFM [illegible]ernational Inc	$2.2 mill[illegible]	[illegible]	[illegible]
Plaza de Espa[illegible]a Restoration	Pelatos B[illegible]	$[illegible] million	[illegible]/2012	[illegible]
DPW – Route 4 Agfayan Bridge Repla[illegible]	Black Construction C[illegible]	$4[illegible] million	[illegible]/4/25	[illegible]
Phase I GU Chamorro Education Building	Inland B[illegible] Corp	$15.8 m[illegible]	[illegible]	3/[illegible]
DPW – Route 17 Rehab & Widening, Phase 2A	Hoppo Corp	$2[illegible] million	3/25[illegible]	[illegible]
DPW – Ordot Dump Closure – Construction [illegible] Post-Closure Improv[illegible]	Black Con[illegible]ruction Co	$4[illegible] million	[illegible]	[illegible]
DPW – [illegible]ayan Frontage Bridge Rehab	IMCO General Constru[illegible]on Inc.	$[illegible] million	[illegible]/2014	[illegible]/2015
DPW – Routes 2[illegible] and 25 Intersection Improvement	Kora[illegible] Corp	$2[illegible] million	9/[illegible]/2014	[illegible]/2014
DPW – Tiyan Parkway Phase I Project	IMCO General Construction [illegible]	$7[illegible] million	[illegible]/2014	[illegible]/2015
NAVFAC M[illegible] – AAFB BAS[illegible] Hangar MACC	[illegible] MACC Builders	$45.4 m[illegible]	[illegible]/2014	4/[illegible]/2015
NAVFAC Marianas – IDIQ Construction Navy Support Facility Diego Garcia BIOT	Black Construction Co	$10 million	4/[illegible]/2014	[illegible]/2014
NAVFAC Ma[illegible]nas – Emergency Repair Fac[illegible]	IMACO Guam MACC Builders	$2[illegible] million	4/[illegible]/2014	[illegible]/2015
Cont. Farmers Coop Facili[illegible] and Relocation – Dededo Flea Market	Mega United Corp	$2.3 million	8/[illegible]/2014	[illegible]/28/2015
NAVFAC Marianas – Marine Corps Support and Maintenance Hangar M[illegible]	Dck Pacifi[illegible]	$53.7 million	[illegible]/2014	12/[illegible]/2015
NAVFAC Marianas – Modular Storage Construction & Infrastructure Improvements MACC	Guam MACC Builders	$42.3 million	[illegible]/2014	[illegible]/2016
DPW – Biso Figua Bridge Replacement Project	Fe[illegible]ando Corp	$[illegible] million	[illegible]/[illegible]	[illegible]/2015
Guam Pub[illegible] Library – Extension, Design-Build	[illegible] Construction In[illegible]. Guam	$1[illegible] million	[illegible]/2014	[illegible]/2015
NAVFAC Marianas – IDIQ Airfield Paving	Hawaiian Rock Product Corp	$90 million	[illegible]/2014	TBD
NAVFAC Marianas – Guam Strike Fuel System Maintenance Hangar	TBD	$[illegible].5 million	[illegible]/2014	TBD
NAVFAC Marianas – Par-Pol Fuel Systems Hardened Structures	TBD	$[illegible] million	[illegible]/2014	TBD
NAVFAC Marianas – PRTC Red Horse Logistics Facility	TBD	$4.2 [illegible]	[illegible]	TBD
NAVFAC Marianas – PRTC Satellite Fire Station	TBD	$6[illegible] million	[illegible]/201[illegible]	TBD
NAVFAC Marianas – Composite Repair Shop	TBD	$[illegible] million	[illegible]/2015	TBD
NAVFAC Marianas – PRT[illegible] – Combat Communications Infrastructure	TBD	$4[illegible] million	[illegible]/[illegible]	TBD
NAVFAC Marianas – DPRI-GSE Shops at North Ramp	TBD	$21.9 million	[illegible]/2015	TBD
NAVFAC Marianas – DPR[illegible] – MMSS Facilities at North Ramp	TBD	$28.6 million	[illegible]/2015	TBD

[illegible] Department of Public [illegible] and Land Transport Improvements [illegible] Marianas

John Sage - Vice-President of Watts Construction - stated in an interview with Guam Business Magazine in 2014 that the limited skilled labor force on the island was going to be a problem when more government contracts are handed out. He stated in the article,

> *"The biggest challenge we see is the upcoming pressure on the local labor supply from upcoming [Department of Defense] projects....We are reinforcing training within the company, re-evaluating the employee benefits we offer and looking at alternate sources of labor."* (as qtd in Johnson, 2014)

Other contractors had concerns regarding the industry as a whole and the lack of large government jobs in general. The Guam Business Magazine article[8] quoted another contractor - Louis DeMaria, vice president of Dck Pacific Guam LLC - as saying,

[8] Ibid

"The prices are tighter and the margins are tighter, but I think a lot of that is just what happens when we go through a period like we have — when there just wasn't much work to go around. And now it looks like we're starting to come out of that, but whether or not it continues this trend, we'll just have to see. Things change fast." (as qtd in Johnson, 2014) [9]

It must be noted that an increase in construction activity may not indicate a growing economy since the allocation of money for some of the projects may have occurred one to two years prior to work actually begins on a project. Also, military contracts may be awarded to construction companies based and operated outside of Guam.
However, construction projects still act as a stimulus for the local economy as contractors hire more people and buy more supplies during the construction period.

Guam is also expected to make some major investments and upgrades to its energy infrastructure in the coming years. These upgrades are necessary for Guam to be in compliance with federal environmental protection laws. The Guam Economic Development Authority outlined some of these upgrades in infrastructures in its Invest Guam Conference Sponsorship Packet in 2014:[10]

Guam Economic Development Authority
Invest Guam Conference Sponsorship Packet
October, 2014
....
Guam is mandated by EPA to come in to compliance with provisions of the Clean Air and Clean Water Act. The cost to meet mandated water treatment standards will require $400 million in infrastructural investment. To meet the requirement of the clean air act will require an investment twice as large. The Guam Power Authority (GPA) is planning to invest between $650 to $850 million to build a modern mix of generation facilities that support solar, the burning of Low Sulfur Diesel, and/or LNG. The planned new generators are twice as efficient as the current generation facilities. The use of new technology will stabilize and possibly lower power rates. Just as important, the plan also supports an aggressive increase in the use of solar, wind and other alternative technologies. GPA plans to convert 40% of their current generation capacity to solar by 2020. The economic impact of the program will contribute $3.3 billion in increased economic activity over the next seven years to the economy. In addition both Guam's international Air and Sea ports are embarking on substantial upgrades further adding to the islands dynamic economic development.

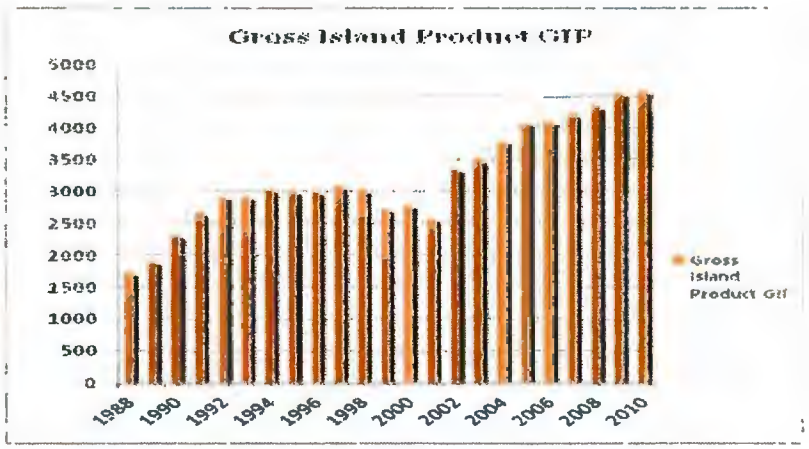
Local Economic Indicators

Guam's retail sector is one of the areas heavily influenced by tourism. It can respond more quickly than other sectors to changes in income, consumer preferences, population changes and import prices. In 2001, retail gross business income was $1.47 billion, down from its 1996/7 peak of $1.83 billion. Retail gross income accounts for more than 40 percent of total gross business income; retail sector employment makes up 27% of total private-sector employment. Confidence in Guam retailing is indicated by entries over the past decade: Liberty House (now Macy's), a high image and quality department store; Crazy Shirts, ABC Stores and other Hawaii based companies; K-Mart[11], a large chain of discount stores; and two Cost-U-Less warehouse retail stores. The Guam Shopping Center (Gibson's) was renovated into an 80,000sf outlet mall (Guam Premium Outlets) by a Hawaii developer during 1997; during 2000, Ross Dress For Less became the anchor of this center. There have been persisting rumors about Wal-Mart considering Guam, including in

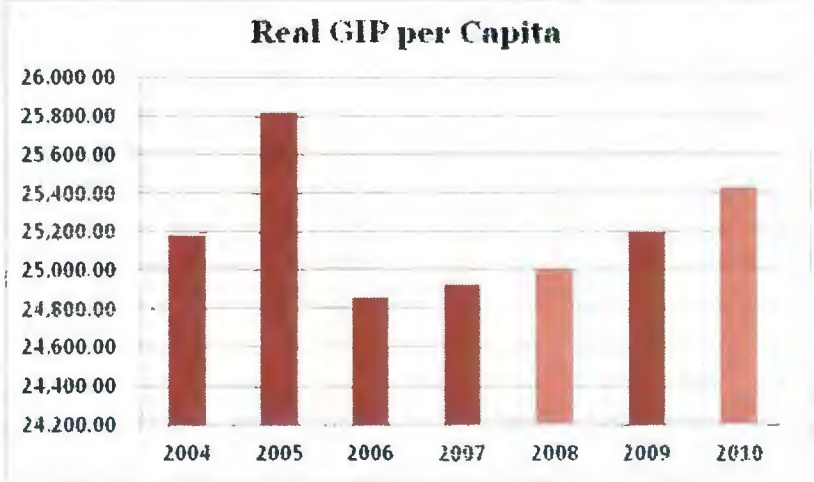
[9] Johnson. Guam Business Magazine. Building Confidence: Construction industry gradually on its way back up (September, 2014). Retrieved from http://www.guambusinessmagazine.com/?p=1756
[10] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)
[11] The Guam store, opened in mid-1995, was immediately projected to become the chain's highest producing store. This store remains the number one store within the chain, changed to 24 hour operations during 2000, and shortly thereafter converted to a "Big K" format.

conjunction with the Micronesia Mall (300,000sf) expansion. Purchases by visitors contribute to the high retail and wholesale receipts. Visitor expenditures have historically provided Guam with revenues in excess of $1.4 billion annually. The high expenditures on gifts and souvenirs may reflect the cultural habits of the Japanese tourists, as Guam is a duty-free port without luxury taxes on goods.

The **Gross Island Product** grew rapidly from 1988 through 1992, both on an absolute and per-capita basis, accompanying the boom in the visitor industry, as discussed below. From 1993 to 1998 Gross Island Product was relatively stable, although it declined on a per capita basis. From 1999 to 2003 GIP declined gradually. GIP began recovering in 2004 and continued to recover in 2005. For the year 2010 (the year of the most recent data) GIP was at 4,577 and GIP per Capita was $28,721.49. The island population at the time was 159,358.[12]



The following table shows Real GIP per Capita from 2004 to the most current numbers of 2010:[13]



[12] Source: Department of Commerce, Guam Annual Economic Review
[13] Source: Department of Commerce, Guam Annual Economic Review (2011)

Population and Census Data

According to the Guam Bureau of Statistics and Plans' *FY 2013 Citizens Centric Report* (October, 2014), the total population on Guam in 2014 stood at 161,001. This represents a 0.4% increase from 2013's figure of 160,378, and a 0.7% increase from 2012's figure. The population of the island has grown steadily at less than 0.5% per year since 2004. The village with the largest population is Dededo which hosts 45,406 people; this is followed by Yigo with 20,751 people, and Tamuning with 19,888 residents.[14]

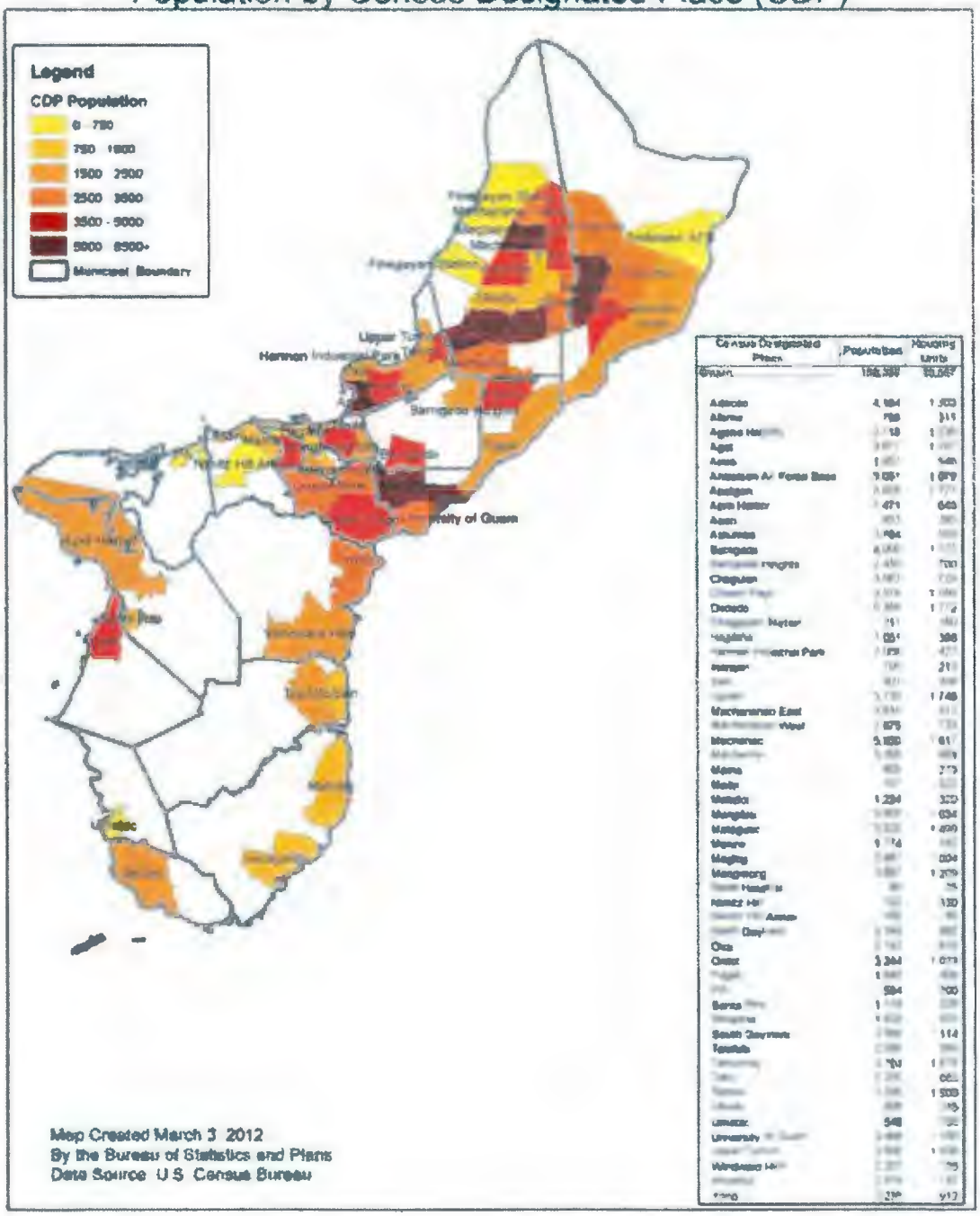
Village Population Projection

	2014	2013	2012	2011	2010
Total	161,001	160,378	159,914	159,600	159,358
Agana Heights	3,847	3,832	3,821	3,814	3,808
Agat	4,968	4,948	4,934	4,924	4,917
Asan-Maina	2,159	2,151	2,144	2,140	2,137
Barrigada	8,967	8,932	8,906	8,888	8,875
Chalan Pago-Ordot	6,892	6,866	6,846	6,832	6,822
Dededo	45,406	45,231	45,100	45,011	44,943
Hagatna	1,062	1,058	1,055	1,053	1,051
Inarajan	2,296	2,288	2,281	2,276	2,273
Mangilao	15,348	15,288	15,244	15,214	15,191
Merizo	1,869	1,862	1,856	1,853	1,850
M-T-M	6,895	6,869	6,849	6,835	6,825
Piti	1,469	1,463	1,459	1,456	1,454
Santa Rita	6,147	6,123	6,105	6,093	6,084
Sinajana	2,619	2,609	2,601	2,596	2,592
Talofofo	3,081	3,070	3,061	3,055	3,050
Tamuning	19,888	19,811	19,754	19,715	19,685
Umatac	790	787	785	783	782
Yigo	20,751	20,670	20,611	20,570	20,539
Yona	6,547	6,521	6,503	6,490	6,480

Source: 2010 Census Population and Housing

[14] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

2010 Census of Population and Housing:Guam
Population by Census Designated Place (CDP)



Vital Statistics Summary

Event	2011	2010
Births	3,298	3,419
Deaths	842	872
Fetal Deaths	37	49
Marriages	1,579	1,494
Divorces	734	718
Life Expectancy [1]	78.3	78.2
Male	75.3	75.1
Female	81.6	81.4

Source: Office of Vital Statistics, DPHSS.

[1] International Data Base, International Programs Center, U.S. Census Bureau

Birth rates on the island had decreased by 3.5 % from 2010 to 2011. The Death rate had also gone down 3.4 % (from 872 in 2010 to 842 in 2011). Below is a summary of anti-drug activities conducted on Guam by law enforcement personnel from 2012 to 2013. The chart came from the FY 2013 Citizens Centric Report and shows an almost $6 million (in drug street value) decrease in drugs seizures on Guam, from 2012 to 2013. [15]

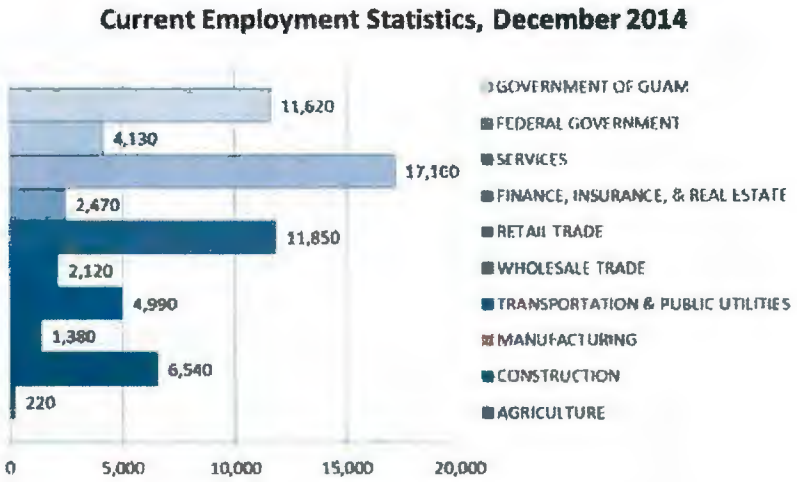
Multijurisdictional Task Force Drug Seizures and Value of Drugs Seized

Drugs in Guam	CY 2013		CY 2012	
	Seizure	Value	Seizure	Value
Methamphetamine	34,922.39	$20,281,477.82	34,557.43	$25,916,656.00
Marijuana	2,267.00	$62,898.00	3,000.00	$80,463.00
Marijuana Plants	87	$87,000.00	424	$424,000.00
Heroin	0	$0.00	0	$0.00
Cocaine	0	$0.00	0	$0.00
MDMA² (Estacy)	499	$24,950.00	0	$0.00
Spice/Salviya	1,982.00	$19,190.00	25,064.99	$179,844.65
Spice/Salviya: Vials	0	$0.00	320	$16,000.00
Total Drugs Seized in Grams	**39,757.39**	**$20,475,515.82**	**63,366.42**	**$26,616,963.65**

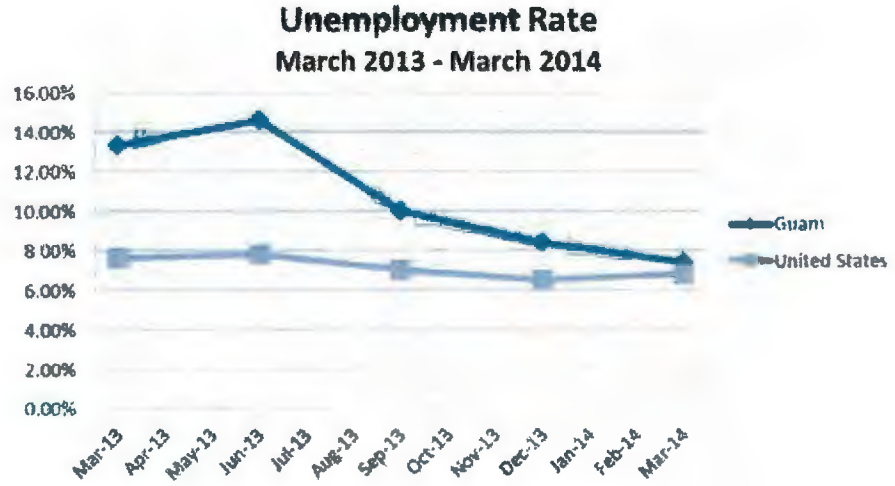
Source: Guam's Multi-jurisdictional Task Force FY 2013 Quarter Progress Reports

[15] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

The following chart shows employment by sectors in 2014:



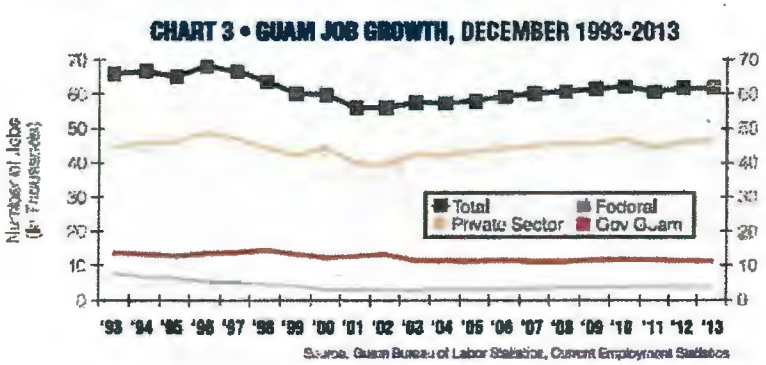
Unemployment had steadily declined from during the first part of the last decade, but then went up to a high of 13.3% in March of 2013. The number came down to 7.4% in March of 2014: a 5.9% drop from the year prior. The Government of Guam Bureau of Labor and Statistics chart shows that - as of the end of 2014 - the services sector employed the most people on island (outside of the military). The second largest employing sector was the retail and trade sector, and the third largest was the Government of Guam. The following charts were taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[16]

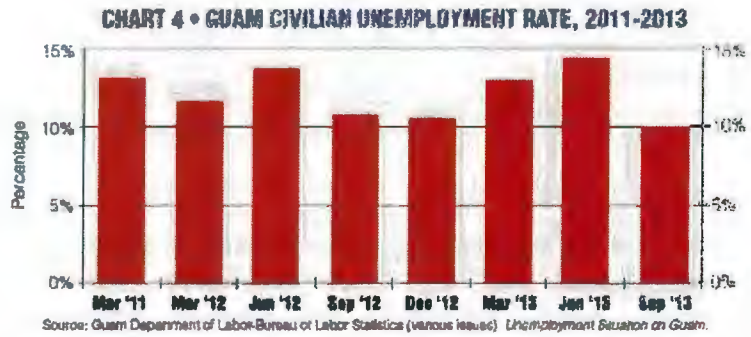


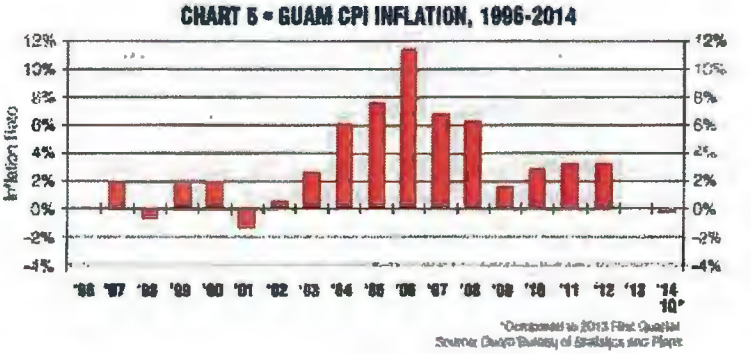
[16] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

The Department of Labor statistics exclude members of the U.S. Armed Forces and their dependants living on base but includes those living off base.

The following charts were taken from First Hawaiian Bank *Economic Forecast: 2014 Guam-CNMI Edition*[17]







Guam's current minimum wage is $8.25 per hour. The following charts on current minimum wage data, and projected minimum wage data (with minimum wage projections at $9.15 per hr) were also taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[18]

[17] Source: First Hawaiian Bank Economic Forecast: 2014 Guam-CNMI Edition (2014)

[18] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

Projected Minimum Wage - $0.35 per hour | All Sectors	
Estimated Total Workforce Number At or Below Wage	8,849

Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	2,211
43-0000	Office and Administrative Support Occupations	10,879	1,620
41-0000	Sales and Related Occupations	4,562	1,128
37-0000	Building and Grounds Cleaning and Maintenance Occupations	2,999	1,051
53-0000	Transportation and Material Moving Occupations	3,304	592
39-0000	Personal Care and Service Occupations	1,576	469
33-0000	Protective Service Occupations	2,602	446
25-0000	Education, Training, and Library Occupations	4,490	412
49-0000	Installation, Maintenance, and Repair Occupations	3,364	293
51-0000	Production Occupations	1,654	260

Projected Minimum Wage - $6.15 per hour | All Sectors	
Estimated Total Workforce Number At or Below Wage	18,338

Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	4,480
43-0000	Office and Administrative Support Occupations	10,879	3,382
41-0000	Sales and Related Occupations	4,562	2,330
37-0000	Cleaning and Maintenance Occupations	2,999	2,128
53-0000	Transportation and Material Moving Occupations	3,304	1,218
39-0000	Personal Care and Service Occupations	1,576	948
33-0000	Protective Service Occupations	2,602	886
25-0000	Education, Training, and Library Occupations	4,490	829
49-0000	Installation, Maintenance, and Repair Occupations	3,364	612
51-0000	Production Occupations	1,654	538

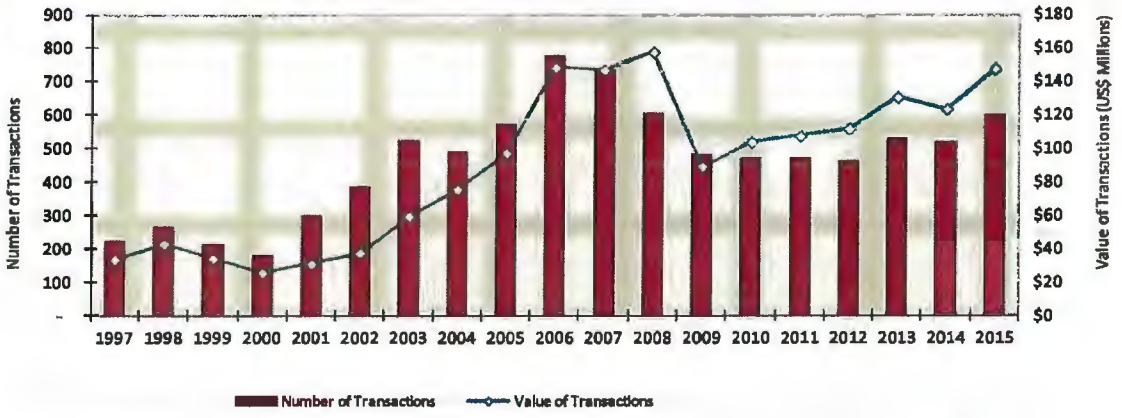
Real Estate

Overall Activity: Figure 2 shows Multiple Listing Service figures from 1996 through 2014 on volume and value of property transactions. The data includes detached dwelling, condominium, apartment, commercial, and land sales activity. The Multiple Listing Service data represents only a portion of total activity on Guam but has historically been indicative of single family, condominium, and multi-family and, land activity.

Market activity increased since the lows of 2001 due to significantly lower prices resulting from a dramatic increase in foreclosure activity. Foreclosure-related sales during this period represented a sizable portion of the market, about 100 to 200 transaction each year.

Market optimism was at an all-time high in 2006 from to the announcement of the military buildup and foreign investment activity, mostly Korean, drove demand and prices higher. Korean investments focused on prime locations (Tamuning and Tumon) for high-end condominium development. Some of these projects began construction but most never broke ground. All Korean projects on Guam halted as a result of the worldwide financial crisis and its severe impact on the Korean economy. The worldwide financial crisis led to the sharp decline in activity in 2008 and again in 2009. Since this time the market has remained relatively flat.

All Property Sales, Multiple Listing Service, 1997 to 2015, Guam



Source: Multiple Listing Service, Guam Association of Realtors.

Commercial and Industrial Market

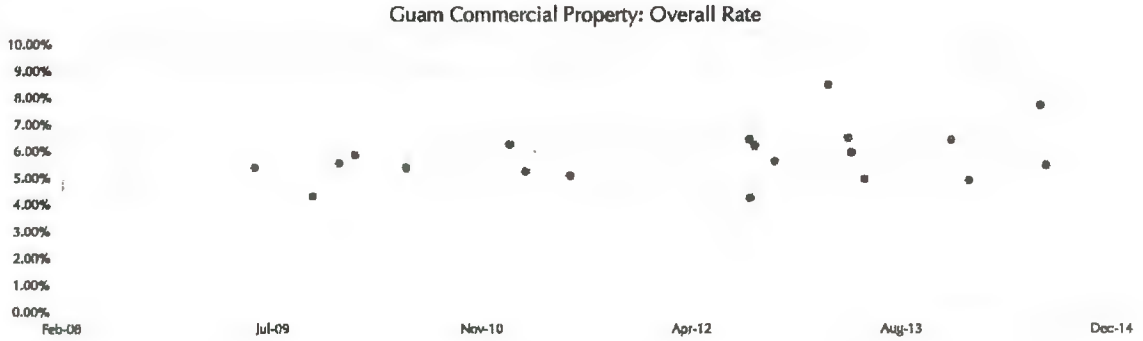
Commercial and industrial property transaction statistics are available from the multiple listing service database and typically include small and medium size properties. Hotels, shopping centers, and very large properties are seldom sold through the MLS.

Commercial and Industrial Property Sales Statistics, Guam

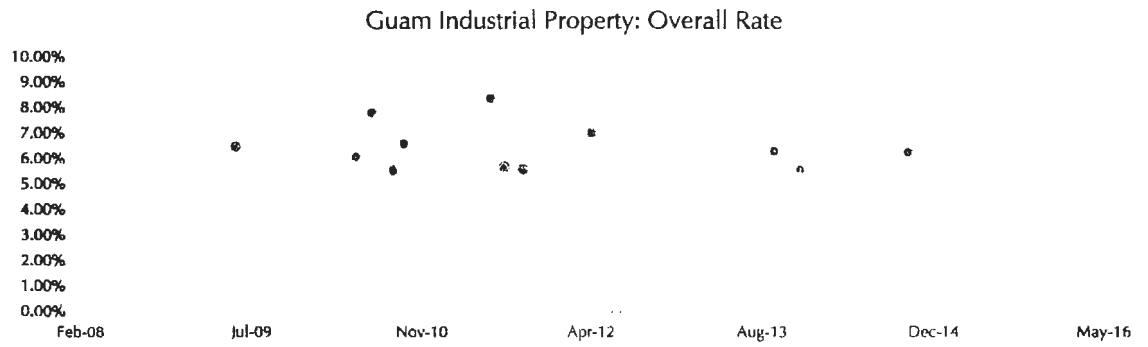
Period	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Sales	6	3	5	4	6	6	3	6	6	5
Dollar Volume	$4,541,000	$2,025,000	$3,305,000	$2,634,200	$2,325,000	$6,044,998	$3,685,000	$5,883,000	$5,529,888	$8,740,000
Median Sales Price	$432,500	$650,000	$595,000	$384,600	$322,500	$989,999	$1,095,000	$665,000	$890,000	$1,130,000
Average Sales Price	$756,833	$675,000	$661,000	$658,550	$387,500	$1,007,500	$1,228,333	$980,500	$920,648	$1,748,000

From 2005 through 2014 commercial property prices increased, resulting in declining overall rates of return, as shown in the graph below. Overall rates has been stable at around 6% to 7%.

Guam Commercial Property Overall Rate Trend: 2009 to 2014



Guam Industrial Property Overall Rate Trend, 2009 to 2014



The increases in price have been driven by anticipation of the military buildup and low interest rates. The commercial unit median sales price per square foot of leasable area during this period has been $150 per square foot. Industrial properties median for the same period is $86 per square foot

Seller expectations have risen dramatically due to the impending buildup. Presently there are currently 18 commercial buildings listed for sale with a median list price of $1.55 million and a median time on market of 121 days. In the last 10 years a total of 50 buildings have sold through MLS, thus the current listings may appear to represent over seven years' worth of supply. But many of the listings are by sellers that appear to be testing the market with pricing well above historical levels.

Land Market

Market conditions:

- Ancestral land activity that began at round $20 to $30 per square meter in the Harmon cliffline area several years ago is now transacting at $50 to $100 per square meter, with the upper end being road frontage parcels and lower end being interior parcels with no to poor access. The earlier prices reflected some uncertainties about the title conditions and lack of zoning, as well as risk/timing for end-user demand for military buildup. Title insurance is now generally available for ancestral lands, and many have been rezoned (typically by Public Law through Legislature) so that buyers now have that expectation.

- Light industrial land (5 acres or smaller) in Harmon Industrial Park: prices have increased from the market bottom in 2003 at about $50 per square meter to a present level of about $150 per square meter.

- Since 2008 there were 22 industrial land transactions around Dos Amantes area. Price ranges from $44 per square foot for R-2, Multi-family residential, to $123 per square foot for M-1, Light Industrial parcels. One of the land transaction is the site of the Guam Regional Medical City, expected to open in April 2015.

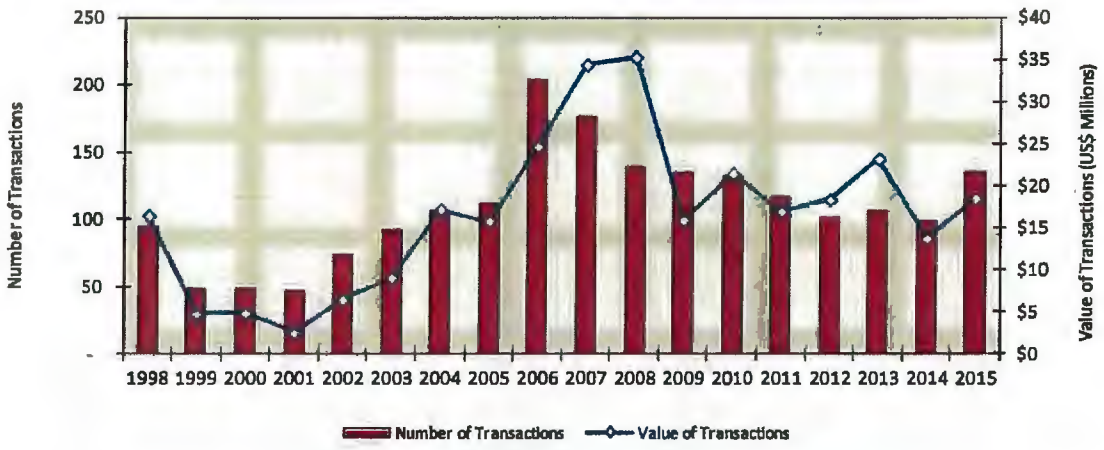
- Residential land: most activity in northern Guam (Dededo, Yigo) is at $20 per square meter for raw land in rural locations. Suburban or better located tracts of land and those nearby sewer lines sell for $30 to $60 per square foot.

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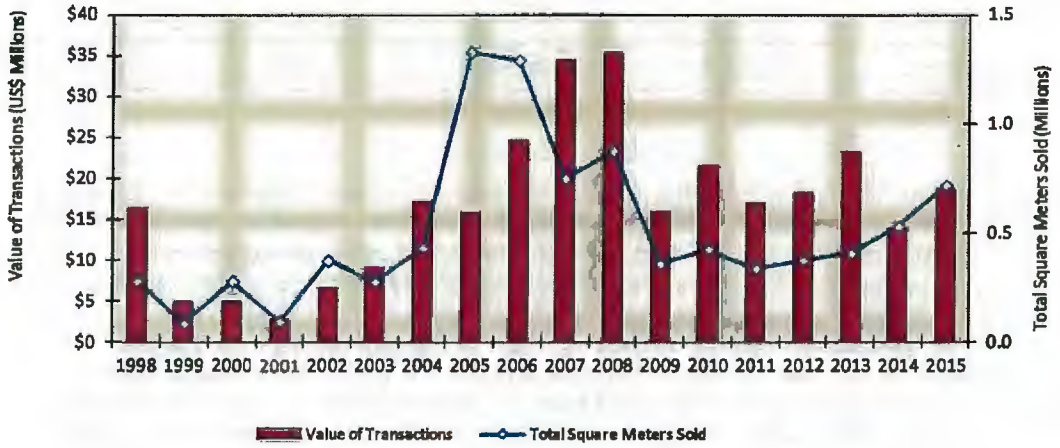
Multiple Listing Service database includes all types of land transaction activity: residential, commercial, industrial. Drivers of demand (military buildup) for the various uses of property are similar thus sales volume trends for each use tends to correlate closely with the overall trend.

For industrial/commercial real estate, the current environment is limited activity with no noticeable change in prices (sales or rents). We attribute this to limited supply rather than weak demand.[19]

Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Real Estate Conclusion:

In conclusion, the state of the island's commercial real estate market is heating up while the residential real estate market is stable. However, it must be noted that some areas- such as Dededo, Yigo, and Mangilao - have seen increases in activity in the sale of medium sized, single family residential homes. We may expect to see even more activities in these villages - as well as villages surrounding the Navy base down South - as more military personnel are transferred to the island during the base build up.

