



Typical office/small conference room



Private office/meeting area



Meeting room



Small private office



Large meeting area



Typical public restroom



Employee break area



Looking east on 26th Street



Looking south on 6th Avenue



Looking west on 26th Street



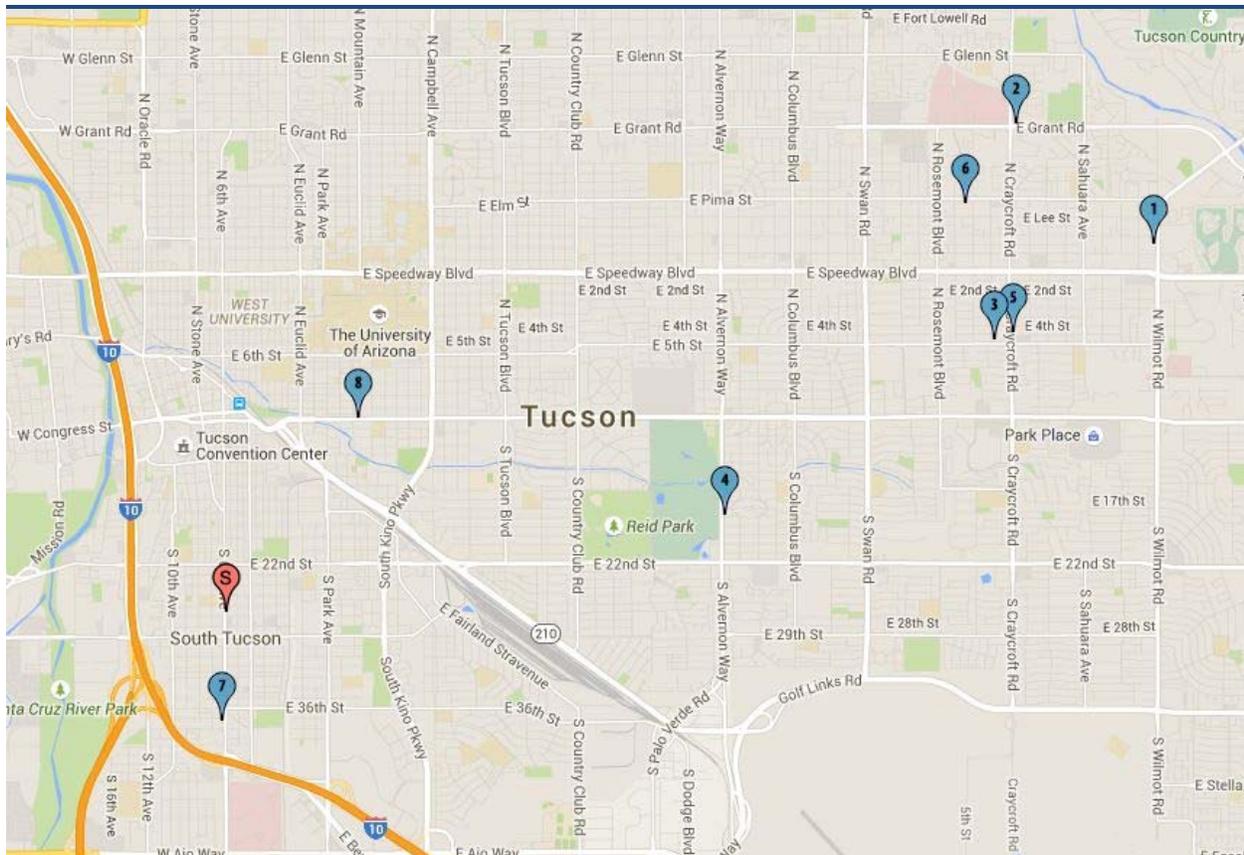
Looking north on 6th Avenue

Sales Comparison Approach

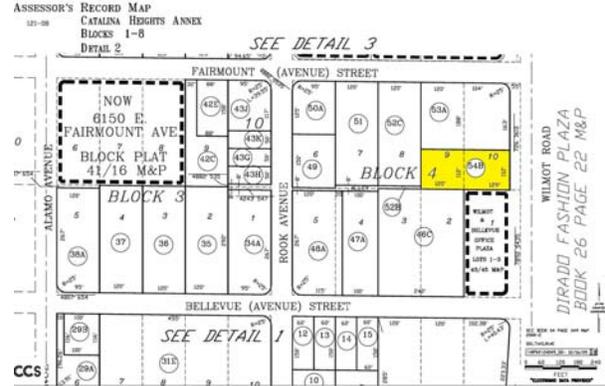
The sales comparison approach considers comparable sales of competitive properties in order to develop a market value opinion of the subject property. The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price per square foot of gross building area.

Summary of Comparable Improved Sales

Sale #	Location	Sale Date	Sale Price	Price / SF	Building SF	Year Built	Occ'y	FAR	Purchaser
Subject	1601 S 6th Avenue	N/A	N/A		9,051	1986		0.46	
1	1325 N Wilmot Road	Apr-15	\$850,000	\$68	12,500	1984	34%	0.45	Owner-user
2	5515 E Grant	Dec-14	\$540,000	\$56	9,714	1986	0%	0.37	Investor
3	5401 E 5th St	Sep-14	\$850,000	\$96	8,856	1970	0%	0.14	Owner-user
4	717 South Alvernon	May-14	\$775,000	\$100	7,767	1982	0%	0.35	Owner-user
5	620 N Craycroft	Jan-14	\$825,000	\$70	11,817	1973	0%	0.50	Owner-user
6	5232 E Pima	Dec-13	\$400,000	\$45	8,810	1987	30%	0.27	Investor
7	2716 S 6th Ave	Apr-13	\$425,000	\$49	8,733	1982	0%	0.35	Owner-user
8	1201-1215 E Broadway	Nov-12	\$520,000	\$49	10,584	1963	0%	0.41	Owner-user



Improved Sale No. 1



Property Identification

Property ID 6449
Property Type Office Building
Address 1325 N Wilmot Road
County Pima
