

APPRAISAL OF



Trail Easements of Varying Widths From A 145.10 Acre Larger Parcel

LOCATED AT:

15000 West Trico Marana Road
Marana, AZ 85653

CLIENT:

Pima County Real Property Services
201 North Stone Avenue, 6th Floor
Tucson, AZ, 85701

AS OF:

December 5, 2017

BY:

Jeffrey D. Swango, SRA, AI-RRS, SR/WA, R/W-AC
AZ Certified General Real Estate Appraiser: 31133

December 6, 2017

Attn: Mr. Jeffrey Teplitsky,
Real Property Appraisal Supervisor
Pima County Real Property Services
201 North Stone Avenue, 6th Floor
Tucson, AZ, 85701

File Number: 5KG Investments

Dear Mr. Teplitsky,

In accordance with your request, I have appraised the real property at:

15000 West Trico Marana Road
Marana, AZ 85653

The purpose of this appraisal is to develop an opinion of the defined value of the subject property, as vacant.

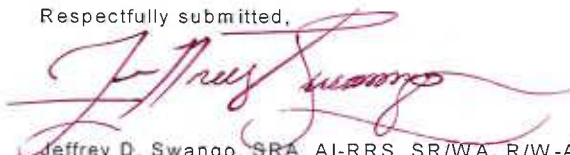
In my opinion, the defined value of the property as of December 5, 2017

is:

\$2,000 - \$5,000 - \$7,500 - \$10,000
Multiple Easement Widths

The attached report contains the description, analysis and supportive data for the conclusions, final opinion of value, descriptive photographs, assignment conditions and appropriate certifications.

Respectfully submitted,



Jeffrey D. Swango, SRA, AI-RRS, SR/WA, R/W-AC
AZ Certified General Real Estate Appraiser; 31133
Senior Real Property Appraiser

Anza Trail Llano Grande Project - 1100016953 - ACQ-0659 - Agent: Mike Stofko

JDS

Land Appraisal Report

1100016953
File No. 5KG Investments

PURPOSE
The purpose of this appraisal report is to provide the client with a credible opinion of the defined value of the subject property, given the intended use of the appraisal.
Client Name/Intended User Pima County Real Property Services E-mail Jeff.swango@pima.gov
Client Address 201 North Stone Avenue, 6th Floor City Tucson State AZ Zip 85701
Additional Intended User(s) Pima County Real Property Services and all assigns and designees thereof. Please see the extraordinary assumption in the addenda portion of this report regarding the subject inspection.
Intended Use To determine the trail easement values (considering several potential widths) based on the fee simple market value of the larger parcel.

SUBJECT
Property Address 15000 West Trico Marana Road City Marana State AZ Zip 85653
Owner of Public Record 5KG Investment Company, LLC County Pima
Legal Description See Attached Addendum
Assessor's Parcel # 208-12-013D (a portion thereof) Tax Year 2016 R.E. Taxes \$ 5,840.12 (2017)
Neighborhood Name Not applicable - rural area. Map Reference Pg: 20 / PR-210 Census Tract 44.08
Property Rights Appraised Fee Simple Leasehold Other (describe) Easement value based on fee simple market per acre.
My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Prior Sale/Transfer: Date N/A Price N/A Source(s) N/A - no prior sale within past three years.
Analysis of prior sale or transfer history of the subject property (and comparable sales, if applicable) As of the date of inspection there has been no prior sale of the subject parcel within the three years prior.

SALES HISTORY
Offerings, options and contracts as of the effective date of the appraisal The subject parcel is not currently listed for sale.

Neighborhood Characteristics				One-Unit Housing Trends				One-Unit Housing		Present Land Use %	
Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	PRICE	AGE	One-Unit	40 %
Built-Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	5 %
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mths	<input checked="" type="checkbox"/> 3-6 mths	<input type="checkbox"/> Over 6 mths	50 Low	New	Multi-Family	5 %
Neighborhood Boundaries	<u>See Attached Addendum</u>				250 High	45	Commercial			10 %	
Neighborhood Description	<u>See Attached Addendum</u>				150 Pred.	25	Other VacLn			40 %	

NEIGHBORHOOD
Market Conditions (including support for the above conclusions) Currently the market is stable to slow. Slow growth in the fourth quarter of 2016 is expected to lapse into 2017. As indicated earlier, time has little impact on values within this highly specialized market (open space sales).
Dimensions Irregularly shaped parcel Area 145.10 AC Approx. Shape Irregular-See Sketch view Desert/Neigh/Mtns
Specific Zoning Classification RH Zoning Description See Attached Addendum
Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
Highest and best use of the subject property See Attached Addendum

SITE
Utilities Public Other (describe) Tri-Co in area Water Public Other (describe) Wells on site Off-site Improvements—Type Public Private
Electricity Street Paved
Gas SW Gas in area Sanitary Sewer Septic on site Alley None
FEMA Special Flood Hazard Area Yes No FEMA Flood Zone AE FEMA Map # 04019C1010L FEMA Map Date June 16, 2011
Site Comments See Attached Addendum

MARKET DATA ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	15000 W Trico Marana Rd Marana, AZ 85653	W Hermans Road, Adj N of 16600 W Quinlin Trail	1355 South Sandario Road Tucson AZ	21750 South Red Cloud Mine Road, Vail AZ
Proximity to subject		25.13 miles SW	17.64 miles SE	55.33 miles SE
Sales Price	\$ N/A	\$ 40,000	\$ 103,100	\$ 135,000
Price \$ / Acre	0	937	1,250	854
Data Source	Inspection	MLS 21700146 / Agent	MLS 21429352 / Agent	MLS 21517883 / Agent
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
	N/A	5/12/2017	4/15/2016	9/14/2015
Location	Rural / Paved Road	Rural / Dirt Road 80	Rural / Pvd Rd	Rural / Dirt Road 80
Site/View	145.10 AC / Farm	42.69 AC, Dsrt	82.46 AC, Dsrt	158 AC, Dsrt
Zoning	RH	RH	RH	RH
Flood Designtn	100% AE, EH Stbck	72% AO2, 21% A	46% AO3, 33% AO2	100% X -40
Site Imprvmts	Fencing	Fencing	Fencing	Fencing
Utilities	Elec, Ph, W tr, Septic	None to site 80	Elec, Ph, No W tr, No Sep 50	Elec, Ph, No W tr, Sep, No Stid 30
Sales or Financing Concessions	N/A	N/A	N/A	N/A
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 160	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 50	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 70
Indicated Value of Subject		Net Adj. 17.1% Gross Adj. 17.1% \$ 1,097	Net Adj. 4.0% Gross Adj. 4.0% \$ 1,300	Net Adj. 8.2% Gross Adj. 17.6% \$ 924

Summary of Sales Comparison Approach See Attached Addendum -

RECONCILIATION
Based on the scope of work, assumptions, limiting conditions and appraiser's certification, my (our) opinion of the defined value of the real property that is the subject of this report as of December 5, 2017, which is the effective date of this appraisal, is:
 Single point \$ Range \$ 2000 to \$ 10000 Greater than Less than \$ _____
This appraisal is made "as is," subject to the following: See also Extraordinary Assumptions and Hypothetical Conditions segment in the Limiting Conditions Addenda.

Land Appraisal Report

1100016953
File No. 5KG Investments

ITEM	SUBJECT	COMPARABLE NO. 4	COMPARABLE NO. 5	COMPARABLE NO. 6
Address	15000 W Trico Marana Rd Marana, AZ 85653	17900 West Sunset Road, Marana, AZ 85653 (LISTING)		
Proximity to subject		10.70 miles SW		
Sales Price	\$ N/A	\$ 295,000	\$	\$
Price \$ / Acre	0	922	0	0
Data Source	Inspection	MLS 21710131 / Agent		
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION +(-) Adjust.	DESCRIPTION +(-) Adjust.	DESCRIPTION +(-) Adjust.
Location	Rural / Paved Road	Rural / Dirt Road		
Site/View	145.10 AC / Farm	320 AC, Desrt		
Zoning	RH	RH		
Flood Designtn	100% AE, EH Stbck	AO2,AO2,AO.X		
Site Imprvmts	Fencing	Fencing		
Utilities	Elec,Ph,W tr,Septic	None to Site		
Sales or Financing	N/A	N/A		
Concessions	N/A	N/A		
Net Adj. (Total)		X + - \$ 140	X + - \$ 0	X + - \$ 0
Indicated Value of Subject		Net Adj. 15.2% Gross Adj. 19.5% \$ 1,062	Net Adj. 0.0% Gross Adj. 0.0% \$ 0	Net Adj. 0.0% Gross Adj. 0.0% \$ 0
Summary of Sales Comparison Approach See comments regarding this listing in the narrative addenda portion of this report.				