[19] Source: Multiple Listing Service, Guam Association of Realtors (2011)

Tourism

Guam has seen a steady increase in tourist arrivals for the last 3 years. In 2012, the number of arrivals was 1,308,035. That number climbed to 1,334,497 in 2013: a 2% increase. The following is a chart from First Hawaiian Bank's *Economic Forecast, 2014 Guam- CNMI Edition (2014)* that shows the total number of arrivals from each of the eleven main tourist markets.[20]

CHART 6 • SOURCES OF GUAM VISITORS, 2013 VS. 2012

Calendar Year	2013	2012	Growth	2013 Share
Japan	893,118	929,229	-3.9%	66.9%
Korea	245,655	182,829	34.4%	18.4%
U.S. Mainland	48,836	51,321	-4.8%	3.7%
Taiwan	48,653	49,144	-1.0%	3.6%
CNMI	16,154	16,717	-3.4%	1.2%
China P.R.C.	11,225	8,939	25.6%	0.8%
Philippines	10,920	10,483	4.2%	0.8%
FSM	9,842	10,069	-2.3%	0.7%
Hawaii	9,746	11,297	-13.7%	0.7%
Hong Kong	8,857	8,609	2.9%	0.7%
Russia	8,084	4,040	100.1%	0.6%
All others	17,671	15,964	10.7%	1.3%
Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

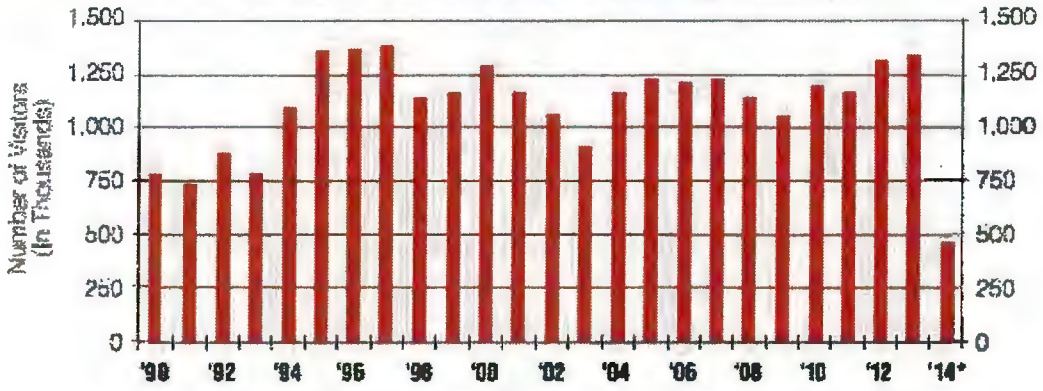
Source: Guam Customs Declaration Forms, Customs and Quarantine Agency. Processed by the Guam Visitors Bureau

The graph shows that Japan still supplies Guam with the largest number of tourist each year and, even with a 3.9% drop in arrivals from 2012 to 2013, represented 66.9% of the market for 2013. The drop in Japanese arrivals from 2012 to 2013 had much to do with the changing Japanese demographics (more elderly Japanese than younger families who are more likely to travel) and a weakening of the Japanese economy that has made Guam a more expensive destination for Japanese. [21]
the year 2014 had also seen a 25.4% increase in tourist from Korea, Guam's second largest source market; a 45% increase in tourist from the People's Republic of China; and a 101.5% increase in arrivals from Russia.[22] In his 2015 Guam State of the Island Speech, Governor Calvo said that, *"The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy."*[23]

The end of 2014 saw a total arrival to the island of 1,342,377 visitors: a nearly 6% increase from the previous year. Korea arrivals for calendar year 2014 grew by 25.4%, while the People's Republic of China rose by 45%, and the Russia Federation arrivals increased by 101.5%. Additionally, sea arrivals for CY 2014 increased by 115.7%. The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy.

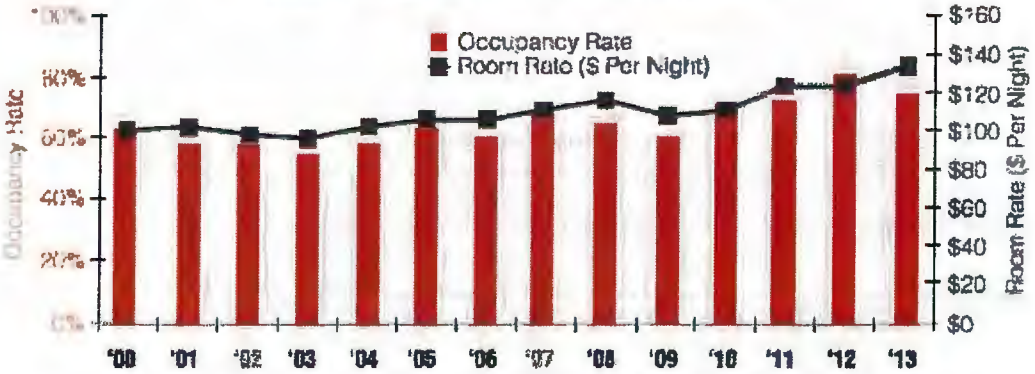
[20] Source: First Hawaiian Bank. Economic Forecast, 2014 Guam- CNMI Edition (2014)
[21] Source: Guam Business Magazine. Houston, We have Lift-off (Well, Maybe), (November, 2014)
[22] Source: Eddie Calvo, Guam Governor. Guam 2015 State of the Island Speech (January, 2015)
[23] Source: Ibid

CHART 1 • GUAM VISITOR ARRIVALS, 1990-2013



*2014 January-April. Source: Guam Visitors Bureau, *Guam Visitor Arrivals, multiple issues*

CHART 7 • GUAM HOTEL DATA, 2000-2013



Source: Guam Hotel and Restaurant Association, *Summary Statistical Report March 2013*

CHART 8 • ECONOMIC GROWTH IN GUAM'S TOURIST MARKETS

	U.S.	Japan	Korea	Taiwan	China	Hong Kong
2011			3.7	4.2	9.3	4.8
2012	2.8	1.4	2.0	1.5	7.7	1.5
2013	1.7	1.5	2.8	2.1	7.7	2.9
2014	2.8	1.3	3.7	2.7	7.5	3.5
2015*	3.0	1.3	3.8	3.2	7.4	3.6

*Forecast. Source: Asian Development Bank

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Philippines	10,920	10,483	4.2%	0.8%
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Hawaii	9,746	11,297	-13.7%	0.7%
Hong Kong	8,857	8,609	2.9%	0.7%
Russia	8,084	4,040	100.1%	0.6%
All others	17,671	15,964	10.7%	1.3%
Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

Source: Guam Customs Declaration Forms, Customs and Quarantine Agency. Processed by the Guam Visitors Bureau

GUAM HOTEL & RESTAURANT ASSOCIATION

SUMMARY STATISTICAL REPORT SEPTEMBER 2014 (Release November 13, 2014)

Number of Hotels in GHRA	24	Number of Rooms under Construction	0
Number of Existing Hotel Rooms	7,512	Capacity in Room Nights	216,660
Number of Rooms under Renovation	83	Room-Employee Ratio:	1.57 (Room to 1 Employee)
		Rev Par 2014	$ 105.43
		Rev Par 2013	$ 91.11

	2013 YTD	2014 YTD	YTD CHANGE	Sep-13	Sep-14	CHANGE
NUMBER OF HOTELS REPORTING				13	14	1
Room Nights Available for Sale	1,564,473	1,644,754	5%	172,850	216,660	25%
Room Nights Sold	1,290,406	1,268,671	-2%	128,327	159,828	25%
HOTEL OCCUPANCY RATES						
Low Average	42%	48%	6pts	27%	58%	31pts.
Mean Average	77%	78%	1 pt.	76%	83%	7pts.
Weighted Average	77%	77%	0 pts.	74%	74%	0 pts.
High Average	95%	93%	0 pts.	92%	91%	(1pt.)
HOTEL ROOM RATES						
Low Average	$51	$50	-2%	$48	$46	-4%
Mean Average	$121	$134	11%	$110	$133	21%
Weighted Average	$134	$150	12%	$123	$143	16%
High Average	$181	$201	11%	$166	$196	18%
GROSS RECEIPTS TAX PAID	$12,369,241	$13,643,574	10%	$1,190,056	$1,469,591	23%
ROOM OCCUPANCY TAX PAID	$16,746,376	$19,442,260	16%	$1,548,688	$2,331,560	51%
PAX ARRIVAL COUNT - JGTA	683,052	615,604	-10%	73,493	68,409	-7%
PAX ARRIVAL COUNT - KOREA	177,565	225,350	27%	19,686	23,657	20%
PAX ARRIVAL COUNT - TAIWAN	37,739	40,000	6%	4,449	3,408	-31%
PAX ARRIVAL COUNT - CHINA P.R.C.	8,472	11,739	39%	873	1,651	89%
PAX ARRIVAL COUNT - RUSSIA	4,781	14,068	210%	238	196	-18%
GVB TOTAL ARRIVAL COUNT	1,008,474	1,013,031	1%	108,635	112,823	4%

ANALYSIS: The month of September reflected an significant increase of 25% change in the number of room nights available for sale however an increase of 25% in the number of room nights sold compared to the same period last year. 2013. The Weighted Average Occupancy Rate applied at 5 years, showing 74%. The Weighted Average Room Rate increased at 16% or $11.00. Preliminary arrival numbers from the Guam Visitors Bureau showed a slight 4% increase in total arrivals for the month of September. JGTA reflected a decrease of negative 7% while the Korea market received the highest at 20% and following the Taiwan market at a considerable decrease of 31% compared to 2013. The remained China market reflects a 89% increase while the Russia market showed down at a negative 18% for the month of September 2014 as compared to the same period 2013.

Weighted Average Occupancy = Sum of Room Nights Sold divided by total number of Room Nights Available for sale by reporting hotels

Weighted Average Room Rate = Sum of all Room Sales divided by sum of all Room Nights Sold by Reporting Hotels

Room Employee Ratio = (Hotel Rooms/Total Number of Employees from Reporting Hotels)

* As of release date, ten hotels have not reported information to the Guam Hotel & Restaurant Association

Source: Guam Hotel & Restaurant Association. Statistical Report (September, 2014)

Japan

For the past several decades, Japan has been the single biggest source of tourist for Guam and the CNMI. Out of the 1,334,497 visitors to Guam in 2013, 893,118 of them were from Japan. However, that number was down from 929,229 visitors from the prior year[24].

The 2011 disasters (referred to as 3/11 by the Guam visitors Bureau), the down turn in the economy and the devaluation of currency, as well as the aging Japanese population, has all contributed to a marked drop in Japanese tourist visits both in Guam and around the world. The industry has seen double digit declines of tourist from Japan month over month since 2013[25]

Diversifying the tourism industry's target visitor make-up, and expanding the target market beyond Japan tourist, will help lower Guam's reliance on the Japanese economy. According to Governor Edward Calvo, Japanese tourist make up around 71% of all arrivals to Guam in 2013 (GVB, p. 3). This massive reliance on a single country exposes Guam's economy to Japan's economic hardship. Considering that tourism contributes $1.4 billion into the economy- and accounts for 31% of non-federal employment on the island- any down turn in Japan's economy will definitely have an impact on Guam's.

This fact has not evaded the Guam Visitor's Bureau. One of the goals stated in their Guam Tourism 2020 Strategic Plan (published in January, 2014) is to diversify the industry's visitor target market makeup. The goal is to "maintain a Japan market mix of at least 55- 60%" (GVB publication. Jan, 2014) [26].

According to the GVB, Japan will continue to be a major source of tourism for Guam, but efforts will continue to be made to advertise Guam to other markets.

Korea

Korea has always been a large source of tourist for Guam and has maintained a second place status to that of Japan. Guam Business Magazine wrote an article regarding the increase in Korean visitors[27]:

Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise
January 19, 2015
(Guam Business Magazine)

With the Japanese market on a gradual decline in recent years, Guam and the NMI have been steadily expanding their efforts into secondary markets. Korea is the top secondary market for both destinations, and marketing efforts to draw Korean visitors have grown by leaps and bounds over the past several years.

According to Karl A. Pangelinan, outgoing general manager of Guam Visitors Bureau, Japan has suffered a significant downturn in its role as Guam's number one visitor market segment. "We've seen double-digit declines pretty steadily month over month since last year, and last year was a down year for us as well. We've been heavily reliant on the Japan market for a number of years, and Korea has been a decent second over the years, but it's now becoming a very strong second"

Pangelinan's assertions are backed by significant numbers, which show that Guam's Korean visitor numbers in fiscal 2014 have more than doubled since fiscal 2011, going from 144,844 to 293,437. Considering that the bureau's stretch goal was intended to be 350,000 by 2020, the numbers are far ahead of the curve.

"That's due in large part to airlift," he says. "We've been working closely with the airlines that service Korea,

[24] First Hawaiian Bank. Economic Forecast, 2014 Guam-CNMI Edition (2014)
[25] Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise(January, 2015)
[26] Source: Guam Visitors Bureau. Guam Tourism 2020 Strategic Plan (January, 2014)

[27] Source: Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise. (January, 2015)

and I think that by the end of December, we should have approximately half a million seats coming out of Korea. Now that we've done that, the onus is now on us to create additional demand for Guam to meet the supply. We need to meet that to keep the airlines healthy."

...

" ...The airlines have increased the flights and the number of overall seats, but not the accommodations," says Thomas Hur, assistant manager for the Mode Tour Guam office. He adds that airport congestion has also been one of the primary complaints by Korean visitors, with outbound visitors saying they "had to wait a long time, sometimes hours, to be cleared through immigration and customs..."

...Hur also agrees with the assessment, saying that Guam was marketed in Korea as a "fantasy island" for honeymooners in the 1990s because of traveling restrictions imposed by the Korean government. Since the restrictions have been lifted, the destination has now come to be marketed heavily as a more family - oriented location, with an emphasis on the island's shopping and water parks....

Hong Soon Im, President of Tagada Amusement Park, Miki Taxi Service, and Miki Advertising, agrees that safety is a major source of concern for visitors with families. A former GVB Korean Marketing Committee chairman, former president of the Korean tour Association of Guam, and member of the Governor's economic advisory council, Im has over 30 years of experience with the local hospitality industry.

The majority of Korean visitors are here with families," he says. "They like the island because it's an American territory and they feel safe here, but they feel more could be done. They've said that the streets need to be better lit in certain parts of Tumon, and that the sidewalks need to be widened in areas like Pleasure island because of how dangerous the traffic is."

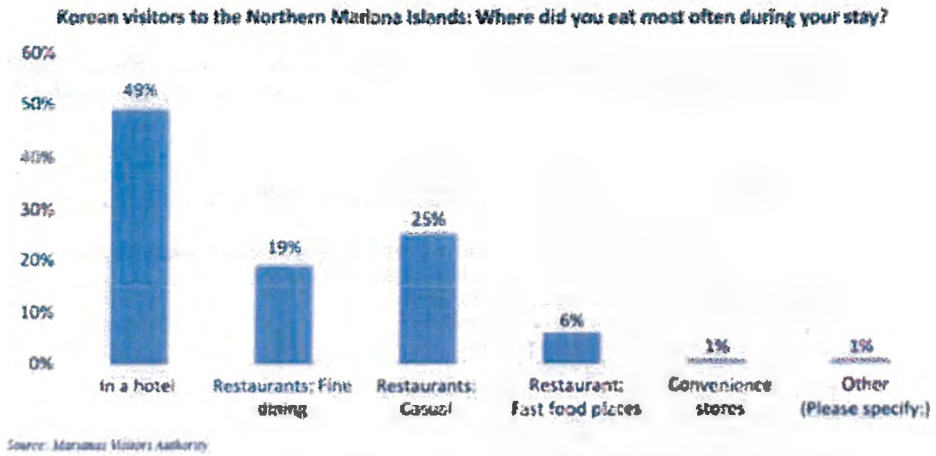
The article posted a "Korean Visitor Profile" break down list, describing the demographics and behavior of the common Korean visitor.[28]

Korean Visitor Profile

Average age: 34.8
Average stay: 3.64 days
56% are white-collar office workers, specialists or self-employed
78% are married
83% are traveling with family
73% are traveling with spouse
86% are traveling on a packaged tour
84% are first-time visitors
Average repeat visitor has been to Guam 2.38 times
Half of repeat visitors have been here within the last year
Mean average spent in prepaid expenses: $2,303.53 per party ($850.87 per person)
Mean average spent on island: $985.72 per party ($429.02 per person)

[28] Source: Ibid

The Marianas Visitors Authority also noted (in their chart below) that up to 49% of Korean tourist would eat their meals at the hotel they stay at. The second source of meals for them are at casual restaurants. Only 19% eat at fine dining establishments.



It must be noted that security and safety were very important considerations in the Koreans' choice for coming to Guam. This is understandable since many of them - 83% - travel with their families. This concern has also been voiced by visitors from other countries to Guam, such as the Japanese and Russians.[29] The rise in crime on Guam may prove to have a negative impact on the perception that potential tourists have of Guam. This, in turn, may have a long lasting negative impact on Guam's overall economy.

China

Guam received 14,542 visitors from the People's Republic of China in 2014. This represents a 30% increase in the number of arrivals from the 11,225 visitors of 2013. The increase is due to three main factors:

1. The increase in airline routes to Guam from mainland China.
2. The extension of US visas for Chinese visitors.
3. And the increased focus on marketing to Chinese tourist by the GVB

The increase in flights from main land China to Guam in the past few years eased the way for increased Chinese travel to the island. An agreement to extend tourist and business visas for 10 years (which started in 2014) is having a profound impact on the number of visitors arriving in Guam from mainland China as well. Former Visitors Bureau General Manager Karl Pangelinan was quoted in a November, 2014 Pacific Island Report as saying,

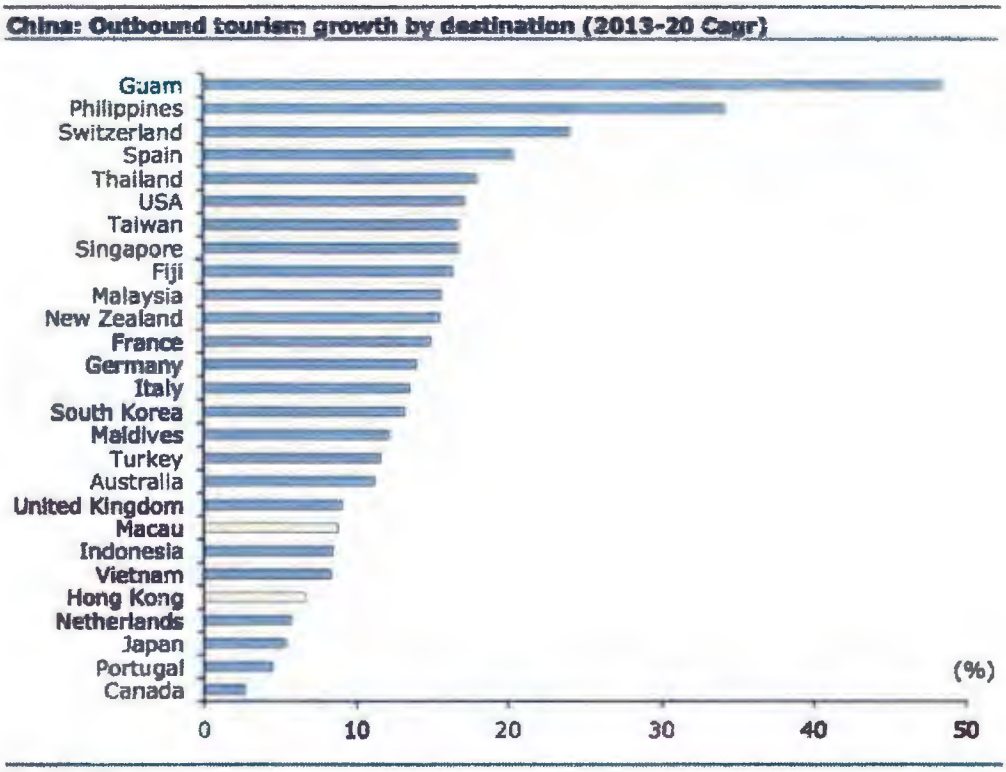
> *"The announcement from the federal government that it is extending short-term Chinese tourist and business visas from one year to 10 years is great news for Guam... While we will still push for a visa waiver, this visa extension will definitely help ease the travel process for visitors and provide more jobs and opportunities for our people."* (qtd. in *Dumat-ol Daleno, November, 2014)*

Quartz Magazine emphasized Guam's advantage over other destination potentials for Chinese tourist in their January, 2014 article *Chinese tourists are broadening their horizons: here today, Guam tomorrow:*

[29] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

"Chinese tourism overseas will double in the next six years to 200 million people a year, according to a recent report from analysts at CLSA, and a tiny US military outpost 900 miles north of the equator in the Western Pacific could be one of the biggest beneficiaries. The hilly 200-square-mile island of Guam, population about 160,000, could see 50% growth in Chinese tourists, analysts say, the most of any destination...

"Guam's military history might prove as much of a draw for the Chinese, who are clashing with Japan and other Asian neighbors over the rights to islands and territory in the South China Sea."(H. Timmons, 2014)[30]



Source: CLSA

Global Travel Industry News also considers Guam and Saipan to be in good positions to receive a good share of attention from the growing number of Chinese tourists:

eTN Global Travel Industry News
Why Chinese tourists travel to Hawaii, Guam or Saipan
July 31, 2014

United States Pacific Islands are new hot destinations for the lucrative Chinese outbound travel market. An interesting article translated from the Chinese media gives a take from the Chinese side of the story. It reads: Safety concerns, better travel options help lesser-known destinations gain an edge over once-popular locales.
Political uncertainties in some Southeast Asian nations are propelling Chinese tourists to such exotic destinations as Hawaii, Saipan and Guam in the Pacific and also helping boost local tourism industries in

[30] Quartz online magazine, Chinese tourists are broadening their horizons: here today, Guam tomorrow (January, 2014)

these regions, tourism sources said.
Jiang Yiyi, director of the China Tourism Academy's international tourism development division, said that the number of outbound tourists from China will cross 100million this year.
"It is obvious that newer destinations will benefit from the increased outflows," he said.
According to Jiang, nearly one-third of the Chinese tourists are self-guided travelers who prefer trips to exotic destinations like the Pacific Islands. Other destinations like Japan and South Korea also are gaining in popularity with Chinese tourists because of the continued political problems in some Southeast Asian nations.
"The Pacific Islands will be the main beneficiary of the increased tourist flows as many of the islands are new and unexplored destinations," she said.
....
"The visa policy of Saipan is even more convenient than some Southeast Asian countries," said Xie Ting, a 27-year-old office worker from Xi'an, Shaanxi province.
Xie spent her holiday in Saipan in May, though her original plan was to go to Phuket Island in Thailand. "I changed my plans, as I was worried that the local political events would affect my holiday," she said.
Charter flights operated by some carriers like China Southern Airlines Co Ltd, Sichuan Airlines Co Ltd and Asiana Airlines Inc provided multiple choices for Xie to arrive in Saipan, although there are no regular direct flights between China and the island.
Though there is considerable interest among Chinese tourists for trips to Pacific islands, many of these destinations still need to spruce up facilities.
There are 29 hotels with 8,451 rooms in Guam, an over-seas territory of the US, that is slowly becoming popular with Chinese tourists. High-end hotels account for 31.3 percent of the total, and there are no super-luxury hotels, according to the Guam Visitor Bureau.

An article written on the CLSA website (a Hong Kong based broker and investment group) in January, 2014 predicted increase growth of overseas Chinese tourist. The article also highlighted some results of its recently conducted survey of 1000 Chinese travelers in China. Some of their findings are as follows:

- 64% of respondents were interested in travelling overseas in the next 12 months and 67% intend to increase their travel budget.
- Chinese tourists are desiring new experiences : from sightseeing, to food, to hotels, to gaming and shopping.
- Chinese tourists are becoming increasingly savvy, independent and demand high quality experiences and service."
- Shopping remains an important component of the travel itinerary. Local specialties, skincare/makeup/perfume, and apparel are the most purchased items
- 80% of tourists buy these items from local specialty shops
- Close to 60% make purchases at downtown or airport duty free stores.
- 40% of CLSA survey respondents may book their own flights and hotels and make their own arrangements in the future.[31]

[31] Source: CLSA. Outbound Chinese tourists to double by 2020 propelling global growth in travel related sectors (January, 2014)

Russia

In January of 2012, The Department of Homeland Security gave visa-free entry discretion and authorization to the US Customs and Border Protection (CBP) to allow citizens of Russia to enter Guam and the CNMI. A press release on the U.S. Customs and Border Protection website stated the following:

> U.S. Customs and Border Protection website
> **Russian Citizens Now Eligible to Travel to Guam Visa-Free**
>
> **Release Date:**
> January 26, 2012
> **WASHINGTON, D.C.**—Effective January 15, citizens of Russia are eligible to travel to Guam without a visa. On November 15, 2011, the Secretary of the Department of Homeland Security (DHS) signed a decision that allows U.S. Customs and Border Protection (CBP) to exercise discretionary parole authority on a case-by-case basis to permit Russian nationals to travel to Guam visa-free.
> The new eligibility allows citizens of Russia to enter Guam visa-free and travel between Guam and the CNMI as nonimmigrant visitors for business or pleasure for a period of stay up to 45 days, provided the traveler meets certain conditions.
>
> .....
>
> Parole authorization is limited to Guam and the CNMI only and does not include the benefit of travel to another location within the United States.
>
> Previously, on October 21, 2009, DHS announced that citizens of the People's Republic of China and Russia would be permitted to travel to the Commonwealth of the Northern Mariana Islands (CNMI) visa-free, and those travelers would be paroled into the CNMI, based on the Secretary's discretionary parole authority, on a case-by-case basis. This benefit became effective November 28, 2009....

Neither program allows for citizens of either country to travel to any other part of the US without a visa[32]. This visa exception has been profitable to both Guam and the CNMI. Guam received 8,084 visitors from the Russian Federation in the year 2013. That was a 100% increase from the previous year's 4,040 tourist who visited the island in 2012.

The Marianas Variety, Guam edition, reported that Russian tourist average per person expenditure was $2,746.96, and that the average overall expenditure of Russian tourist was $5,516.10.[33]
The newspaper also noted that Guam "is marketed as a high-end family destination," and reported on the findings of a QMark Research exit poll survey of 602 Russian tourist conducted in 2013 for the Guam Visitor's Bureau.

Some of the findings of the Russia Visitor Tracker Exit Profile survey included the following:

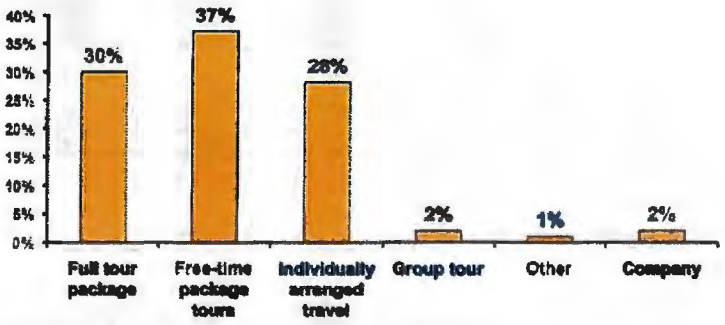
- 19% traveled with a friend
- 82% travel with family
- 51% of the children who arrived with their families were between the ages of 3 and 6
- 32% travel with children

[32] Source: U.S. Customs and Border Protection website. Russian Citizens Now Eligible to Travel to Guam Visa-Free (January, 2012)
[33] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

- 13% travel alone
- 18% were repeat visitors
- 55% of travelers were between 35 to 49 years old
- Median length of stay was 14 days

The following are charts taken from the Guam Visitors Bureau's Russian Visitor Tracker Exit Profile:

Travel Planning - Overall

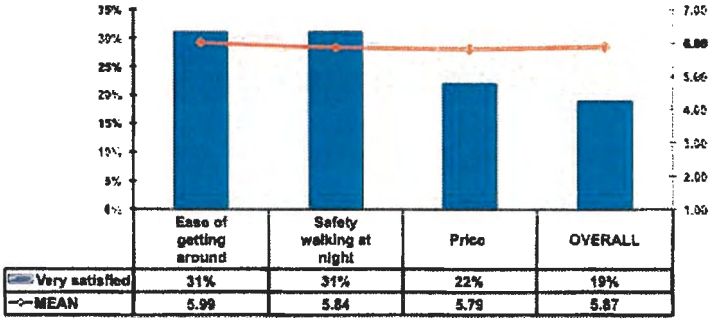


Motivation by Age & Gender

			TOTAL	AGE				GENDER	
			-	18-24	25-34	35-49	50+	Male	Female
Q5A	No Visa required		92%	82%	89%	94%	90%	92%	91%
	Natural beauty		90%	82%	87%	90%	95%	89%	91%
	Relax		60%	47%	53%	61%	68%	59%	61%
	Short travel time		56%	24%	55%	60%	49%	53%	58%
	Reunion		35%	47%	30%	36%	30%	36%	34%
	Safe		30%	29%	24%	31%	36%	32%	28%
	Shopping		29%	35%	29%	30%	25%	25%	33%
	Recomm- friend/family/trvl agnt		20%	41%	18%	20%	26%	20%	19%
	Previous trip		15%	12%	19%	16%	10%	16%	15%
	Water sports		5%		7%	5%	3%	5%	4%
	Scuba		4%	6%	7%	4%		5%	3%
	Visit friends/ Relatives		4%	12%	5%	3%	3%	3%	4%
	Price		4%		3%	4%	3%	4%	3%
	Other		3%	6%	4%	2%	3%	3%	2%
	Organized sports		2%		4%	2%	1%	3%	1%
	Company Business		2%		4%	2%	2%	3%	1%
	Company/ Business Trip		2%		2%	2%	3%	2%	2%
	Honeymoon		1%	6%			2%	1%	0%
	Honeymoon/ Anniversary		0%		1%	0%		1%	
	Total	Count	600	17	125	327	117	303	297

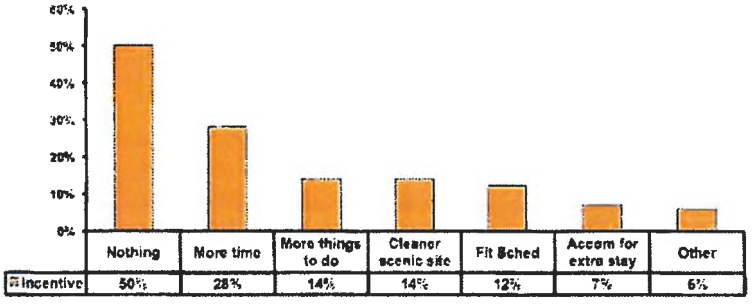
Satisfaction Scores Overall

7pt Rating Scale
7=Very Satisfied/1=Very Dissatisfied



	Ease of getting around	Safety walking at night	Price	OVERALL
Very satisfied	31%	31%	22%	19%
MEAN	5.99	5.84	5.79	5.87

What would it take to make Guam more enjoyable for families?



	Nothing	More time	More things to do	Cleaner scenic site	Fit $ched	Accom for extra stay	Other
Incentive	50%	28%	14%	14%	12%	7%	6%

The Marianas Variety also noted that the average Russian tourist "would prefer to spend time relaxing undisturbed on the beach or participating in the typical tour attractions at a leisurely pace."[34] Russians must travel to either Korea or Japan to get to Guam, as there are currently no direct flights between Russia and Guam.

Future Trends

With the current situation in Ukraine, and with the Russian government's vilification of the U.S., it is unlikely that we will see a large return of Russian visitors within the next two years. The Sanctions imposed on Russian by US and Western countries have hurt their economy substantially, and the Ruble had lost 46% of its value in 2014.[35] Inflation in Russia - as of February, 2015- was at 16.7%.[36]

However, political distrust and turmoil tend to change with politics and policies. We may yet see a return of the Russian tourist in large numbers in the future.

[34] Source: Marianas Variety Guam Edition. The Russian Tourist (May, 2013)
[35] Source: CNN Money online. Ruble lumps as Russia moves to support banks (Dec. 2014)
[36] Source: Trading Economics. Russia Inflation Rate. (March, 2015)

Exhibit 3

Abstract of Title

November 16, 2015

Ms. Margarita H. Inocentes
Trustee Under the Inocentes 2002 Trust
1633 Scenicview Dr.
San Leandro, CA 94577

Subject: Lot 2143-R5, Municipality of Tamuning
Route 14B (Ypao Road) Reconstruction and Widening
Project No. GU-NH-0014B (001)

Dear Ms. Inocentes,

As you may be aware, the Department of Public Works (DPW) is planning construction of the above referenced roadway project. DPW has engaged me to appraise the above subject property, located in the Municipality of Tamuning, Territory of Guam, which is owned by you.

The purpose of the appraisal is to state an opinion of market value of the portion of the property needed for right of way at this particular location for the reconstruction and widening of Route 14B.

I have scheduled a field inspection of the above described property. If you or your designated representative would like to accompany me on this inspection, please call me at 671-646-0234 so that we can schedule a mutually agreeable time and meeting place.

Any information you can provide concerning surveys, building plans, names of tenants, leases, rents, real estate taxes, operating expenses, and factors which affect the value of the property will be helpful in estimating the market value of your property.

You may contact me or my secretary Monday through Friday between 8:00 AM and 5:00 PM. Should you find it necessary to call long distance, please call collect. Please advise me of your wishes at your earliest convenience.

Very truly yours,

Vance L. Reklai, SRA
President and Chief Appraiser
Micronesian Appraisal Associates, Inc

November 16, 2015

Ms. Margarita H. Inocentes
Trustee Under the Inocentes 2002 Trust
c/o Timothy H. Smallreed
1221 Broadway, 21st Floor
Oakland, CA 94612

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Very truly yours,

Vance L. Reklai, SRA
President and Chief Appraiser
Micronesian Appraisal Associates, Inc

Exhibit 4

Appraiser's Qualifications

Professional Qualifications: Vance L. Reklai, SRA

Professional Experience

Guam General Certified Appraiser - CA-14-031, Expiration Date: February 10, 2016

Appraisal experience includes vacant land single family residential, multi-family residential, and commercial.

Geographic areas covered include Guam and Republic of Palau.

Appraisal circumstances include financing, leasing, acquisition, foreclosure disposition, and insurable replacement value.

Clients include lenders (FDIC and non-domestic), attorneys and private property owners. Work product accepted by most lender within the region.

Work History

May 1999 to Present: Micronesian Appraisal Associates, Inc. President and Chief Appraiser Real estate appraisals and consultation.

October 2000 to 2013: Palau Appraisal Associates, Inc., Vice President. Real estate appraisals and consultation.

August 1998 to May 1999: Salomon Smith Barney, Investment consulting firm.

Organizations and Professional Affiliations

- Pacific Association of Professional Real Estate Appraisers
- Appraisal Institute, Residential Associate Member

Designation

- SRA, Appraisal Institute, Member Number 428821

Professional Education

The Appraisal Institute

- 2-4 Units Case Study: Residential R3, 1999
- Appraisal Methods, 2000
- Appraisal Standards, 2001
- Advance Residential Form and Report Writing, 2001
- Basic Income Capitalization, 2003
- Residential Market Analysis and Highest and Best Use, 2005
- Report Writing and Valuation Analysis, 2006
- Advance Application, 2007
- Advance Income Capitalization, 2009
- General Appraiser Market Analysis and Highest and Best Use, 2009
- Advanced Sales Comparison & Cost Approaches, 2009
- Uniform Appraisal Standards for Federal Land Acquisitions, 2010
- Online Cool Tools: New Technology for Real Estate Appraisers, 2012
- Online Advanced Internet Search Strategies, 2012
- Online Appraising From Blueprints and Specifications, 2012

McKissock

- 2014-2015 7-hour National USPAP Update Course, 2014
- Appraising FHA Today, 2014
- 2-4 Family Finesse, 2014
- Residential Appraisal Review, 2014

International Right of Way Association

- The Appraisal of Partial Acquisitions, 2000

University of Guam

- Real Estate Investment Analysis, 1998
- Real Estate Finance, 1999

Education

1992 to 1999: Bachelor of Business Administration in Finance and Economics University of Guam, Guam.

Market Value of Taking of Proposed Portion of Lot 2143-R5,Tamuning, Island of Guam

A Real Property Appraisal Report

For Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

December 2017

Micronesian Appraisal Associates, Inc.
1069 Army Drive, Suite 205
Barrigada, Guam 96913

Introduction and Premises of the Appraisal

100 Certificate of Value

DPW Form 4.2-3

CERTIFICATE OF VALUE

Parcel No: Lot 2143-R5 Item/Segment: Proposed Lot 2143-6 R/W
Project: Route 14B Reconstruction and Widening GU No. GU-NH- AARS(003)

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are my personal, unbiased, professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property or bias with respect to the property that is subject of this report, and I have no personal interest or bias with respect to the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
4. My compensation 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.
5. This is an appraisal communicated in a restricted use report format. This report is intended for use only by the Department of Public Works, the client. Use of this report cannot be relied upon without access to the additional information contained in the appraiser's work files.
6. I have made a personal inspection of the property on November 27, 2017 that is the subject of this report and I have afforded the property owner the opportunity to accompany me at the time of the inspection. I have also on December 22, 2017 made a personal field inspection of the comparable sales relied upon in making this appraisal.
7. The purpose of this appraisal is to estimate market value as of the effective date of the report. The definition of market value can be found in the Section 4.1, DPW Right of Way Manual. The intended use is in connection with the acquisition of right-of-way for a transportation facility to be constructed by the Government of Guam with the assistance of Federal-aid highway funds, or other Federal funds. This report is not intended for any other use.
8. This appraisal has been made in conformity with appropriate Territory of Guam laws, regulations, policies and procedures applicable to appraisal of right-of-way for highway purposes; and, to the best of my knowledge, no portion of the property value entered on this certificate consists of items which are non-compensable under the established law of the Territory of Guam.
9. I have not revealed the findings or results of this appraisal to anyone other than the proper officials of the Territory of Guam or officials of the Federal Highway Administration and I will not do so until authorized by Government of Guam officials or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
10. Regardless of any stated limiting condition or assumption, I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the Government of Guam without restriction or limitation on their use. This file information is retained to support the conclusions, opinions, and analyses.
11. Statements supplemental to this certification required by membership or candidacy in a professional appraisal organization, are described on an addendum to this certificate and, by reference, are made a part hereof.

Based upon my independent appraisal and the exercise of my professional judgment, my opinion of the market value for the part taken, including damages, if any, of the property appraised as of November 27, 2017 is: $89,000.

Market Value should be allocated as follows:

Land:	$89,000	Land Area (Sq. Meters): 445 square meters
Improvements:	$0	Land Use: Partial driveway, part of Ypao Rd, and part of a ponding basin
Severance Damages/ Cost to Cure:	$0	
Total:	$89,000	

12/22/2017
Date

Vance L. Reklai, SRA
Appraiser

President and Chief Commercial Appraiser
License No. CA-16-031
Expiration February 10, 2018

CERTIFICATION ADDENDUM

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

1. I have completed any services regarding the subject property within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity;
2. As of the date of this report, Vance L. Reklai, SRA has completed the requirements of the continuing education program of the Appraisal Institute;
3. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice;
4. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and

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115 Qualifying and Limiting Conditions

Extraordinary Assumptions

One extraordinary assumption applies to this assignment:

1. *The original survey map for Lot 2143-R5 (Drawing No. SDCO-02-969) shows the property as having 13,037 sq meters. The proposed Severance map (Drawing No. VPO-2009-120) shows a combined Remainder and Severance total of 13,034 sq meters, as well as a "Special Note" stating that "The difference in area is due to actual property corners found." The discrepancy between the two maps is 3 sq meters, and is due to error ellipse. We are assuming that the current proposed severance map's square meter calculations are accurate.*

Hypothetical Conditions

1. The analysis of the property after the taking assumes a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. This hypothetical condition may affect the assignment result.
2. The valuation of the remainder parcel assumed that the proposed transportation improvements has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This hypothetical condition may affect the assignment result.