City, State Zip Tucson, Arizona 85712
Tax ID 121-08-054B

Sale Data

Seller Singer Family Trust
Buyer Alrp LLC
Recording Date 04-20-2015
Reference No. 2015 1100524
Property Rights Leased Fee
Days on Market 179

Price **\$850,000**
Imm. Expenditures \$142,900
Description Tenant improvements for owner space
Adj. Price **\$992,900**

Financing Buyer to obtain new construction loan
Verification Tom Nieman, PICOR, 520-546-2728; 04-10-2015
Prior Sales No sales prior 3 years

General Physical Data

Gross Building Area 12,500
Site Size 0.64022 acres or 27,888 SF
Zoning Code O-3, Office and multifamily
Floor Area Ratio 0.45
Year Built 1984
Stories 3

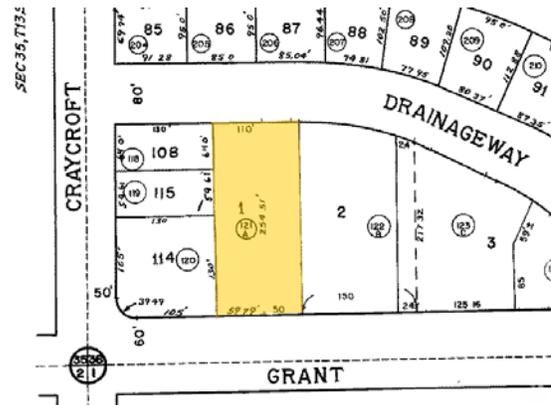
Exterior Walls	Frame & Stucco
Building Condition	Good
Construction Quality	Average

Indicators

Price/SF GBA	\$68.00(excluding immediate expenditures) \$79.43(adjusted for immediate expenditures)
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Remarks

Building has two floors over ground level parking and was in good overall condition at the time of sale. The seller had recently painted the building and installed new HVAC units in place of the original chiller-boiler system. Sold from an investor to a partial owner-user who plans to initially occupy just over 50% of the building. The planned TIs for the owner-occupied space approximate \$142,900, or about \$25/SF. The seller accepted the offered price after the property was on the market for less than one month. The property had only one existing lease in place with the other 5 tenants on month to month. Occupancy at sale was 34%.