ITEM	SUBJECT	COMPARABLE NO. 7	COMPARABLE NO. 8	COMPARABLE NO. 9
Address	15000 W Trico Marana Rd Marana, AZ 85653			
Proximity to subject				
Sales Price	\$ N/A	\$	\$	\$
Price \$ / Acre	0	0	0	0
Data Source	Inspection			
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION +(-) Adjust.	DESCRIPTION +(-) Adjust.	DESCRIPTION +(-) Adjust.
Location	Rural / Paved Road			
Site/View	145.10 AC / Farm			
Zoning	RH			
Flood Designtn	100% AE, EH Stbck			
Site Imprvmts	Fencing			
Utilities	Elec,Ph,W tr,Septic			
Sales or Financing	N/A			
Concessions	N/A			
Net Adj. (Total)		X + - \$ 0	X + - \$ 0	X + - \$ 0
Indicated Value of Subject		Net Adj. 0.0% Gross Adj. 0.0% \$ 0	Net Adj. 0.0% Gross Adj. 0.0% \$ 0	Net Adj. 0.0% Gross Adj. 0.0% \$ 0
Summary of Sales Comparison Approach				

Regression Table (Subject at 145.10 Acres)

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

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ADDENDUM

Client: Pima County Real Property Services

File No.: 5KG Investments

Property Address: 15000 West Trico Marana Road

Case No.: 1100016953

City: Marana

State: AZ

Zip: 85653

Legal Description

PTN LYG N & ADJ RD 572.46 AC AVID 572.46 AC
SEC 23-11-10

NOTE: regarding the larger parcel size, the assessor's record indicates a site size of 572.46 acres more or less. However, for the purposes of this appraisal a smaller 'larger parcel' has been considered. It encompasses the non-agricultural portion of the existing site which remains largely as natural desert. Most of this area falls within the 500' erosion hazard setback of the Santa Cruz River and, as such, is not developable. This is also the area in which the trail easement will be placed. **The size of this modified larger parcel was calculated 'in house' by the appraiser as being roughly 145.10 acres more or less.** Important however, no formal survey has been conducted of this smaller setback area.

Concerning the value of the larger parcel and the sales comparables used to determine the fee simple market value per acre - it has been determined via regression analysis that the size of limited use parcels (those impacted by erosion hazard setback requirements, severe flood zone restrictions, conservancy easements) appears to have little impact on value. Likewise, location, and time do not affect value to the extent that other more developable parcels might display in a typical market. Open space sales are unique in that normal market considerations such as development potential, or even agricultural production are muted. Value resides in things such as; assemblage to protect a view shed, open space preservation, parks, or perhaps grazing. Bearing this in mind, along with the scarcity of such comparable data, the sales analyzed are from a wider than typical geographic area and are of a larger size range.

Neighborhood Boundaries

Considering the rural nature of the market area, and the unique nature of the sales data, geographic boundaries are extensive as most potential buyers of the subject would be considering a wider 'neighborhood' for open space. As such the boundaries take in most of the Avra Valley Corridor west of the Tucson Mountains. They include the Pinal County line to the north, Hermans Road to the south, Robles Junction to the west and the western slopes of the Tucson Mountains to the east.

Neighborhood Description

The market area, within the boundaries described above, is primarily west of the Tucson Mountains. For decades it remained primarily agricultural in nature. The first interest in the area was as a movie studio set for the filming of Arizona starring William Holden and Jean Arthur. The open spaces and desert lands provided an ideal backdrop for many of the Western films shot during the 1930's. Later, during WWII Ryan Air Field was used as a training base for allied pilots both for fighter and bomber aircraft. By the early 1950's attractions such as the Arizona Sonora Desert Museum and Old Tucson Studios were established but residential uses were limited.

During the late 1950's Tucson Estates was planned and established as a manufactured home development. Commercial uses remained extremely limited. By the 1960's-1970's residential development began a westward expansion and included the Diamond Bell Ranch Estates - a former cattle ranch, purchased and subdivided into residential lots. By this time, limited supportive commercial uses began to appear on some of the major arterials such as Kinney and Bopp Roads. Uses included convenience stores, restaurants, and some retail businesses. Many so called developments north of the Ajo Highway were considered 'wild-cat' efforts in which no formal subdivision process was followed.

The majority of residential uses featured manufactured homes on relatively large sites for those wishing to live a more rural lifestyle in the Sonoran Desert. 10-40 acre ranchettes or gentlemen's ranches were common. Two major arroyo systems have continued to hinder much potential development.

The Black and Brawley Wash systems and their tributaries have contributed to sheet flooding during storm events. Access to several areas remains a concern and is often seasonal. Pricing reflects not only access, but the presence of utilities and general site improvements. Parcels unaffected by FEMA flood zone designations, and those with utilities readily accessible command higher prices than those that are more remote and without such amenities.

The subject is at the northern end of this defined market area which is agricultural and to an extent residential in nature with some feed grain and cotton production to the west and northwest (including the bulk of the subject site). Intermittent development has occurred but not in a contiguous fashion. Manufactured homes are typically sold as home and land packages and not planned area developments as is common with site built homes.

Highest and Best Use

ADDENDUM

Client: Pima County Real Property Services

File No.: 5KG Investments

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- In General as Vacant, (Description)

The highest and best use of the property currently suggests development of a site built or manufactured home in keeping with the styles and sizes currently in place in the immediately surrounding area. A more detailed analysis follows:

The highest and best use of the land as vacant must meet four criteria. The highest and best use must be:

Legally Permissible: What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?

Physically Possible: Based on the physical characteristics of the site, what uses are physically possible?

Financially Feasible: Which uses meeting the first two criteria will produce a positive return to the owner of the site?

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Maximally Productive: Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best.

Specific to the Subject:

Legally Permissible: Legally the property is zoned as Pima County RH a rural designation that allows for a variety of uses including; residences, manufactured homes, guest dwellings, crop production, apiary, livestock raising, etc. Restricted uses include but are not limited to; feed-lot, hog ranch, racetrack, feed store, minor resort, tavern fairgrounds, museum, etc. In the case of the subject, though agricultural uses do exist, the immediate surrounding uses suggest residential site built and manufactured homes. Minimum site size for general development purposes is one dwelling per 180,000 sq. ft. or 4.13 acres. The area calculated by the appraiser for this assignment is 145.10 acres more or less and is within FEMA flood zone AE where base flood elevations have been determined. More importantly however, the area is within the 500' erosion hazard setback requirements of the Santa Cruz River. No development is allowed within this particular zone due to the threat of severe erosion during periods of severe flooding. Loss of significant portions of land has occurred in the past.

Physically Possible: The subject site (as calculated for this assignment) is 145.10 acres more or less and thus could accommodate a several potential lots for residential consideration such as a subdivision or manufactured housing development. Examples of merchant builders developing on a larger scale include Gladden Farms. However, as noted above, the area falls within the erosion hazard setback and FEMA flood zone AE. Development potential is limited to non permanent structures and open space use. Note that the current owner as well as others up and down the Santa Cruz River have not developed, either structurally or via agricultural production within this 500' setback area. Most owners recognize the damage potential and leave such areas natural.

Financially Feasible: The feasibility of a particular use is largely dependent upon demand. A use may indeed be physically and legally possible but there must be a demand for such to be truly feasible. Without the development potential of higher economic uses such as residential subdivisions, manufactured homes development, or even crop production - uses remain extremely limited. Non permanent structures such as would be evident in a nursery would still be threatened during major flood events. Grazing is a possibility along with assemblage for protection of a view shed - these uses can add value although somewhat minimal to surrounding adjacent parcels. In some instances grazing leases provide a source of income to some users based on the quality of the vegetation and general area.

Maximally Productive: The maximally productive highest and best use for the subject site is thus narrowed between those involving non-permanent structures or to remain as an open space, buffer zone, or view shed protection. In short there are significant setback requirements eliminating development potential. Equally to be considered is the simple fact that inventory of vacant developable land remains fairly strong and potential buyers of the subject have many choices that do not entail the site preparation costs or setback limitations. Also, various studies that would be needed with no guarantee of permitting as an end result. A market does exist, although somewhat limited, for grazing lands which can provide income to an owner.

Considering the information above, with input from Pima County Flood Control District the highest and best use is concluded to be open space, grazing, or perhaps assemblage to an adjacent owner to protect views and as a development buffer. Of these grazing has the potential to provide for an income stream thus adding the greatest value to the land.

Comparables thus selected will also have similar limited utility, restrictions, set-back requirements and/or other impediments to development. Most will have similar highest and best uses and are thus reflective of alternatives that potential buyers of the subject would consider.

Site Comments

The site is located on the north side of Trico Marana Road, west of Luckett Road alignment. There is a single family residence on the site (that address of which applies elsewhere in this report) - shown at 15000 West Trico Marana Road. The home is roughly 2,509 sq. ft. and was built in 1961. It features concrete block walls, a carport, with a combination of

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vinyl tile and carpeting. There appears to be a heat pump and central heating available. Overall the home is in average condition. The majority of the site is used for agricultural production (roughly 75% plus). A small portion remains as natural desert (about 25% of the site) - and is within the erosion hazard setback requirement area of the Santa Cruz River (this is the area within which the trail will be established). Most of the surrounding uses to the north, east and south are also agricultural in nature. West of the subject site there exists a few residential subdivisions featuring a mix of manufactured homes and site built detached single family homes.

Note however, that the trail easement that this the focus of this assignment will be placed on the vacant portion of the site and the value ascribed to the easements is based on the vacant land component only. The trail will not impact the improvements.

Comments on Sales Comparison

At the estimated value of \$1,100 per acre the subject is within the range of both pre and post adjusted values. Before adjustment the values range from a low of \$854 to a high of \$1,250 per acre a variance of 46%. After the adjustment process the range indicated a low of \$924 and a high of \$1,300 per acre, a variance of roughly 41%. In effect, the adjustment 'tightened' this range. Emphasis placed on sale 2 which had 4% net adjustment, the least of the three sales analyzed. Listing 4 was nearest to the subject. Typically, sales requiring fewer and/or less dramatic adjustments are more reliable indicators of potential value than those requiring more numerous adjustments in a variety of categories.

continued...