General Assumptions and Limiting Conditions

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility far the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to affer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens ar encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.
No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence

of asbestos building materials, urea-formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

Supplemental Standards
This report is prepared in compliance with Section 4.2 of the Right of Way Manual (Effective Date: November 17, 2017).

The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

120 Summary of Salient Facts and Conclusions

Owner/Address of Record:	
Name	Margarita H. Inocentes, Trustee Under the Inocentes 2002 Trust,
Mailing Address	1633 Scenic View Dr., San Leandro, Ca. 94577. This address was provided to the appraiser by a representative of DPW.
Street Address:	Ypao Gardens Condominium. Fronting Ypao Rd on the East side.
Legal Description:	Lot 2143-R5
Property Rights Appraised:	Fee Simple
Property Inspection Date:	November 27, 2017
Effective Date of Value:	November 27, 2017
Extent of the Inspection:	The appraiser inspected the West Side of the property on foot from the ground.
Size:	
Parent Tract	Lot 2143-R5. Site Area: 13,034 square meters.
Area to be Acquired	Lot 2143-6 R/W. Site Area 445 square meters.
Remainder:	Lot 2143-R6. Site Area: 12,589 square meters gross
Improvements:	One large building, two swimming pools, four small buildings, a tennis court, and a parking lot on the property.
Access:	Ypao Road on the site's West boundary

Utilities:	Public power, sewer, water, telephone.
Topography:	Level with an eight foot deep drain basin on the West boundary..
Zoning:	R-2, Multi- Family Dwelling.
Flood Zoning:	Zone X, FEMA Map No. 6600010084 D
Amenities/Other:	None
Highest and Best Use	
As Vacant	Multi- Family
As Improved	Continue use as Multi- Family.

130 Type of Report Format

This report is an Appraisal Report prepared in compliance with Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (2014-2015 Edition).

140 Purpose, Intended Use, Intended User of the Appraisal

As stated in the Right of Way Manual, "the purpose of the appraisal is to develop and report an opinion of market value. The intended use of an acquisition appraisal is for the Department's staff review appraiser to use as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility. The intended user of the appraisal is the Guam Department of Public Works Office of Right of Way."

150 Definition of Market Value

The following value definition applies to this assignment:

Market Value[1]
"Value' as used in eminent domain statute, ordinarily means amount which would be paid for property on assessing date to willing seller not compelled to sell, by willing purchaser, not compelled to purchase, taking into consideration all uses to which property is adapted and might reasonably be applied."

151 Definition of Other Terms

The following definitions for appraisal terminology apply to this assignment:

Before-and-After Rule[2]: In eminent domain valuation, a procedure in which just compensation is measured as the difference between the value of the entire property before the taking and the value of the remainder after the taking.

Benefits[3]: In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits are considered in determining the value of the remainder in a partial acquisition. General benefits accrue to the community at large as a result of the new public work and the increased general prosperity that accompanies development. Special benefits arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefited in a similar manner, if not to the same degree. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits.

Client[4]: The Department of Public Works Right of Way Supervisor (DPWRS) and his/her designee.

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[1]Department of Works Right of Way Manual
[2]Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[3]Ibid
[4]Department of Works Right of Way Manual

Compensable Damages[5]: Damages for which a condemnor is legally required to compensate the owner or tenant of the property that is being wholly or partially condemned. In most jurisdictions, physical invasion of the property by a condemning authority or the taking of some property right must occur before damages are considered compensable.

Consequential Damages[6]: Damage to property arising as a consequence of a taking over and above direct damages.

Damages[7]: In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently.

Eminent Domain[8]: The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the takings clause, guarantees payment of just compensation upon appropriation of private property.

Exposure Time[9]: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Fee Simple Estate[10]: 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.

Highest and Best Use[11]: The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Just Compensation[12]: In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken, Just compensation should put the owner in as good a position as he or she would be if the property had not been taken.

Larger Parcel[13]: In government land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use, the three conditions that establish the larger parcel for the consideration of severance damages in most states. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.

Partial Taking[14]: The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation.

Recommended Compensation[15]: The amount established by the Department's appraisal reviewer which typically represents full compensation, excluding business damages, moving costs, attorney fees, and landowner costs. Recommended compensation is almost always equal to the approved market value.

Remainder[16]: (1) In eminent domain condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.

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[5]Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)
[6]Ibid
[7]Ibid
[8]Ibid
[9]Ibid
[10]Ibid
[11]Ibid
[12]Ibid
[13]Ibid
[14]Ibid
[15]Department of Works Right of Way Manual Section 4.1-1
[16]Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Severance Damages[17]: Generally used to mean those damages to a remainder property that are compensable.

160 Property Right (Interest) Appraised

The property rights appraised in this report are the unencumbered fee simple. No other interests or rights in the parcels were considered.

175 Scope (Extent of Process of Collecting, Confirming and Reporting Data)

The scope of the analysis refers to the extent of the process of collecting, confirming, and reporting data. The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the consulting services is desirable to protect other parties whose reliance on the report may be affected.

General data include information on the social, economic governmental, and environmental forces that affect property value. The appraisers have accumulated general data from a wide variety of sources, including Pacific Area regional information sources, Government of Guam sources, Federal Government sources, and local real estate organizations, and trade associations. The appraiser's educational background and experience is utilized extensively in the collection and evaluation of data.

Specific data include details about the property being analyzed, comparable sales, rental properties, and relevant local market characteristics. In real property appraisal these data are used to determine highest and best use and to make the specific comparisons and analyses required to estimate market value.

Assignment Specific Scope of Work Summary

This appraisal was performed under the following scope of work; the appraiser: A) Inspected and cataloged the salient attributes of the subject property. Data on both subject properties were obtained from a variety of commercially available mapping sources; these maps are presented in this report.

B) Investigated appropriate market data for utilization in a direct sales comparison approach to value. The appraiser's investigations included research of Department of Land Management public records, the Guam Association of Realtor's Flex MLS database, and the appraiser's in-house office files and database.

Search parameters such as dates of sales, locations, sizes, and types of properties were customized based on the characteristics of each property being appraised and started with relatively narrow constraints and were expanded until appraiser had retrieved data sufficient to estimate market value.

Researched sale data were reviewed and, if found to be appropriate, efforts were made to verify the data with persons directly involved in the transactions such as buyer, sellers, brokers or agents. Data were gathered and presented for each comparable transaction in compliance with Sections 4.2.19 and 4.2.20 of the Right of Way Manual.

C) Investigated and analyzed all pertinent easements and restrictions on the fee simple ownership of the subject property. We relied upon the latest available professionally produced draft survey maps provided by DPW for this assignment; these maps are cited and presented in this report. It is noted that these maps have not been finalized and material changes in the maps may affect the appraiser's conclusions.

D) The appraiser did not ascertain the existence of toxic waste or other contamination present on or off the site. However, the appraiser has reported all indications of toxic waste or contaminants that may affect value if readily apparent during the appraiser's investigations. Appraiser cautions the user of the report that appraiser is not expert in such matters and that appraiser may overlook contamination that might be readily apparent to others.

180 Appraisal Problem

DPW requires and this report includes one appraisal, conforming to DPW Right of Way Manual, under one cover to provide expert opinions of Just Compensation for one partial acquisition.

The remainder was appraised presuming that the transportation improvements are in place and operating. The remainder is not impacted, thus a cost to cure estimate was not applicable.

[17] Ibid

Once the parent tract was appraised, the value of the part taken as part of the whole was calculated and stated. This calculation was based on the unit values set forth in the reconciliation of the parent tract or "whole" before the taking.

Site improvements are not within the part taken. There are no damages or costs to cures. Special benefits were not applicable. Therefore, no offsetting damages needed to be considered.

Presentation of Data

200 Identification of Property and Legal Description

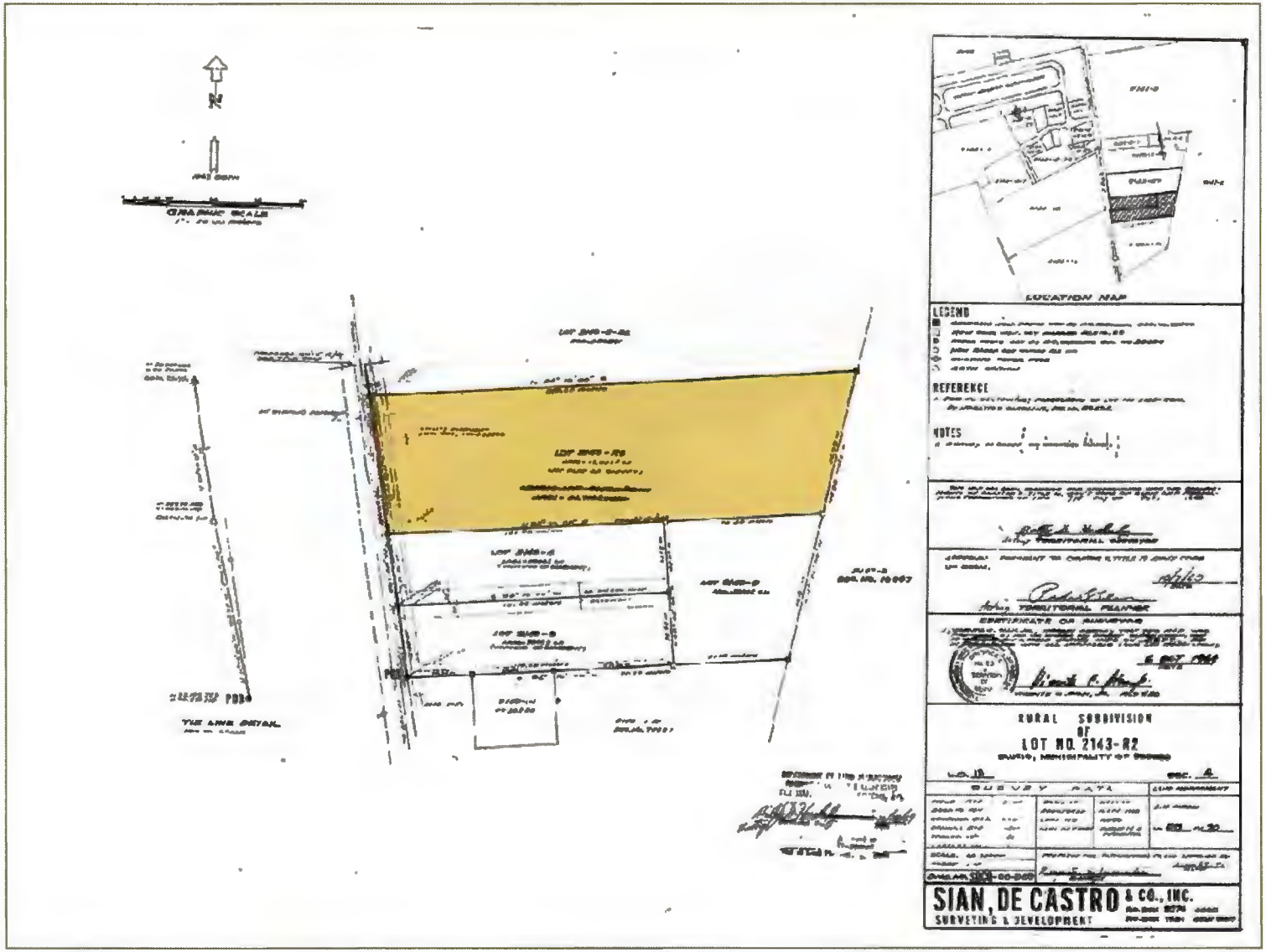
The subject property is in close vicinity of the island's Hotel District, immediately to the North. Maps indicating the precise location of the property are shown on the following pages.

The properties are legally described as follows:

Lot No. 2143-R5, Not part of Survey, (Subdivision of Lot No. 2143-R2), Municipality of Tamuning, (Formerly of Dededo), Territory of Guam. Estate No. 2427, Suburban, as said Lot is marked and designated on Drawing No. SDCO-02-969, as L.M. Check No. 887 FY 70, dated October 07, 1969 and recorded October 28, 1969, as the Records Division, Department of Land Management, Government of Guam, under Document No. 92196..

The appraisal in this report is of the above referenced property. The scope of work refers to the above lot as well as the proposed Severance Lot 2143-6 R/W, and Remainder Lot 2143-R6.

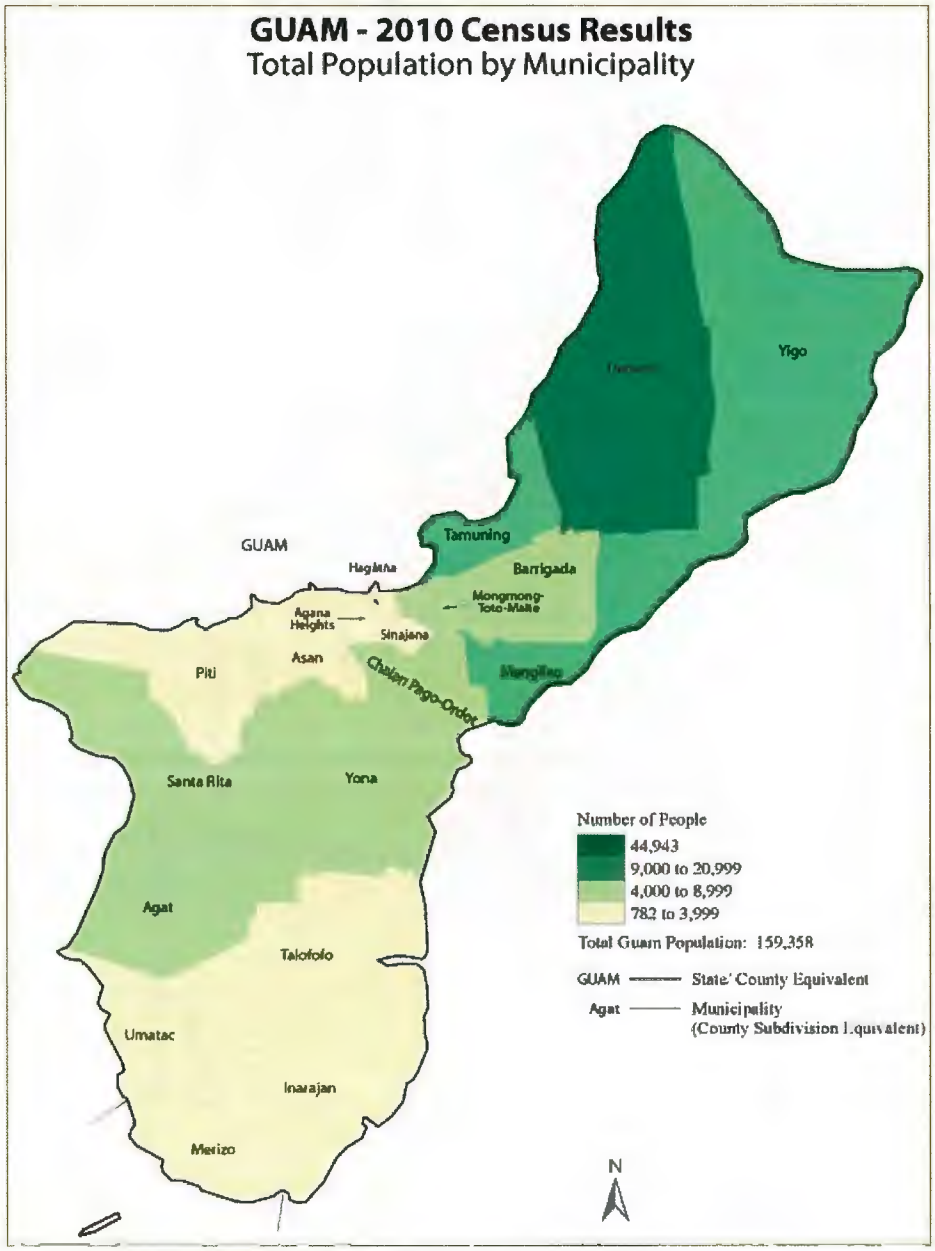
Map Drawing No. SDCO-02-969 (L.M. Check No. 88 FY 70)



220 Description of Area and Neighborhood

The subject site is located along the west side of Ypao Road in the Municipality of Tamuning, island of Guam. There is no numerical or street address assigned to the subject. The subject site is located in an area that is primarily residential. Land use to the north and west consists of hotels, beaches, and businesses. East and southeast of the subject site land use consists of multi-family condominiums and businesses . Directly south of the subject site land use consists of several single-family homes in average condition. Further south, land use consists of businesses. Commercial uses are located along Marine Corps Drive with Payless, Cost-u-less, and Guam Premium Outlets less than a mile south of the subject..

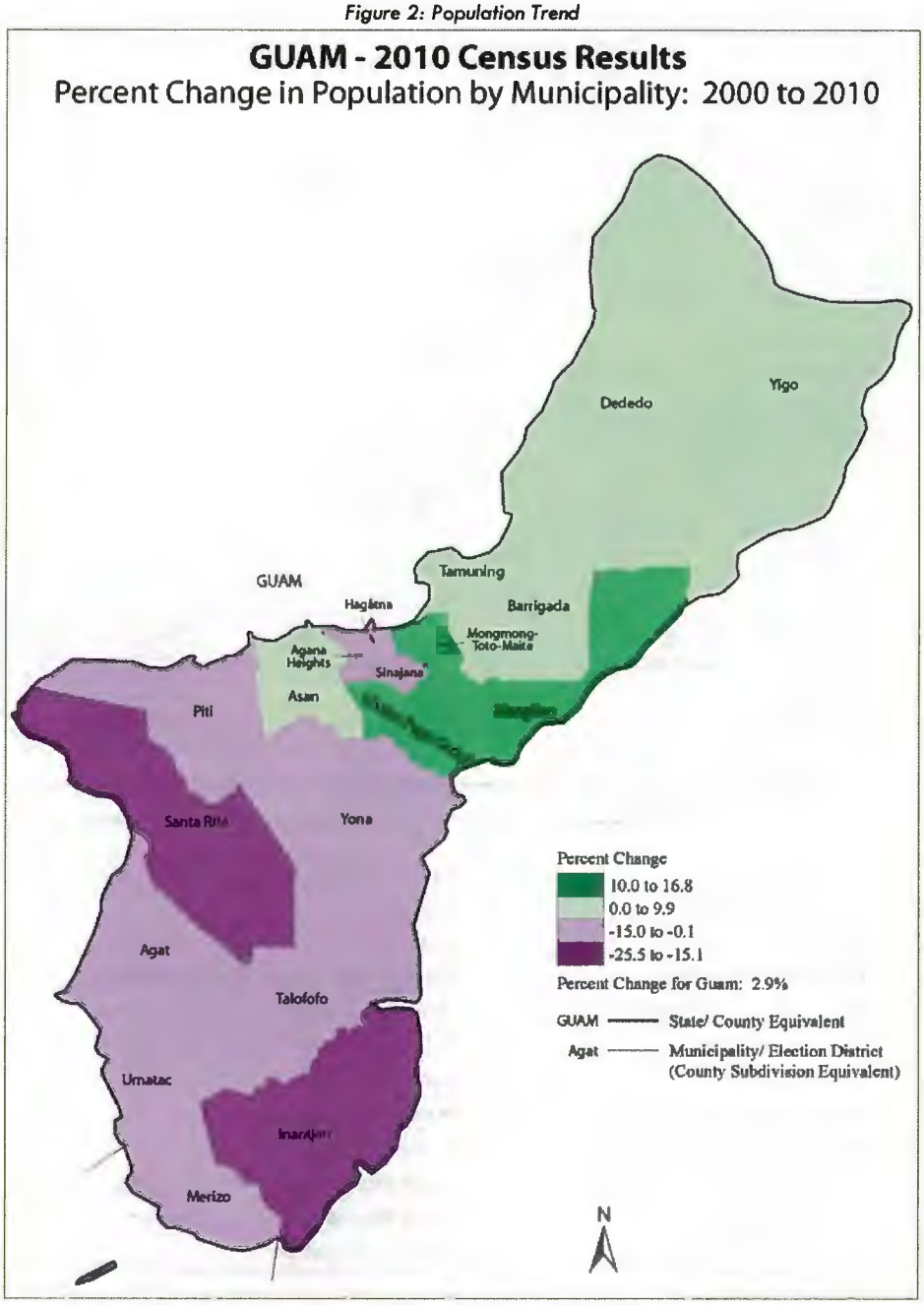
Figure 1: Population



Source: U.S. Census Bureau, 2010 Census for Guam

The presence of substantial employment and shopping areas in Tamuning and Hagatna makes it a convenient and desirable place to live and is a key reason for its high population density, increasing population trend, and high property prices relative to southern and northern villages.

Figure 2: Population Trend

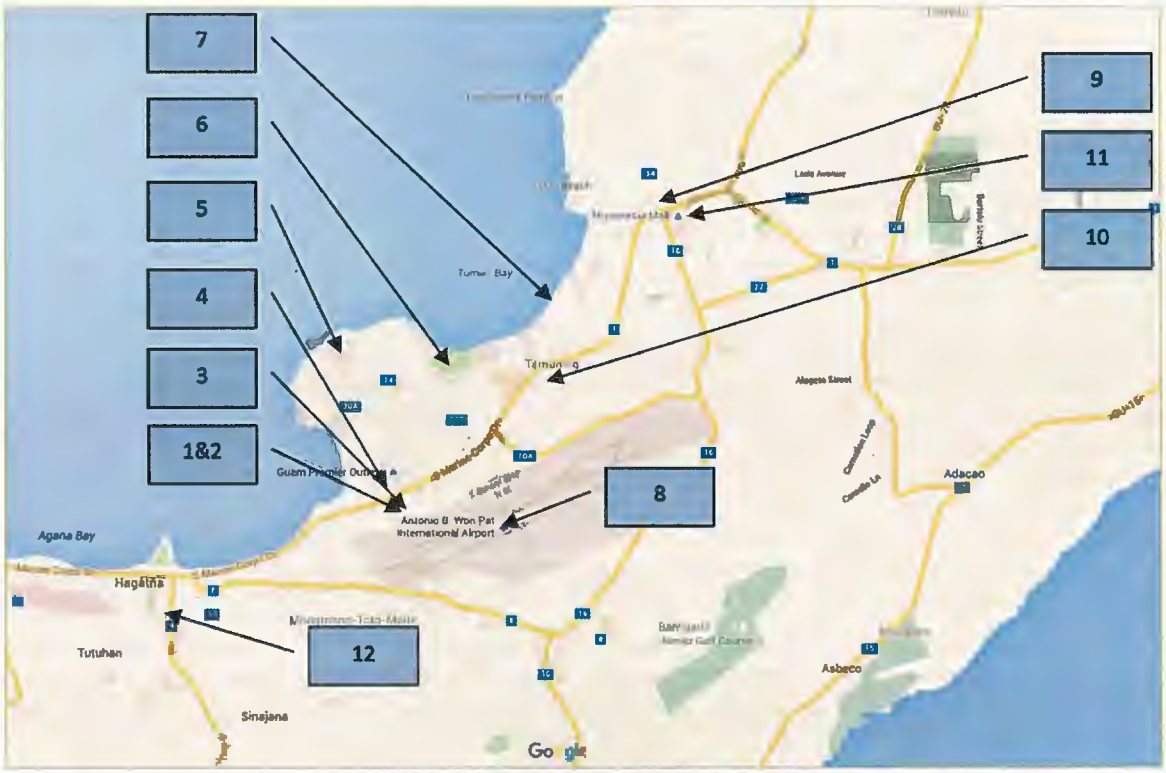


Source: U.S. Census Bureau, Census 2000 for Guam and the 2010 Census for Guam.

The population ranges and trends for Tamuning and other municipalities in Guam are depicted in Figure 1 and 2. Figure 1 shows that the southernmost villages of Guam are within the lowest population range (782 to 3,999 persons). This is in contrast to the central and northern villages which all have much higher populations.

Nearby Community Services

Neighborhood shops, parks, schools and healthcare facilities are conveniently located close to the site. A balanced mix of residential, services and retail centers contributes favorably to the area.



No.	Amenity	Location
1	ITC Building	South Marine Corps Dr. , Tamuning
2	Tamuning Post Office	South Marine Corps Dr. , Tamuning
3	Tamuning Fire Station	South Marine Corps Dr. , Tamuning
4	GPO Shopping Center	Chalan San Antonio Road, Tamuning
5	Guam Memorial Hospital	Governor Camacho Road, Tamuning
6	Ypao Beach Park	Pale San Vitores Road, Tamuning
7	Hotel District	Tumon Bay Beachfront, Tamuning
8	Won Pat International Airport	Route 10A, Tamuning
9	Guam Regional Hospital	Route 3, Dededo
10	K-mart	North Marine Corps Dr., Tamuning
11	Micronesian Mall	North Marine Corps Dr., Dededo
12	Guam Public Library	Route 4, Hagatna

Retail shopping:

Neighborhood markets, pharmacies, and retail centers are convenient to the site. The Guam Premium Outlet shopping center houses many small clothing and shoe stores, as well as a theatre. Fast food restaurants - as well as sit-in restaurants - are located around the GPO shopping center. More stores can be found along Route 1 (South Marine Corp Dr.) Also located in the area is a Payless grocery store and a Cost-U-Less market (all are less than a mile West from the site). The World's largest Kmart is in Tamuning less than a mile from the site. The Kmart store also has a pharmacy.

Micronesia Mall, the largest mall in Guam, is located in Tamuning less than three miles to the North East of the property. The mall is anchored by Macy's and a Payless Supermarket, and features more than 100 national retailers, twenty restaurants and a multi-screen stadium theatre.

Employment Opportunities:
The area offers employment opportunities at office, banking, and retail venues. Healthcare employment can be found among several local clinics as well as at two major hospitals: the new Guam Regional Medical City in Dededo, and Guam Memorial Hospital in Tamuning.

Guam's resort hotels, luxury tourist shopping areas, restaurants, cultural attractions and other hospitality-related employment centers are less than a mile North and North East of the site. Beaches, resort hotels such as the Hilton, Hyatt Regency, the Westin and Hotel Nikko are found on either side of Pale San Vitores Road to the site's North (along Tumon Bay). Situated in Tumon's premier shopping district are restaurants and shops at Pleasure Island and the DFS Gallery (duty free) featuring internationally known brands such as Louis Vuitton, Chanel, Gucci, Armani and Coach.

Schools
Guam Community College is located less than five miles South East of the site. The college offers secondary and postsecondary programs, adult education, community education, and specialized education for technical workforce development. Its certificate programs include such diverse areas as medical assisting, culinary arts, cosmetology, hospitality and English as a second language.

Hospitals/Clinics:
SDA Guam Clinic is located on Ypao Road less than a minute's drive from the site.

Guam Memorial Hospital is a 208-bed acute care hospital located at 850 Governor Camacho Road, and is about a mile West of the site. The hospital provides all customary acute care services and certain specialty services. These include inpatient and outpatient surgery; intensive care; skilled nursing care; and 24-hour emergency services.

Guam Regional Medical City is about one mile west of the site. The hospital recently opened in 2015 and hosts 130 beds.. Operated by The Medical City (an accredited Philippine healthcare organization) its range of services includes, but is not limited to, cardiology, orthopedics, cancer treatment, and physical therapy. Healthcare clinics in close proximity to the property include The Doctor's Office Medical Clinics on Father Duenas Dr., across from Guam Memorial Hospital. The clinics provide, medical, dental, vision and pharmacy services. FHP also offers Medicaid certified home health services.

Public Transportation:
Mass transit service is provided by the Guam Mass Transit Authority. The Authority operates buses on nine routes, connecting nearly all of the villages of the island. The Gray line serves Dededo, Yigo, and the surrounding areas. The standard fare is $3.00/day, $1.00/ride with discounts available for senior citizens, students, and physically challenged passengers. Service on all routes is provided six days a week, and is available to people with disabilities.

Libraries:
The Public Library, located in Hagatna, is less than three miles South West of the site. The library provides linkages to Pacific Resources for Education and Learning (PREL), specializing in multicultural and multilingual environments, providing programs, services developed to promote educational excellence. The public library also operates a bookmobile service with scheduled stops at schools, learning centers and churches.

Social Services/Churches:
Guam's population is predominantly Catholic (85%). The Catholic Church offers many services for the poor, elderly, and the disenfranchised. Their main office - Catholic Social Services - is located in the village of Barrigada, less than three miles from the subject. The Catholic group Kusinan Kamalen Karidat (in the village of Hagatna) offers free meals to the homeless, along with other services. Other churches on the island include Baptist, Mormons, Iglesia ni Cristo, Jehovah's Witnesses, and many non-denominational churches. A large Buddhist temple is located in Barrigada, and a mosque is located in the village of Mangilao.

Public Safety:
The Tamuning Fire Station and a Police Precinct office are situated on Marine Corps Drive, less than a mile south of the subject property.

Island Location Map

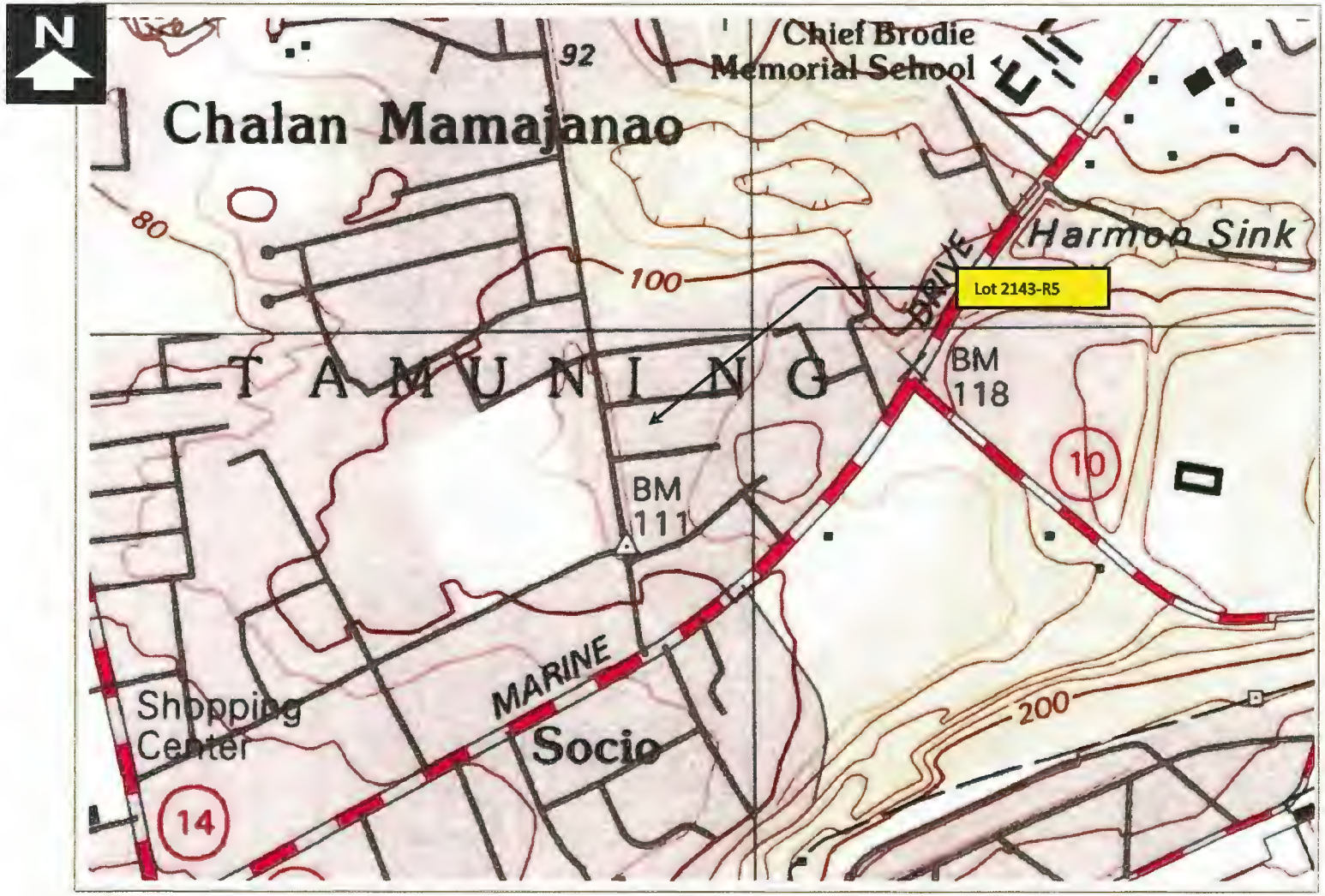


Neighborhood Location Map



Source: 2008 Bureau of Statistics & Plans, Map Book of Guam

Topographic Map



Source: U.S. Geological Survey

230 Description of Property, Photographs, and Sketches

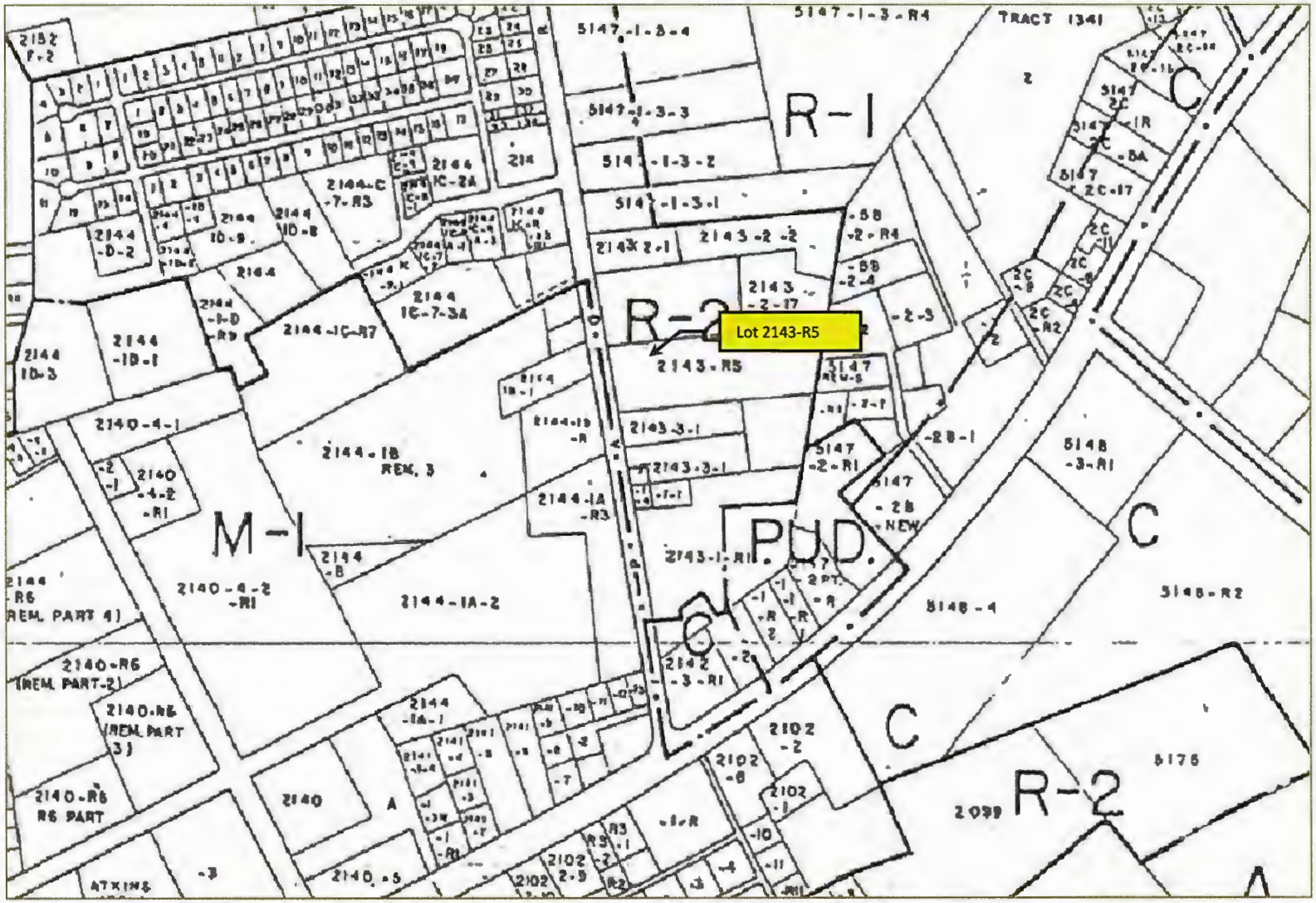
Satellite Image of Property



Flood Insurance Rate Map



Zoning Map:


Lot 2143-R5
R-1
R-2
M-1
PUD
C
TRACT 1341
2143-R5
2144-1B REM. 3
2144-1A-2
2140-4-2 -R1
2140-R6 (REM. PART 4)
2140-R6 (REM. PART-2)
2140-R6 (REM. PART 3)
2140-R6 R6 PART
2140
2102
2099
5176
5148-4
5148-R2
5148 -3-R1
2143-3-R1
2142 -3-R1
2144-1A -R3
2144-1C-R7
2144-1C-7-3A
2140-4-1
2144 -1B-1
2144 10-3
2144 -1-D -R3
2144 10-8
2144-C -7-R3
2144 1C-2A
2143-2-1
2143-2-2
2143 -2-17
5147-1-3-R4
5147-1-3-3
5147-1-3-2
5147-1-3-1
5147 -2-R1
5147 -2-B
5147 -2-NEW
2143-3-1
2144-1B -R
2144 -8
2144 -1A-1
2102 -2
2102 -8
2102 -1
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2140 -5
2140 A
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-2-4
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-2-R2
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-2-B4
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-2-R
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-1-R99
-1-R100

Property Data (Lot 2143-R5)

Site

1. Property Type: Multi-Family Residential
2. Existing use: Multi-Family Residential use
3. Land
   A. Area: 13,034 square meters.
   B. Shape: trapezoid
   C. Dimensions: North boundary is 218.23 meters; East boundary 65.99 meters; South boundary 194.29 meters; West boundary is 63.33 meters.
   D. Ingress/Egress: Ypao Road (Paved)
   E. Topography: Level with an eight foot deep drain pit on the West boundary..
   F. Flood Plain Data: The property is in Zone X (no shading), FEMA Map No. 6600010084 D
   G. Drainage: The parcel drains down into a ponding basin on the West boundary.
   H. Soil Characteristics: No adverse conditions apparent.
   I. Utilities on Site: Power pole on Ypao Road (Route 14B).
   J. Utilities Available: Public power, sewer, water, telephone..
   K. Site Improvements: One large building, two swimming pools, four small buildings, a tennis court, and a parking lot on the property.
   L. Easement, Encroachments or Restrictions and their Effect or Limitation: Government Utility Easement runs along the West side of the property.