Improved Sale No. 2

Property Identification

Property ID	6450
Property Type	Office Low Rise
Address	5515 E Grant
County	Pima
City, State Zip	Tucson, Arizona 85712
Tax ID	110-15-121B

Sale Data

Seller	Hallag, et al
Buyer	Grant 5515 Venture LLC
Recording Date	12-31-2014
Reference No.	2014 3650543
Property Rights	Fee Simple
Days on Market	2687

Price	\$540,000
Imm. Expenditures	\$0
Adj. Price	\$540,000

Financing	Cash
Verification	Tom Nieman, PICOR, 520-546-2728; 04-01-2015
Prior Sales	No sales prior 3 years

General Physical Data

Gross Building Area	9,714
Site Size	0.60209 acres or 26,227 SF
Zoning Code	C-1, Commercial
Floor Area Ratio	0.37
Year Built	1986
Stories	2

Exterior Walls	Frame and stucco
Building Condition	Fair
Construction Quality	Average
Flood Status	See Remarks; zone X and A

Indicators

Price/SF GBA	\$55.59(excluding immediate expenditures)
	\$55.59(adjusted for immediate expenditures)

Remarks

This is an average quality multi-tenant professional office building located along a major arterial roadway, It is located near Tucson Medical Center but has not historically attracted medical users. The rear portion of the site is within the 100-year floodplain (Zone A); however, the building is in Zone X. The property was purchased by an investor based on a low per square foot price. The building was vacant at the time of sale and required substantial upgrades. The layout was reported to be poor and the HVAC equipment was all original. About 9% of the space was still in shell condition, having never been occupied. The buyer intends to renovate the property at unknown cost and market it for lease.

Improved Sale No. 3

Property Identification

Property ID	2059
Property Type	Office Other
Address	5401 E 5th St
County	Pima
City, State Zip	Tucson, Arizona 85712
Tax ID	127-02-361C, -362B

Sale Data

Seller	Ft Lowell Real Estate LLC
Buyer	COPE Community Services
Recording Date	09-30-2014
Reference No.	2014 2730940
Property Rights	Fee Simple
Days on Market	41

Price	\$850,000
Imm. Expenditures	\$0
Adj. Price	\$850,000

Financing	Cash
Verification	Janine Irvin, Mark Irvin Commercial, 520-620-1833; 04-10-2015
Prior Sales	Seller acquired for \$490,000 (\$55/SF) in January 2012.

General Physical Data

Gross Building Area	8,856
Site Size	1.46901 acres or 63,990 SF
Zoning Code	C-1, Commercial
Floor Area Ratio	0.14
Year Built	1970
Stories	1

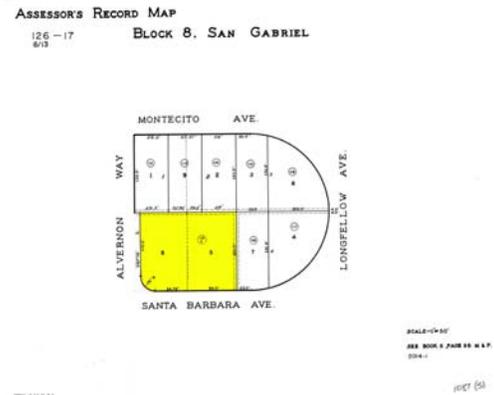
Exterior Walls	Brick and masonry
Building Condition	Good
Construction Quality	Average