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None of the sales has been adjusted for date of sale or for size which may seem unusual in most cases. However, it has been evident that flood influenced parcels or those with limited development potential for any number of reasons are typically immune to changes in time or size. This is due largely to the fact that the market for such affected parcels is relatively small as uses remaining are limited. As noted in the highest and best use; open space, grazing, view shed protection, or mitigation bank is about all that may be considered. To this end a regression analysis table has been included in the addenda as an exhibit. It demonstrates that pricing is fairly unaffected by variances in size as seen by the nearly flat line across the range of acreage shown. The green dot represents the subject parcel in relation to the line of central tendency. The 'hinge-point' or average indicates around \$1,095 per acre. Primary adjustments focused in on three areas; access, utilities (especially water, and flood zone status (which impacts the amount, if any, of the land can be developed).

NOTE on Verification: According to the current edition of USPAP Standards Rule 1-4, "In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results." The extent of the verification process is further discussed on Page 125 of the Appraisal of Real Estate, 14th Edition which states, "Appraisers investigate how much verification of data will be necessary for a specific assignment in the determination of the scope of work." The concept that the appraiser must talk directly to a party to the transaction to verify data used in an appraisal assignment is a requirement found in the Uniform Appraisal Standards for Federal Land Acquisitions or "Yellow Book". Much depends on the availability of contact information and the willingness of participants to divulge relevant sales details. Consequently, the Scope of Work spells out the manner in which sales data may be confirmed using one or more sources as discussed above.

Sale 1 is southwest of the subject near Robles Junction. It sold 5/12/2017 for \$40,000. The buyer was Pima County Flood Control and the seller was Cornejo. This was an all cash transaction with no financing. It was appraised and sold at the estimated value. The report was prepared by this appraiser. Upward adjustment included for the dirt road and more distant access compared to the subject which is located on a paved all-season road. Additional upward adjustment made for the total lack of any utilities to the site such as electric, phone, septic, water, etc all of which are at the subject lot line. Confirmed with agent Ms. Dana Hausman on 11-29-2017 via in person conversation. Overall this comparable was adjusted upwards.

Sale 2 is fairly near to the subject to the southeast. It sold on 4/15/2016 and was valued by this appraiser. It sold for the estimated value. Purchased by Pima County Flood Control from Mr. Avechuco. Primary adjustment was made for the lack of most utilities such as no water or septic service. It does have electric and phone to the lot line. This sale was confirmed by Ms Dana Hausman on 11-29-2017 via in person conversation. Overall this sale was adjusted upwards.

Sale 3 is southeast of the subject. Further geographically it is the most similar in site size. This sale occurred on 9/15/2015 for \$135,000 with \$47,500 down and the remainder via new conventional loan. Timothy Rush sold to Timothy Yoder. Buyer and seller are not related. Adjustments were made for the lack of a paved road like that of the subject. Downward adjustment for the superior flood zone designation which allows for development of the site. It is not within an erosion hazard setback as is the subject. Upward amount considered for the lack of water to the site. It does have electric, phone and a septic system installed. Sale confirmed with agent; John K. Glenn of Berkshire Hathaway Home Services at 520-577-8333 on 11/30/2017. Overall this sale was adjusted upwards.

Listing 4 is southwest of the subject and closest in proximity. It has been on the market for a total of 463 days with no offers thus far. It has been included as it is larger than the subject and has similar hurdles regarding development. Adjustments made for the list to final sales price. Typically there is a slight reduction from the listed price to the final agreed upon sales price. Upward amount considered for the dirt vs. paved road access. Plus adjustment also made for the fact that there are no utilities to this site as there is with the subject. It is listed with Mr. Danny Roth of Keller Williams Southern Arizona at 520-490-4000. It was put on the market on 9/10/2015 at \$350,000, and has been on and off the market since with price reductions of \$340,000, to \$325,000 and now at \$295,000. The last reduction in price occurred on 10/19/2016. Since the initial offering it has been on the market for 463 days. It is now active again at \$295,000. The parcel is owned by Floyd Morgan of Skull Valley Arizona.

All sales recent enough as to not warrant a time adjustment especially considering the relatively low rate of appreciation in this particular market. Paired sales analysis did not indicate or recognize such an adjustment. Location adjustments were not found to be applicable via paired sales. Value is thus based on \$1,100 per acre and applied to the various proposed trail widths. The length is constant at 4,395.16' times a 20, 50, 75, and 100 foot width.

Value of Larger Parcel: the per unit value, in this case, per acre (\$1,100 per acre) is applied to the defined larger parcel as

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calculated by the appraiser at 145.10 acres more or less. Hence \$1,100 per acre times 145.10 acres is \$159,610 rounded up to \$160,000.

Easement Value:

- **Permanent Trail Easement To Be Acquired:** The land to be acquired will be purchased as a permanent trail easement with 90% of the property rights transferring to Pima County. The percentage used is based on county benchmarks, Arizona state guidelines regarding easements and most importantly an analysis of the rights remaining with the owner. In this case a number of rights will be acquired which will not allow the owner to further develop this segment. The property may continue to be used, in the current state, for gross area calculations, set-back requirements, open space mitigation calculations, etc.
- The following table summarizes the easement value ascribed to the varying trail widths being proposed. Essentially the size of the easement times the price per acre times the easement percentage applied (in this case 90%).

continued...

ADDENDUM

Client: Pima County Real Property Services	File No.: 5KG Investments
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Easement Widths X 4,395.16' Length	In Square Feet	In Acres	X \$/Acre	X 90% Easement	Sub Total	Rounded Total
20' Easement	87,903	2.02	\$1,100	90%	\$1,998	\$2,000
50' Easement	219,758	5.04	\$1,100	90%	\$4,995	\$5,000
75' Easement	329,637	7.57	\$1,100	90%	\$7,492	\$7,500
100' Easement	439,516	10.09	\$1,100	90%	\$9,989	\$10,000

Additional Scope of Work/Assignment Conditions

Specific to this Assignment:

1. Client: Pima County Real Property Services and all assigns and designees thereof
2. Intended Use: To determine the fee simple market value of the subject as described.
3. Intended Users: All assigns and designees authorized by Pima County Real Property Services.
4. Type of Value: Fee simple market value.
5. Effective Date of Value: December 5, 2017
6. Physical Characteristics: As described within report.
7. Assignment Conditions: As follows -

Extraordinary Assumptions Defined: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false could alter the appraiser's opinions or conclusions. Comment: Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute Press, 2015. PP 83-84

Extraordinary Assumptions Specific to the Subject: It is being assumed that the subject is not impacted by any environmental issues or concerns as of the date of inspection. Should environmental issues be of special concern to the client it is recommended that an environmental survey be conducted. The results of same may or may not impact the value herein and the appraiser reserves the right to readdress the value estimate when such results are available for review.

Hypothetical Conditions Defined:

1. A condition that is presumed to be true when it is known to be false.
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment; Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about condition external to the property, such as market conditions, or trends; or about the integrity of data used in an analysis.

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute Press, 2015. P113.

Hypothetical Conditions Specific to the Subject: No Hypothetical Conditions are being invoked in the determination of the value estimate.

Scope of Work General Definition:

1. The type of data and the extent of research and analyses. (SVP)
2. The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016-2017).

The Scope of Work for an appraisal assignment is defined by the Uniform Standards of Professional Appraisal Practice (USPAP) as "the research and analyses that are necessary to develop credible assignment result" . "For each appraisal and appraisal review assignment, an appraiser must:

ADDENDUM

Client: Pima County Real Property Services

File No.: 5KG Investments

Property Address: 15000 West Trico Marana Road

Case No.: 1100016953

City: Marana

State: AZ

Zip: 85653

1. properly identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report."

The appraisal is intended to comply with the 2016-2017 USPAP. The findings are conveyed in an Appraisal Report as defined by USPAP. The appraisal assignment and report have been completed in response to a request for an appraisal of the subject property by the Pima County Department of Transportation.

The appraisal assignment includes the appraisal of the property described and referred to as "the subject", "subject property", "subject parcel" or in other various ways meant to describe the subject property, and the preparation of an appraisal report. The appraisal report describes the subject property being appraised, analyze data selected and compared to the subject property, and renders an opinion of the market value of the subject property as of the effective date of the report. The appraisal report is prepared and reported following the Uniform Standards of Professional Appraisal Practice published by the Appraisal Foundation, the Code of Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those standards and specifications dictated by Pima County.

continued...

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This appraisal report is only intended for use by Pima County Real Property Services and the designees and / or assigns thereof. Use of this appraisal report by others not named is not intended by the appraiser. The purpose of the appraisal report is to provide the appraiser's opinion of the fee simple market and/or easement value interest of a specific property which has been previously identified.

This report is intended to be used to assist the intended user in the determination of the just compensation due to the property owner for the potential acquisition of the subject property. It is not intended for any other use. A statement and conclusion of the highest and best use of the subject property is given by the appraiser and is supported by various standards and resources related to land use, supply and demand, governmental requirements, site utility, environmental issues, availability of public utilities, access, and present and anticipated economic elements which might have an impact on the marketability of the subject property appraisal process includes the physical inspection of the subject property, the photographing of the subject property, the research of all pertinent information related to the subject property (zoning, flood, size, topography, etc.) the selection, review, analysis, and confirmation of recent market (sale/escrow/listing) data deemed comparable to the subject property.