Other Pertinent Features

None.

Photographs



Photographer: Vance Reklai **Date:** 11/27/2017	View of subject, taken from a point across from the entrance and near the North West corner facing South East into the subject lot.



Photographer: Vance Reklai **Date:** 11/27/2017	Street view, taken from a point on the subject's West boundary and facing North down Ypao Road. The Area to be Acquired is to the right of the camera, extends about 7 meters into the subject property, and runs the length of the property. The sign is within the Area to be Acquired.



Photographer: Vance Reklai **Date:** 11/27/2017	Street view, taken from a point near the North West corner, and facing South down Ypao Road. The Area to be Acquired stretches from the side of the road and into the subject property about 7 meters. Roughly half of the ponding basin is within the Area to be Acquired.



Photographer: Vance Reklai **Date:** 11/27/2017	View of ponding basin, from a point on the subject's South West corner facing North. Roughly half of the basin is within the Area to be Acquired.



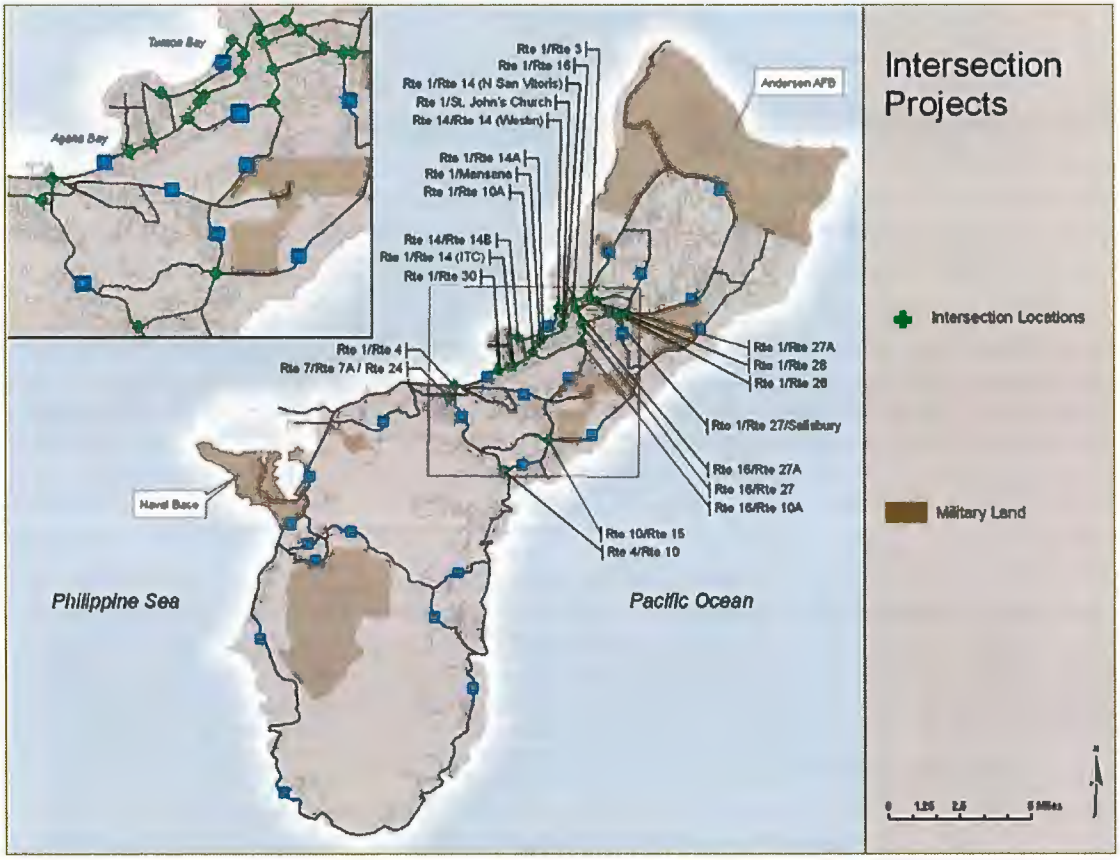
Photographer: Vance Reklai **Date:** 11/27/2017	View of the complex from the northeastern boundary facing west. The units are on the left facing the parking lot.



Photographer: Vance Reklai **Date:** 11/27/2017	View of the pool amenity. Photograph is taken from the southwestern facing east. The units are to the left of the photograph.

235 Existing Transportation Facility Description

Route 14B (Ypao Road) is located on the West part of the island and connects with Route 14 to the North (which runs along Tumon Bay) and with Route 1 in the South. It provides residents in the neighborhood with a quick access to the Hotel District and beaches in Tumon, as well as access to Marine Corps. Dr., the island's main road.



240 Zoning, Land Use Plan, Concurrency

Guam's Zoning Law establishes regulations in order to:

> *establish certain minimum regulations for the protection and promotion of the public health, safety and general welfare of the people of the Territory of Guam, which regulations are deemed necessary in order to encourage the most appropriate use of land, to provide adequate open spaces about buildings for light and air, to prevent undue concentration of population, and to assure adequate provisions for community utilities and facilities such as water, schools, parks and other public requirements.*[18]

Private properties on Guam are divided into eight zones:

"A"	-	Agricultural zone
"R1"	-	One-Family zone
"R2"	-	Multiple-Family zone
"C"	-	Commercial
"P"	-	Parking
"M1"	-	Light Industrial
"M2"	-	Heavy Industrial
"H"	-	Resort

[18] Government of Guam, Title XVIII, Chapter I, Paragraph 17001, as quoted in Land use Regulations for Guam, p. 80.

These zones are depicted on Official Zoning Maps, available at the Planning Division of the Department of Land Management. Each zone has permitted uses and conditional uses as well as height limitations and yard setback restrictions. If a proposed development is a permitted use and complies with the zone's regulations, Government review and approval is not necessary by either the ARC (Application Review Committee) or the GLUC (Guam Land Use Commission).

The Official Zoning Map (see excerpt on page 19) indicates the subject is located on an R-2, Multi-Family Residential Zone.

§ 61306. R2 Multiple Dwelling Zone.

(a) Permitted Uses

1. One-family dwellings.
2. Duplexes.
3. Multi-family dwellings.
4. Hotels, private groups and institutions.
5. Accessory uses and structures for the above.

(b) Conditional Uses

1. Any conditional uses permitted in the "R1" zone.
2. Health clinics.
3. Utilities and public facilities.
4. Air, bus, taxi, auto, rental facilities.
5. Accessory uses and structures for the above.

SOURCE: GC § 17105. Subsection (b) as amended by P.L. 11-060. Subsection (a) amended by P.L. 32-045:3 (July 5, 2013).

A new zoning plan, the I Tano-'ta Land Use Plan, was enacted in June 1998 with an implementation date of May 1st, 1999. The plan was a "performance-based" plan that permitted a wide range of uses with detailed performance standards. As a result of concerns raised by the financial community, I Tano-'ta was deferred/repealed by legislative act on May 26th.

The concerns centered primarily on the large number of "legally non-conforming" properties resulting from new performance standards. A significant concern for the real estate community is the continuity of secondary market financing for these legally non-conforming properties. Public sentiment appears to remain against I Tano-'ta unless the concerns of the secondary market are addressed.

250 Assessed Value, Taxes and Special Assessments

The assessed value is established by the Department of Revenue and Taxation, Government of Guam at 100% of the "market value" as determined by the most recent government revaluation conducted, with an effective date of 2014. Real estate taxes are currently computed as 0.0875% of the assessed value of land, and 0.35% of the assessed value on improvements. The tax information is based on the newest subdivision map reflecting the proposed taking and remainder parcel.

Property Component	Government "Market" Value	Government Assessed Value	Real Property Tax Amount
Land	$ 1,774,440	1,774,440	$ 1,552.64
Building	$ -	$ -	$ -
Total	$ 1,774,440	$ 1,774,440	$ 1,552.64

Source: Government of Guam, Department of Revenue and Taxation, Real Property Tax Division

A government assess value was only available for the land. The building taxes are charged individually for each condo unit.

260 History of Property

Department of Land Management records show no transaction of within the last five years.

No other offers to purchase were made within the last five years.

270 Exposure Time

"Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."[19]

Residential Land: In the five year period immediately prior to the effective date of appraisal, a total of 48 residential land transactions were recorded in the GAR MLS database for the island of Guam. We developed a search parameter to narrow land transactions that would compete with the subject property:

- Sold Date: 11/27/2012 to 11/27/2017
- Size: 5,000 SM to 20,000 SM
- Zoning: R-2, Multi-Family

Based on these parameters the GAR MLS results for the Days on Market area as follows:

DOM Analysis

Date between 11/27/2012 and 11/27/2017
for Guam Association of Realtors®
Search Parameters: Property type Land For Sale; Status of 'Closed'; Lot +/- Sq Meters between 5000 and 20000.
Group by: Zoning

Zoning	Number of Sales	Average DOM	Average DTC
A	26	189	55
C	8	958	63
M-1	4	301	34
R-1	8	228	41
R-2	2	126	44
Unknown	6	158	67
Totals:	54	311	54

Given the preceding data, the exposure times for the appraisals in this report are estimated at approximately three to six months.

280 Public and Private Restrictions

There are no private or public restrictions affecting the subject property, except the river portion of the property within waterway requires Territorial Planning Commission approval for development.

Analysis of Data and Conclusions

300 Highest and Best Use Analyses

Highest and best use is defined:

Highest and Best Use[20]
The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Methodology
Determination of highest and best use for a given property is a process of elimination of all possible uses by the application of certain tests to the subject site:

1) *As though vacant.* This analysis will result in a decision to either leave the property vacant or to develop it. If the decision is to develop the site, the appraiser suggests the ideal improvement for the site.

2) *As improved.* If improved, this analysis compares the existing improvement with the ideal improvement, resulting in a decision of what to do with the existing improvements, including leaving as is, repairing, remodeling, or demolishing.

[19] Department of Works Right of Way Manual
[20] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition, 2015.

Highest and Best Use Tests
1. *Physical possibility*: Which uses would be reasonably possible given the site's size, shape, topography, drainage, access, soil and infrastructure.

2. *Legal permissibility*: Which uses which are physically possible would also be legally permissible given: zoning restrictions, building codes, deed restrictions, and other title encumbrances.

3. *Financial feasibility*: Which uses(s) meeting the first two tests also create positive income or positive value. This third test can involve a development approach, which tests the feasibility
of a specific set of circumstances in the light of financial criteria derived from comparable properties.

4. *Maximum productivity*: Of the possible uses which meet the first three tests, which use results in the highest net present land value.

As Though Vacant
Legally Permissible: The property is zone Multiple Dwelling, which permits high density residential use.

Physically Possible: All of the legally permissible uses are physically possible.

Financially Feasible: All of the physically possible uses are financially feasible.

Maximally Productive: The maximally productive use of the property is to develop for multiple residential development.

As Improved
The subject is appraised as vacant assuming no improvements; thus, a highest and best use as improved is not necessary or relevant.

302 Highest and Best Use Conclusion
The maximally productive use of the property is to develop for multi- family use.

305 Approaches to Value Used and Excluded
The valuation of real property typically involves three approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Utilization of the appropriate approach or approaches for a given property is based on the quality and quantity of data available, and the relevance of the data to the property being appraised. If more than one valuation approach is utilized, the resulting value estimates are reconciled to produce a final value conclusion.

Methodology
The Cost Approach is based on the principle of substitution that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. The Cost Approach is a procedure that estimates the current reproduction or replacement cost of the improvements, adds entrepreneurial profit, deducts accrued depreciation from all sources, and adds the value of the land. The Cost Approach is most appropriate when the improvements being appraised are proposed or relatively new (with a small amount of physical deterioration) and represent the highest and best use for the site.

The Sales Comparison Approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The value of this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property being appraised. The sold properties are compared to the subject using key units of comparison. Adjustments are made for differences between the subject and the comparables, resulting in adjusted sales values for each of the comparables. The adjusted values are reconciled for a value conclusion by the Sales Comparison Approach. The Sales Comparison Approach is appropriate for most real property interests.

The Income Capitalization Approach is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property. The Income Capitalization Approach mirrors the analysis of typical investors and is considered appropriate for valuing investment properties.

Selection and Exclusion of Approaches
Cost Approach: The acquisition includes land and minor site improvements, including a power pole, but no building improvements. For this reason, a complete cost approach is not necessary and

would not enhance the reliability of the assignment results.

The site improvements within the acquisition are adjusted for using cost methods within the sale comparison approach.

Sales Comparison Approach: There is good quality data of sufficient quantity to appraise the site as though vacant. The sales comparison approach is applicable and necessary for the valuation of the subject property.

Income Approach: It is possible to value land using income techniques such as an income residual analysis. However, such analyses are very sensitive to inputs and unreliable. For this reason, the income approach is not appropriate or necessary for the subject property.

Given the preceding, this assignment will consider the sales comparison approach and will exclude the cost approach and income approach, which are not necessary.

310 Land Valuation

Methodology[21]

Sales comparison[22] is the most common technique for valuing land, and it is the preferred method when comparable sales are available. To apply this method, data on sales of similar parcels of land is collected, analyzed, compared, and adjusted to provide a value indication for the site being appraised. In the comparison process the similarity or dissimilarity of the parcels is considered.

The appraisers must perform several tasks in developing an opinion of site value:

- Gather data on actual sales as well as listings, offers and options based on highest and best use.
- Identify the similarities and differences in the data.
- Identify the highest and best use of each potential comparable sale and then choose the appropriate sales for analysis.
- Identify units of comparison that explain market behavior.
- Adjust the appropriate unit prices of the comparable sales to account for the dissimilar characteristics of the site being appraised.
- Form a conclusion as to the market value of the subject site.

The goal of the sales comparison approach is to select the most comparable sales and then adjust the comparables sales for differences that cannot be eliminated within the selection process. After comparable data is collected and categorized and the comparable properties are examined and described, sales data can be assembled in an organized, logical manner. Sales are commonly arranged in a market data grid that has separate rows (or columns) for important property characteristics. It is also known as a site valuation chart.

Selection of Comparables

Sales that require significant adjustment – either in magnitude or number of adjustments – are suspect for their comparability and reliability. Therefore, the appraiser's objective was to select sales with the fewest number and lowest magnitude of adjustments. Another important consideration is the highest and best of the land. Transactions with the same highest and best use as the subject were selected.

Land Transaction Data

The land transactions selected for comparison against the subject are attached in the exhibit section of this report. Given that the highest and best use of the subject property as residential, the

[21] The following four paragraphs are quoted from The Appraisal of Real Estate, 14th Edition, Appraisal Institute, 2013.

[22] One of the three generally accepted methods for valuing real estate: cost approach, income approach and sales comparison approach. The cost approach utilizes the sales comparison approach for valuing the land component of the overall project. The income approach can convert ground rent estimates (based on comparable transactions) into value via market-extracted capitalization rates (derived from comparable sales analyzed via the sales comparison approach).

land comparables selected for analysis also have similar highest and best use.

Site Valuation Chart

Site Valuation: Comparisons and Adjustments				
Property Identification	Subject	Comparable	Comparable	Comparable
Lot Number	Lot 2143-R5	Lot 6 and 7, Block 3, Tract 10	Lot 2144-1D-9 and -R9	Lot 5147-3-3NEW-6
Municipality	Tamuning	Tamuning	Tamuning	Tamuning
Document		Warranty Deed	Warranty Deed	Warranty Deed
Instrument		894747	831961	886242
Date of Sale	27-Nov-17	08-Jul-16	20-Jan-12	30-Nov-15
Cash Equivalent Sales Price		US$ 600,000	US$ 1,577,000	US$ 752,800
Size (Square Meters)	13,034.00 SM	2,213.00 Square Meters	7,860.00 Square Meters	3,764.00 Square Meters
Unadjusted Sales Price Per Square Meter		$ 271.13	$ 200.64	$ 200.00
Real Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Comparison		Equal	Equal	Equal
Adjustment		0%	0%	0%
Adjusted Sales Price Per Square Meter		$ 271.13	$ 200.64	$ 200.00
Financing Terms	Cash Equivalency	All cash transaction	Small downpayment with seller financing	All cash transaction
Comparison		Equal	Superior	Equal
Adjustment		0%	-10%	0%
Adjusted Sales Price Per Square Meter		$ 271.13	$ 180.58	$ 200.00
Conditions of Sale	No unusual conditions	No unusual conditions noted	Consolidation	No unusual conditions noted
Comparison		Equal	Superior	Equal
Adjustment		0%	-5%	0%
Adjusted Sales Price Per Square Meter		$ 271.13	$ 171.55	$ 200.00
Expenditures Made Immediately After Purchase	None	None known	None known	None known
Comparison		Equal	Equal	Equal
Adjustment		0%	0%	0%
Adjusted Sales Price Per Square Meter		$ 271.13	$ 171.55	$ 200.00
Market Conditions	11/27/17	Similar Market Conditions	Similar Market Conditions	Similar Market Conditions
Comparison		Equal	Equal	Equal
Adjustment		0.0%	0.0%	0.0%
Adjusted Sales Price Per Square Meter		$ 271.13	$ 171.55	$ 200.00

Real Property Rights Conveyed: The subject and all comparables are fee simple; therefore, no adjustment is required.

Financing Terms: The market value definition applied in this assignment requires payment of an amount that would ordinarily be paid Sellers and buyers on Guam ordinarily transact real property such that the seller in the vast majority of times receives all cash. Therefore, the analysis adjusts all of the comparable sales so as to be equivalent to a transaction where the seller receives all cash at closing. Comparable 2 involves a transaction with a small downpayment and remainder is seller financing. The details of the financing term are undisclosed. An adjustment for the small downpayment is necessary.

Conditions of Sales: Comp 2 was bought as a consolidation to the front parcel. Premium paid for the plottage require a -5% adjustment.

Expenditures Made Immediately After Purchase: No material expenditures were noted or reported to have been made immediately after purchase for any of the three comparables; therefore, no adjustment is required.

Market Conditions: Comparable 2 sold within about two years of the effective date of appraisal. Market conditions have been stable and adjustment required.

Adjustment for Physical Characteristics				
Location	Ypao Road	Farenholt Avenue at Cuscaho Road	Mamis Street	Fronting Ypao Road, north of Irondwood Hights
Comparison		Equal	Equal	Equal
Adjustment		0%	0%	0%
Size	13,034.00 SM	2,213.00 Square Meters	7,860.00 Square Meters	3,764.00 Square Meters
Comparison		Superior	Superior	Superior
Adjustment		-20%	-5%	-15%
Topography	Level	Mostly Fairly Level	Level	Level
Comparison		Equal	Equal	Equal
Adjustment		0.0%	0.0%	0.0%
Access	Paved, Front Ypao Road	Paved Road, Cascaho Road	Paved road, Front Mamis Street	Paved road, Front Ypao Road
Comparison		Inferior	Inferior	Equal
Adjustment		10%	10%	0%
Zoning	R2, Multiple-Dwelling	R2, Multiple Dwelling Zone	PUD, Planned Unit Development	R2, Multiple-dwelling zone
Comparison		Equal	Inferior	Equal
Adjustment		0%	5%	0%
Other	None	None	Easement	None
Comparison		Equal	Inferior	Equal
Adjustment		0%	10%	0%
View	Neighborhood	Neighborhood	Neighborhood	Neighborhood
Comparison		Equal	Equal	Equal
Adjustment		0%	0%	0%
Net Adjustments, Physical Characteristics		-10.0%	20.0%	-15.0%
Final Adjusted Price Per Square Meter		$ 244.02	$ 205.86	$ 170.00

Location: All the comparable sales are located within one mile of the subject; no adjustments required.

Size: Comparable 1, 2 and 3 are smaller than the subject and required adjustments. Therefore, the size adjustment for each comparable sale is -20%, -5% and -15% respectively. Smaller land area tends to command higher price per square meter because of economies of scale principal.

Topography: All the comparable sales topography is similar to the subject.

Access/Visibility: Comp 1 and 2 are located on a secondary road required a +10%.

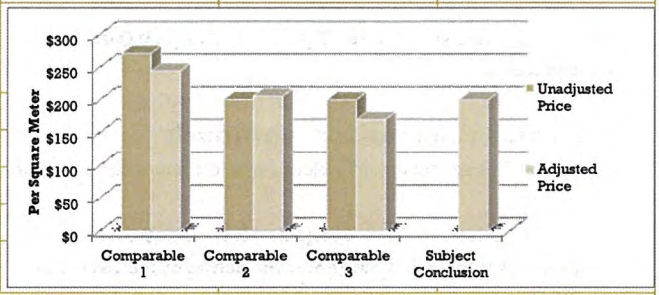
Zoning: Comp 1 and 3 have similar zoning to the subject. Comp 2 is a PUD, these properties require more restrictions and approval from Land Managements compared to the subject, the zoning is inferior that requires a positive adjustment.

Other: Comp 2 has an easement running through the site which separates the parcel into two lots. The comparable sale was adjusted +10%

View Amenity: All of the comparable sales had similar views with no adjustment necessary.

Site Valuation: Reconciliation and Conclusion				
Property Identification	Subject	Comparable 1	Comparable 2	Comparable 3
Lot Number	Lot 2143-R5	Lot 6 and 7, Block 3, Tract 10	Lot 2144-1D-9 and -R9	Lot 5147-3-3NEW-6
Municipality	Tamuning	Tamuning	Tamuning	Tamuning
Unadjusted Sales Price Per Square Meter		$ 271.13	$ 200.64	$ 200.00
Adjusted Price Per Square Meter		$ 244.02	$ 205.86	$ 170.00
Weighting Considerations	Net Adjustments, Per Square Meter	$ -27.11	$ 5.22	$ -30.00
	Total Adjustments, Gross %	30.0%	45.0%	15.0%
	Total Adjustments, Net %	-10.0%	2.6%	-15.0%
	Weight	32.1%	30.2%	37.7%

Summary of Unit Values	
Unadjusted Price Range	$ 200.00 to $ 271.13
Adjusted Price Range	$ 170.00 to $ 244.02
Average Adjusted Price	$ 206.63
Weighted Average Sales Price	$ 204.59
Conclusion	$ 200.00



Value Conclusion: $ 200.00 Per Square Meter @ Site Area of 13,034.00 Square Meters = $2,606,800, rounded to $2,607,000

The weighting of the comparables sales is based on the amount of gross and net percentage adjustments. Comparables with lower levels of adjustment are given more weight on the basis that such comparables are more similar to the subject

The site valuation analysis concludes a site value for the 13,034 square meters of land area at $200.00 per square meter or $2,607,000 for the entire property, as though vacant, as of the effective date of appraisal. This conclusion is subject to the hypothetical conditions and extraordinary assumptions of this appraisal which may have affected the assignment results.

315 The Cost Approach
Not applicable.

320 Building Cost Estimate
Not applicable.

325 Accrued Depreciation Estimate
Not applicable.

330 Indicated Value by Cost Approach
Not applicable.

335 Sales Comparison Approach
Section "310 Land Valuation" includes a sale comparison approach for the site as though vacant.

340 Collection of Comparable Sales
See Exhibit 3 attached to this report for details of the comparable transactions used in this report.

345 The Sales Adjustment Grid
Section "310 Land Valuation" includes a sale adjustment grid for the site as though vacant.

350 Analyses of Comparable Sales and Explanation of Adjustments
Section "310 Land Valuation" includes analyses of comparable sales and explanation of adjustments.

355 Indicated Value by the Sales Comparison Approach
Section "310 Land Valuation" includes and explains the indicated value of the site as though vacant.

360 The Income Capitalization Approach
Not applicable.

365 Gross Rent Estimate
Not applicable.

370 Vacancy and Collection Loss
Not applicable.

375 Expenses and Net Operating Income Estimate
Not applicable.

380 Capitalization Rate
Not applicable.

385 Indication of Value by the Income Capitalization Approach
Not applicable.

390 Reconciliation of Value Indications and Final Value Opinion
The cost approach and income approach were not necessary for this assignment. Section "310 Land Valuation" includes a sale comparison approach for the site as though vacant.

The preceding analysis concluded the 13,034 square meter site has a value as vacant of $200.00 per square meters. My opinion of the market value of subject, as of November 27, 2017, is or $2,607,000.

395 Allocation of Land, Site Improvements, Structures, and Other Improvements

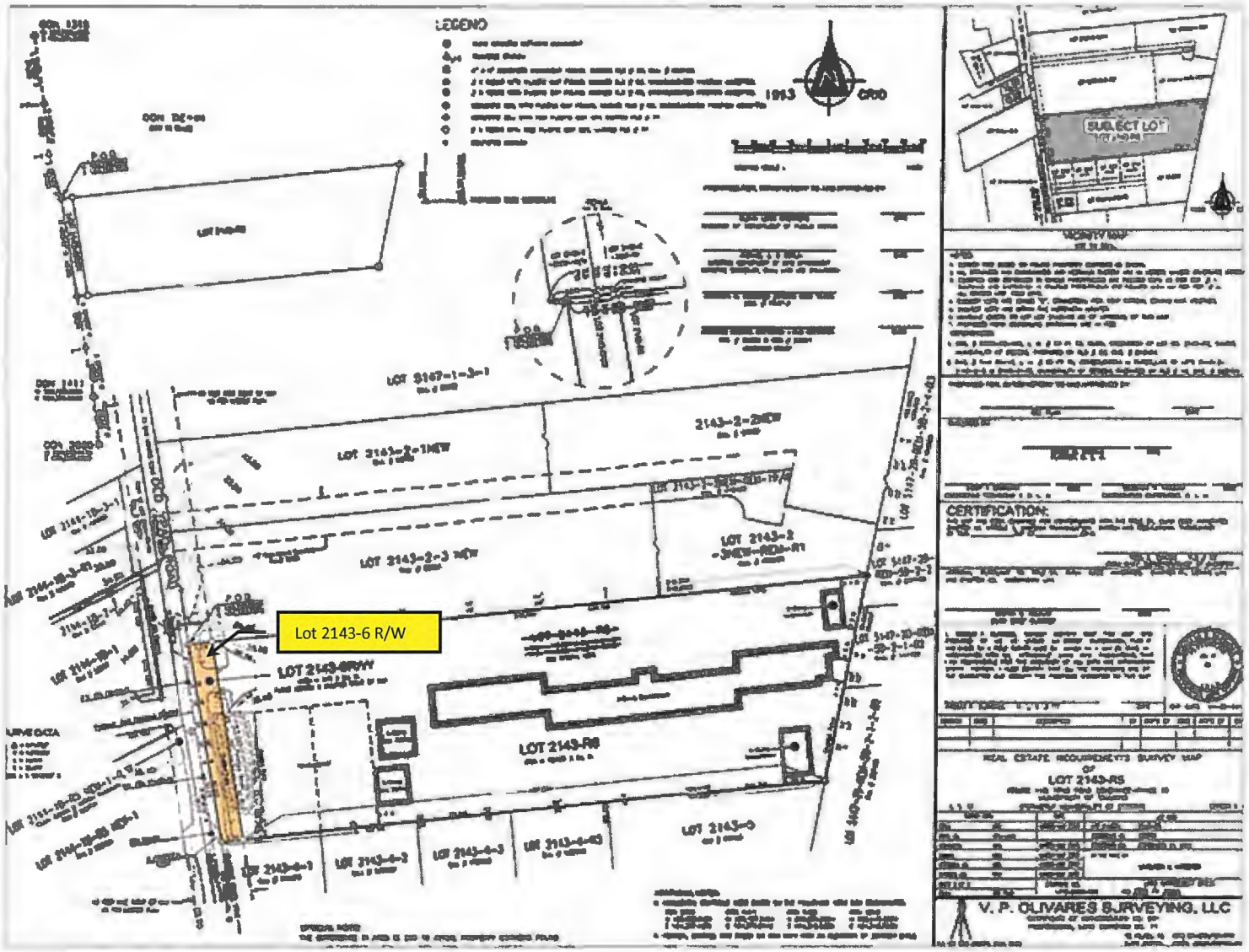
No site improvement.

Description and Valuation of Part Acquired

400 Description of the Part Acquired

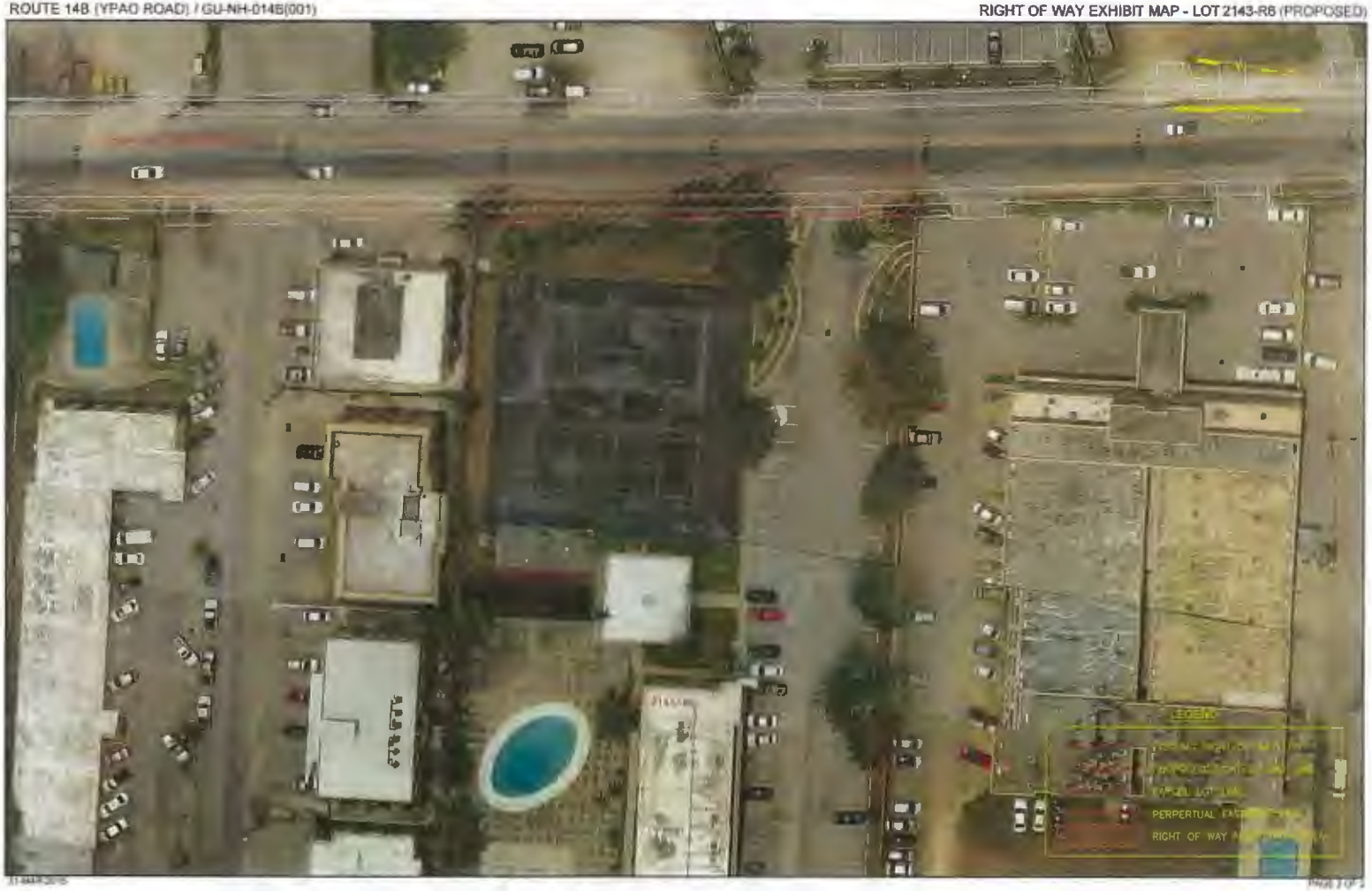
The part to be acquired is ±445 square meters (4789.94 square feet).

Proposed Lot 2143-6 R/W:



ROUTE 14B (YPAO ROAD) / GU-NH-014B(001)

RIGHT OF WAY EXHIBIT MAP - LOT 2143-R8 (PROPOSED)



The proposed Lot 2143-6 R/W to be acquired is described as follows:

Land

A. Area: ±445 square meters (4,789.94 square feet)
B. Shape: Rectangular
C. Dimensions: West boundary is 63.37 meters; North boundary is 7.37 meters; East boundary is 63.33 meters; South boundary is 6.74 meters.
D. Ingress/Egress: Ypao Road on its western border.
E. Topography: Level with an eight foot deep ponding basin on the East boundary.
F. Flood Plain Data: The property is in Zone X (no shading), which has low risk for flood.
G. Drainage: The parcel drains down into ponding basin.
H. Soil Characteristics: No adverse conditions apparent.
I. Utilities on Site: Power pole on Ypao Road.
J. Utilities Available: Public power, sewer, water, and telephone.
K. Site Improvements: Ponding basin and fence.
L. Easement, Encroachments or Restrictions and their Effect or Limitation: Large area in use as ponding basin.

Other Pertinent Features
None.

Improvements
There are no building improvements on the site.

Photographs
Photographs of the acquisition were presented earlier in Section 230.

450 Valuation of the Part Acquired

The value of the parent tract was estimated by sales comparison approach. The land area of 445 square meters for the part acquired was calculated by the preceding maps.

Valuation of the Part Acquired

Land Valuation					
Benchmark: Parent Tract:	13,034	SM			
Unit Value			$	200.00	
Adjustments					
None	Adj. @	0%	or $	-	
Adjusted Unit Value of Part Acquired			$	200.00	$/SM
Land Area	445	SM			
Total Value of Part Acquired (As Part of Whole)			$	89,000	

Valuation of Remainder as Part of Whole

500 Value of Remainder as Part of Whole Property

The value of the remainder as part of the whole property is by definition the difference in value of the whole before the taking and the value of the part acquired. The value of structures is excluded. The value of site improvements is also excluded except for the portion within the acquisition area. The value of the remainder as part of the whole property is as follows.

Remainder Size (SM):	**12,589 SM**	
Component	Value	Totals
Value of Whole Before Taking		
Land	$ 2,607,000	
Improvements	$ -	
Total (Excludes Structures)		$ 2,607,000
Value of Part Acquired		
Land	$ 89,000	
Improvements (Included Portion)	$ -	
Total		$ 89,000
Value of Remainder as Part of Whole		
Land	$ 2,518,000	
Improvements	$ -	
Total		$ 2,518,000

Premises of the Appraisal – The Remainder Valuation

640 Purpose of Appraisal of Remainder after the Acquisition

As required by the Right of Way Manual, "the appraisal of the remainder is made uncured under the assumption that the transportation facility has been completed according to the construction plans and that said facility is open for public use. The market value of the parent tract before the taking has been estimated, the value of the part taken has been subtracted. This results in the estimated value of the remainder as part of the whole. The purpose of the appraisal of the remainder un-cured is to estimate its market value to discover if there are any damages or special benefits caused by the taking."

680 Appraisal Problem

As required by the Right of Way Manual, "the purpose of the appraisal is to estimate the market value of the remainder un-cured. This is done by appraising the remainder before any cure is applied and comparing this after value estimate with the value of the remainder as a part of the whole property to determine whether there is any reduction, damage, enhancement, or special benefit, as a result of the acquisition. The appraisal of the remainder property must be made presuming the transportation facility has been completed according to construction plans and is open for public use."

Presentation of Data – The Remainder

730 Description of Remainder Uncured

Section "230 Description of Property, Photographs, and Sketches" includes data for the parent tract and remainder parcels.

Remainder Data

Site

1. Property Type: Multi-Family Residential Use
2. Existing use: Multi-Family Residential use
3. Land
   - A. Area: 12,589 square meters.
   - B. Shape: Trapezoid
   - C. Dimensions: North boundary is 210.88 meters; East boundary 65.99 meters; South boundary 187.55 meters; West boundary is 63.33 meters..
   - D. Ingress/Egress, Present Condition: Ypao Road (Paved)
   - E. Topography: Level
   - F. Flood Plain Data: The property is in Zone X (no shading), which has low risk for flood.
   - G. Drainage: The parcel drains down into ponding basin on the West boundary.
   - H. Soil Characteristics: No adverse conditions apparent.
   - I. Utilities on Site: Power poles on Ypao Road.

J. Utilities Available: Public power, sewer, water, telephone.
K. Site Improvements: One large building, two swimming pools, four small buildings, a tennis court, and a parking lot on the property.
L. Easement, Encroachments or Restrictions and their Effect or Limitation: Ponding basin on West boundary. According to the project chief engineer, Mr. Wilson, the taking does not affect the rate of retention of water in the ponding basin.

Other Pertinent Features
None.

Photographs
Photographs of the remainder are included in Section 230.

740 Zoning, Land Use Plan, Concurrency
Section "240 Zoning, Land Use Plan, Concurrency" includes the zoning, land use plan, and concurrency data for the larger parcels. The same description applies to the remainder parcels.

750 Proposed Transportation Facility Description
The section is not applicable to the assignment.

775 Effect of Acquisition on Remainder Uncured
The access to the property will not be adversely affected.

Analysis of Data and Conclusions – The Remainder

800 Highest and Best Use
Section "300 Highest and Best Use Analyses" includes the highest and best use analyses for the parent tract. The remainder parcels are slightly smaller but this change does not affect the highest and best use analysis.

802 Highest and Best Use Conclusion
Section "302 Highest and Best Use Conclusion" includes the highest and best use conclusion for the parent tract. The remainder parcels are only slightly smaller. This change does not affect the highest and best use analysis. Therefore, the same conclusion applies to the remainder. The highest and best use as vacant is to develop for a single-family use.

805 Approaches to Value Used and Excluded
Section "305 Approaches to Value Used and Excluded" includes the arguments for excluding the cost approach and income capitalization approach. The very same reasoning applies to the remainder parcel.

810 Land Valuation
Section "310 Land Valuation" contains the land valuation analysis for the parent tract. The same methodology and analysis applies to this section.

The unit value of the parent tract is $200.00 per. The remainder area is 12,589 square meters; thus, the remainder land value is $2,518,000, rounded.

815 The Cost Approach
Not applicable.

820 Building Cost Estimate
Not applicable.

825 Accrued Depreciation Estimate
Not applicable.

830 Indicated Value by Cost Approach

Not applicable.

835 The Sales Comparison Approach

Section "810 Land Valuation" includes a sale comparison approach for the remainder as though vacant.

840 Collection of Comparable Sales

See Exhibit 3 attached to this report for details
of the comparable transactions used in this report.

845 The Sales Adjustment Grid

Section "810 Land Valuation" includes a sale adjustment grid for the site as though vacant.

850 Analyses of Comparable Sales and Explanation of Adjustments

Section "810 Land Valuation" includes analyses of comparable sales and explanation of adjustments.