Indicators

Price/SF GBA	\$95.98(excluding immediate expenditures) \$95.98(adjusted for immediate expenditures)
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Remarks

Property is a former post office that was purchased in January 2012 by a user who intended to develop it into a call center. A major renovation was completed in 2013, including new HVAC, restrooms, front office and fiber optic line to building. The building has typical perimeter offices and a large central open office area. The property does have a relatively low site coverage ratio with extra parking with a walled rear parking area. The call center operation never materialized and the owner put the property on the market in mid-2014 for sale or for lease. The asking lease rate was \$12/SF NNN. The property was vacant at the time of sale and was acquired for owner-occupancy by a community service provider.

Improved Sale No. 4

Property Identification

Property ID	5583
Property Type	Office
Address	717 South Alvernon Way
County	Pima
City, State Zip	Tucson, Arizona 85711
Tax ID	126-17-119A

Sale Data

Seller	The Blake Holding Corporation
Buyer	Alvernon Medical Center LLC
Recording Date	05-05-2014
Reference No.	20141250495
Property Rights	Fee Simple
Days on Market	910

Price	\$775,000
Imm. Expenditures	\$0
Adj. Price	\$775,000

Financing	New conventional loan
Verification	Purchase Contract ; 04-17-2014
Prior Sales	Last sold for \$1,275,000 on 8/11/06.

General Physical Data

Gross Building Area	7,767
Site Size	0.50764 acres or 22,113 SF
Zoning Code	O-3, Office
Floor Area Ratio	0.35
Year Built	1982
Stories	2

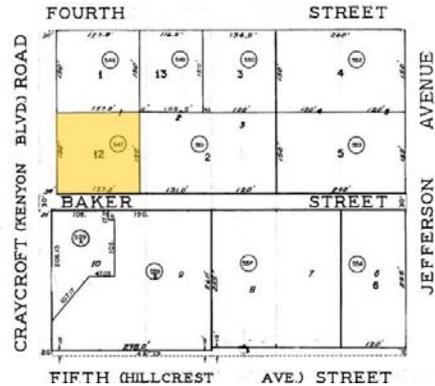
Exterior Walls	Frame and stucco
Building Condition	Average
Construction Quality	Average

Indicators

Price/SF GBA	\$99.78(excluding immediate expenditures) \$99.78(adjusted for immediate expenditures)
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Remarks

Average quality multi-tenant professional office building in secondary office node that had most recently been occupied by a single user. This is an arm's length sale to an owner-user. The buyer is expected to convert the space for medical use.

Improved Sale No. 5

Property Identification

Property ID	5605
Property Type	Office
Address	620 N Craycroft
County	Pima
City, State Zip	Tucson, Arizona 85711
Tax ID	127-03-5470

Sale Data

Seller	Platinum Funding Corp
Buyer	COPE Community Services Inc
Recording Date	01-24-2014
Reference No.	20140290527
Property Rights	Fee Simple
Days on Market	365

Price	\$825,000
Imm. Expenditures	\$825,000
Description	Complete rehab
Adj. Price	\$1,650,000

Financing	Cash
Verification	David Montijo, CBRE, 520-323-5136; 04-21-2014
Prior Sales	Last sold for \$1,250,000 on 12/14/04

General Physical Data

Gross Building Area	11,817
Site Size	0.54000 acres or 23,522 SF
Zoning Code	C-1, Commercial
Floor Area Ratio	0.50
Year Built	1973

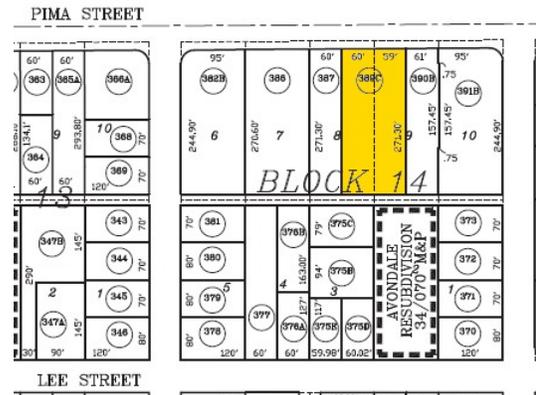
Stories	2
Exterior Walls	Masonry
Building Condition	See Comments
Construction Quality	Average