Further, it includes the collection of economic, demographic, and statistical data from published sources including any one or all of the following; Co-StarTM, Tucson Multiple Listing Service (TAR/MLS), Loop-NetTM, various brokerage offices that publish data, and various sources that publish data relevant to the Tucson and Pima County real estate market. All of these sources may assist the appraiser in completing the appraisal report. The subject property is vacant land only consisting of 145.1 acres more or less.

The appraisal report concludes an opinion of the fee simple market value of the subject property using the Sales Comparison Approach. The Sales Comparison Approach process included a thorough search of the real estate market for current data (sales, listings, escrows) considered relevant and comparable to the subject property. The selected data has been confirmed, when possible, with one or more parties to the transaction, review of the deed (affidavit of value), and/or records of the Pima County Recorder and Assessor. The appraiser compared the sales/listings/escrows to the subject property and makes adjustments to the comparable data in terms of those factors deemed to be superior in comparison to the subject property, inferior in comparison to the subject property, or equal to or having offsetting factors in comparison to the subject property.

The Sales Comparison Approach provides the basis and support of the final opinion of the market value of the subject property. The appraisal does not include the Income Approach or Cost Approach methods of valuation as these approaches are not applicable to this assignment as the subject is vacant land only. The development of the final opinion of value includes performing the appraisal process in conformance and compliance with the Uniform Standards of Professional Appraisal Practice as defined by the Appraisal Board and the Appraisal Institute. This appraisal report is only a summary of the appraisal data, analyses, and conclusions that the appraiser performed for this assignment.

The file retained by the appraiser includes all supporting documents for the concluded opinion of value. The work file and the appraisal report are what constitute the "appraisal" and both parts are considered to be integral to the final opinion of value.

Scope of Work, Assumptions and Limiting Conditions

Scope of work is defined in the Uniform Standards of Professional Appraisal Practice as "the type and extent of research and analyses in an assignment." In short, scope of work is simply what the appraiser did and did not do during the course of the assignment. It includes, but is not limited to: the extent to which the property is identified and inspected, the type and extent of data researched, the type and extent of analyses applied to arrive at opinions or conclusions.

The scope of this appraisal and ensuing discussion in this report are specific to the needs of the client, other identified intended users and to the intended use of the report. This report was prepared for the sole and exclusive use of the client and other identified intended users for the identified intended use and its use by any other parties is prohibited. The appraiser is not responsible for unauthorized use of the report.

The appraiser's certification appearing in this appraisal report is subject to the following conditions and to such other specific conditions as are set forth by the appraiser in the report. All extraordinary assumptions and hypothetical conditions are stated in the report and might have affected the assignment results.

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in this report may show approximate dimensions and is included only to assist the reader in visualizing the property. The appraiser has made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made thereto.
4. Neither all, nor any part of the content of this report, copy or other media thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client and other intended users as identified in this report, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent of the appraiser.
5. The appraiser will not disclose the contents of this appraisal report unless required by applicable law or as specified in the Uniform Standards of Professional Appraisal Practice.
6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the appraiser is assumed by the appraiser.
7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering or testing, which might be required to discover such factors. This appraisal is not an environmental assessment of the property and should not be considered as such.
8. This appraisal report should not be used to disclose the condition of the property as it relates to the presence/absence of defects. The client is invited and encouraged to employ qualified experts to inspect and address areas of concern. If negative conditions are discovered, the opinion of value may be affected.
9. Appraisals involving hypothetical conditions related to completion of new construction, repairs or alteration are based on the assumption that such completion, alteration or repairs will be competently performed.

Additional Comments Related To Scope Of Work, Assumptions and Limiting Conditions

See Attached Addendum

Appraiser's Certification

The appraiser(s) certifies that, to the best of the appraiser's knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are the appraiser's personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. Unless otherwise stated, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.
4. The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The appraiser's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The appraiser's analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Unless otherwise noted, the appraiser has made a personal inspection of the property that is the subject of this report.
9. Unless noted below, no one provided significant real property appraisal assistance to the appraiser signing this certification. Significant real property appraisal assistance provided by: No one else provided appraisal assistance to the appraiser signing this certification.

Additional Certifications:

Extraordinary Assumptions: It is being assumed that the subject is not impacted by any environmental issues or concerns as of the date of inspection. Should environmental issues be of special concern to the client it is recommended that an environmental survey be conducted. The results of same may or may not impact the value herein and the appraiser reserves the right to readdress the value estimate when such results are available for review.

No Hypothetical Conditions are being invoked in the determination of the value estimate.

Definition of Value: [X] Market Value [] Other Value: _____

Source of Definition: The Dictionary of Real Estate Appraisal, 6th Edition - 2015, pg 141

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

- 1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

ADDRESS OF THE PROPERTY APPRAISED:

15000 West Trico Marana Road
Marana, AZ 85653

EFFECTIVE DATE OF THE APPRAISAL: December 5, 2017

APPRAISED VALUE OF THE SUBJECT PROPERTY \$ _____

APPRAISER

Signature: [Handwritten Signature]
Name: Jeffrey D. Swango, SRA, AI-RRS, SR/WA, R/W-AC
Company Name: Pima County Real Property Services
Company Address: 201 North Stone Avenue, 6th Floor Tucson Arizona 85701
Telephone Number: 520-724-9089
Email Address: Jeff.Swango@Pima.Gov
State Certification #: Az State Certified General: 31133
or License #:
or Other (describe):
State: Arizona
Expiration Date of Certification or License: January 31, 2019
Date of Signature and Report: December 6, 2017
Date of Property Viewing: December 5, 2017
Degree of property viewing:
[X] Did personally view [] Did not personally view

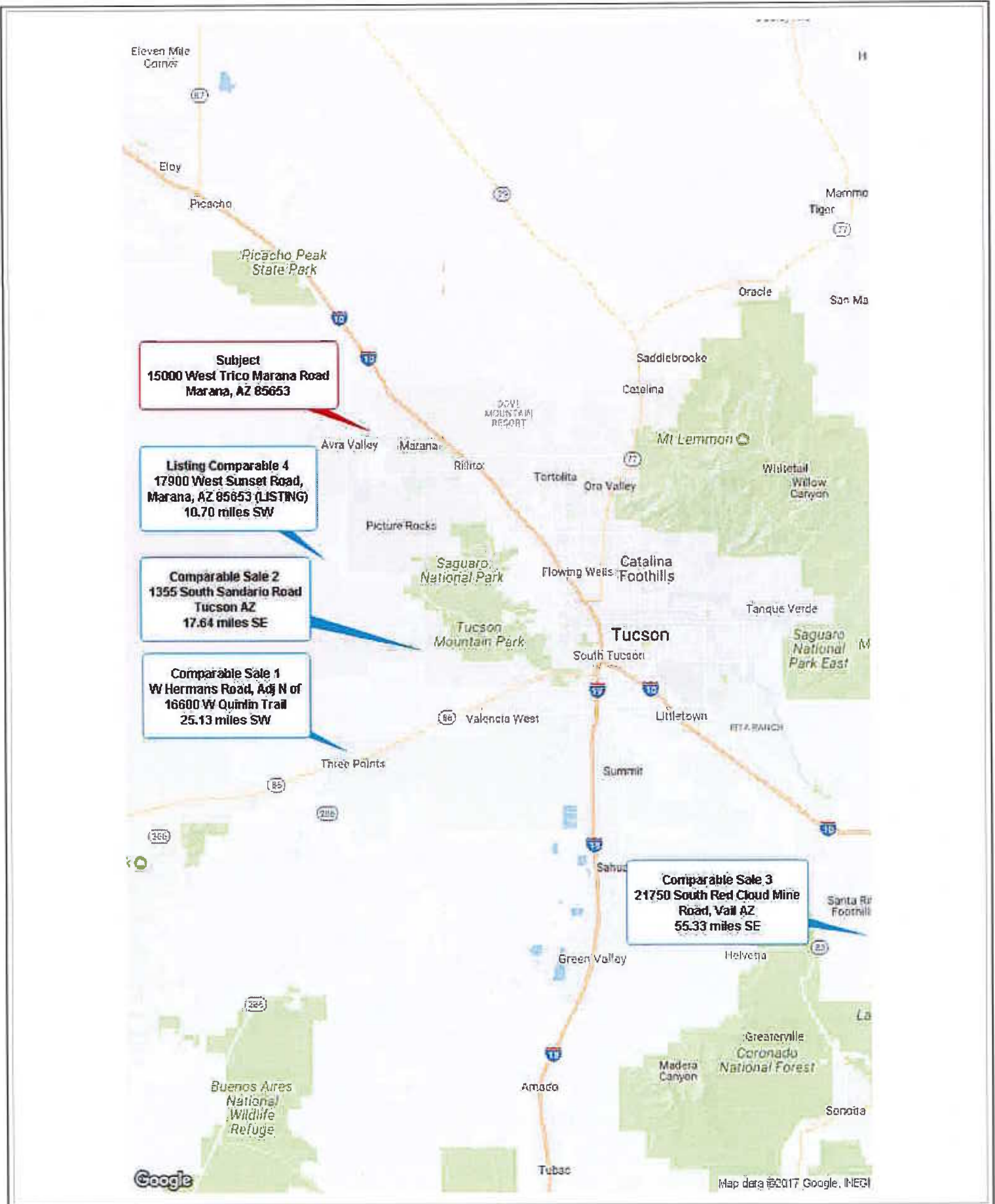
SUPERVISORY APPRAISER

Signature: _____
Name: _____
Company Name: _____
Company Address: _____
Telephone Number: _____
Email Address: _____
State Certification #: _____
or License #: _____
State: _____
Expiration Date of Certification or License: _____
Date of Signature: _____
Date of Property Viewing: _____
Degree of property viewing:
[] Did personally view [] Did not personally view