855 Indicated Value by the Sales Comparison Approach

Section "810 Land Valuation" includes and explains the indicated value of the site as though vacant.

860 The Income Capitalization Approach

Not applicable.

865 Gross Rent Estimate

Not applicable.

870 Vacancy and Collection Loss

Not applicable.

875 Expense and Net Operating Income Estimates

Not applicable.

880 Capitalization Rate

Not applicable.

885 Indicated Value by the Income Capitalization Approach

Not applicable.

890 Reconciliation Value Indications and Final Value Estimate

The cost approach and income approach were not necessary for this assignment. Section "810 Land Valuation" includes a sale comparison approach for the site as though vacant.

My opinion of the market value of the remainder parcel as though vacant, as of November 27, 2017, is $2,518,000.

900 Support for Damages/No Damages to the Remainder

The valuation of the remainder took into consideration the government's proposed project and therefore reflects the anticipated impact of the project. As stated, no material impact, positive or negative, is anticipated on the remainder parcel as a result of the taking.

910 Cost to Cure Damages

Not applicable.

920 Special Benefits

The Right of Way Manual states, "special benefits are the result of an enhancement in value which has advanced the market value of the remainder beyond the mere general appreciation of property in the neighborhood. The taking must be for a road, canal, levee, or water control facility right of way."

Relevant terms are defined:

Benefits

In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits. See also general benefits; set-off rule; special benefits.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Special Benefits

In condemnation, the benefits that arise from the peculiar relation of the land in question to the public improvement, usually resulting from a change in its highest and best use. Special benefits may accrue to multiple parcels (such as all four quadrants of a newly constructed freeway interchange) because the parcels are directly benefitted in a similar manner, if not to the same degree.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

General Benefits

1. *In eminent domain takings, the benefits that accrue to the community at large, to the area adjacent to the improvement, or to other property situated near a taken property.*
2. *Benefits that arise from the fulfillment of the public object that justified a taking.*

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

The proposed road reconstruction is anticipated to benefit the community, not just the subject remainders, thus it would result in a general benefit. The road reconstruction would not enhance the value of the remainder beyond that of other parcels. Thus, the proposed road reconstruction would result in general benefits but not special benefits.

995 Summary of Values

The final value for the acquisition is as shown in the following table.

Final Value of Acquisition

Component	Value	
Land	$	89,000
Improvements	$	-
Severance Damages	$	-
Special Benefits	$	-
Total Just Compensation	$	89,000

Addenda

Exhibit 1

Island Data

Regional Analysis (Island Data)

Guam: The Setting

Located in the western Pacific, Guam is the southernmost of the Marianas Islands and the closest U.S. possession to Asia. Guam is about 2,400 km. south of Tokyo, 3,360 km. southeast of Hong Kong, 2,400 km. east of Manila and 6,000 km. southwest of Honolulu. The Mariana Trench, the deepest known ocean depth, is located southeast of Guam.



Guam lies 13 degrees north latitude and 144 degrees east longitude of the equator. It is the largest landmass in Micronesia. Guam is about 48 km. long, and from six to 14 km. wide. The central and northern parts of the island consist of a limestone plateau with steep cliffs dropping down to a narrow coastal shelf. Southern Guam is made up of volcanic hills with a maximum elevation of 407 meters. Coral reefs surround the island except for openings at harbor and river mouths.

The history and natural beauty of Guam offer numerous sights of interest. Latte stones, which served as foundation blocks for the thatch huts of pre-contact Chamorros, are found in parks and jungle areas. The graceful remains of Spanish buildings, plazas and bridges may be seen in Agana and at other locations around the island.

The major hotel, business and residential centers are on the western side of the island facing the calm Philippine Sea. A drive along the east coast past Pago Bay and Yona, south to Talofofo and Inarajan affords spectacular views of the open Pacific thundering against the narrow coastal shelf. Spanish influence is clearly visible in the architectural design of the southern village.

Climate

Guam's tropical climate shows little variation throughout the year. The mean annual temperature is 81 degrees Fahrenheit and humidity is tempered by prevailing northeast trade winds. The rainy season is from July through November, and the cooler dry season from December through June. Guam lies in the path of tropical storms and occasionally experiences typhoons.

People

The indigenous people of Guam are Chamorros, a Micronesian race with a mixture of Spanish, Mexican and Filipino blood. Present day Guam is a cosmopolitan community featuring large populations of Filipinos, Japanese, "stateside" Americans, Chinese, Koreans, and islanders from throughout Micronesia, as well as Europeans, Vietnamese and Indians. Current population is estimated at 171,019.

History

Archaeological evidence indicates that Guam has been settled since about 2000 B.C. The island was discovered for the western world by Portuguese explorer Magellan in 1521, and claimed for Spain in 1565. Jesuit missionaries arrived in 1668 to convert the populace to Christianity. For the next 200 years, Guam remained a Spanish colony administered from Mexico.

Guam first became a U.S. possession in 1898 after the Spanish-American War, and was run as a U.S. naval station until the outbreak of World War II. The island was surrendered to a Japanese invasion force in December 1941.

On July 21, 1944, American troops landed on Guam and recaptured the island in a series of fierce battles. More than 200,000 U.S. servicemen were stationed on Guam after the conclusion of the war.

In 1950, administration of the island was transferred to the United States Department of the Interior and residents were granted U.S. citizenship. In 1962 a U.S. navy security clearance requirement was lifted and Guam began its rapid entry into the mainstream of modern development.

Government

Guam is an unincorporated territory of the United States, administered under the 1950 Organic Act of Guam. Plans are underway to change the island's status to that of a commonwealth. It is anticipated that this change in the political relationship with the federal government would ease some legal constraints that hamper economic development.

The executive branch of government is headed by a governor elected by voters at large for a four-year term. Guam has a unicameral legislature consisting of 15 senators elected for two-year terms. The most recent election for governor was held in 2014 and for senators in 2014.

The District Court of Guam, headed by a judge appointed by the U.S. president for an eight-year term, has jurisdiction over all cases arising under the U.S. Constitution, federal laws and treaties. The Superior Court of Guam handles all other cases arising under the laws of Guam. Appeals may be made to the Ninth Circuit Court of Appeals or to the U.S. Supreme Court.

Economy

The establishment of Guam's economy dates only to 1962 when a U.S. Navy security clearance which restricted travel to the island was lifted. Since that time, Guam has witnessed tremendous growth and

change, and now serves as a Pacific crossroads with good telecommunications, airline connections and media.

During the late eighties and early nineties, the island experienced an economic boom fueled by Japanese investment, and by tourism, most of which originated in Japan. Land values spiraled, with the sales prices of parcels in some prime areas of the island doubling within a short period. However, the "bubble economy" on Guam suffered when the Japanese economy weakened (1990/91). A persistently weak Japanese economy, a series of typhoons in 1992 and a powerful earthquake in 1993 adversely impacted Guam real estate markets for years thereafter; its effects lingered through 2003. A recovering visitor industry and increased external investment led a recovering economy; anticipation of military upsizing will provide significant stimulus into the local market over the next decade and is already driving investment into the real estate market.

Tourism remains the leading component of Guam's economy, and is discussed in further detail below.

Federal and Military Impact

The Federal Government has historically played a major role in the economic affairs of Guam. Increases in Federal and Military spending has remained strong, and helped mitigate the adverse impact of the Japanese economy. The following table presents the growth in Military and Federal spending on Guam from 1989 to 2005.

Military expenditures went through a decline from 1995 to 1999 as part of the U.S. cut-backs world-wide.

> *On February 28, 1995, the Pentagon in its 1995 Base Closure and Realignment Report recommended to the Defense Base Closure and Realignment Commission that four of Guam's military bases be closed or reduced in size, resulting in a loss of 2,104 military jobs and 2,665 civilian jobs. Specifically, the Pentagon recommended the realignment of Naval Activities Guam, with 2,421 jobs being transferred to Hawaii; the closure of the Ship Repair Facility, with a loss of 633 jobs; the shifting of some 1,270 jobs formerly performed at Naval Air Station Guam to the U.S. mainland and Hawaii instead of to Guam's Anderson Air Force Base as previously recommended; and the closure of Fleet and Industrial Supply Center, with a loss of 413 jobs....Naval Air Station was closed by the military on April 1, 1995, and the facility, along with the civilian airport, now is operated by the Government of Guam. The base was renamed Tiyan Reuse Facility, and some government of Guam agencies occupy former military housing units. Guam has experienced a steady decrease in military personnel and infrastructure, a consequence of declining overall military spending. Because Guam's military expenditures have run an important second to tourism in economic input, most of the changes have had a direct impact on the island."*[1]

One result of overall military downsizing during the mid-1990s was a transfer of substantial federally-held lands back to the Government of Guam. During 1999, an estimated 1,317 acres of the total 3,200 acres in the Guam Excess Lands Act were returned by the military. Economically significant properties being turned over to Guam include the Tiyan area around the Guam International Airport and the Harmon Annex (Cliffline) area.

The Tiyan property returned to the Government of Guam was leased during 2001 by the Tiyan Trust (Guam Economic Development and Commerce Authority) to a private developer. Opposition by "original landowners" resulted in the 2002 abolition of the Tiyan Trust and the requirement that all Government of

[1] U.S. Naval Forces Marianas Fact Sheet - Military Presence on Guam, as quoted in Business Almanac of Guam and the Mariana Islands, 1996.

Guam agencies not supporting the airport to vacate occupied buildings. Current local political sentiment is for a return of these properties to "original landowners" (those owners at the time of condemnation following World War II), but the Federal Aviation Administration has indicated that this is inconsistent with the provisions of the excess land return from the Federal Government. These properties have yet to impact supply because of title restrictions and absence of zoning.

The trend in military activity is now for significantly increased presence. An early indicator was the May 1995 decision to halt the transfer of the 100-acre Naval Ship Repair Facility to the Government of Guam. Under lease to the Government of Guam and sublease to a private contractor, the Navy announced its decision to retain the property only one week before the scheduled transfer date.

Significant investments have been made by the military into renovation and expansion of on-base housing and school facilities, a precursor to increased personnel. During 2000, it was announced that up to five nuclear-powered submarines would be moved to Guam. The advance team arrived early in 2001 with the first submarine arriving in 2002 and two additional during 2003. There were persistent rumors about possible significant relocation of military personnel to Guam; for example, real estate professionals were contacted during late 2000 by individuals studying the ability of Guam's market to support up to 25,000 to 30,000 additional population. There has also been ongoing discussion of possible home-porting of an aircraft carrier on Guam. The past years have also seen increased port calls by various Navy ships.

In its 2001 Quadrennial Review, the Department of Defense included comments about Guam and the region[2]:

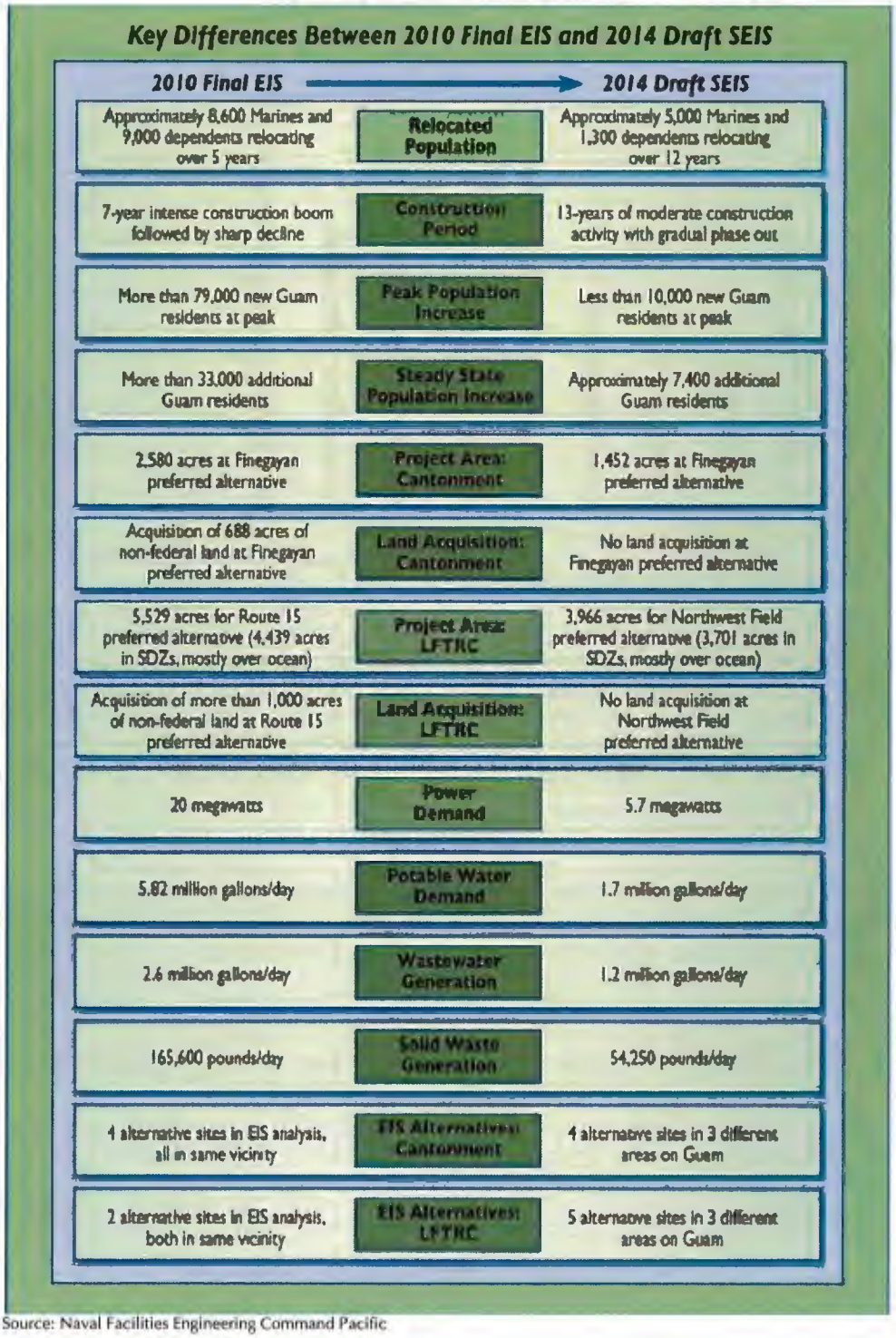
- *The Secretary of the Navy will increase aircraft carrier battle group presence in the Western Pacific and will explore options for home porting an additional three to four surface combatants, and guided cruise missile submarines (SSGNs), in that area.*
- *The Secretary of the Air Force will develop plans to increase contingency basing in the Pacific and Indian Oceans, as well as in the Arabian Gulf. The Secretary of the Air Force will ensure sufficient infrastructure for refueling and logistics to support operations in the Arabian Gulf or Western Pacific areas.*
- *In consultation with U.S. allies and friends, the Secretary of the Navy will explore the feasibility of conducting training for littoral warfare in the Western Pacific for the Marine Corps.*

The most significant event is the April 2006 announcement of the relocation of 8,000 Marines (together with an estimated 12,000 dependents) from Okinawa to Guam. As recently as 2014, those figures have dropped to 5,000 marines and 1,300 dependents relocating over a 12 year period. Other changes to the original force relocation plans are listed in the following 2014 chart from Naval Facilities Engineering Command Pacific, on the next page.

The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[3].

[2] Department of Defense, Quadrennial Defense Review Report, September 2001, p. 27.
[3] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)

The Guam Economic Development Authority - in their October 2014 Invest Guam conference - estimated that the military expansion is expected to "create $6.2 billion in economic contributions over the next 10 years."[4]



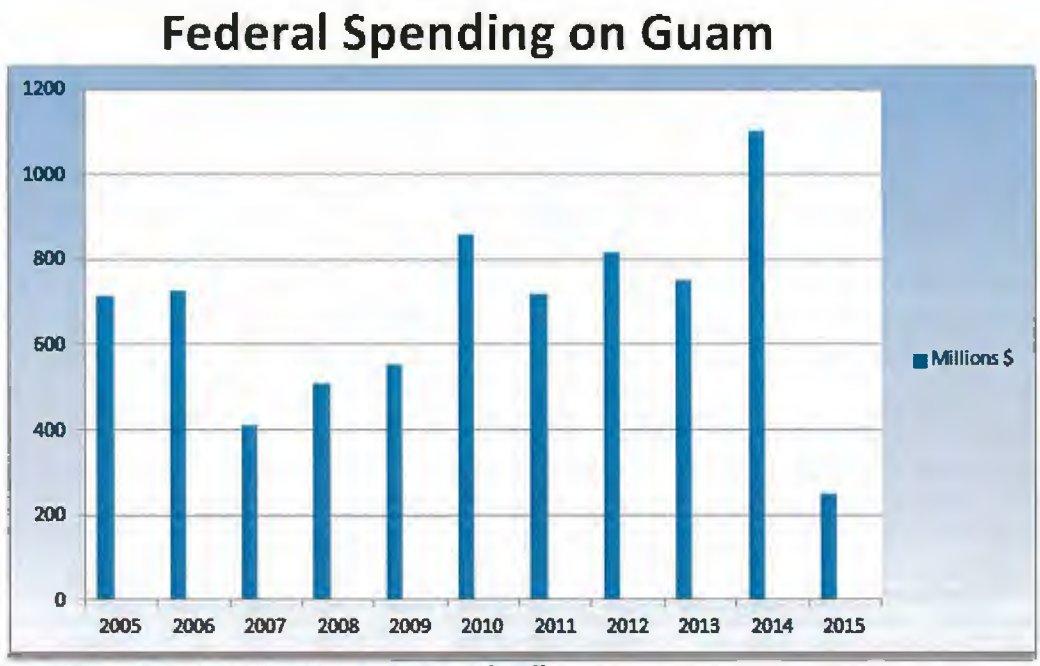
Key Differences Between 2010 Final EIS and 2014 Draft SEIS

2010 Final EIS		2014 Draft SEIS
Approximately 8,600 Marines and 9,000 dependents relocating over 5 years	Relocated Population	Approximately 5,000 Marines and 1,300 dependents relocating over 12 years
7-year intense construction boom followed by sharp decline	Construction Period	13-years of moderate construction activity with gradual phase out
More than 79,000 new Guam residents at peak	Peak Population Increase	Less than 10,000 new Guam residents at peak
More than 33,000 additional Guam residents	Steady State Population Increase	Approximately 7,400 additional Guam residents
2,580 acres at Finegayan preferred alternative	Project Area: Cantonment	1,452 acres at Finegayan preferred alternative
Acquisition of 688 acres of non-federal land at Finegayan preferred alternative	Land Acquisition: Cantonment	No land acquisition at Finegayan preferred alternative
5,529 acres for Route 15 preferred alternative (4,439 acres in SDZs, mostly over ocean)	Project Area: LFTRC	3,966 acres for Northwest Field preferred alternative (3,701 acres in SDZs, mostly over ocean)
Acquisition of more than 1,000 acres of non-federal land at Route 15 preferred alternative	Land Acquisition: LFTRC	No land acquisition at Northwest Field preferred alternative
20 megawatts	Power Demand	5.7 megawatts
5.82 million gallons/day	Potable Water Demand	1.7 million gallons/day
2.6 million gallons/day	Wastewater Generation	1.2 million gallons/day
165,600 pounds/day	Solid Waste Generation	54,250 pounds/day
4 alternative sites in EIS analysis, all in same vicinity	EIS Alternatives: Cantonment	4 alternative sites in 3 different areas on Guam
2 alternative sites in EIS analysis, both in same vicinity	EIS Alternatives: LFTRC	5 alternative sites in 3 different areas on Guam

Source: Naval Facilities Engineering Command Pacific

[4] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)

The following table presents the growth in Federal spending on Guam from 2005 to 2015.[5]



Source: US Spending.gov. Prime Award Spending Data, Guam (2015)[1]

Federal spending had reached its peak of $1.1 billion in 2014 and is already at $248.6 million for the first quarter of 2015. Much of the money had flowed into the island as part of the preparation for the military buildup. However, the bulk of that money has gone to upgrade military facilities on base (such as airstrips and base infrastructure projects). The Government of Guam is negotiating for approximately $330 million in general island-wide infrastructure upgrades in conjunction with the military upsizing. Governor Calvo has stated that the money is necessary to upgrade the infrastructure, roads, and public health facilities[6].

Construction

When construction is in an upswing, construction companies tend to hire more people and purchase more supplies from the local economy to complete the project. This, in turn, increases economic activity to the region.

A snap shot of existing and upcoming construction projects for 2014 to 2016 (including federal, local government, and private contracts) shows a total of $610 million in construction work that has been awarded as of September, 2014[7]. The data was compiled by Guam Business Magazine from data gained from the Department of Public Works and Navy Engineering Facilities Command Marianas.

[5] Source: US Spending.gov. Prime Award Spending Data, Guam (2015)
[6] Source: Pacific News Center. Governor to Discuss Military Build Up and Compact Impact with Federal Government Officials (January, 2015)
[7] Johnson. Guam Business Magazine. Building Confidence: Construction Industry gradually on its way back up (September, 2014).

2014-2016 Construction Projects in Guam

Project	Vendor	Estimated cost	Award Date	Completion Date
DPW – Reconstruction of Pale San Vitores Road	Maeda Pacific Corp.	$1.8 million	1/4/2010	9/30/2015
DPW – Route 3 Widening Route 28 to Chalan Kareta	SSFM International Inc.	$2.2 million	5/9/2011	9/30/2014
Plaza de Espana Restoration	Reliable Builders Inc.	$1.3 million	9/30/2012	9/30/2014
DPW – Route 4 Agfayan Bridge Replacement	Black Construction Co.	$4.7 million	6/4/2013	11/12/2014
Phase II GU Chamorro Education Building	Inland Builders Corp.	$15.8 million	8/9/2013	9/30/2014
DPW – Route 17 Rehab & Widening, Phase 2A	Nippo Corp.	$2.6 million	10/25/2013	9/30/2014
DPW – Ordot Dump Closure – Construction and Dero Road Sewer Improvements	Black Construction Co.	$40.5 million	12/6/2013	12/6/2015
DPW – Inarajan Nonbing Bridge Rehab	IMCO General Construction Inc.	$1.2 million	3/6/2014	3/6/2015
DPW – Routes 26 and 25 Intersection Improvements	Korando Corp.	$2.5 million	3/6/2014	11/1/2014
DPW – Tiyan Parkway Phase I Project	IMCO General Construction Inc.	$7.3 million	3/10/2014	3/10/2015
NAVFAC Marianas – AAFB BAMS Hangar MACC	Guam MACC Builders	$45.4 million	3/27/2014	4/1/2016
NAVFAC Marianas – IDIQ Construction, Navy Support Facility, Diego Garcia, BIOT	Black Construction Co.	$10 million	4/7/2014	5/1/2014
NAVFAC Marianas – Emergent Repair Facility	MACC Guam MACC Builders	$25.7 million	4/11/2014	5/1/2016
Const. Farmers Coop Facility and Relocation – Dededo Flea Market	Mega United Corp.	$2.5 million	5/1/2014	3/28/2015
NAVFAC Marianas – Marine Corps Support and Maintenance Hangar MACC	Dck Pacific	$53.7 million	5/7/2014	12/1/2016
NAVFAC Marianas – Modular Storage Construction & Infrastructure Improvements MACC	Guam MACC Builders	$42.3 million	5/12/2014	6/1/2016
DPW – Bile/Pigua Bridge Replacement Project	Korando Corp.	$3.7 million	6/10/2014	9/3/2015
Guam Public Library – Extension, Design-Build	S.K. Construction Inc. & Giant	$1 million	7/14/2014	7/9/2015
NAVFAC Marianas – IDIQ Airfield Paving	Hawaiian Rock Products Corp.	$90 million	8/1/2014	TBD
NAVFAC Marianas – Guam Strike Fuel Systems Maintenance Hangar	TBD	$131.5 million	9/30/2014	TBD
NAVFAC Marianas – Par-Pol Fuel Systems Hardened Structures	TBD	$20 million	9/30/2014	TBD
NAVFAC Marianas – PRTC Red Horse Logistics Facility	TBD	$3.2 million	2/11/2015	TBD
NAVFAC Marianas – PRTC Satellite Fire Station	TBD	$6.5 million	2/25/2015	TBD
NAVFAC Marianas – Composite Repair Shop	TBD	$39.6 million	3/18/2015	TBD
NAVFAC Marianas – PRTC – Combat Communications Infrastructure	TBD	$4.3 million	4/16/2015	TBD
NAVFAC Marianas – DPRI-GSE Shops at North Ramp	TBD	$21.9 million	9/4/2015	TBD
NAVFAC Marianas – DPRI – MWSS Facilities at North Ramp	TBD	$28.8 million	9/4/2015	TBD

Sources: Department of Public Works and Naval Facilities Engineering Command Marianas

John Sage - Vice-President of Watts Construction - stated in an interview with Guam Business Magazine in 2014 that the limited skilled labor force on the island was going to be a problem when more government contracts are handed out. He stated in the article,

> *"The biggest challenge we see is the upcoming pressure on the local labor supply from upcoming [Department of Defense] projects....We are reinforcing training within the company, re-evaluating the employee benefits we offer and looking at alternate sources of labor."* (as qtd in Johnson, 2014)

Other contractors had concerns regarding the industry as a whole and the lack of large government jobs in general. The Guam Business Magazine article[8] quoted another contractor - Louis DeMaria, vice president of Dck Pacific Guam LLC - as saying,

[8] Ibid

> *"The prices are tighter and the margins are tighter, but I think a lot of that is just what happens when we go through a period like we have — when there just wasn't much work to go around. And now it looks like we're starting to come out of that, but whether or not it continues this trend, we'll just have to see. Things change fast."* (as qtd in Johnson, 2014) [9]

It must be noted that an increase in construction activity may not indicate a growing economy since the allocation of money for some of the projects may have occurred one to two years prior to work actually begins on a project. Also, military contracts may be awarded to construction companies based and operated outside of Guam.
However, construction projects still act as a stimulus for the local economy as contractors hire more people and buy more supplies during the construction period.

Guam is also expected to make some major investments and upgrades to its energy infrastructure in the coming years. These upgrades are necessary for Guam to be in compliance with federal environmental protection laws. The Guam Economic Development Authority outlined some of these upgrades in infrastructures in its Invest Guam Conference Sponsorship Packet in 2014:[10]

Guam Economic Development Authority
Invest Guam Conference Sponsorship Packet
October, 2014
....
Guam is mandated by EPA to come in to compliance with provisions of the Clean Air and Clean Water Act. The cost to meet mandated water treatment standards will require $400 million in infrastructural investment. To meet the requirement of the clean air act will require an investment twice as large. The Guam Power Authority (GPA) is planning to invest between $650 to $850 million to build a modern mix of generation facilities that support solar, the burning of Low Sulfur Diesel, and/or LNG. The planned new generators are twice as efficient as the current generation facilities. The use of new technology will stabilize and possibly lower power rates. Just as important, the plan also supports an aggressive increase in the use of solar, wind and other alternative technologies. GPA plans to convert 40% of their current generation capacity to solar by 2020. The economic impact of the program will contribute $3.3 billion in increased economic activity over the next seven years to the economy. In addition both Guam's international Air and Sea ports are embarking on substantial upgrades further adding to the islands dynamic economic development.

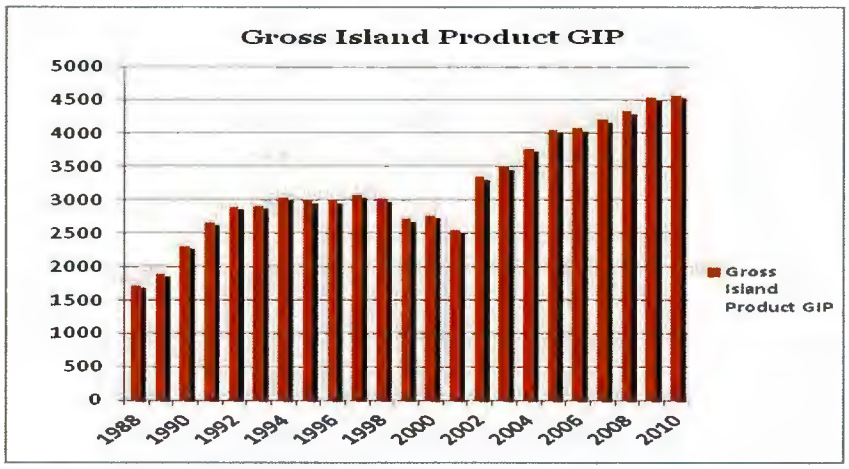
Local Economic Indicators

Guam's retail sector is one of the areas heavily influenced by tourism. It can respond more quickly than other sectors to changes in income, consumer preferences, population changes and import prices. In 2001, retail gross business income was $1.47 billion, down from its 1996/7 peak of $1.83 billion. Retail gross income accounts for more than 40 percent of total gross business income; retail sector employment makes up 27% of total private-sector employment. Confidence in Guam retailing is indicated by entries over the past decade: Liberty House (now Macy's), a high image and quality department store; Crazy Shirts, ABC Stores and other Hawaii based companies; K-Mart[11], a large chain of discount stores; and two Cost-U-Less warehouse retail stores. The Guam Shopping Center (Gibson's) was renovated into an 80,000sf outlet mall (Guam Premium Outlets) by a Hawaii developer during 1997; during 2000, Ross Dress For Less became the anchor of this center. There have been persisting rumors about Wal-Mart considering Guam, including in

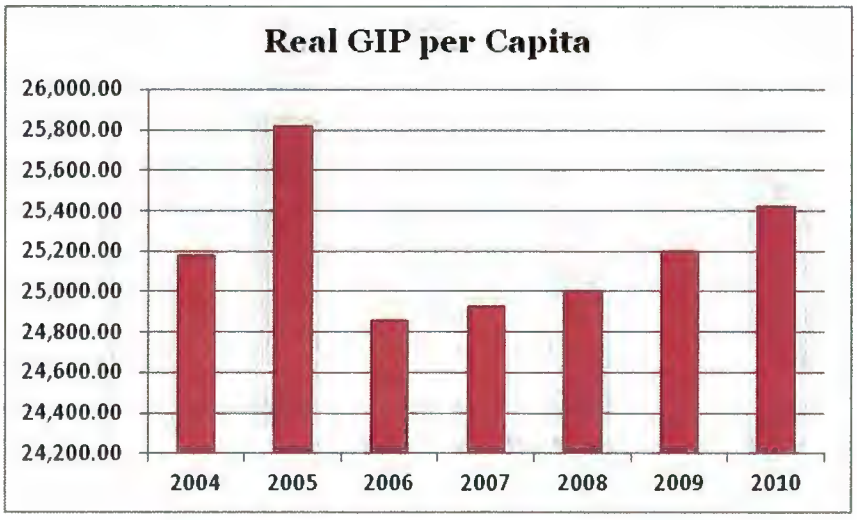
[9] Johnson. Guam Business Magazine. Building Confidence: Construction Industry gradually on its way back up (September, 2014). Retrieved from http://www.guambusinessmagazine.com/?p=1756
[10] Source: Guam Economic Development Authority. Invest Guam Conference Sponsorship Packet. (October, 2014)
[11] The Guam store, opened in mid-1995, was immediately projected to become the chain's highest producing store. This store remains the number one store within the chain, changed to 24 hour operations during 2000, and shortly thereafter converted to a "Big K" format.

conjunction with the Micronesia Mall (300,000sf) expansion. Purchases by visitors contribute to the high retail and wholesale receipts. Visitor expenditures have historically provided Guam with revenues in excess of $1.4 billion annually. The high expenditures on gifts and souvenirs may reflect the cultural habits of the Japanese tourists, as Guam is a duty-free port without luxury taxes on goods.

The **Gross Island Product** grew rapidly from 1988 through 1992, both on an absolute and per-capita basis, accompanying the boom in the visitor industry, as discussed below. From 1993 to 1998 Gross Island Product was relatively stable, although it declined on a per capita basis. From 1999 to 2003 GIP declined gradually. GIP began recovering in 2004 and continued to recover in 2005. For the year 2010 (the year of the most recent data) GIP was at 4,577 and GIP per Capita was $28,721.49. The island population at the time was 159,358.[12]



The following table shows Real GIP per Capita from 2004 to the most current numbers of 2010:[13]



[12] Source: Department of Commerce, Guam Annual Economic Review
[13] Source: Department of Commerce. Guam Annual Economic Review (2011)

Population and Census Data

According to the Guam Bureau of Statistics and Plans' *FY 2013 Citizens Centric Report* (October, 2014), the total population on Guam in 2014 stood at 161,001. This represents a 0.4% increase from 2013's figure of 160,378, and a 0.7% increase from 2012's figure. The population of the island has grown steadily at less than 0.5% per year since 2004. The village with the largest population is Dededo which hosts 45,406 people; this is followed by Yigo with 20,751 people, and Tamuning with 19,888 residents.[14]

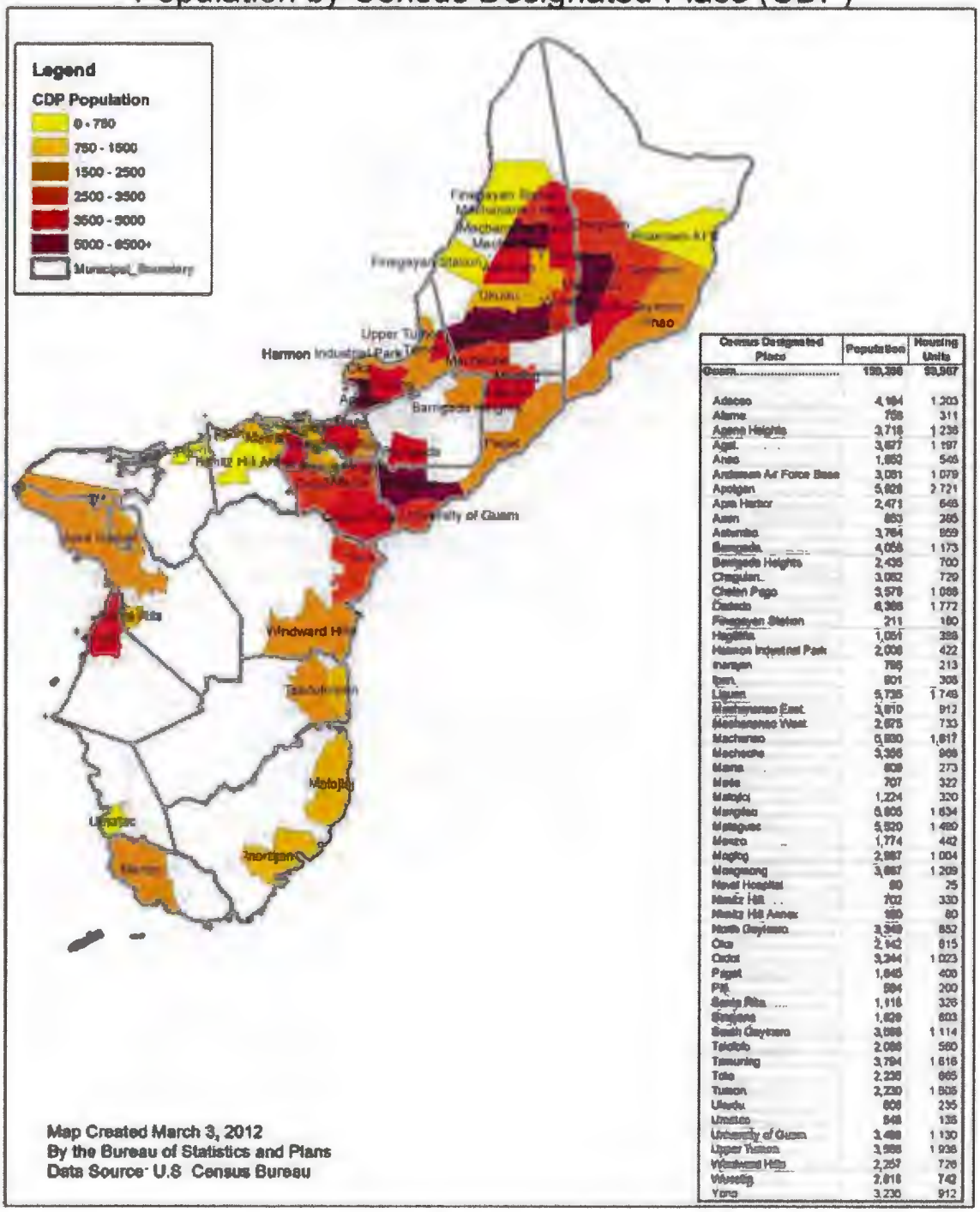
Village Population Projection

	2014	2013	2012	2011	2010
Total	**161,001**	**160,378**	**159,914**	**159,600**	**159,358**
Agana Heights	3,847	3,832	3,821	3,814	3,808
Agat	4,968	4,948	4,934	4,924	4,917
Asan-Maina	2,159	2,151	2,144	2,140	2,137
Barrigada	8,967	8,932	8,906	8,888	8,875
Chalan Pago-Ordot	6,892	6,866	6,846	6,832	6,822
Dededo	45,406	45,231	45,100	45,011	44,943
Hagatna	1,062	1,058	1,055	1,053	1,051
Inarajan	2,296	2,288	2,281	2,276	2,273
Mangilao	15,348	15,288	15,244	15,214	15,191
Merizo	1,869	1,862	1,856	1,853	1,850
M-T-M	6,895	6,869	6,849	6,835	6,825
Piti	1,469	1,463	1,459	1,456	1,454
Santa Rita	6,147	6,123	6,105	6,093	6,084
Sinajana	2,619	2,609	2,601	2,596	2,592
Talofofo	3,081	3,070	3,061	3,055	3,050
Tamuning	19,888	19,811	19,754	19,715	19,685
Umatac	790	787	785	783	782
Yigo	20,751	20,670	20,611	20,570	20,539
Yona	6,547	6,521	6,503	6,490	6,480

Source: 2010 Census Population and Housing

[14] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

2010 Census of Population and Housing:Guam
Population by Census Designated Place (CDP)



Census Designated Place	Population	Housing Units
Guam	159,358	59,567
Adacao	4,184	1,203
Alamo	758	311
Agana Heights	3,718	1,238
Agat	3,677	1,197
Anao	1,892	548
Andersen Air Force Base	3,051	1,079
Apotgan	5,828	2,721
Apra Harbor	2,471	648
Asan	893	265
Asbumbo	3,764	959
Barrigada	4,058	1,173
Barrigada Heights	2,435	700
Chaguian	3,052	729
Chalan Pago	3,578	1,088
Dededo	6,388	1,772
Finegayan Station	211	180
Hagatna	1,051	388
Harmon Industrial Park	2,008	422
Inarajan	795	213
Ipan	801	308
Liguan	5,735	1,748
Machanao East	3,810	912
Machanao West	2,975	733
Macheno	5,830	1,817
Machete	3,396	968
Maina	809	273
Mata	707	322
Matajoj	1,224	320
Mangilao	5,805	1,634
Mataguac	5,520	1,480
Merizo	1,774	442
Maglog	2,887	1,004
Maogaong	3,887	1,209
Naval Hospital	80	25
Nimitz Hill	702	330
Nimitz Hill Annex	180	80
North Dayinano	3,349	852
Oka	2,142	815
Ordot	3,244	1,023
Pagat	1,845	400
Piti	894	200
Santa Rita	1,918	326
Sinajana	1,629	603
South Dayinano	3,998	1,114
Talofofo	2,088	560
Tamuning	3,794	1,616
Tata	2,230	665
Tumon	2,230	1,508
Ulaydo	609	235
Umatac	848	138
University of Guam	3,488	1,130
Upper Tumon	3,988	1,938
Windward Hills	2,257	726
Wooddig	2,818	742
Yona	3,230	912

Vital Statistics Summary

Event	2011	2010
Births	3,298	3,419
Deaths	842	872
Fetal Deaths	37	49
Marriages	1,579	1,484
Divorces	734	718
Life Expectancy 1/	78.3	78.2
Male	75.3	75.1
Female	81.6	81.4

Source: Office of Vital Statistics, DPHSS.

1/ International Data Base, International Programs Center, U.S. Census Bureau

Birth rates on the island had decreased by 3.5 % from 2010 to 2011. The Death rate had also gone down 3.4 % (from 872 in 2010 to 842 in 2011). Below is a summary of anti-drug activities conducted on Guam by law enforcement personnel from 2012 to 2013. The chart came from the FY 2013 Citizens Centric Report and shows an almost $6 million (in drug street value) decrease in drugs seizures on Guam, from 2012 to 2013. [15]

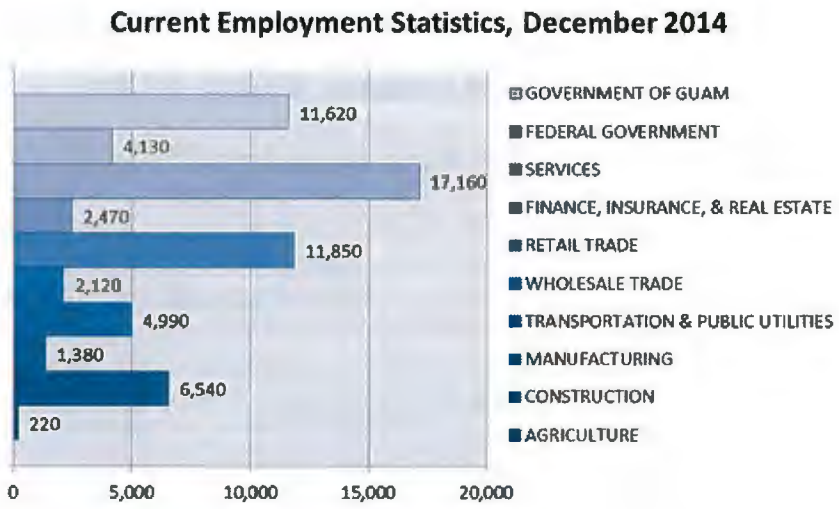
Multijurisdictional Task Force Drug Seizures and Value of Drugs Seized

Drugs in Guam	CY 2013		CY 2012	
	Seizure	Value	Seizure	Value
Methamphetamine	34,922.39	$20,281,477.82	34,557.43	$25,916,656.00
Marijuana	2,267.00	$62,898.00	3,000.00	$80,463.00
Marijuana Plants	87	$87,000.00	424	$424,000.00
Heroin	0	$0.00	0	$0.00
Cocaine	0	$0.00	0	$0.00
MDMA[2] (Estacy)	499	$24,950.00	0	$0.00
Spice/Salviya	1,982.00	$19,190.00	25,064.99	$179,844.65
Spice/Salviya: Vials	0	$0.00	320	$16,000.00
Total Drugs Seized in Grams	**39,757.39**	**$20,475,515.82**	**63,366.42**	**$26,616,963.65**

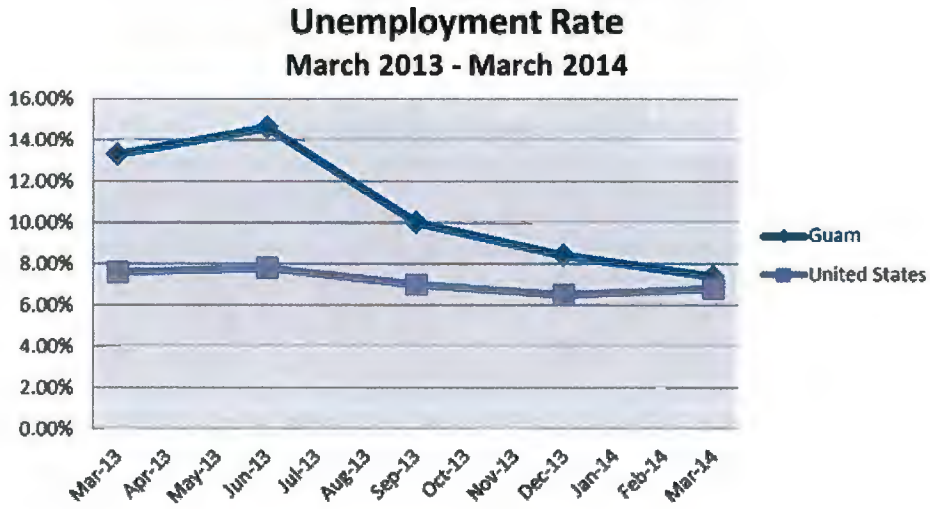
Source: Guam's Multi-jurisdictional Task Force FY 2013 Quarter Progress Reports

[15] Government of Guam, Bureau of Statistics and Plans, FY 2013 Citizens Centric Report (October, 2014)

The following chart shows employment by sectors in 2014:



Unemployment had steadily declined from during the first part of the last decade, but then went up to a high of 13.3% in March of 2013. The number came down to 7.4% in March of 2014: a 5.9% drop from the year prior. The Government of Guam Bureau of Labor and Statistics chart shows that - as of the end of 2014 - the services sector employed the most people on island (outside of the military). The second largest employing sector was the retail and trade sector, and the third largest was the Government of Guam. The following charts were taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[16]

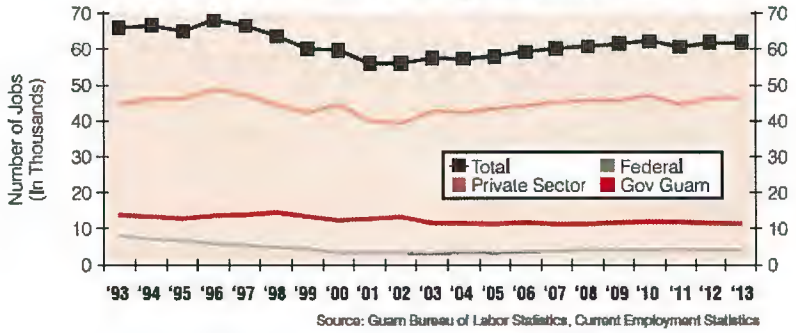


[16] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

The Department of Labor statistics exclude members of the U.S. Armed Forces and their dependants living on base but includes those living off base.

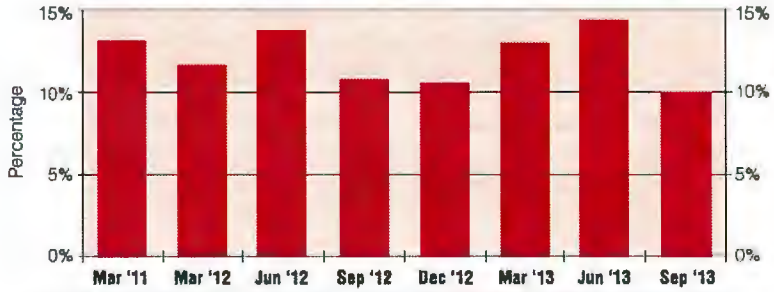
The following charts were taken from First Hawaiian Bank *Economic Forecast: 2014 Guam-CNMI Edition*[17]

CHART 3 • GUAM JOB GROWTH, DECEMBER 1993-2013



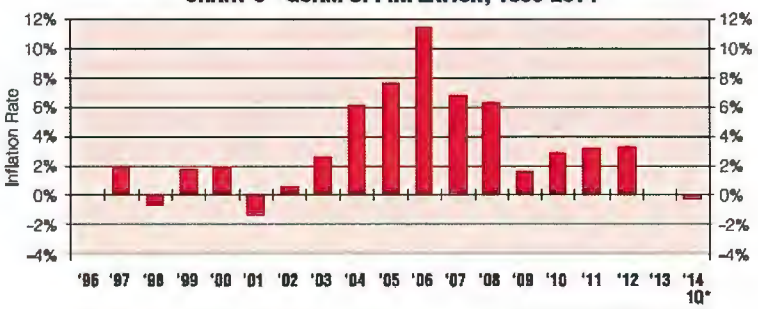
Source: Guam Bureau of Labor Statistics, Current Employment Statistics

CHART 4 • GUAM CIVILIAN UNEMPLOYMENT RATE, 2011-2013



Source: Guam Department of Labor-Bureau of Labor Statistics (various issues). *Unemployment Situation on Guam.*

CHART 5 • GUAM CPI INFLATION, 1996-2014



*Compared to 2013 First Quarter.
Source: Guam Bureau of Statistics and Plans

Guam's current minimum wage is $8.25 per hour. The following charts on current minimum wage data, and projected minimum wage data (with minimum wage projections at $9.15 per hr) were also taken from the Government of Guam, Department of Labor, Bureau of Labor Statistics website:[18]

[17] Source: First Hawaiian Bank Economic Forecast: 2014 Guam-CNMI Edition (2014)
[18] Source: Government of Guam, Department of Labor, Bureau of Labor Statistics (2014)

Projected Minimum Wage - $8.25 per hour | All Sectors			
Estimated Total Workforce Number At or Below Wage			8,849
Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	2,211
43-0000	Office and Administrative Support Occupations	10,879	1,620
41-0000	Sales and Related Occupations	4,562	1,128
37-0000	Building and Grounds Cleaning and Maintenance Occupations	2,999	1,051
53-0000	Transportation and Material Moving Occupations	3,304	592
39-0000	Personal Care and Service Occupations	1,576	469
33-0000	Protective Service Occupations	2,602	446
25-0000	Education, Training, and Library Occupations	4,490	412
49-0000	Installation, Maintenance, and Repair Occupations	3,364	293
51-0000	Production Occupations	1,654	260

Projected Minimum Wage - $9.15 per hour | All Sectors			
Estimated Total Workforce Number At or Below Wage			18,338
Top 10 Occupation Groups At or Below Specified Wage (Two-digit SOC)*			
Occupation Code	Description	Estimated Total Number of Employees in Occupation	Estimated Number of Employees At or Below Wage
35-0000	Food Preparation and Serving-Related Occupations	5,938	4,480
43-0000	Office and Administrative Support Occupations	10,879	3,382
41-0000	Sales and Related Occupations	4,562	2,330
37-0000	Cleaning and Maintenance Occupations	2,999	2,128
53-0000	Transportation and Material Moving Occupations	3,304	1,218
39-0000	Personal Care and Service Occupations	1,576	948
33-0000	Protective Service Occupations	2,602	886
25-0000	Education, Training, and Library Occupations	4,490	829
49-0000	Installation, Maintenance, and Repair Occupations	3,364	612
51-0000	Production Occupations	1,654	538

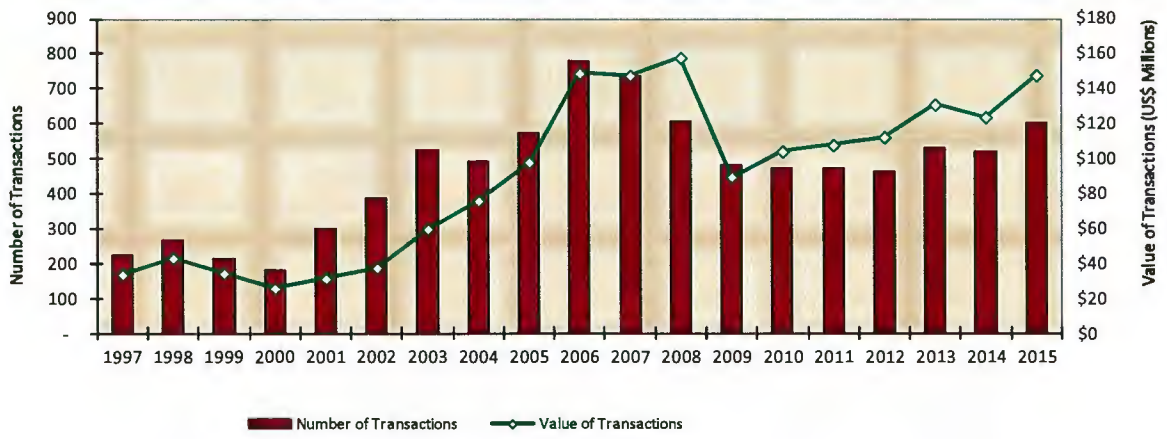
Real Estate

Overall Activity: Figure 2 shows Multiple Listing Service figures from 1996 through 2014 on volume and value of property transactions. The data includes detached dwelling, condominium, apartment, commercial, and land sales activity. The Multiple Listing Service data represents only a portion of total activity on Guam but has historically been indicative of single family, condominium, and multi-family and, land activity.

Market activity increased since the lows of 2001 due to significantly lower prices resulting from a dramatic increase in foreclosure activity. Foreclosure-related sales during this period represented a sizable portion of the market, about 100 to 200 transaction each year.

Market optimism was at an all-time high in 2006 from to the announcement of the military buildup and foreign investment activity, mostly Korean, drove demand and prices higher. Korean investments focused on prime locations (Tamuning and Tumon) for high-end condominium development. Some of these projects began construction but most never broke ground. All Korean projects on Guam halted as a result of the worldwide financial crisis and its severe impact on the Korean economy. The worldwide financial crisis led to the sharp decline in activity in 2008 and again in 2009. Since this time the market has remained relatively flat.

All Property Sales, Multiple Listing Service, 1997 to 2015, Guam



Source: Multiple Listing Service, Guam Association of Realtors.

Commercial and Industrial Market

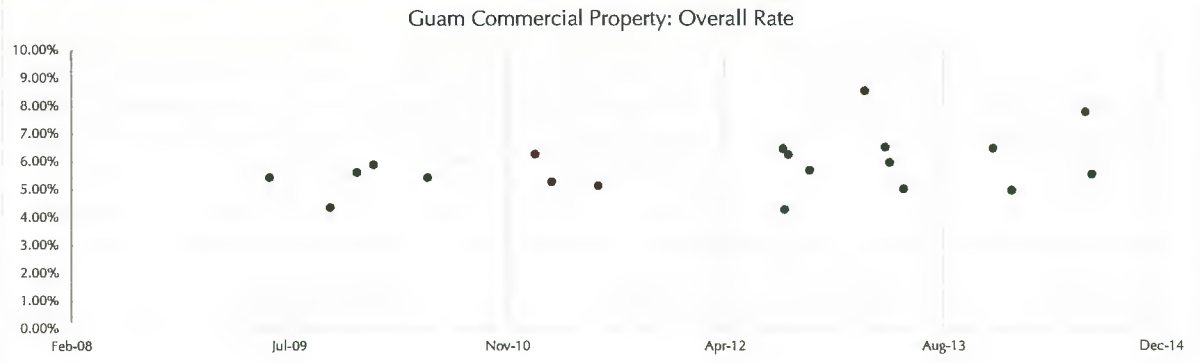
Commercial and industrial property transaction statistics are available from the multiple listing service database and typically include small and medium size properties. Hotels, shopping centers, and very large properties are seldom sold through the MLS.

Commercial and Industrial Property Sales Statistics, Guam

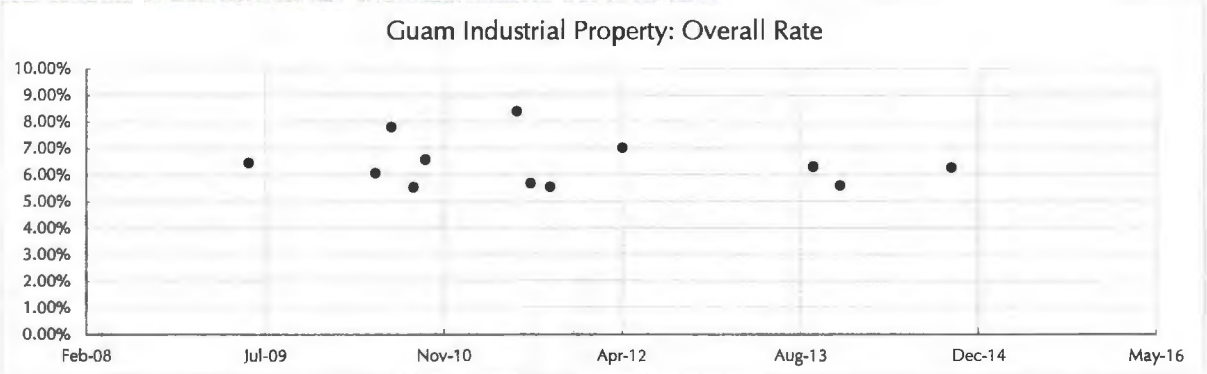
Period	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Sales	6	3	5	4	6	6	3	6	6	5
Dollar Volume	$4,541,000	$2,025,000	$3,305,000	$2,634,200	$2,325,000	$6,044,998	$3,685,000	$5,883,000	$5,523,888	$8,740,000
Median Sales Price	$432,500	$650,000	$595,000	$384,600	$322,500	$989,999	$1,035,000	$665,000	$890,000	$1,130,000
Average Sales Price	$756,833	$675,000	$661,000	$658,550	$387,500	$1,007,500	$1,228,333	$980,500	$920,648	$1,748,000

From 2005 through 2014 commercial property prices increased, resulting in declining overall rates of return, as shown in the graph below.. Overall rates has been stable at around 6% to 7%.

Guam Commercial Property Overall Rate Trend: 2009 to 2014



Guam Industrial Property Overall Rate Trend: 2009 to 2014



The increases in price have been driven by anticipation of the military buildup and low interest rates. The commercial unit median sales price per square foot of leasable area during this period has been $150 per square foot. Industrial properties median for the same period is $86 per square foot

Seller expectations have risen dramatically due to the impending buildup. Presently there are currently 18 commercial buildings listed for sale with a median list price of $1.55 million and a median time on market of 121 days. In the last 10 years a total of 50 buildings have sold through MLS, thus the current listings may appear to represent over seven years' worth of supply. But many of the listings are by sellers that appear to be testing the market with pricing well above historical levels.

Land Market

Market conditions:

- Ancestral land activity that began at round $20 to $30 per square meter in the Harmon cliffline area several years ago is now transacting at $50 to $100 per square meter, with the upper end being road frontage parcels and lower end being interior parcels with no to poor access. The earlier prices reflected some uncertainties about the title conditions and lack of zoning, as well as risk/timing for end-user demand for military buildup. Title insurance is now generally available for ancestral lands, and many have been rezoned (typically by Public Law through Legislature) so that buyers now have that expectation.

- Light industrial land (5 acres or smaller) in Harmon Industrial Park: prices have increased from the market bottom in 2003 at about $50 per square meter to a present level of about $150 per square meter.

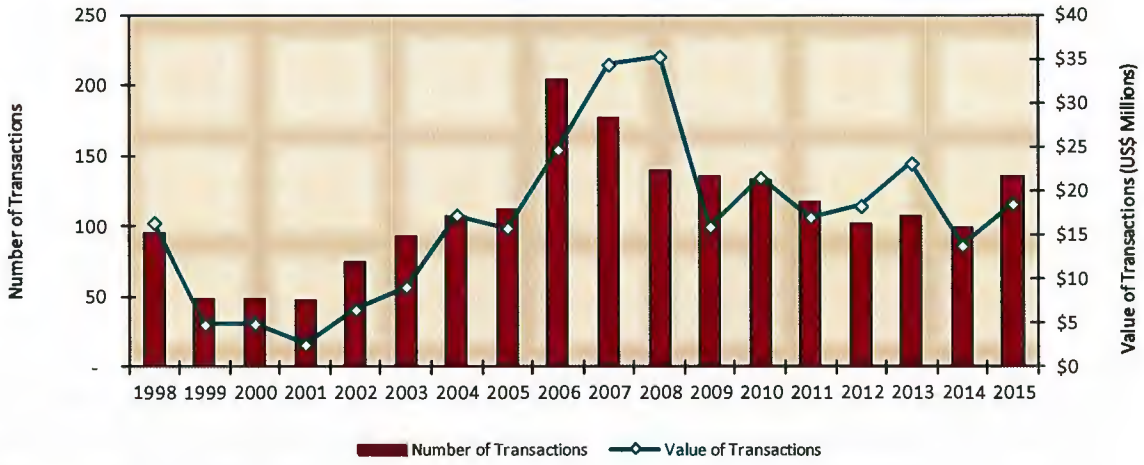
- Since 2008 there were 22 industrial land transactions around Dos Amantes area. Price ranges from $44 per square foot for R-2, Multi-family residential, to $123 per square foot for M-1, Light Industrial parcels. One of the land transaction is the site of the Guam Regional Medical City, expected to open in April 2015.

- Residential land: most activity in northern Guam (Dededo, Yigo) is at $20 per square meter for raw land in rural locations. Suburban or better located tracts of land and those nearby sewer lines sell for $30 to $60 per square foot.
-

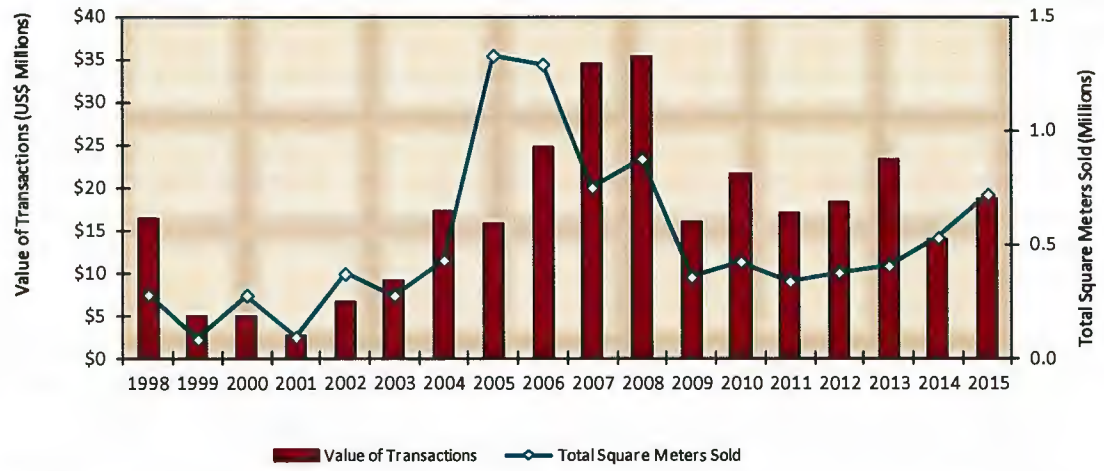
Multiple Listing Service database includes all types of land transaction activity: residential, commercial, industrial. Drivers of demand (military buildup) for the various uses of property are similar thus sales volume trends for each use tends to correlate closely with the overall trend.

For industrial/commercial real estate, the current environment is limited activity with no noticeable change in prices (sales or rents). We attribute this to limited supply rather than weak demand.[19]

Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Vacant Land Sales, Multiple Listing Service, 1998 to 2015, Island of Guam



Real Estate Conclusion:

In conclusion, the state of the island's commercial real estate market is heating up while the residential real estate market is stable. However, it must be noted that some areas- such as Dededo, Yigo, and Mangilao - have seen increases in activity in the sale of medium sized, single family residential homes. We may expect to see even more activities in these villages - as well as villages surrounding the Navy base down South - as more military personnel are transferred to the island during the base build up.

[19] Source: Multiple Listing Service, Guam Association of Realtors (2011)

Tourism

Guam has seen a steady increase in tourist arrivals for the last 3 years. In 2012, the number of arrivals was 1,308,035. That number climbed to 1,334,497 in 2013: a 2% increase. The following is a chart from First Hawaiian Bank's *Economic Forecast, 2014 Guam- CNMI Edition (2014)* that shows the total number of arrivals from each of the eleven main tourist markets.[20]

CHART 6 • SOURCES OF GUAM VISITORS, 2013 VS. 2012

Calendar Year	2013	2012	Growth	2013 Share
Japan	893,118	929,229	-3.9%	66.9%
Korea	245,655	182,829	34.4%	18.4%
U.S. Mainland	48,836	51,321	-4.8%	3.7%
Taiwan	48,653	49,144	-1.0%	3.6%
CNMI	16,154	16,717	-3.4%	1.2%
China P.R.C.	11,225	8,939	25.6%	0.8%
Philippines	10,920	10,483	4.2%	0.8%
FSM	9,842	10,069	-2.3%	0.7%
Hawaii	9,746	11,297	-13.7%	0.7%
Hong Kong	8,857	8,609	2.9%	0.7%
Russia	8,084	4,040	100.1%	0.6%
All others	17,671	15,964	10.7%	1.3%
Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

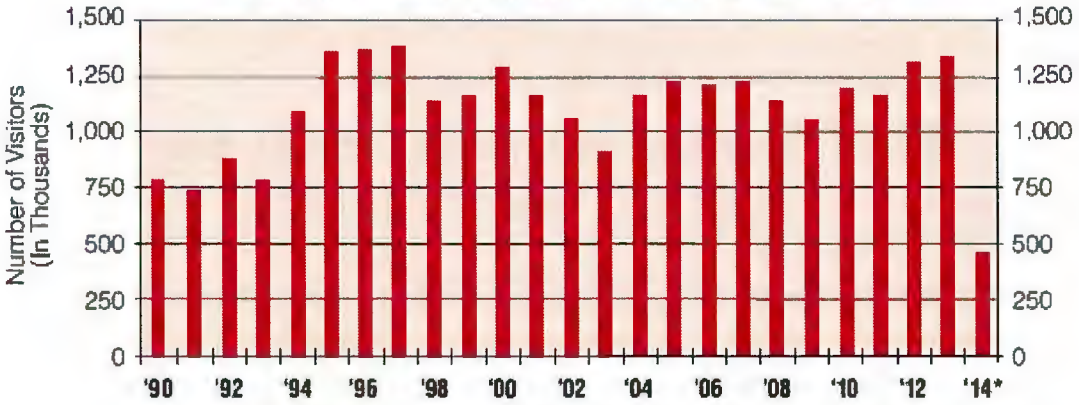
Source: Guam Customs Declaration Forms, Customs and Quarantine Agency. Processed by the Guam Visitors Bureau.

The graph shows that Japan still supplies Guam with the largest number of tourist each year and, even with a 3.9% drop in arrivals from 2012 to 2013, represented 66.9% of the market for 2013. The drop in Japanese arrivals from 2012 to 2013 had much to do with the changing Japanese demographics (more elderly Japanese than younger families who are more likely to travel) and a weakening of the Japanese economy that has made Guam a more expensive destination for Japanese. [21]
the year 2014 had also seen a 25.4% increase in tourist from Korea, Guam's second largest source market; a 45% increase in tourist from the People's Republic of China; and a 101.5% increase in arrivals from Russia.[22] In his 2015 Guam State of the Island Speech, Governor Calvo said that, *"The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy."*[23]

The end of 2014 saw a total arrival to the island of 1,342,377 visitors: a nearly 6% increase from the previous year. Korea arrivals for calendar year 2014 grew by 25.4%, while the People's Republic of China rose by 45%, and the Russia Federation arrivals increased by 101.5%. Additionally, sea arrivals for CY 2014 increased by 115.7%. The diversification and growth in various markets helped strengthen the island's visitor industry despite Japan's struggling economy.

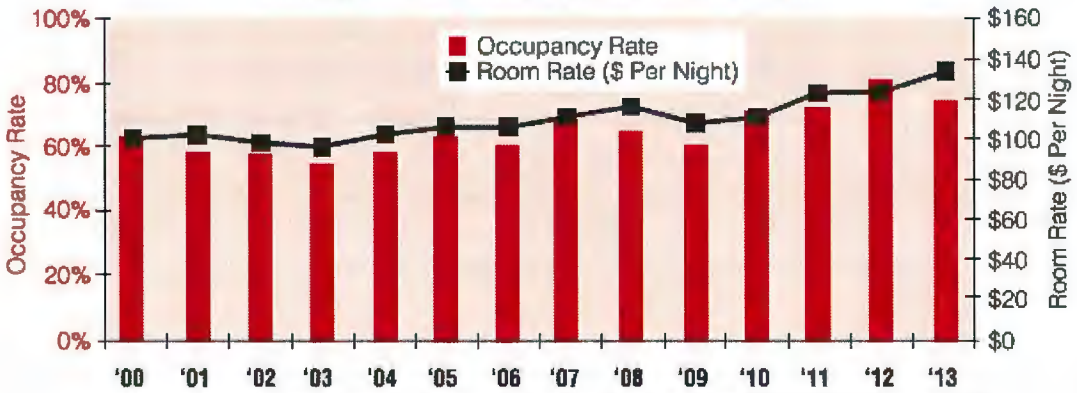
[20] Source: First Hawaiian Bank . Economic Forecast, 2014 Guam- CNMI Edition (2014)
[21] Source: Guam Business Magazine. Houston, We have Lift-off (Well, Maybe). (November, 2014)
[22] Source: Eddie Calvo, Guam Governor. Guam 2015 State of the Island Speech (January, 2015)
[23] Source: Ibid

CHART 1 • GUAM VISITOR ARRIVALS, 1990-2013



*2014, January-April. Sources: Guam Visitors Bureau, *Guam Visitor Arrivals, multiple issues*

CHART 7 • GUAM HOTEL DATA, 2000-2013



Source: Guam Hotel and Restaurant Association, *Summary Statistical Report March 2013*

CHART 8 • ECONOMIC GROWTH IN GUAM'S TOURIST MARKETS

	U.S.	Japan	Korea	Taiwan	China	Hong Kong
2011			3.7	4.2	9.3	4.8
2012	2.8	1.4	2.0	1.5	7.7	1.5
2013	1.7	1.5	2.8	2.1	7.7	2.9
2014	2.8	1.3	3.7	2.7	7.5	3.5
2015*	3.0	1.3	3.8	3.2	7.4	3.6

*Forecast Source: Asian Development Bank

CHART 6 • SOURCES OF GUAM VISITORS, 2013 VS. 2012

Calendar Year	2013	2012	Growth	2013 Share
Japan	893,118	929,229	-3.9%	66.9%
Korea	245,655	182,829	34.4%	18.4%
U.S. Mainland	48,836	51,321	-4.8%	3.7%
Taiwan	48,653	49,144	-1.0%	3.6%
CNMI	16,154	16,717	-3.4%	1.2%
China P.R.C.	11,225	8,939	25.6%	0.8%
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Russia	8,084	4,040	100.1%	0.6%
All others	17,671	15,964	10.7%	1.3%
Total Arrivals	**1,334,497**	**1,308,035**	**2.0%**	**100.0%**

Source: Guam Customs Declaration Forms, Customs and Quarantine Agency. Processed by the Guam Visitors Bureau.

GUAM HOTEL & RESTAURANT ASSOCIATION

SUMMARY STATISTICAL REPORT SEPTEMBER 2014 (Released November 18, 2014)

Number of Hotels in GHRA	24	Number of Rooms under Construction	0
Number of Existing Hotel Rooms	7,512	Capacity in Room Nights	216,660
Number of Rooms under Renovation	85	Room-Employee Ratio:	1.57(Room to 1 Employee)
		Rev Par 2014	$ 105.43
		Rev Par 2013	$ 91.11

	2013 YTD	2014 YTD	YTD CHANGE	Sep-13	Sep-14	CHANGE
NUMBER OF HOTELS REPORTING				13	14	1
Room Nights Available for Sale	1,564,473	1,644,754	5%	173,850	216,660	25%
Room Nights Sold	1,290,426	1,258,671	-2%	128,327	159,828	25%
HOTEL OCCUPANCY RATES						
Low Average	42%	48%	6pts.	27%	58%	31pts.
Mean Average	77%	78%	1 pt.	76%	83%	7pts.
Weighted Average	77%	77%	0 pts.	74%	74%	0 pts.
High Average	93%	93%	0 pts.	92%	91%	(1pt.)
HOTEL ROOM RATES						
Low Average	$51	$50	-2%	$48	$46	-4%
Mean Average	$121	$134	11%	$110	$133	21%
Weighted Average	$134	$150	12%	$123	$143	16%
High Average	$181	$201	11%	$166	$186	12%
GROSS RECEIPTS TAX PAID	$12,369,241	$13,643,574	10%	$1,190,058	$1,459,591	23%
ROOM OCCUPANCY TAX PAID	$16,746,376	$19,442,260	16%	$1,648,688	$2,331,560	41%
PAX ARRIVAL COUNT - JGTA	683,092	615,804	-10%	73,493	68,409	-7%
PAX ARRIVAL COUNT - KOREA	177,565	225,350	27%	19,686	23,657	20%
PAX ARRIVAL COUNT - TAIWAN	37,739	40,000	6%	4,949	3,408	-31%
PAX ARRIVAL COUNT - CHINA, P.R.C	8,422	11,739	39%	873	1,651	89%
PAX ARRIVAL COUNT - RUSSIA	4,781	14,988	213%	238	196	-18%
GVB TOTAL ARRIVAL COUNT	1,006,474	1,013,031	1%	108,635	112,523	4%

ANALYSIS: The month of September reflected an significant increase of 25% change in the number of room nights available for sale however, an increase of 25% in the number of room nights sold compared to the same period last year. 2013 The Weighted Average Occupancy Rate equated at 0 points reflecting 74%. The Weighted Average Room Rate increased at 16% at $143.00. Preliminary arrival numbers from the Guam Visitors Bureau showed a slight 4% increase in total arrivals for the month of September. JGTA reflected a decrease of negative 7% while the Korea market boomed at a high rise at 20% and following the Taiwan market at a considerable decrease of 31% compared to 2013. The mainland China market reflects a 89% increase while the Russia market dropped down at a negative 18% for the month of September 2014 as compared to the same period 2013.

Weighted Average Occupancy = Sum of Room Nights Sold divided by total number of Room Nights Available for sale by reporting hotels
Weighted Average Room Rate = Sum of all Room Sales divided by sum of all Room Nights Sold by Reporting Hotels
Room Employee Ratio = (Hotel Rooms/Total Number of Employees from Reporting Hotels)
** As of release date, ten hotels have not reported information to the Guam Hotel & Restaurant Association.*

Source: Guam Hotel & Restaurant Association. Statistical Report (September, 2014)

Japan

For the past several decades, Japan has been the single biggest source of tourist for Guam and the CNMI. Out of the 1,334,497 visitors to Guam in 2013, 893,118 of them were from Japan. However, that number was down from 929,229 visitors from the prior year[24].

The 2011 disasters (referred to as 3/11 by the Guam visitors Bureau), the down turn in the economy and the devaluation of currency, as well as the aging Japanese population, has all contributed to a marked drop in Japanese tourist visits both in Guam and around the world. The industry has seen double digit declines of tourist from Japan month over month since 2013[25]

Diversifying the tourism industry's target visitor make-up, and expanding the target market beyond Japan tourist, will help lower Guam's reliance on the Japanese economy. According to Governor Edward Calvo, Japanese tourist make up around 71% of all arrivals to Guam in 2013 (GVB, p. 3). This massive reliance on a single country exposes Guam's economy to Japan's economic hardship. Considering that tourism contributes $1.4 billion into the economy- and accounts for 31% of non-federal employment on the island- any down turn in Japan's economy will definitely have an impact on Guam's.

This fact has not evaded the Guam Visitor's Bureau. One of the goals stated in their Guam Tourism 2020 Strategic Plan (published in January, 2014) is to diversify the industry's visitor target market makeup. The goal is to "maintain a Japan market mix of at least 55- 60%" (GVB publication. Jan, 2014) [26].

According to the GVB, Japan will continue to be a major source of tourism for Guam, but efforts will continue to be made to advertise Guam to other markets.

Korea

Korea has always been a large source of tourist for Guam and has maintained a second place status to that of Japan. Guam Business Magazine wrote an article regarding the increase in Korean visitors[27]:

Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise
January 19, 2015
(Guam Business Magazine)

With the Japanese market on a gradual decline in recent years, Guam and the NMI have been steadily expanding their efforts into secondary markets. Korea is the top secondary market for both destinations, and marketing efforts to draw Korean visitors have grown by leaps and bounds over the past several years.

According to Karl A. Pangelinan, outgoing general manager of Guam Visitors Bureau, Japan has suffered a significant downturn in its role as Guam's number one visitor market segment. "We've seen double-digit declines pretty steadily month over month since last year, and last year was a down year for us as well. We've been heavily reliant on the Japan market for a number of years, and Korea has been a decent second over the years, but it's now becoming a very strong second"

Pangelinan's assertions are backed by significant numbers, which show that Guam's Korean visitor numbers in fiscal 2014 have more than doubled since fiscal 2011, going from 144,844 to 293,437. Considering that the bureau's stretch goal was intended to be 350,000 by 2020, the numbers are far ahead of the curve.

"That's due in large part to airlift," he says. "We've been working closely with the airlines that service Korea,

[24] First Hawaiian Bank. Economic Forecast, 2014 Guam-CNMI Edition (2014)
[25] Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise(January, 2015)
[26] Source: Guam Visitors Bureau. Guam Tourism 2020 Strategic Plan (January, 2014)

[27] Source: Guam Business Magazine. Looking out for Number two: Korean tourist market in the NMI and Guam on the Rise. (January, 2015)

and I think that by the end of December, we should have approximately half a million seats coming out of Korea. Now that we've done that, the onus is now on us to create additional demand for Guam to meet the supply. We need to meet that to keep the airlines healthy."
...
" ...The airlines have increased the flights and the number of overall seats, but not the accommodations," says Thomas Hur, assistant manager for the Mode Tour Guam office. He adds that airport congestion has also been one of the primary complaints by Korean visitors, with outbound visitors saying they "had to wait a long time, sometimes hours, to be cleared through immigration and customs..."

...Hur also agrees with the assessment, saying that Guam was marketed in Korea as a "fantasy island" for honeymooners in the 1990s because of traveling restrictions imposed by the Korean government. Since the restrictions have been lifted, the destination has now come to be marketed heavily as a more family - oriented location, with an emphasis on the island's shopping and water parks....

Hong Soon Im, President of Tagada Amusement Park, Miki Taxi Service, and Miki Advertising, agrees that safety is a major source of concern for visitors with families. A former GVB Korean Marketing Committee chairman, former president of the Korean tour Association of Guam, and member of the Governor's economic advisory council, Im has over 30 years of experience with the local hospitality industry.