LOCATION MAP

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



201 North Stone Avenue, 6th Floor, Tucson Arizona 85701

SUBJECT PROPERTY PHOTO ADDENDUM

Client: Pima County Real Property Services
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**FRONT VIEW OF
SUBJECT PROPERTY**

Appraised Date: December 5, 2017
Appraised Value: \$



**REAR VIEW OF
SUBJECT PROPERTY**



STREET SCENE

COMPARABLE PROPERTY PHOTO ADDENDUM

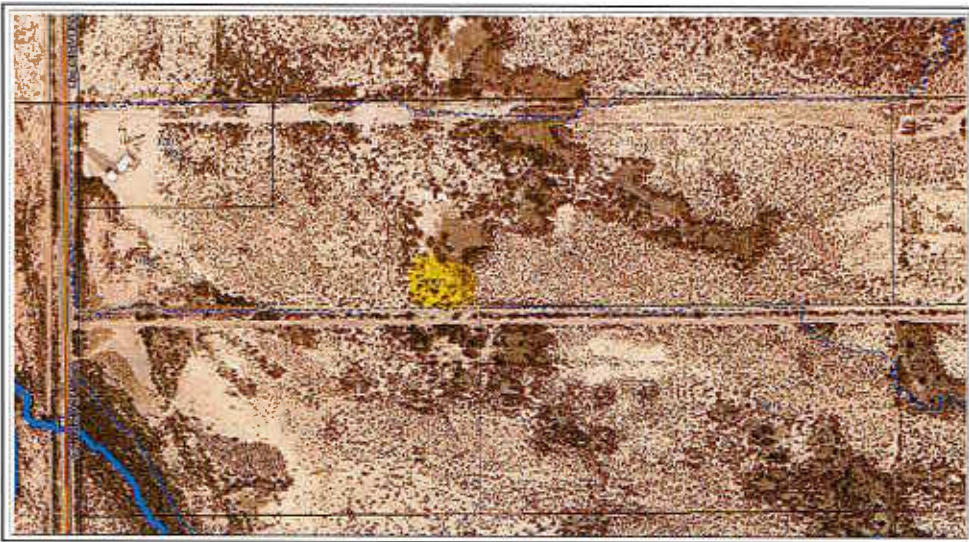
Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



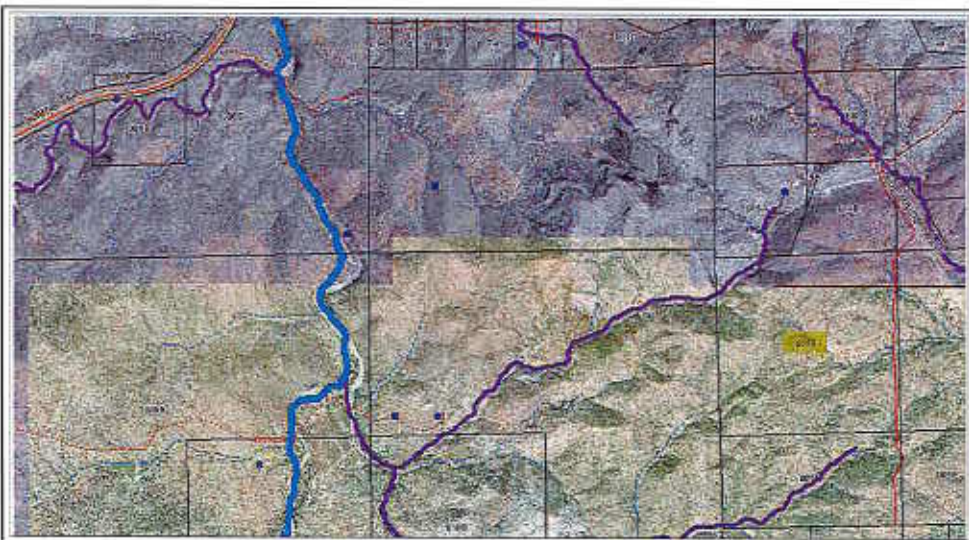
COMPARABLE SALE #1

W Hermans Road, Adjacent North of
16600 W Quinlin Trail - 41.15 Acres
Sale Date: 5/12/2017
Sale Price: \$ 40,000



COMPARABLE SALE #2

1355 South Sandario Road
Tucson AZ - 42.69 Acres
Sale Date: 4/15/2016
Sale Price: \$ 103,100



COMPARABLE SALE #3

21750 South Red Cloud Mine
Road, Vail AZ - 152.55 Acres
Sale Date: 9/14/2015
Sale Price: \$ 135,000

COMPARABLE PROPERTY PHOTO ADDENDUM

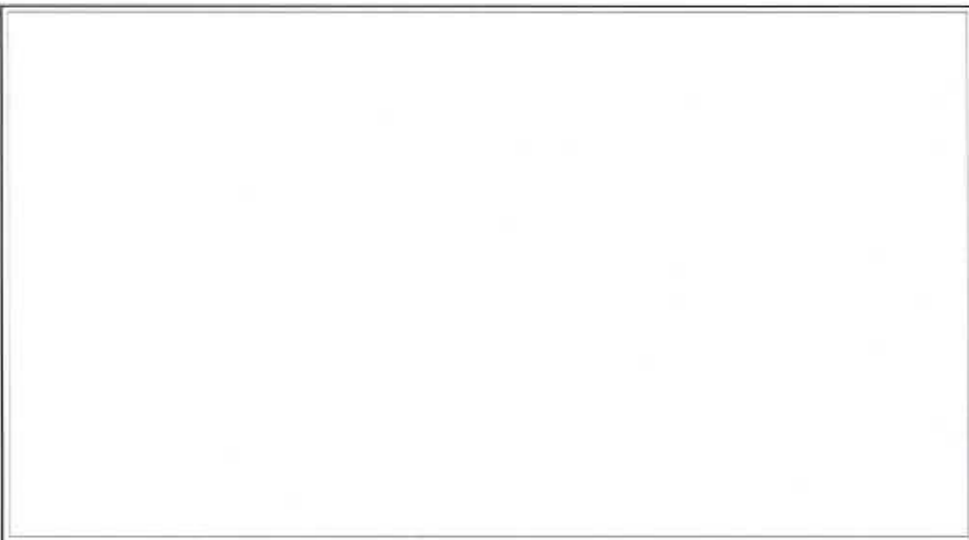
Client: Pima County Real Property Services
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City: Marana

File No.: 5KG Investments
Case No.: 1100016953
State: AZ Zip: 85653



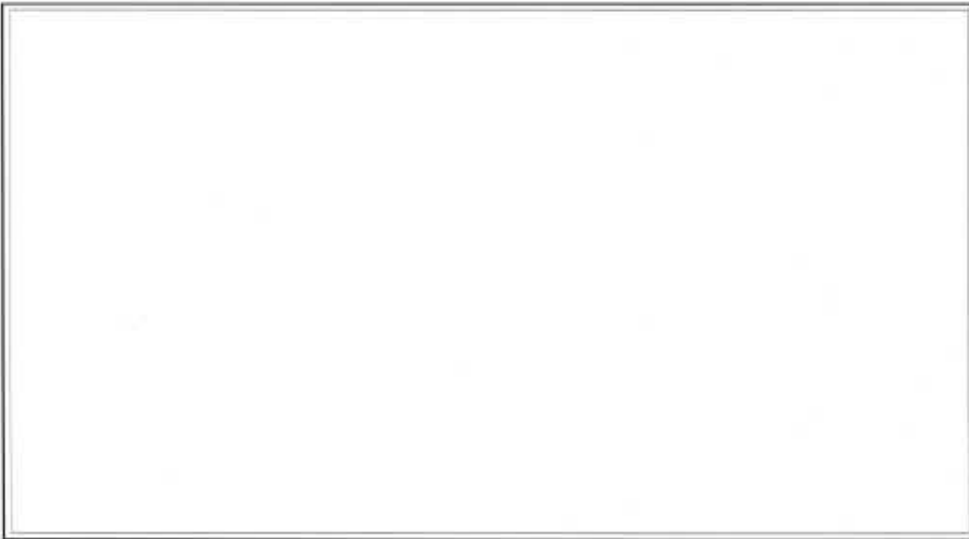
COMPARABLE SALE #4

17900 West Sunset Road, 320 Acres
Marana, AZ 85653 (LISTING)
Sale Date: Active Listing
Sale Price: \$ 295,000



COMPARABLE SALE #5

Sale Date:
Sale Price: \$



COMPARABLE SALE #6

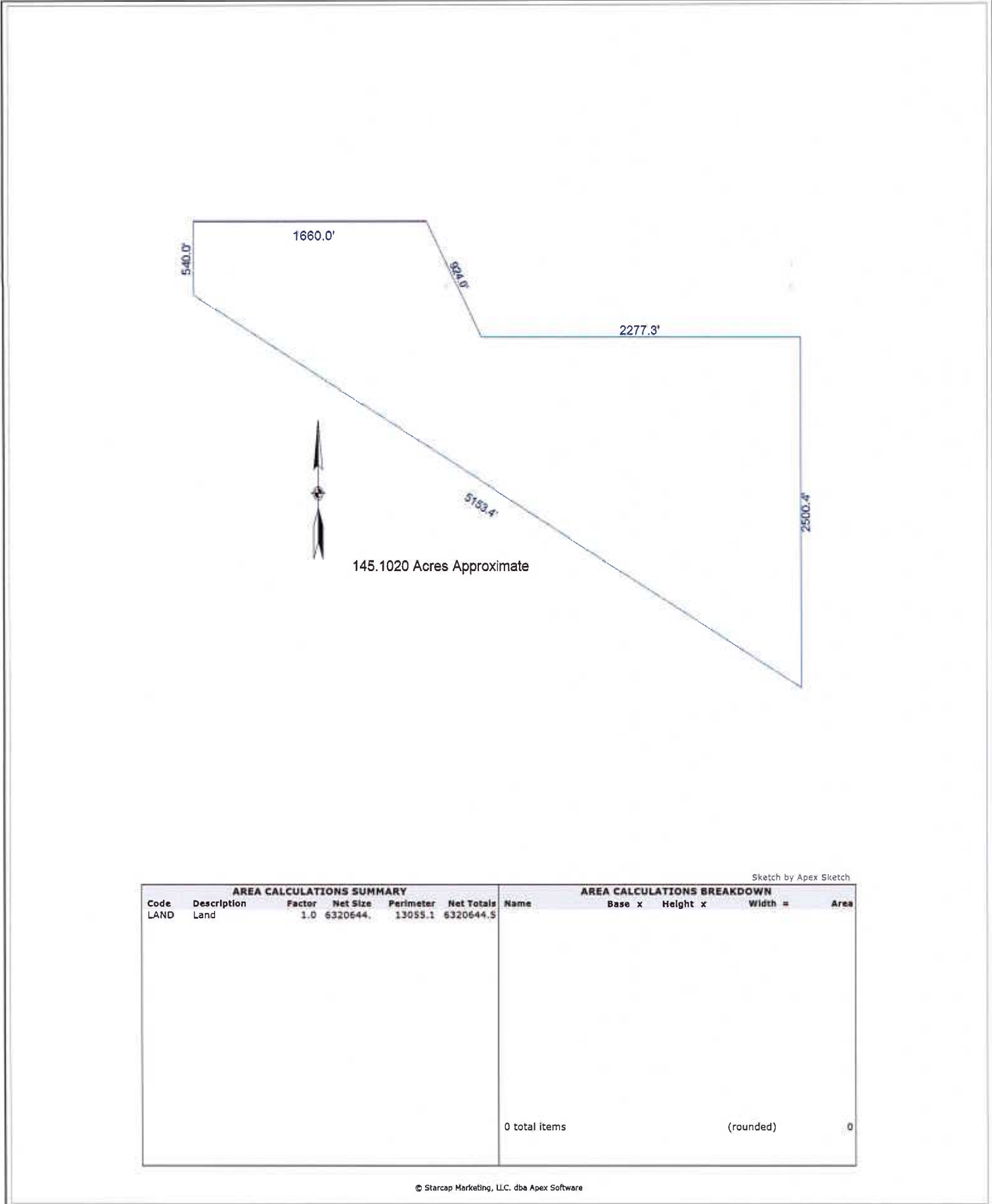
Sale Date:
Sale Price: \$

FLOORPLAN SKETCH

Client: Pima County Real Property Services
 Property Address: 15000 West Trico Marana Road
 City: Marana

File No.: 5KG Investments
 Case No.: 1100016953
 Zip: 85653

State: AZ



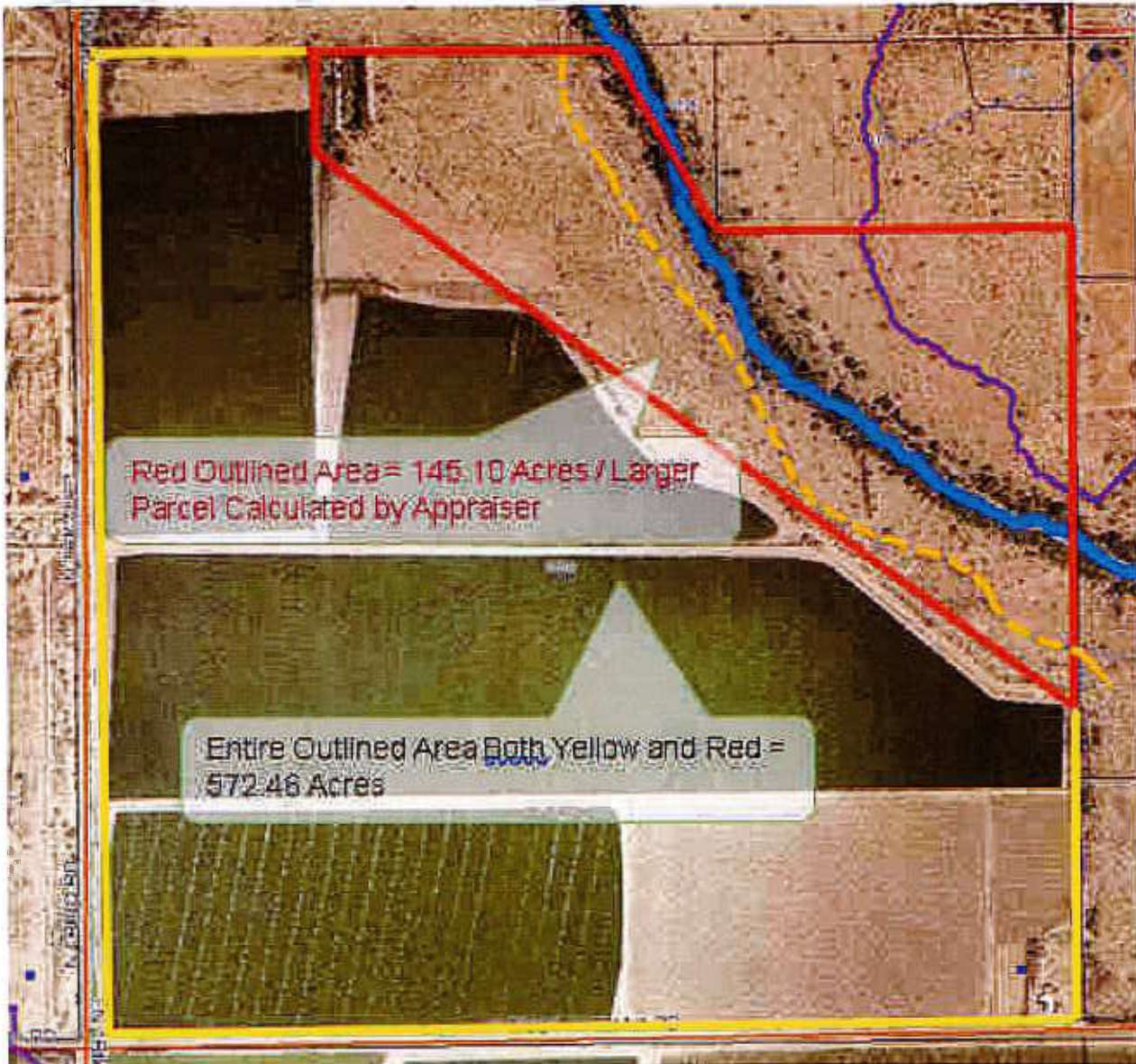
145.1020 Acres Approximate

Sketch by Apex Sketch

AREA CALCULATIONS SUMMARY					AREA CALCULATIONS BREAKDOWN					
Code	Description	Factor	Net Size	Perimeter	Net Totals	Name	Base x	Height x	Width =	Area
LAND	Land	1.0	6320644.	13055.1	6320644.5					
0 total items							(rounded)			0