The majority of Korean visitors are here with families," he says. "They like the island because it's an American territory and they feel safe here, but they feel more could be done. They've said that the streets need to be better lit in certain parts of Tumon, and that the sidewalks need to be widened in areas like Pleasure island because of how dangerous the traffic is."

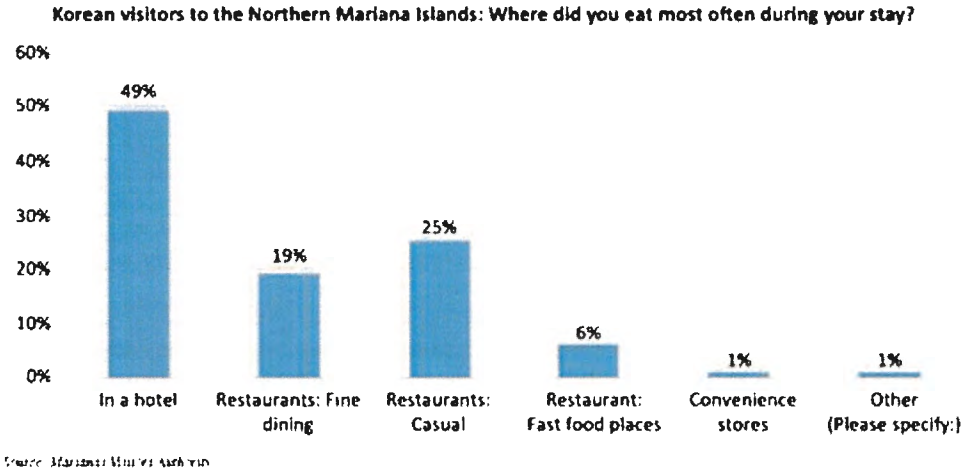
The article posted a "Korean Visitor Profile" break down list, describing the demographics and behavior of the common Korean visitor.[28]

Korean Visitor Profile

Average age: 34.8
Average stay: 3.64 days
56% are white-collar office workers, specialists or self-employed
78% are married
83% are traveling with family
73% are traveling with spouse
86% are traveling on a packaged tour
84% are first-time visitors
Average repeat visitor has been to Guam 2.38 times
Half of repeat visitors have been here within the last year
Mean average spent in prepaid expenses: $2,303.53 per party ($850.87 per person)
Mean average spent on island: $985.72 per party ($429.02 per person)

[28] Source: Ibid

The Marianas Visitors Authority also noted (in their chart below) that up to 49% of Korean tourist would eat their meals at the hotel they stay at. The second source of meals for them are at casual restaurants. Only 19% eat at fine dining establishments.



It must be noted that security and safety were very important considerations in the Koreans' choice for coming to Guam. This is understandable since many of them - 83% - travel with their families. This concern has also been voiced by visitors from other countries to Guam, such as the Japanese and Russians.[29] The rise in crime on Guam may prove to have a negative impact on the perception that potential tourists have of Guam. This, in turn, may have a long lasting negative impact on Guam's overall economy.

China

Guam received 14,542 visitors from the People's Republic of China in 2014. This represents a 30% increase in the number of arrivals from the 11,225 visitors of 2013. The increase is due to three main factors:

1. The increase in airline routes to Guam from mainland China.
2. The extension of US visas for Chinese visitors.
3. And the increased focus on marketing to Chinese tourist by the GVB

The increase in flights from main land China to Guam in the past few years eased the way for increased Chinese travel to the island. An agreement to extend tourist and business visas for 10 years (which started in 2014) is having a profound impact on the number of visitors arriving in Guam from mainland China as well. Former Visitors Bureau General Manager Karl Pangelinan was quoted in a November, 2014 Pacific Island Report as saying,

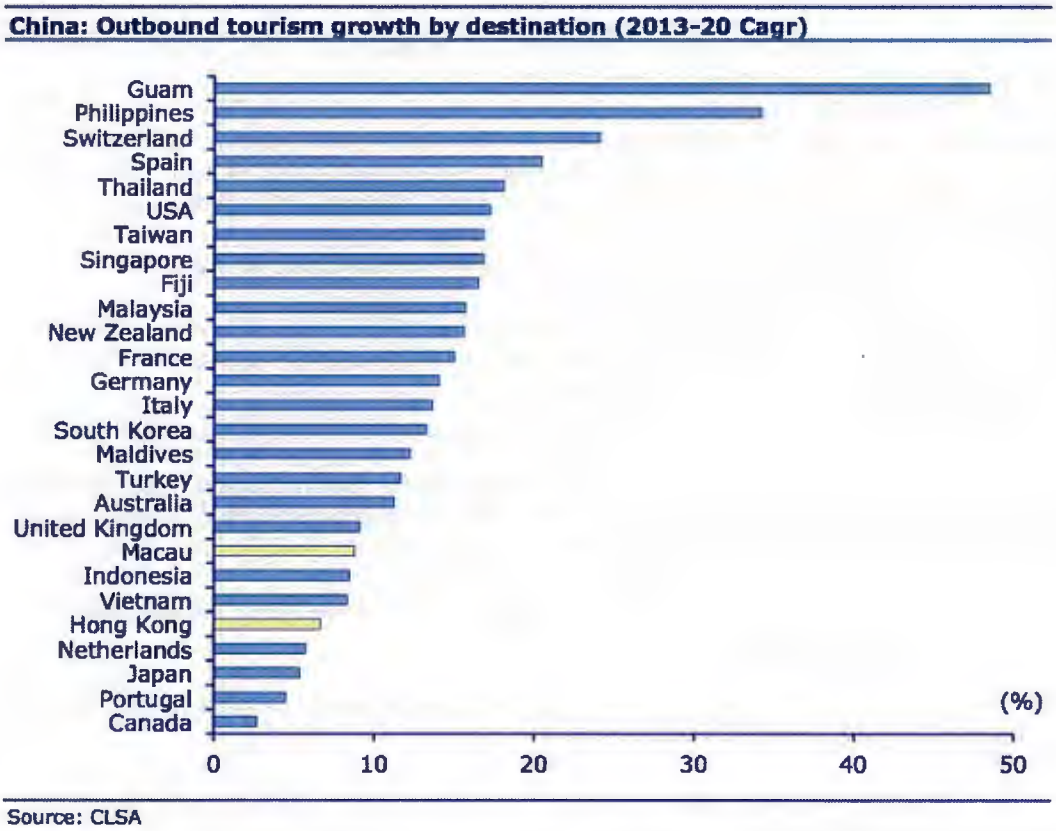
> *"The announcement from the federal government that it is extending short-term Chinese tourist and business visas from one year to 10 years is great news for Guam... While we will still push for a visa waiver, this visa extension will definitely help ease the travel process for visitors and provide more jobs and opportunities for our people."* (**qtd. in** *Dumat-ol Daleno, November, 2014)*

Quartz Magazine emphasized Guam's advantage over other destination potentials for Chinese tourist in their January, 2014 article *Chinese tourists are broadening their horizons: here today, Guam tomorrow:*

[29] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

"Chinese tourism overseas will double in the next six years to 200 million people a year, according to a recent report from analysts at CLSA, and a tiny US military outpost 900 miles north of the equator in the Western Pacific could be one of the biggest beneficiaries. The hilly 200-square-mile island of Guam, population about 160,000, could see 50% growth in Chinese tourists, analysts say, the most of any destination...

"Guam's military history might prove as much of a draw for the Chinese, who are clashing with Japan and other Asian neighbors over the rights to islands and territory in the South China Sea."(H. Timmons, 2014)[30]



Global Travel Industry News also considers Guam and Saipan to be in good positions to receive a good share of attention from the growing number of Chinese tourists:

eTN Global Travel Industry News
Why Chinese tourists travel to Hawaii, Guam or Saipan
July 31, 2014

United States Pacific Islands are new hot destinations for the lucrative Chinese outbound travel market. An interesting article translated from the Chinese media gives a take from the Chinese side of the story. It reads: Safety concerns, better travel options help lesser-known destinations gain an edge over once-popular locales.
Political uncertainties in some Southeast Asian nations are propelling Chinese tourists to such exotic destinations as Hawaii, Saipan and Guam in the Pacific and also helping boost local tourism industries in

[30] Quartz online magazine. Chinese tourists are broadening their horizons: here today, Guam tomorrow (January, 2014)

these regions, tourism sources said.
Jiang Yiyi, director of the China Tourism Academy's international tourism development division, said that the number of outbound tourists from China will cross 100million this year.
"It is obvious that newer destinations will benefit from the increased outflows," he said.
According to Jiang, nearly one-third of the Chinese tourists are self-guided travelers who prefer trips to exotic destinations like the Pacific Islands. Other destinations like Japan and South Korea also are gaining in popularity with Chinese tourists because of the continued political problems in some Southeast Asian nations.
"The Pacific Islands will be the main beneficiary of the increased tourist flows as many of the islands are new and unexplored destinations," she said.
....
"The visa policy of Saipan is even more convenient than some Southeast Asian countries," said Xie Ting, a 27-year-old office worker from Xi'an, Shaanxi province.
Xie spent her holiday in Saipan in May, though her original plan was to go to Phuket Island in Thailand. "I changed my plans, as I was worried that the local political events would affect my holiday," she said.
Charter flights operated by some carriers like China Southern Airlines Co Ltd, Sichuan Airlines Co Ltd and Asiana Airlines Inc provided multiple choices for Xie to arrive in Saipan, although there are no regular direct flights between China and the island.
Though there is considerable interest among Chinese tourists for trips to Pacific islands, many of these destinations still need to spruce up facilities.
There are 29 hotels with 8,451 rooms in Guam, an over-seas territory of the US, that is slowly becoming popular with Chinese tourists. High-end hotels account for 31.3 percent of the total, and there are no super-luxury hotels, according to the Guam Visitor Bureau.

An article written on the CLSA website (a Hong Kong based broker and investment group) in January, 2014 predicted increase growth of overseas Chinese tourist. The article also highlighted some results of its recently conducted survey of 1000 Chinese travelers in China. Some of their findings are as follows:

- 64% of respondents were interested in travelling overseas in the next 12 months and 67% intend to increase their travel budget.
- Chinese tourists are desiring new experiences : from sightseeing, to food, to hotels, to gaming and shopping.
- Chinese tourists are becoming increasingly savvy, independent and demand high quality experiences and service."
- Shopping remains an important component of the travel itinerary. Local specialties, skincare/makeup/perfume, and apparel are the most purchased items
- 80% of tourists buy these items from local specialty shops
- Close to 60% make purchases at downtown or airport duty free stores.
- 40% of CLSA survey respondents may book their own flights and hotels and make their own arrangements in the future.[31]

[31] Source: CLSA. Outbound Chinese tourists to double by 2020 propelling global growth in travel related sectors (January, 2014)

Russia

In January of 2012, The Department of Homeland Security gave visa-free entry discretion and authorization to the US Customs and Border Protection (CBP) to allow citizens of Russia to enter Guam and the CNMI. A press release on the U.S. Customs and Border Protection website stated the following:

U.S. Customs and Border Protection website
Russian Citizens Now Eligible to Travel to Guam Visa-Free

Release Date:
January 26, 2012

WASHINGTON, D.C.—Effective January 15, citizens of Russia are eligible to travel to Guam without a visa. On November 15, 2011, the Secretary of the Department of Homeland Security (DHS) signed a decision that allows U.S. Customs and Border Protection (CBP) to exercise discretionary parole authority on a case-by-case basis to permit Russian nationals to travel to Guam visa-free.

The new eligibility allows citizens of Russia to enter Guam visa-free and travel between Guam and the CNMI as nonimmigrant visitors for business or pleasure for a period of stay up to 45 days, provided the traveler meets certain conditions.

.....

Parole authorization is limited to Guam and the CNMI only and does not include the benefit of travel to another location within the United States.

Previously, on October 21, 2009, DHS announced that citizens of the People's Republic of China and Russia would be permitted to travel to the Commonwealth of the Northern Mariana Islands (CNMI) visa-free, and those travelers would be paroled into the CNMI, based on the Secretary's discretionary parole authority, on a case-by-case basis. This benefit became effective November 28, 2009....

Neither program allows for citizens of either country to travel to any other part of the US without a visa[32]. This visa exception has been profitable to both Guam and the CNMI. Guam received 8,084 visitors from the Russian Federation in the year 2013. That was a 100% increase from the previous year's 4,040 tourist who visited the island in 2012.

The Marianas Variety, Guam edition, reported that Russian tourist average per person expenditure was $2,746.96, and that the average overall expenditure of Russian tourist was $5,516.10.[33]
The newspaper also noted that Guam "is marketed as a high-end family destination," and reported on the findings of a QMark Research exit poll survey of 602 Russian tourist conducted in 2013 for the Guam Visitor's Bureau.

Some of the findings of the Russia Visitor Tracker Exit Profile survey included the following:

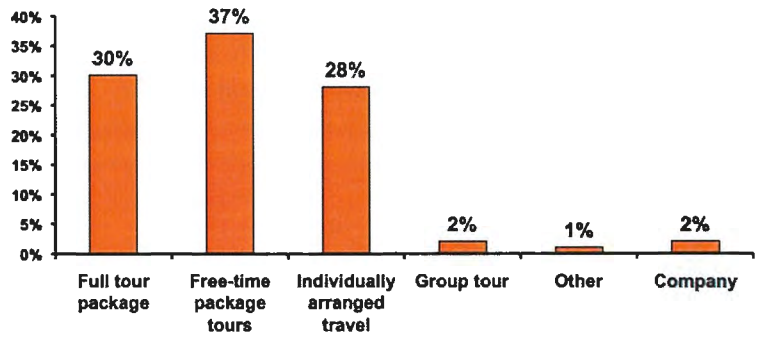
- 19% traveled with a friend
- 82% travel with family
- 51% of the children who arrived with their families were between the ages of 3 and 6
- 32% travel with children

[32] Source: U.S. Customs and Border Protection website. Russian Citizens Now Eligible to Travel to Guam Visa-Free (January, 2012)
[33] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)

- 13% travel alone
- 18% were repeat visitors
- 55% of travelers were between 35 to 49 years old
- Median length of stay was 14 days

The following are charts taken from the Guam Visitors Bureau's Russian Visitor Tracker Exit Profile:

Travel Planning - Overall



Motivation by Age & Gender

			TOTAL	AGE				GENDER	
		-	18-24	25-34	35-49	50+	Male	Female
OSA	No Visa required	92%	82%	89%	94%	90%	92%	91%
	Natural beauty	90%	82%	87%	90%	95%	89%	91%
	Relax	60%	47%	53%	61%	68%	59%	61%
	Short travel time	56%	24%	55%	60%	49%	53%	58%
	Pleasure	35%	47%	30%	38%	30%	36%	34%
	Safe	30%	29%	24%	31%	36%	32%	28%
	Shopping	29%	35%	29%	30%	25%	25%	33%
	Recomm- friend/family/trvl agnt	20%	41%	16%	20%	20%	20%	19%
	Previous trip	15%	12%	19%	16%	10%	15%	15%
	Water sports	5%		7%	5%	3%	5%	4%
	Scuba	4%	6%	7%	4%		5%	3%
	Visit friends/ Relatives	4%	12%	5%	3%	3%	3%	4%
	Price	4%		3%	4%	3%	4%	3%
	Other	3%	6%	4%	2%	3%	3%	2%
	Organized sports	2%		4%	2%	1%	3%	1%
	Company Sponsored	2%		4%	2%	2%	3%	1%
	Company/ Business Trip	2%		2%	2%	3%	2%	2%
	Honeymoon	1%	6%			2%	1%	0%
	Married/ Attn wedding	0%		1%	0%		1%	
	Total Count	600	17	135	327	117	303	297

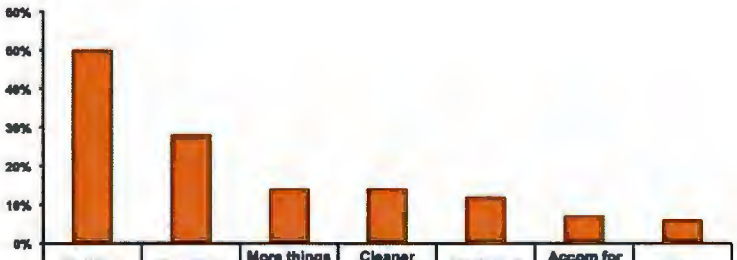
Satisfaction Scores Overall

7pt Rating Scale
7=Very Satisfied/1=Very Dissatisfied



	Ease of getting around	Safety walking at night	Price	OVERALL
Very satisfied	31%	31%	22%	19%
MEAN	5.99	5.84	5.79	5.87

What would it take to make Guam more enjoyable for families?



	Nothing	More time	More things to do	Cleaner scenic site	Fit Sched	Accom for extra stay	Other
Incentive	50%	28%	14%	14%	12%	7%	6%

The Marianas Variety also noted that the average Russian tourist "would prefer to spend time relaxing undisturbed on the beach or participating in the typical tour attractions at a leisurely pace."[34] Russians must travel to either Korea or Japan to get to Guam, as there are currently no direct flights between Russia and Guam.

Future Trends

With the current situation in Ukraine, and with the Russian government's vilification of the U.S., it is unlikely that we will see a large return of Russian visitors within the next two years. The Sanctions imposed on Russian by US and Western countries have hurt their economy substantially, and the Ruble had lost 46% of its value in 2014.[35] Inflation in Russia - as of February, 2015- was at 16.7%.[36]

However, political distrust and turmoil tend to change with politics and policies. We may yet see a return of the Russian tourist in large numbers in the future.

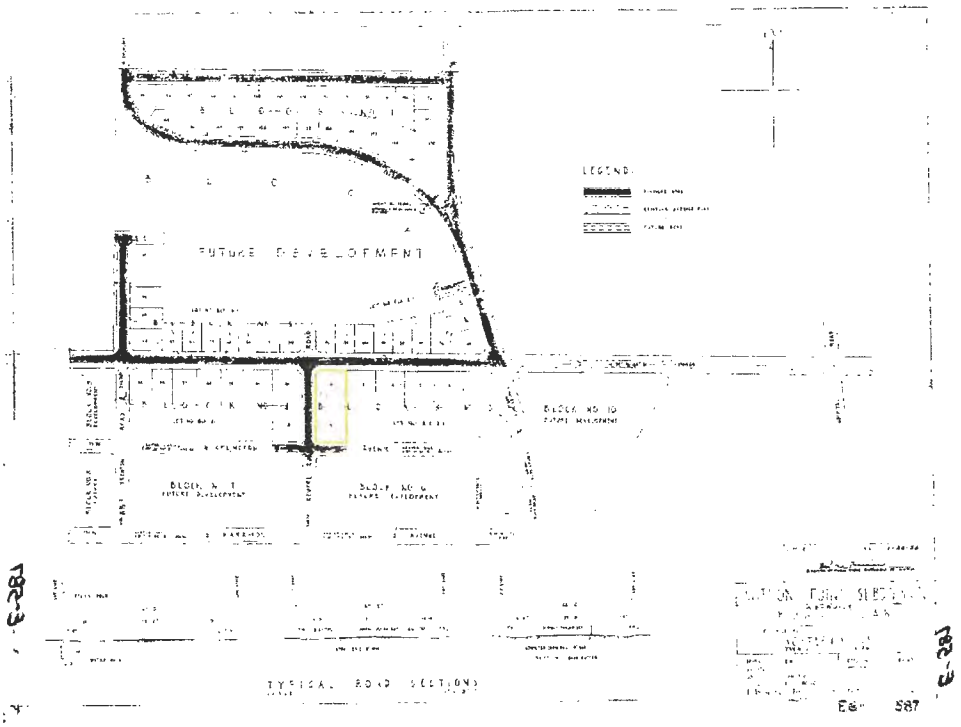
[34] Source: Marianas Variety Guam Edition. The Russian Tourist.(May, 2013)
[35] Source: CNN Money online. Ruble jumps as Russia moves to support banks (Dec. 2014)
[36] Source: Trading Economics. Russia Inflation Rate. (March, 2015)

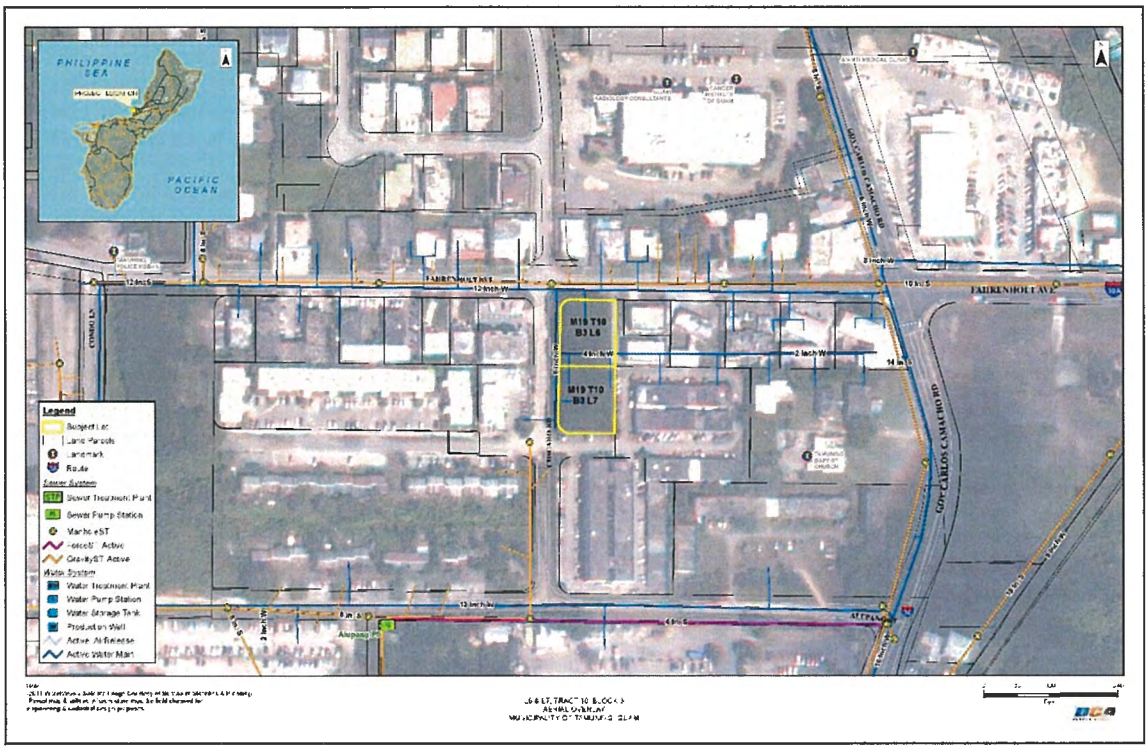
Exhibit 2

Market Data, Land Transactions, Island of Guam

Land Transaction 1

A.	Recording Data:	Instrument Number 894747
B.	Grantor/Lessor:	Man Wing Cheung and Shiu-Lan Tang Cheung
C.	Grantor/Lessee:	Joyrich Group, LLC
D.	Date of Transaction:	7/8/2016
E.	Date Inspected:	12/22/2017
F.	Dimensions and size:	Survey Document #027958
	a. Land:	2,213 square meters
	b. Improvement:	None
G.	Consideration:	$600,000
H.	Unit Price:	$271.1252 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 6 and 7, Block 3, Tract 10
K.	Address:	Farenholt Avenue at Cuscaho Road
L.	Zoning:	R2, Multiple-dwelling zone
M.	Present Use:	Vacant and idle
N.	Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
O.	Condition of Transaction:	Arm's-length transaction
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	None
	a. Easements:	None
	b. Flood Zone:	Zone X
	c. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Listing Agent
	a. Verification Sources:	Public Records; MLS 16-1318 & 16-1319
	b. Information Verified:	No Unusual Conditions
	i. Transaction Price:	$600,000
	ii. Terms/Concessions:	All cash to seller
	iii. Other:	None
U.	Motivation of Parties:	Arm's-length transaction with no unusual conditions.
	a. Source of Information:	Listing Agent: Ms. Gina Campos
	b. Relation of Parties:	No relation
	c. Unusual Motivations:	The buyer's consolidated the two lots intended for a residential related development. Based on the days on market, full list price offer and assemblage, the sale potentially reflects an above market transaction.
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	DOM: 43, listing to pending dates
X.	Days on Market:	100
Y.	Remarks:	None
	a. Topography:	Fairly Level
	b. Access:	Paved Road
	c. Amenity View:	Neighborhood
Z.	Property Sketch:	None


LEGEND:
FUTURE DEVELOPMENT
TYPICAL ROAD SECTIONS


PHILIPPINE SEA
PACIFIC OCEAN
Legend
FAIRENHOLT AVE
M19 T10 B3 L6
M19 T10 B3 L7

Photograph



Date Taken: 12/22/2017 By: Vance L. Reklai	View of the front, across the street facing the western boundary looking southeast.



Date Taken: 12/22/2017 By: Vance L. Reklai	View of the western boundary, from the street entrance, facing southeast.

Land Transaction 2

A.	Recording Data:	Instrument Number 831961
B.	Grantor/Lessor:	Sook Cha Lee aka Shirley Lee
C.	Grantee/Lessee:	Sunilh H. Uttamchandani
D.	Date of Transaction:	1/20/2012
E.	Date Inspected:	1/21/2016
F.	Dimensions and size:	Survey Reference # 099FY73
	c. Land:	7,860 square meters
	d. Improvement:	None
G.	Consideration:	$157,7000
H.	Unit Price:	$200.6361 per square meters
I.	Type of Instrument:	Warranty Deed
J.	Tax Identification/Folio Number:	Lot 2144-1D-9 and -R9
K.	Address:	Mamis Street
L.	Zoning:	PUD, Planned Unit Development
M.	Present Use:	Vacant and idle
N.	Highest and Best Use at Time of Transaction:	Industrial/Commercial
O.	Condition of Transaction:	Arm's-length transaction sold in MLS.
P.	Type of Financing:	All cash to seller
Q.	Encumbrances:	None
	d. Easements:	None
	e. Flood Zone:	Zone X
	f. Other:	None
R.	Type of Improvements:	None
S.	Site Utilities:	All Utilities On Site
T.	Verification Information:	Buyer, Mr. Uttamchandani
	c. Verification Sources:	Public Records; MLS 10-671, Buyer Mr. Uttamchandani
	d. Information Verified:	Buyer, Mr. Uttamchandani
	iv. Transaction Price:	$157,7000
	v. Terms/Concessions:	Small downpayment with seller financing
	vi. Other:	None
U.	Motivation of Parties:	Buyer purchased to develop for commercial investment
	d. Source of Information:	Buyer, Mr. Uttamchandani; (671) 989-8778
	e. Relation of Parties:	No relation
	f. Unusual Motivations:	None known
V.	Analysis of Pertinent Information:	None
W.	Overall Exposure Time:	Property listed on MLS for 714 days prior to closing
X.	Days on Market:	714
Y.	Remarks:	None
	d. Topography:	Level
	e. Access:	Paved road, Front Mamis Street
	f. Amenity View:	Neighborhood View
Z.	Property Sketch:	None


RETRACEMENT
2144-ID-7
2144-ID-8
2144-ID-9
2144-ID-R9
2144-ID-2
2144-ID-3
2144-ID-1
2144-IC-7
2144-IC-7-A1
2144-IC R7
POB
VICINITY MAP
SUBJECT
SYMBOLS
NOTES
REFERENCES
GRAPHIC SCALE 1"=50'
Harry A. Stubbs
TERRITORIAL PLANNER
June 7, 1971
TERRITORIAL SURVEYOR
SURVEY DATA DATE
OWNER
LAND MANAGEMENT DATA
541-FY71
MESA'S SURVEYING & MAPPING Co
RETRACEMENT & PARCELLING MAP
OF
LOT 2144-ID-7 & ID-R7



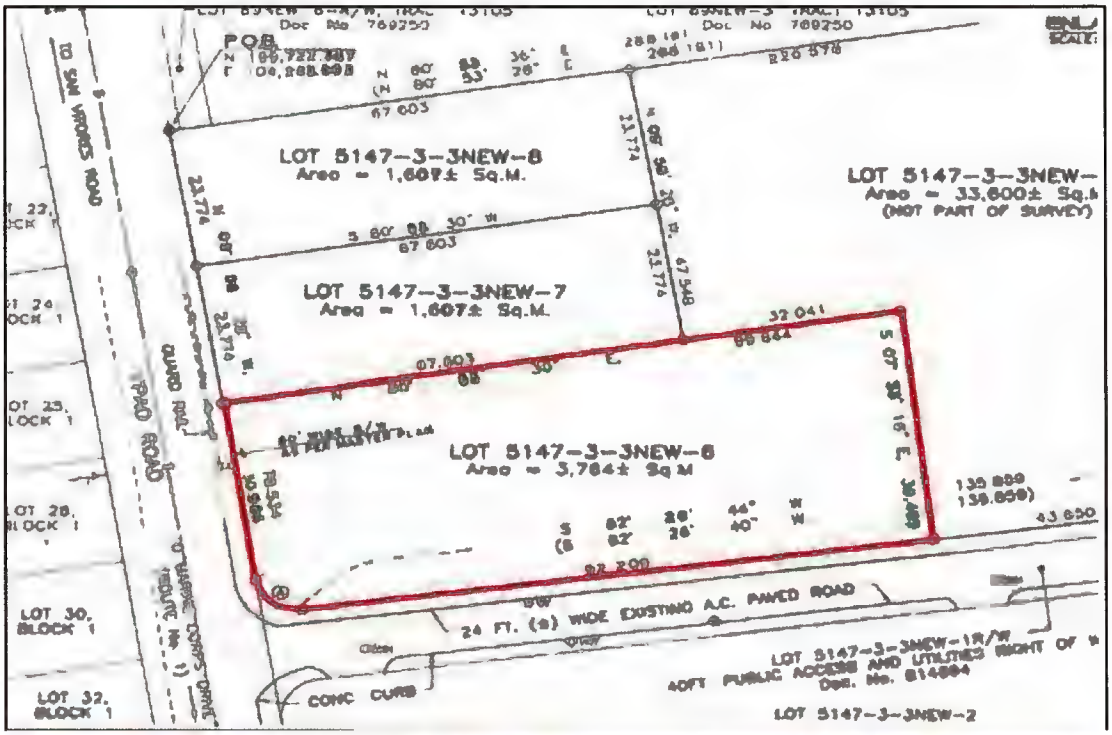
Photograph



Date Taken: 12/22/2017 By: Vance L. Reklai	View of Lot 2144-1-D-9 from the southwest corner facing east; Lot 2144-1-D-R9 is located to the southwest on the other side of the pavement.

Land Transaction 3

AA. Recording Data:	Instrument Number 886242
BB. Grantor/Lessor:	Lujan, David J.
CC. Grantor/Lessee:	LZ Company
DD. Date of Transaction:	11/30/2015
EE. Date Inspected:	1/21/2016
FF. Dimensions and size:	Survey Document # 876133
e. Land:	3,764 square meters
f. Improvement:	None
GG. Consideration:	$752,800
HH. Unit Price:	$200 per square meters
II. Type of Instrument:	Warranty Deed
JJ. Tax Identification/Folio Number:	Lot 5147-3-3NEW-3
KK. Address:	Fronting Ypao Road, North of Irondwood Hights
LL. Zoning:	R2, Multiple-dwelling zone
MM. Present Use:	Vacant and idle
NN. Highest and Best Use at Time of Transaction:	Multi-dwelling Residential
OO. Condition of Transaction:	Arm's-length transaction sold in MLS.
PP. Type of Financing:	All cash to seller
QQ. Encumbrances:	None
g. Easements:	None
h. Flood Zone:	Zone X
i. Other:	None
RR. Type of Improvements:	None
SS. Site Utilities:	All Utilities On Site
TT. Verification Information:	Buyer Agent, Mr. Mark Zhao
e. Verification Sources:	Public Records; MLS 14-2727
f. Information Verified:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
vii. Transaction Price:	$752,800
viii. Terms/Concessions:	All cash transaction
ix. Other:	None
UU. Motivation of Parties:	Buyers acquired the property for partial owner-occupant commercial/residential development purposes
g. Source of Information:	Buyer Agent, Mr. Mark Zhao 1(671) 686-8038
h. Relation of Parties:	No relation
i. Unusual Motivations:	None known
VV. Analysis of Pertinent Information:	None
WW. Overall Exposure Time:	It is noted that the property was listed on Multiple Listing Service (MLS No. 14-2727) for 482 days with an asking price of $846,000 ($225 per square meters).
XX. Days on Market:	482
YY. Remarks:	None
g. Topography:	Level
h. Access:	Paved road, Front Ypao Road
i. Amenity View:	Neighborhood View
A. Property Sketch:	None


POB
LOT 5147-3-3NEW-8
Area = 1,607± Sq.M.
LOT 5147-3-3NEW-7
Area = 1,607± Sq.M.
LOT 5147-3-3NEW-6
Area = 3,784± Sq.M
LOT 5147-3-3NEW-
Area = 33,600± Sq.
(NOT PART OF SURVEY)
67.603
32.041
92.200
43.650
24 FT. (±) WIDE EXISTING A.C. PAVED ROAD
CONC CURB
LOT 5147-3-3NEW-2
LOT 30, BLOCK 1
LOT 32, BLOCK 1


I want to

Photograph



Date Taken: 12/22/2017 By: Vance L. Reklai	View of L5147-3-3-NEW-6, to the right side of the easement.

Exhibit 3

Appraiser's Qualifications

Professional Qualifications: Vance L. Reklai, SRA

Professional Experience

Guam General Certified Appraiser - CA-14-031, Expiration Date: February 10, 2016

Appraisal experience includes vacant land single family residential, multi-family residential, and commercial.

Geographic areas covered include Guam and Republic of Palau.

Appraisal circumstances include financing, leasing, acquisition, foreclosure disposition, and insurable replacement value.

Clients include lenders (FDIC and non-domestic), attorneys and private property owners. Work product accepted by most lender within the region.

Work History

May 1999 to Present: Micronesian Appraisal Associates, Inc. President and Chief Appraiser Real estate appraisals and consultation.

October 2000 to 2013: Palau Appraisal Associates, Inc., Vice President. Real estate appraisals and consultation.

August 1998 to May 1999: Salomon Smith Barney, Investment consulting firm.

Organizations and Professional Affiliations

- Pacific Association of Professional Real Estate Appraisers
- Appraisal Institute, Residential Associate Member

Designation

- SRA, Appraisal Institute, Member Number 428821

Professional Education

The Appraisal Institute

- 2-4 Units Case Study: Residential R3, 1999
- Appraisal Methods, 2000
- Appraisal Standards, 2001
- Advance Residential Form and Report Writing, 2001
- Basic Income Capitalization, 2003
- Residential Market Analysis and Highest and Best Use, 2005
- Report Writing and Valuation Analysis, 2006
- Advance Application, 2007
- Advance Income Capitalization, 2009
- General Appraiser Market Analysis and Highest and Best Use, 2009
- Advanced Sales Comparison & Cost Approaches, 2009
- Uniform Appraisal Standards for Federal Land Acquisitions, 2010
- Online Cool Tools: New Technology for Real Estate Appraisers, 2012
- Online Advanced Internet Search Strategies, 2012
- Online Appraising From Blueprints and Specifications, 2012

McKissock

- 2014-2015 7-hour National USPAP Update Course, 2014
- Appraising FHA Today, 2014
- 2-4 Family Finesse, 2014
- Residential Appraisal Review, 2014

International Right of Way Association

- The Appraisal of Partial Acquisitions, 2000

University of Guam

- Real Estate Investment Analysis, 1998
- Real Estate Finance, 1999

Education

1992 to 1999: Bachelor of Business Administration in Finance and Economics University of Guam, Guam.

The Honorable
EDDIE BAZA CALVO
Governor

The Honorable
RAY S. TENORIO
Lieutenant Governor

public works
DIPATTAMENTON CHE'CHO' PUPBLEKO
Glenn Leon Guerrero
Director
Felix C. Benavente
Deputy Director
TM16-724

REVIEW APPRAISER'S STATEMENT

PARCEL NO.	ITEM/SEGMENT	GU PROJECT NO.	PARCEL NUMBER	DATE
Lot 2143-R5	445± sq. m. portion of Lot 2143-R5	GU-NH-014B(001)	Lot 2143-6 R/W	April 22, 2016

Part A.

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- I have no present or prospective interest or bias in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did personally inspect the subject property and appropriate comparable sales as used in the report under review. Field inspection of the subject property took place on December 2, 2016. I was accompanied during the inspection by the following named person(s): Vance L. Reklai, SRA and Gabriel F. Lombard, Real Estate Appraiser Trainee.
- Value estimates of items compensable under Territory of Guam law have been clearly identified below, as appropriate.
- Each appraiser's value estimate and my recommended compensation are as stated.
- Gabriel F. Lombard, Real Estate Appraiser Trainee provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification. {If other persons provided significant professional assistance, they must be identified in Part B (attached)}.

DESCRIPTION	1	2	3	4
PURPOSE *	DPW report for negotiation	N/A	N/A	N/A
APPRAISER:	Vance L. Reklai, SRA			
DATE OF REPORT	April 22, 2016			
DATE OF VALUE	December 2, 2015			
AREA OF TAKE	445± square meters			
LAND	$84,600			
IMPROVEMENTS	$0			
DAMAGES	$0			
APPRAISAL TOTAL	$84,600			
LAND USE	Residential			
REVIEWER	Siska. S. Hutapea, MAI, MRICS, MRE			

*Purpose: Indicate whether DPW or Owner's report and which purpose: Negotiation, Declaration of Taking, Date of Deposit, Surplus (e.g. DPW Neg.)

**Land Use: Identify the highest and best use as vacant as reported by the appraiser.

RECOMMENDED COMPENSATION: $84,600

ALLOCATION:

LAND: $84,600 IMPROVEMENTS: $0 DAMAGES: $0

Part A. (continued)
Review Appraiser's Statement
Parcel No.: Lot 2143-6 R/W

Value of Acquisition Including Uneconomic Remainder			Reviewer Signature: Date: April 22, 2016
Land Area:	445± sq. m.	Partial/Whole (P/W): P	Reviewer Name Siska S. Hutapea, MAI, MRICS, MRE
Land:		$84,600	☐ Adm. Reviewer: Date:
Improvements:		$0	Comments:
Damages and/or Cost to Cure:		$0	
Total:		$84,600	☐ DPWRS Concurrence:

Type of Appraisal Report*	Appraisal Report
Size (SM) of Uneconomic Remnant(s), if any.	N/A
Value of Uneconomic Remnant(s), if any.	$N/A
Complexity Scale (Optional)	Low

Indicate the amount between this recommended compensation and the previous, if any:
Divergence: $N/A
Brief reason for divergence: N/A

Relate to Real Estate Interests: Review Appraiser to check applicable statement(s):
☑ Appraised amounts include all interests (including the fee owner's, easement holders, and any tenant owned improvements for this parcel.)
☐ Appraised amounts exclude certain tenant owned improvements or other real estate interests for this parcel. Excluded interests are: N/A
☐ This appraisal is not recommended for compensation. Leave appraisal review amounts blank in the RWMS system. Leave compensation determined date blank in RWMS system.
☑ This appraisal is approved for payment only.

Note: Enter the size and value of the uneconomic remnant itself, if any. (This is not a summation of the acquisition and the remnant.) Just the remnant area and value should be shown in the RWMS data entry box. The sum of the acquisition and the remnant(s), if any should be shown on the previous page.
* Appraisal Report or Restricted Report

Part A. (continued)
Review Appraiser's Statement
Parcel No.: Lot 2143-6 R/W

Part B. Reviewer's Statement of reasoning in conformance with current ROW Procedures:

A detailed technical review of MAA's report was performed by the reviewer with assistance from Gabriel F. Lombard, Real Estate Appraiser Trainee. Compensation for the MAA appraisal is approved.

Appraisal Review Report of the:

Appraisal Report: Market Value of Taking of Proposed Portion of Lot 2143-R5 Tamuning, Island of Guam

Completed by Micronesian Appraisal Associates Dated April 22, 2016



APRIL 2016

PREPARED FOR:

Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

Prepared by:

Cornerstone Valuation Guam, Inc.
We Value
Real Estate Valuation & Advisory Services

CORNERSTONE VALUATION GUAM, INC.
We Value
Real Estate Valuation & Advisory Services

April 22, 2016

Ms. JoyJean Arceo
Special Projects Coordinator
Department of Public Works
Division of Highways
Horizontal Engineering and Maintenance
542 North Marine Corps Drive
Tamuning, Guam 96913

RE: Review of the Appraisal Report: Market Value of Portion of Lot No. 2143-R5
(Proposed Lot No. 2143-6R/W)
Completed by Micronesian Appraisal Associates, Inc.
Ypao Road, Municipality of Tamuning, Island of Guam
File Name: CVG 15-098

Dear Ms. Arceo,

At your request, Cornerstone Valuation Guam, Inc. ("CVG") has completed a technical review of a Micronesian Appraisal Associates, Inc. ("MAA") Real Property Appraisal Report dated April 22, 2016 ("MAA's Report"). MAA's Report involves an appraisal regarding the fee simple market value of a partial taking of Lot No. 2143-R5, proposed to be acquired in connection with the Guam Department of Public Works ("DPW") Ypao Road (Route 14B) reconstruction and widening project. The report under review was completed by Vance L. Reklai, SRA on April 22, 2016 (date of report).

The proposed partial taking is subsequently identified as Proposed Lot No. 2143-6R/W, containing a gross land area of 445± square meters. The MAA appraisal concluded an estimated part taken market value of $84,600 ($190 per square meter), as of December 2, 2015 (date of value).

The analysis, opinions and conclusions of the technical review appraisal report herein have been prepared in compliance with the guidelines and recommendations set forth in the DPW Right of Way Procedures Manual, Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The effective date of this appraisal review is April 22, 2016.

Data, information, and calculations leading to the value conclusion are incorporated in the appraisal review report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of this letter.

This appraisal review report is for the sole use of the client, the Department of Public Works Right of

Way Supervisor ("DPWRS") and his/her designee, for purposes of establishing Recommended Compensation, as applicable, of the property to be acquired for acquisition by the Department for use in connection with a transportation facility. The appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions.

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

Respectfully submitted,

Cornerstone Valuation Guam, Inc.



Siska S. Hutapea, MAI, MRICS, MRE
President
Guam Certified General Appraiser
License No. CA-16-027
Certificate Expires 02/04/18
Email: siska@cornerstonevaluation.com

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ADDENDA 22

A. Glossary of Terms
B. Qualification

INTRODUCTION

PURPOSE, CLIENT, INTENDED USE AND INTENDED USER

The purpose of this review report is to perform a technical review which is defined by the Right of Way Manual as follows:

> *Technical Review: Work performed by an appraiser in accordance with Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP) for the purpose of forming an opinion as to whether the analyses, opinions and conclusions in the appraisal report are appropriate, reasonable and adequately supported.*

Section 4.1.28 of the Right of Way Manual describes two examples of technical reviews, shown as follows:

> *(a) Review for the purpose of forming an opinion as to whether the analyses, opinions and conclusions in the appraisal report under review are appropriate, reasonable and adequately supported.*
> *(b) Reviews where the reviewer has the prerogative of reporting a properly developed value in lieu of the value estimated in the reviewed appraisal report.*

USPAP: Standards Rule 3-2(c) pertains to the purpose of this report and is shown as follows:

> *Identify the purpose of the appraisal review, including whether the assignment includes the development of the reviewer's own opinion of value or review opinion related to the work under review.*

The purpose of this assignment involves the development of a review opinion concerning MAA's Report.

Per DPW Right of Way Manual, the client is Department of Public Works Right of Way Supervisor (DPWRS) and his/her designee. Also per DPW Right of Way Manual, the intended user of this report is the Guam Department of Public Works Office of Right of Way.

This report will be used by the Department of Public Works Right of Way Supervisor or designated staff as a basis for establishing Recommended Compensation, as applicable, of the whole property, the property to be acquired, the remainder property, the damages and special benefits, if any, for acquisition by the Department for use in connection with a transportation facility.

APPRAISAL PROBLEM

USPAP Standard 3 defines requirements pertaining to the appraisal problem of this report:

> *In developing an appraisal review assignment, an appraiser acting as a reviewer must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal review. In reporting the results of an appraisal review assignment, an appraiser acting as a reviewer must communicate each analysis, opinion, and conclusion in a manner that is not misleading.*

The assignment is to conduct an appraisal review according to the requirements of the Right of Way Manual. Section 4.1.2 of the Right of Way Manual summarizes the scope of work responsibilities of the reviewer, shown as follows:

The following are the responsibilities of the reviewer:

(A) Establish proactive communication with the appraiser that should include:

(1) Establishing communication with the appraiser and others involved in the valuation process well in advance of appraisal submission;

(2) Inspecting the subject property and comparable sales with the appraiser;

(3) Reviewing rough drafts of data books and rough drafts of reports prior to contract delivery dates;

(4) Attend scope of services meetings and post award meetings.

(B) Proactively coordinate and consult with the agent, the assigned attorney, engineer and other professionals of the Department involved with the project, as needed.

(C) Be familiar with the real estate market in the project area, the appraised parcel, and the methods and techniques appropriate to the appraisal assignment.

(D) Review all assigned data books, appraisal reports, and other reports to monitor:

(1) Conclusions are reasonable and adequately supported;

(2) Appraisals have been made in conformity with Federal and Territory of Guam laws, rules, policies and procedures applicable to valuation under eminent domain for transportation purposes, and no portion of the market value consists of items which are noncompensable under the established law of the Territory of Guam or Federal Government on Federal participation projects;

(3) The market value estimate is reasonable and adequately supported;

(4) Pertinent and relevant market data have been examined, analyzed, and considered.

(E) Examine the Department's official parcel file to obtain knowledge of previous reports and other applicable data.

(F) Provide appropriate attention to appraisal divergences and changes to appraised value by properly analyzing the divergence or change in light of its appropriateness, reasonableness, and supporting data.

(G) Recommend the compensation for the property rights being acquired and any damages. Report the compensation on a *RAS*, see sample document attached with other supporting information. All *RAS* must be in writing and retained in the Department's official parcel file. (H) Request the appraiser update the *RAS* if, prior to final settlement, it becomes necessary to reflect other pertinent data such as a property owner's appraisal or plan revisions.

(I) Recommend to the DPWLAS whether appraisal services are acceptable for payment. Appraisal reports not authorized for payment shall be considered rejected and must be processed in accordance with *Section 4.1.8.*

It is noted that the Review Appraiser, Ms. Siska S. Hutapea, MAI, MRICS, MRE, inspected the subject and comparables with Mr. Vance L. Reklai, SRA on December 2, 2015 (subject inspection) and January 21, 2016 (comparables inspection).

SUMMARY OF SALIENT FACTS AND CONCLUSIONS OF THE WORK UNDER REVIEW

The reviewer inspected the subject property and related comparables with Mr. Vance L. Reklai, SRA on December 2, 2015 (subject inspection) and January 21, 2016 (comparables inspection).

A separate data book was not provided by DPW nor completed as part of the appraisal report. Pertinent details of data relevant to the appraisal are included in the appraisal report.

A complete copy of the work under review is retained in the appraiser's work file and the client, DPW, possesses a copy of the MAA Report which is the subject of this review. USPAP Standard 3 requires specific elements of the work under review to be identified in appraisal review reports, shown as follows.

> *Identify the work under review and the characteristics of that work which are relevant to the intended use and purpose of the appraisal review...*

Each of the elements required for identification by USPAP are shown as follows:

Ownership Interest Appraised

The MAA Report states that the fee simple interest was appraised. The appraiser used the correct property rights for analysis.

Date of the Report

The MAA Report is dated April 22, 2016, as indicated by the signature date of the appraiser in the Certificate of Value and also on the cover page of the appraisal (April 2016).

Effective Date of the Opinions

The effective date of the opinion of the market value stated in the MAA report is December 2, 2015, the last day of inspection.

The Appraiser(s)

Mr. Vance L. Reklai was the sole appraiser for the MAA Report. According to the report, Mr. Johnathan P. Magliari, Appraiser Trainee, provided the appraiser significant real property appraisal assistance.

Physical Data

Parent Tract – Lot No. 2143-R5 is the parent tract. The parcel involves a 13,034± square meter site with Ypao Road and Paseo De Oro Drive frontages. The MAA report correctly identifies the parent tract.

Acquisition – The acquisition involves a portion of Lot No. 2143-R5, correctly identified in the report as Lot No. 2143-6R/W, containing a gross land area of 445± square meters. The part taken involves vacant land.

Remainder - The remainder involves 12,589± square meters of vacant land correctly identified in the MAA report as Lot No. 2143-R6.

SUMMARY OF LAND AREAS

Parcel	Identification	Land Area (sq. m.)
Parent Tract (Larger Parcel)	Lot No. 2143-R5	13,034±
Acquisition (Part Taken)	Lot No. 2143-6R/W	445±
Remainder	Lot No. 2143-R6	12,589±

Legal Characteristics of Property

The parent tract, acquisition and remainder property are all zoned R2, Multi-Family Dwelling Zone, which permits one-family dwelling, duplexes, multi-family dwellings, hotels and accessory uses/structures. This is correctly identified in the MAA report.

Economic Characteristics of the Area

The subject was correctly described as being mostly suburban areas on the west central part of Guam located within the Municipality of Tamuning. The subject is located along Ypao Road.

Developments to the north, south and east involve various commercial and multi-family developments. Developments to the west involve single-family and multi-family developments. Tourist related resort developments are located further north along Pale San Vitores Road in Tumon.

Reports Reviewed

The reviewer received the following appraisal report for this assignment. The report is identified as follows.

1. MAA submitted a Real Property Appraisal Report dated April 22, 2016 to CVG. The appraisal report identifies a market value conclusion (just compensation) of $84,600 for the portion to be acquired under technical review. The value conclusion is based on a concluded unit value of $190 per square meter for the larger parcel, $190 per square meter for the remainder and $190 per square meter for the part taken. This report was received by the reviewer April 22, 2016.
2. MAA submitted a Real Property Appraisal Report dated April 13, 2016 to CVG. The appraisal report identifies a market value conclusion (just compensation) of $80,000 for the portion to be acquired under technical review. The value conclusion is based on a concluded unit value of $180 per square meter for the larger parcel, $180 per square meter for the remainder and $180 per square meter for the part taken. This report was received by the reviewer April 14, 2016.
3. MAA submitted a Real Property Appraisal Report dated April 7, 2016 to CVG. The appraisal report identifies a market value conclusion (just compensation) of $89,000 for the portion to be

acquired under technical review. The value conclusion is based on a concluded unit value of $200 per square meter for the larger parcel, $200 per square meter for the remainder and $200 per square meter for the part taken. This report was received by the reviewer April 8, 2016.

4. MAA submitted a Real Property Appraisal Report dated January 2016 DPW. The appraisal report identifies a market value conclusion (just compensation) of $89,000 for the portion to be acquired under technical review. The value conclusion is based on a concluded unit value of $200 per square meter for the larger parcel, $200 per square meter for the remainder and $200 per square meter for the part taken. This report was received by the reviewer January 27, 2016.

Date of Report

This technical review appraisal report is dated April 22, 2016

Effective Date of Report

The effective date to the reviewer's opinions and conclusions contained in this report is April 22, 2016.

Type of Report Format

This report is prepared in compliance with Standard Rule 3 of the Uniform Standards of Professional Appraisal Practice (2015-2016 Edition).

Special Assumptions and Limiting Conditions

Extraordinary Assumptions

1. "The original survey map for Lot 2143-R5 (Drawing No. SDCO-02-969) shows the property as having 13,037 square meters. The proposed Severance map (Drawing No. VPO-2009-120) shows a combined Remainder and Severance total of 13,034 square meters, as well as a "Special Note" stating that "The difference in area is due to actual property corners found." The discrepancy between the two maps is 3 square meters, and is due to error ellipse. We are assuming that the current proposed severance map's square meter calculations are accurate."

Hypothetical Conditions

1. The analysis of the property after the taking assumes a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. This hypothetical condition may affect the assignment result.

2. The valuation of the remainder parcel assumed that the proposed transportation improvements has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This hypothetical condition may affect the assignment result.

Scope of Work

The Uniform Standards of Professional Appraisal Practice clearly impose a responsibility on the appraiser to determine the extent of the work and the report required in relation to the significance of the problem. A clear and accurate description of the scope of the appraisal services rendered is desirable to protect other parties whose reliance on the report may be affected.

The scope of work was obtained from the DPW Right of Way Manual and USPAP. Relevant sections of the DPW Right of Way Manual and USPAP pertaining to scope of work are stated is the appropriate locations throughout this report.

> *USPAP Standard 3-2 (h)*
>
> *Determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE.*
>
> *Comment: Reviewers have broad flexibility and significant responsibility in determining the appropriate scope of work in an appraisal review assignment. Information that should have been considered by the original appraiser can be used by the reviewer in developing an opinion as to the quality of the work under review. Information that was not available to the original appraiser in the normal course of business may also be used by the reviewer; however, the reviewer must not use such information in the reviewer's development of an opinion as to the quality of the work under review.*

TECHNICAL REVIEW SCOPE OF WORK

The scope of work applicable to the technical review of MAA's appraisal report is obtained from relevant sections of the Right of Way Manual and USPAP, shown as follows:

Right of Way Manual

4.1.6 Review of Appraisal Reports

The reviewer shall:

(A) Complete an initial desk review to determine:

(1) Proper project and parcel identification.

(2) The appraiser adequately addressed the assignment in compliance with the appraisal services contract and the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal.*

(3) Completeness and mathematical accuracy.

(4) Consistency with previously approved reports on the subject parcel. The reviewer must be familiar with all reports and *RAS* previously prepared on an individual parcel and must explain any differences in the value estimate within the current *RAS.*

(5) Consistency of support for the existence or absence of estimated damages.

(B) Field inspect the subject project to determine:

(1) Conclusions presented in the report are based on pertinent market facts and appropriate sources are used to substantiate statements of fact, such as buyers, sellers, brokers, and governmental agencies.

(2) The appraiser properly analyzed and reported the impact of the project on the property being appraised.

(3) The appraiser has adequately described and addressed areas of concern on the subject property.

(4) The appropriateness of proposed cures, consultant analyses, and severance damage or lack of severance damage.

(5) The comparable sales used are similar and differences are properly addressed.

(C) Utilize other sources of information, if applicable, such as sales, listings, or pending contracts, and leases.

(D) Monitor that all components of real and personal property are addressed. Personal property may be included within the transaction of certain commercial and special use properties as may be customary in the marketplace (e.g. motels, restaurants, certain industrial properties). This component, if any, should be addressed within the appropriate/applicable approaches to value. The sales data and rental sheets should include comments about the existence or non-existence of such components that may have influenced the price and/or rents paid. Grids included within the analysis should include a line item to address these items.

(E) Complete a final desk review to determine:

(1) Compliance with *USPAP*, the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal*, the contract, and written instructions. (2) Clear, convincing and logical presentation of certain facts and valuation techniques which lead the reader to the same or similar conclusion as the appraiser.

(3) Any inclusion of a subconsultant estimate or analysis is market supported, feasible and reasonable and has been analyzed and adopted by the appraiser.

(4) The appraiser has sought and properly applied legal, engineering and title opinions.

(5) That in the case of tenant owned buildings, structures, or other improvements; the appraiser has presented appraisal opinions reflecting both the contributory value to the parent tract and salvage value.

(6) Exclusion of noncompensable items and noncompensable damages through coordination with the OAG.

(7) Exclusion of personal property unless pertinent to the appraisal assignment.

(8) The report neither omits nor contradicts relevant factual data.

(9) The report contains no inconsistencies, unsupported statements or conclusions or limiting conditions which are in conflict with *USPAP*, the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal*, the contract and written instructions.

(10) The report clearly presents support for the existence or absence of severance damages.

(11) The report presents a supported value estimate allocated to land, improvements, special benefits, and severance damages, as applicable.

4.1.19 Review Appraisal Report (RAR) – General

4.1.19.1 An *RAR* is supplemental to the report(s) under review and is not intended to be a stand-alone

document. *Parts A and B* of the *RAS*, see attached sample document, shall be completed for each *RAR*. A *RAR* is an appraisal and must comply with *USPAP* and the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,* and requires concurrence by the DPWLAS, except for minor alterations which result in a clearly apparent or unequivocal reason for the changes in value. A reviewer may prepare an *RAR* to avoid additional fees and costs, delays, or for other management purposes.

4.1.19.2 The reviewer shall be consistent with *USPAP* and the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal,* when performing an *RAR*. There may be situations where the reviewer believes that a jurisdictional exception must be disclosed. In such an instance, the reviewer must obtain the concurrence of the DPWLAS prior to the use of a jurisdictional exception.

USPAP Standard 3-3 (A)

In developing an appraisal review, a reviewer must apply the appraisal review methods and techniques that are necessary for credible assignment results.

(a) When necessary for credible assignment results in the review of analyses, opinions, and conclusions, the reviewer must:

(i) develop an opinion as to whether the analyses are appropriate within the context of the requirements applicable to that work;

(ii) develop an opinion as to whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and

(iii) develop the reasons for any disagreement.

Comment: Consistent with the reviewer's scope of work, the reviewer is required to develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the analysis in the work under review, given law, regulations, or intended user requirements applicable to the work under review.

INTRODUCTION AND PREMISE OF THE APPRAISAL

100 Certificate of Value

The appraiser used the correct form for the Certificate of Value.

110 Table of Contents

The table of contents is in the correct location and the page numbering of the table of contents is correct.

115 Qualifying and Limiting Conditions

This section of the report is appropriate, reasonable and adequately supported.

120 Summary of Salient Facts and Conclusions

This section of the report is appropriate, reasonable and adequately supported.

130 Type of Report Format

This section of the report is appropriate, reasonable and adequately supported.

140 Purpose, Intended Use, Intended User of the Appraisal

This section of the report is appropriate, reasonable and adequately supported.

150 Definition of Market Value

This section of the report is appropriate, reasonable and adequately supported.

151 Definition of Other Terms

This section of the report is appropriate, reasonable and adequately supported.

160 Property Right (Interest) Appraised

This section of the report is appropriate, reasonable and adequately supported.

175 Scope (Extent of Process of Collecting, Confirming and Reporting Data)

This section of the report is appropriate, reasonable and adequately supported.

180 Appraisal Problem

This section of the report is appropriate, reasonable and adequately supported.

Presentation of Data

200 Identification of Property and Legal Description

This section of the report, specific to Lot No. 2143-R5, is appropriate, reasonable and adequately supported.

220 Description of Area and Neighborhood

This section of the report is appropriate, reasonable and adequately supported.

230 Description of Property, Photographs, and Sketches

This section of the report is appropriate, reasonable and adequately supported.

235 Existing Transportation Facility Description

This section of the report is appropriate, reasonable and adequately supported.

240 Zoning, Land Use Plan, Concurrency

This section of the report is appropriate, reasonable and adequately supported.

250 Assessed Value, Taxes and Special Assessments

This section of the report is appropriate, reasonable and adequately supported.

260 History of Property

This section of the report is appropriate, reasonable and adequately supported.

270 Exposure Time

This section of the report is appropriate, reasonable and adequately supported.

280 Public and Private Restrictions

This section of the report is appropriate, reasonable and adequately supported.

Analysis of Data and Conclusions

300 Highest and Best Use Analyses

This section of the report is appropriate, reasonable and adequately supported.

302 Highest and Best Use Conclusion

This section of the report is appropriate, reasonable and adequately supported.

305 Approaches to Value Used and Excluded

This section of the report is appropriate, reasonable and adequately supported.

310 Land Valuation

This section of the report is appropriate, reasonable and adequately supported.

315 The Cost Approach

Not applicable.

320 Building Cost Estimate

Not applicable.

325 Accrued Depreciation Estimate

Not applicable.

330 Indicated Value by Cost Approach

Not applicable.

335 Sales Comparison Approach

This section of the report is appropriate, reasonable and adequately supported.

340 Collection of Comparable Sales

This section of the report is appropriate, reasonable and adequately supported.

345 The Sales Adjustment Grid

This section of the report is appropriate, reasonable and adequately supported.

350 Analyses of Comparable Sales and Explanation of Adjustments

This section of the report is appropriate, reasonable and adequately supported.

355 Indicated Value by the Sales Comparison Approach

This section of the report is appropriate, reasonable and adequately supported.

Sections 360 to 385

These sections are appropriately omitted by the appraiser; these sections are not applicable.

390 Reconciliation of Value Indications and Final Value of Opinion

This section of the report is appropriate, reasonable and adequately supported.

395 Allocation of Land, Site Improvements, Structures and Other Improvements

This section of the report is appropriate, reasonable and adequately supported.

Description and Valuation of Part Acquired

400 Description of the Part Acquired

This section of the report is appropriate, reasonable and adequately supported.

450 Valuation of the Part Acquired

This section of the report is appropriate, reasonable and adequately supported.

Valuation of Remainder as Part of Whole

500 Value of Remainder as Part of Whole Property

This section of the report is appropriate, reasonable and adequately supported.

Premises of the Appraisal – The Remainder Valuation

640 Purpose of Appraisal of Remainder after the Acquisition

This section of the report is appropriate, reasonable and adequately supported.

680 Appraisal Problem

This section of the report is appropriate, reasonable and adequately supported.

Presentation of Data – The Remainder

730 Description of Remainder Uncured

This section of the report is appropriate, reasonable and adequately supported.

740 Zoning, Land Use Plan, Concurrency

This section of the report is appropriate, reasonable and adequately supported.

750 Proposed Transportation Facility Description

This section of the report is appropriate, reasonable and adequately supported.

775 Effect of Acquisition on Remainder Uncured

This section of the report is appropriate, reasonable and adequately supported.

Analysis of Data and Conclusions – The Remainder

800 Highest and Best Use

This section of the report is appropriate, reasonable and adequately supported.

802 Highest and Best Use Conclusion

This section of the report is appropriate, reasonable and adequately supported.

805 Approaches to Value Used and Excluded

This section of the report is appropriate, reasonable and adequately supported.

810 Land Valuation

This section of the report is appropriate, reasonable and adequately supported.

Section 815 to 830

Not applicable.

835 The Sales Comparison Approach

This section of the report is appropriate, reasonable and adequately supported.

840 Collection of Comparable Sales

This section of the report is appropriate, reasonable and adequately supported.

845 The Sales Adjustment Grid

This section of the report is appropriate, reasonable and adequately supported.

850 Analyses of Comparable Sales and Explanation of Adjustments

This section of the report is appropriate, reasonable and adequately supported.

855 Indicated Value by the Sales Comparison Approach

This section of the report is appropriate, reasonable and adequately supported.

Sections 860 to 885

Not applicable.

890 Reconciliation Value Indications and Final Value Estimate

This section of the report is appropriate, reasonable and adequately supported.

900 Support for Damages/No Damages to the Remainder

This section of the report is appropriate, reasonable and adequately supported.

910 Cost to Cure Damages

Not applicable.

920 Special Benefits

This section of the report is appropriate, reasonable and adequately supported.

995 Summary of Values

This section of the report is appropriate, reasonable and adequately supported.

Addenda

The scope of work applicable to the review of land data contained in the addenda of MAA's report, as indicated in the ROW Manual, is stated as follows:

Right of Way Manual - Scope of Work

4.1.5 Review of Data Books

The reviewer shall:

(A) Become familiar with the project area real estate market and available data.

(B) Monitor that appraisal development and reporting complies with the *USPAP* and *Right of Way Manual Section 4.2 Supplemental Standards of Appraisal.*

(C) Monitor that data are detailed, factual, accurate and consistent.

(D) Monitor that data are understandable and the analyses reflect proper and reasonable support for any adjustments, or lack thereof.

(E) Verify details of reported data and motivations of pertinent market participants, as necessary.

(F) Resolve discrepancies of fact, if any, when more than one data book is received and the same transaction is reported in both.

(G) Field inspect all reported sales, leases, and other relevant data for factual consistency.

(H) Informally contact each appraiser to resolve questions and/or differing interpretation of facts and to convey results of any independent investigation of data.

(I) Communicate with the appraiser in writing when less formal efforts to resolve substantive issues are unsuccessful.

(J) Provide a written opinion as to whether the analyses, opinions, and conclusions in the data book under review are appropriate and reasonable, and develop the reasons for any disagreement.

(K) Recommend approval by the DPWLAS when all concerns have been resolved and the data book complies with *USPAP*, the *Right of Way Manual, Section 4.2, Supplemental Standards of Appraisal*, and the contract.

This section of the report is appropriate, reasonable and adequately supported.

Technical Review Conclusions

Right of Manual - Scope of Work

4.1.13 RAS - General

The *RAS* shall be prepared as follows:

(A) Upon completion of the desk and field review of an appraisal, a *RAS*, see attached sample document, shall be prepared by the reviewer according to *Section 4.1* and standards set forth in *USPAP*. A *RAS* shall be prepared for all technically reviewed reports. A *RAS* is not required for administrative reviews of owner's reports received during the litigation process, Value Findings, surplus property appraisals, or for administrative reviews for compensation purposes, such as, evaluations of contract fee reviewer's report or *RAS* in order for a Department employee to determine recommended compensation in the amount suggested by the contract reviewer.

(B) Part A of the *RAS* shall identify the project and parcel reviewed and includes all previous and current appraisal activity in chronological order. Part B should identify and briefly describe the parent tract and its location. It should be a clear, concise and logical presentation of facts. The *RAS* must contain the reviewer's analysis and conclusion as to the adequacy and appropriateness of the appraiser's analyses, opinions and conclusions. Part B must summarize significant issues and information necessary to assist the Department and OAG attorneys. The *RAS* should serve to bolster and reinforce the appraisal being approved. In some instances, the *RAS* may also state the reviewer's reasons for finding a specific report unacceptable, and for making recommendations to management of a solution to the appraisal problem. In either situation, the *RAS* is to be written in a professional, objective manner.

Right of Manual - Scope of Work

4.1.15 Right of Way Records System

Before completing the *RAS*, the reviewer or designee shall examine the appraisal records in the Department's official project parcel file for the parcel. The reviewer shall report any inaccurate information to the DPWLAS.

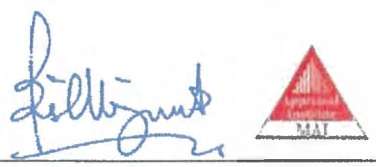
The Right of Way Manual instructs that the RAS should not be inserted into the RAR; therefore, the appraiser will submit the RAS as a separate document.

Certification

USPAP requires the inclusion of a signed certification for each appraisal review report. The following certification conforms to the required content of USPAP Standards Rule 3-6.

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 the work under review and no personal interest with respect to the parties involved.
- Ms. Hutapea has completed a mass appraisal of the Island of Guam including the subject property in March 2015. I have not performed any other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- my analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Ms. Hutapea made a personal inspection of subject property under review on December 2, 2015.
- Gabriel Lombard, Real Estate Appraiser Trainee, provided significant appraisal or appraisal review assistance to the person signing this certification.
- As of the date of this report, I, Siska S. Hutapea, MAI, MRICS, MRE have completed the continuing education program for Designated Members of the Appraisal Institute.



Siska S. Hutapea, MAI, MRICS, MRE

STANDARD QUALIFYING AND LIMITING CONDITIONS

Extraordinary Assumptions

1. "The original survey map for Lot 2143-R5 (Drawing No. SDCO-02-969) shows the property as having 13,037 square meters. The proposed Severance map (Drawing No. VPO-2009-120) shows a combined Remainder and Severance total of 13,034 square meters, as well as a "Special Note" stating that "The difference in area is due to actual property corners found." The discrepancy between the two maps is 3 square meters, and is due to error ellipse. We are assuming that the current proposed severance map's square meter calculations are accurate."

Hypothetical Conditions

1. The analysis of the property after the taking assumes a hypothetical condition that the taking has occurred, when in fact it has not. This assumption is necessary for the purpose of the analysis herein. This hypothetical condition may affect the assignment result.

2. The valuation of the remainder parcel assumed that the proposed transportation improvements has been completed, when in fact it has not. This assumption is also necessary for the analysis herein. This hypothetical condition may affect the assignment result.

General Assumptions and Limiting Conditions

The appraisal is based on the present condition of the economy and the present purchasing power of the dollar.

Legal descriptions, including leases, information, maps, signed or unsigned surveys, estimates and opinions furnished or made available to the appraiser and contained in this study were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy and legality of such items furnished can be assumed by the appraiser.

This appraisal assumes no responsibility for the validity of legal matters affecting the property. The ownership history reported in this appraisal is based on the appraiser's research of public records, which are assumed to be accurate and complete. It is not the intent of the appraisal to offer a legal opinion of title. It is further assumed that the property has good title, responsible ownership and competent management. Any liens or encumbrances that may now exist have been disregarded. This appraisal assumes that the fee simple interest in the subject property is marketable.

Any maps or plot plans reproduced and included in the report are intended only for the purpose of showing spatial relationship. They are not necessarily measured surveys or measured maps, and we will not be responsible for topographic or surveying errors. The appraiser has made no survey of the property. No liability will be assumed for soil conditions, bearing capacity of the subsoil or for

engineering matters related to proposed or existing structures.

It is assumed that there is full compliance with all applicable federal and territorial environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report.

When the study contains a valuation relating to an estate in land that is less than the whole fee simple estate, the value reported for such estate relates to a fractional interest only in the real estate involved, and the value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate which is considered the whole.

When the appraisal report contains an allocation of the total valuation between land and building improvements, such allocation applies only under the existing program of utilization. The separate valuations for land and building cannot be used in conjunction with any other appraisal and will be invalid if so used.

It is assumed that all applicable zoning and use regulations have been complied with, unless a nonconformity is stated, defined and considered in the study. It is also assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from the territorial or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this study is based.

No information was furnished to the appraiser regarding the presence of Radon seepage in the subject site or that it has ever been used as, or part of, a sanitary landfill or toxic waste dump.

Unless otherwise stated in this report, the existence of hazardous materials, and gases and other noxious emissions that may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials or gases affecting the property. The appraiser, however, is not qualified to detect such substances. The presence of asbestos building materials, urea- formaldehyde foam insulation, poly-chlorinated biphenyl filled transformers, aluminum based electrical wiring, or other elements of potentially hazardous materials not currently recommended by the Uniform Building Codes may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Information provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, seller and others, was weighed in the light in which it was supplied and checked by secondary means; however, no responsibility is assumed for possible misinformation.

Possession of this report, or a copy thereof, does not carry with it the right of publication. This report may not be used by anyone except the client, and then only with proper qualification.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

This report shall not be conveyed in whole or in part to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author. This applies particularly to written conclusions, the identity of the appraiser or firm with which he or she is connected, and any reference to the Appraisal Institute.

Supplemental Standards

This report is prepared in compliance with Section 4.1 and 4.2 of the Right of Way Manual (Effective Date: January 2011).

The reported analyses, opinion, and conclusion were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

ADDENDA

ADDENDUM A

QUALIFICATIONS



PROFESSIONAL EXPERIENCE

Engaged in real estate research, valuation and consulting since 1992. Appraisal assignments include residential, commercial, industrial and resort property throughout Indonesia. Part-time lecturer in Tarumanagara University, Jakarta, Indonesia in valuation-related subjects from 1997 through 1999. Previously served as an active member in Indonesian Society of Appraisers (ISA).

Experience in Guam real estate appraisal and consulting for 15 years. Engaged as Real Estate Appraiser & Consultant by The Captain Company in May 1999. Promoted to Chief Appraiser in 2004. Managing Partner at Captain, Hutapea & Associates. Types of properties covered include hotels, residential, industrial, shopping center and other commercial properties.

PROFESSIONAL BACKGROUND

2012 - Present

- President – Cornerstone Valuation Guam, Inc.
  http://www.cornerstonevaluation.com

Previously Served:

- Managing Partner & Chief Appraiser, Captain, Hutapea & Associates (2007-2012)
- Chief Appraiser, The Captain Company (2004-2007)
- Appraiser, The Captain Company (1999-2004)
- Managing Director of PT Graha Karya Reksatama, Appraisal Co., Jakarta, Indonesia (1992-1997)
- Part-time Lecturer, Tarumanagara University, Jakarta, Indonesia
- Structural Engineer, PT Suradjin Sutjipto, Jakarta, Indonesia

PROFESSIONAL AND OTHER AFFILIATIONS

- Appraisal Institute, MAI Designated Member No. 406088
- Royal Institution of Chartered Surveyor Professional Member No. 6493989
- Territory of Guam Certified General Appraiser (License No. CA-14-027)
- CNMI Certified General Appraiser (License No. REA-036-93)
- Guam Women's Chamber of Commerce, Founding Board Member
- Pacific Islands University, Trustee (2012 - 2014)
- SBA 2014 Women in Business Champion
- Guam Workforce Investment Board (Governor Appointed Member 2011-2013)
- Guam Association of Realtors 2014 Director
- Soroptimist International of the Marianas, Past President (2008 – 2009)
- Lutheran Church of Guam, Council Member
- Tender Shepherd, Past Board Chairman

EDUCATION

UNIVERSITY OF NEW SOUTH WALES – SYDNEY, AUSTRALIA
Master of Real Estate, 1997

TRISAKTI UNIVERSITY – JAKARTA, INDONESIA
Bachelor of Science in Civil Engineering, 1994

SPECIAL REAL ESTATE COURSES

MIT CENTER FOR REAL ESTATE
- Real Estate Markets, Boston, June 2008

ROYAL INSTITUTION CHARTERED SURVEYORS (RICS)

APRIL 2015
- Summit of the Americas, Los Angeles, CA

NOVEMBER 2014
- RICS HKIS Joint Valuation Conference, Hong Kong

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS (IAAO)

DECEMBER 2014
- IAAO Thirty-Fifth Annual Legal Seminar, Chicago, IL

APPRAISAL INSTITUTE

APRIL 2015
- The Appraiser as an Expert Witness: Preparation & Testimony, Costa Mesa, CA
- Improving Appraisal Reports Used for Financing Institutions – Strategies from Reviewers, Webinar

MARCH 2015
- 2014-2015 7 Hour National USPAP Equivalent Course
- Litigation Appraising: Specialized Topics and Applications, Webinar
- The 50% FEMA Appraisal Rule, Webinar

FEBRUARY 2015
- General Market Analysis, Webinar

DECEMBER 2014
- Appraising Airports and Airplane Hangars, Webinar

NOVEMBER 2014
- A Picture is Worth a Thousand Words: Data Visualization in Appraisal, Webinar
- Review of Court Decisions on Valuations, Webinar

OCTOBER 2014
- Right of Way – Three Case Studies with Two Approaches to Value, Webinar

SEPTEMBER 2014
- The Valuation of Bank Branches, Webinar

MAY 2014
Golf Course Property Valuation, Webinar

DECEMBER 2013
- Appraising Cell Towers

OCTOBER 2013
- ARGUS Discounted Cash Flow Valuation, Costa Mesa, CA
- 2012-2013 National USPAP Update Course, Honolulu, HI
- 2012-2013 Business Practices and Ethics, Honolulu, HI

AUGUST 2013
2013 Appraisal Institute Annual Meeting, Indianapolis, IN

JULY 2013
- Marina Valuation Overview

MAY 2013
- Leadership Development & Advisory Council, Washington D.C.

SEPTEMBER 2012
- Condemnation Appraising: Principles and Applications, Las Vegas, NV

AUGUST 2012
- Marketability Studies: Advanced Considerations & Applications, Course 835
- Appraising the Appraisal: Appraisal Review, Course 824
- 2012 Appraisal Institute Annual Meeting, San Diego, CA

SPECIAL REAL ESTATE COURSES (CONTINUED)

2011

- Small Hotel/Motel Valuation
- 7 Hour National USPAP Equivalent Course
- 2011 Appraisal Institute Annual Meeting, Las Vegas, NV
- Advanced Spreadsheet Modeling for Valuation Applications
- Perspectives from Commercial Review Appraisers, Webinar
- Rates and Ratios: Making Sense of GIMs, OARs, and DCF

2010

- Analyzing Operating Expenses
- Eminent Domain and Condemnation
- 2014 Realtor® Party Training Conference, Williamsburg, December 2013

2001-2008

- Subdivision Valuation, 2008
- 7 Hour National USPAP Equivalent Course, 2007

2001-2008 (CONTINUED)

- Course 420 – Business Practices and Ethics, 2007
- Small Hotel/Motel Valuation, 2005
- Course 330 – Apartment Appraisal, 2005
- General Comprehensive Exam, 2003
- Course 550 – Advance Applications, 2003
- Course 540 – Advance Report Writing & Valuation Analysis, 2002
- Course 530 – Advance Sales Comparison & Cost Approach, 2003
- Course 520 – Advance Highest and Best Use Analysis, 2002
- Course 510 – Advance Income Capitalization, 2002 Analyzing Operating Expenses, 2001

PAN PACIFIC CONGRESS FOR REAL ESTATE APPRAISERS AND CONSULTANTS

Melbourne, October 2012; Auckland, 2000;
San Francisco, 2006; Singapore, 1998;Taipei, September 2004; Sydney, 1996

SECURITIES INSTITUTE EDUCATION - AUSTRALIA

- Property Investment Analysis and Financial Statement Analysis, 1998

AUSTRALIAN PROPERTY INSTITUTE

- Feasibility Study Module, Office Building for the Future and Property Market Outlook, 1997

NATIONAL ASSOCIATION OF REALTORS®

SPEAKING, TEACHING & WRITING

- **INDONESIAN SOCIETY OF APPRAISERS**
  Hotel Valuations, Jakarta, November 2011
- **Pacific Market Place – Various Guam Real Estate Market Insights Articles**
- **AFFORDABLE HOUSING SYMPOSIUMS**
  Hyatt Regency Guam – June 2012, 2013