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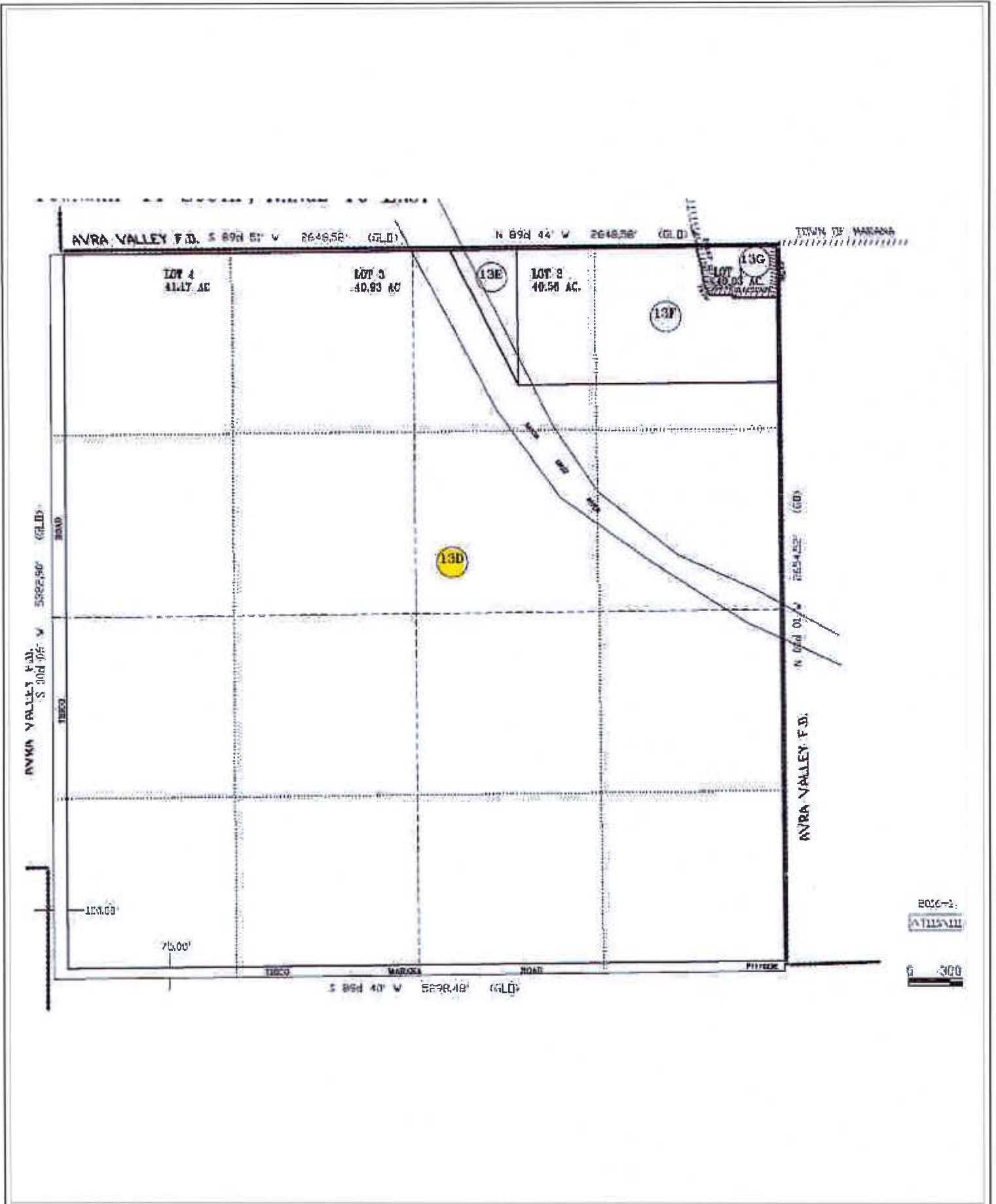


●●●●●●●●●● = Proposed Walking Trail

PLAT MAP

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

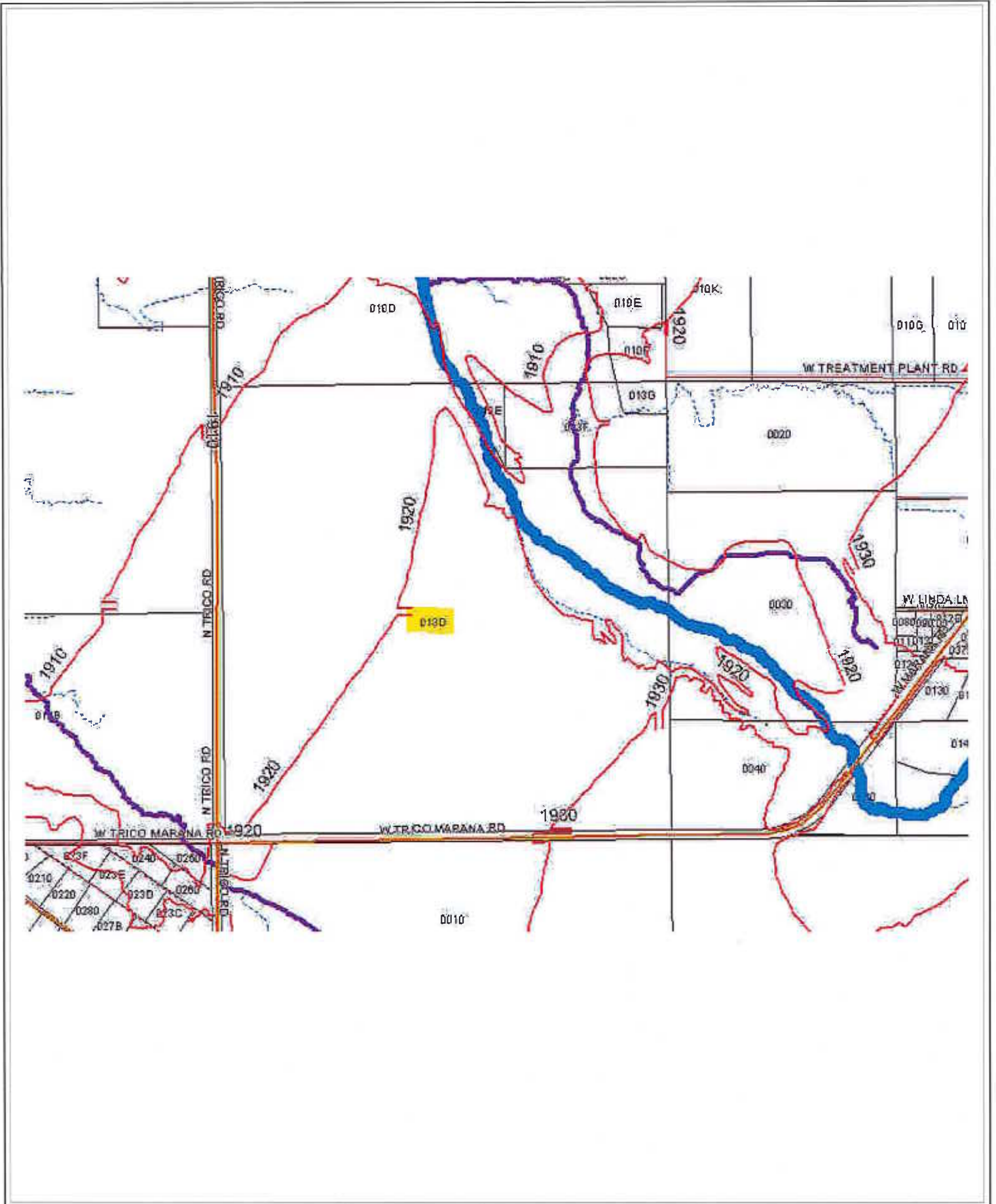
File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



Subject Topographic Map (1,920' Above Sea Level)

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

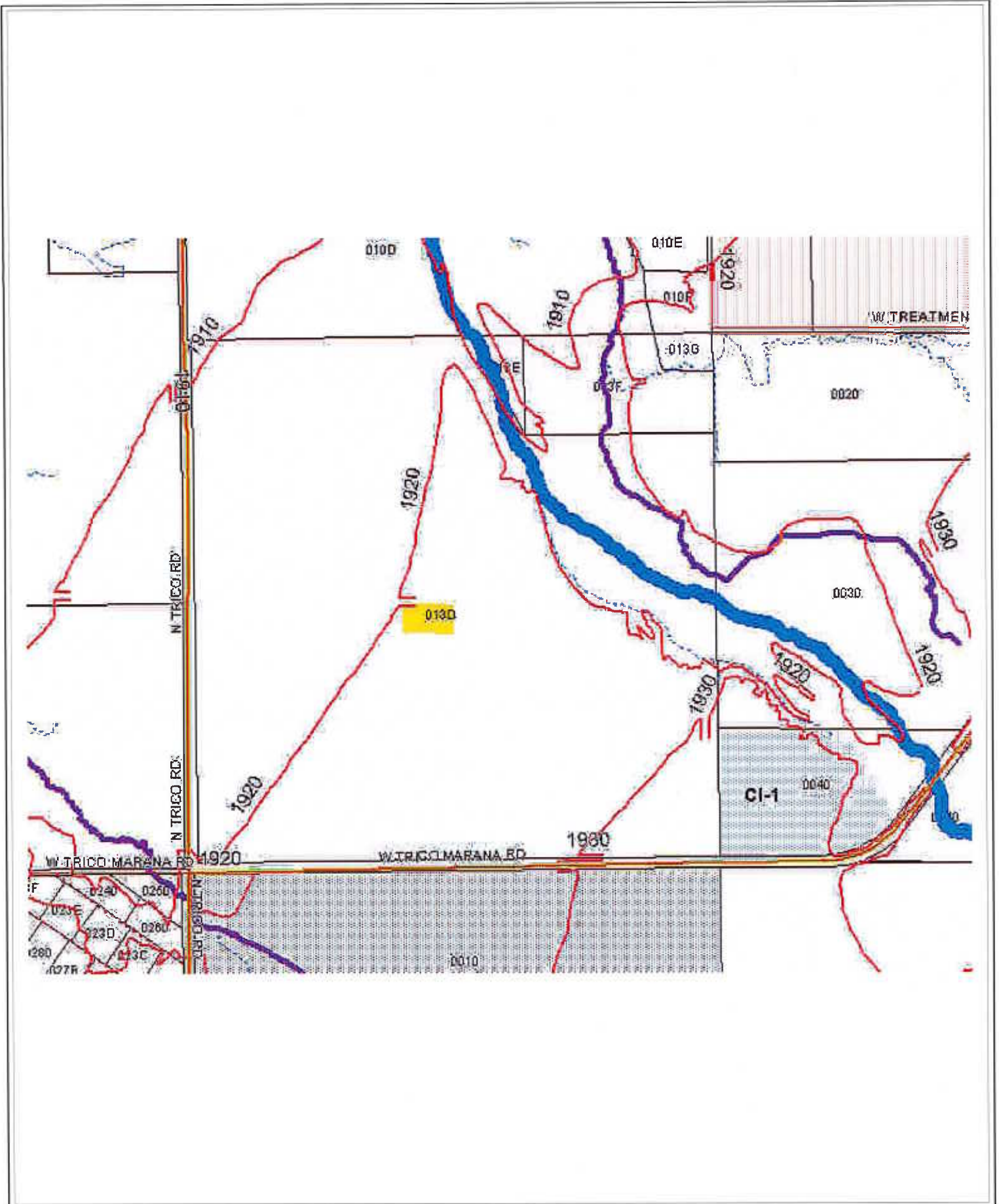
File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



Subject Zoning Map- RH (Rural Homestead) Pima County, Residential

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

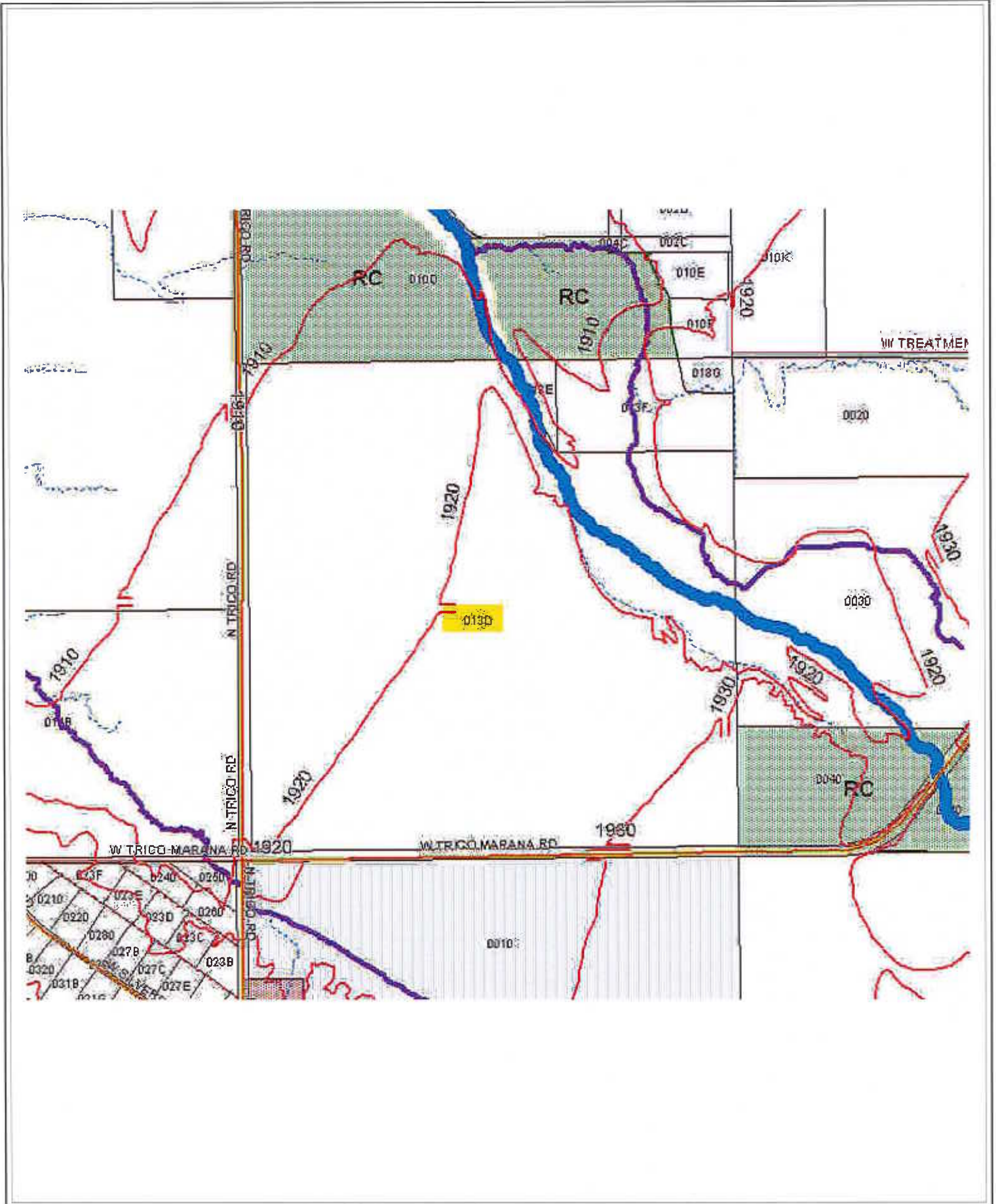
File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



Subject Comprehensive Plan Map - LIR

Client: Pima County Real Property Services
Property Address: 15000 West Trico Marana Road
City: Marana

File No.: 5KG Investments
Case No.: 1100016953
State: AZ
Zip: 85653



Subject Flood Zone Map

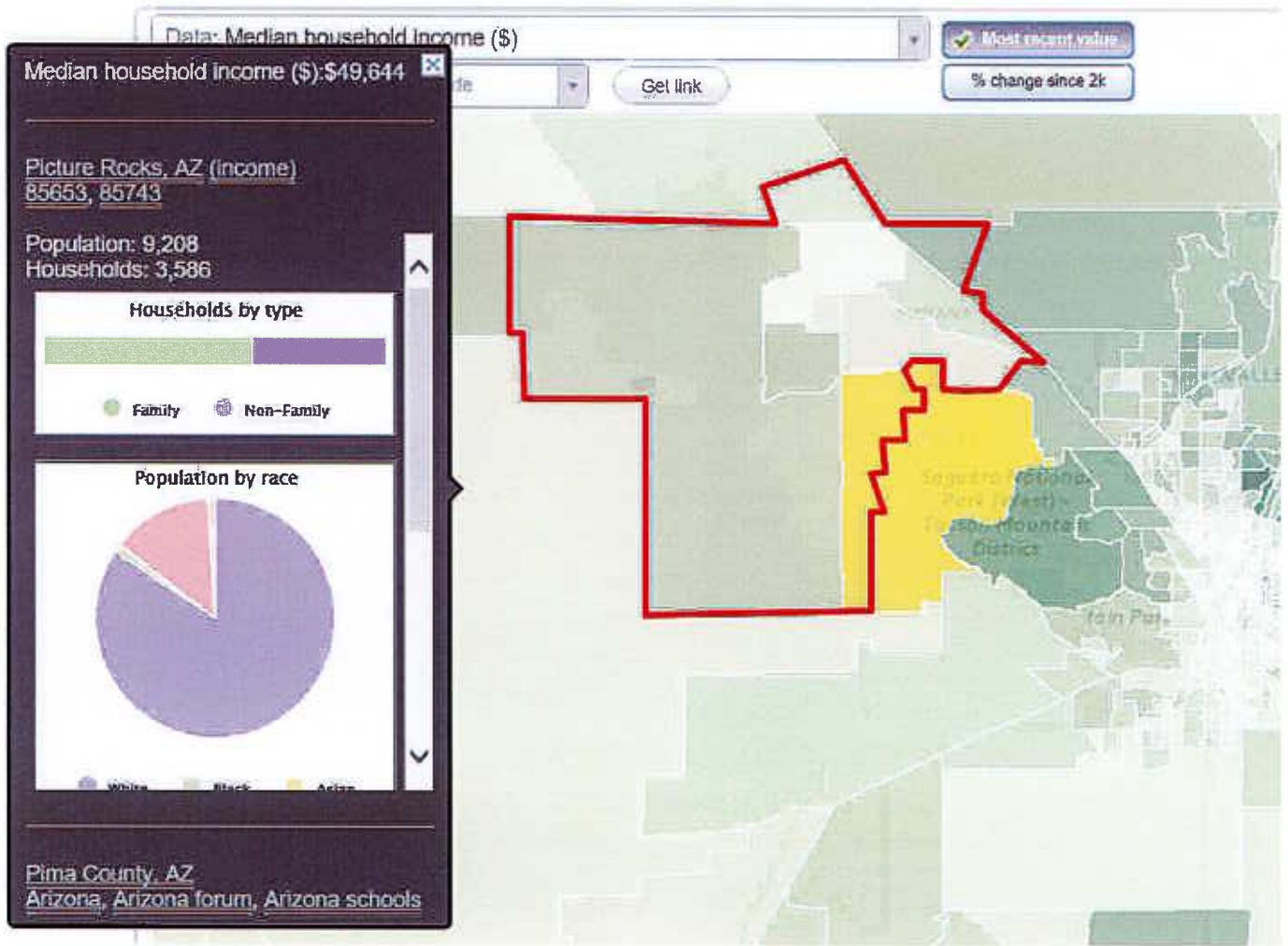
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Client: Pima County Real Property Services
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Map of Proposed Trail Easement

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State: AZ
Zip: 85653



Client: Pima County Real Property Services

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