Indicators

Price/SF GBA	\$69.81(excluding immediate expenditures) \$139.63(adjusted for immediate expenditures)
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Remarks

This was an arm's length sale to an owner/user. The entire inside was gutted prior to sale. The building sold in need of a new chiller and all interiors and the bathrooms in need of updating. The buyer is a community service provider for substance abuse counseling, etc. The buyer will spend approximately 4 months renovating the building at a cost of approximately \$825,000.

Improved Sale No. 6

Property Identification

Property ID	5418
Property Type	Office
Address	5232 E Pima
County	Pima
City, State Zip	Tucson, Arizona 85712
Tax ID	121-12-389C

Sale Data

Seller	Source One Investments LLC
Buyer	2030 East LLC
Recording Date	12-23-2013
Reference No.	20133580122
Property Rights	Leased Fee
Days on Market	30

Price	\$400,000
Imm. Expenditures	\$0
Adj. Price	\$400,000
	Cash

Financing	
Verification	Tom Knox, PICOR, 520-546-2701; 02-19-2014

General Physical Data

Gross Building Area	8,810
Site Size	0.74309 acres or 32,369 SF
Zoning Code	C-1, Commercial
Floor Area Ratio	0.27
Year Built	1987
Stories	1
Exterior Walls	Masonry
Building Condition	Average

Construction Quality Average

Indicators

Price/SF GBA **\$45.40(excluding immediate expenditures)**
 \$45.40(adjusted for immediate expenditures)

Remarks

Part of the building had large open office areas. There is a courtyard and common area restrooms in addition to restrooms in each suite. This property was purchased at a discount. The buyer wanted to purchase another property, 9302 E 22nd Street, from the same seller. The seller agreed to sell 9302 E 22nd Street provided the buyer also purchase this property. The listing broker estimated the discount at about 35% and said this office building should have sold for about \$65/S.F. The interior needed paint and carpet. The property was 30% occupied at the time of sale.

Exterior Walls	Wood frame
Building Condition	Average
Construction Quality	Average

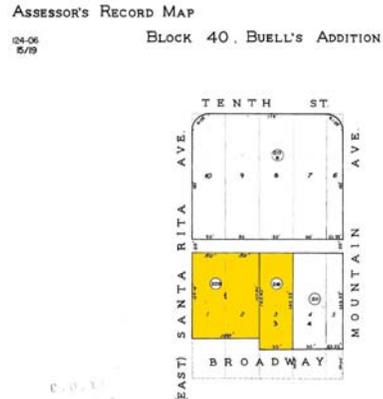
Indicators

Price/SF GBA	\$48.67(excluding immediate expenditures)
	\$48.67(adjusted for immediate expenditures)

Remarks

The property had been repossessed by the insurance company that owned the note. The building was in decent shape at the time of sale and was formerly occupied by the DES, most recently leased by a church. The property was under parked, according to the broker. The buyer intends to owner/occupy as an insurance company.

Improved Sale No. 8



Property Identification

Property ID 4597
Property Type Office
Address 1201-1215 E Broadway Blvd
County Pima
City, State Zip Tucson, Arizona 85719
Tax ID 124-06-209 &-210

Sale Data

Seller Target Commercial Interiors Inc
Buyer LM Investment Group, LLC
Recording Date 11-02-2012
Reference No. 2012-3070093
Property Rights Fee Simple
Days on Market 20 months

Price **\$520,000**
Imm. Expenditures \$0
Adj. Price **\$520,000**

Financing Cash
Verification Nancy McClure, CBRE, 520-323-5117; 06-07-2013
Prior Sales No sales in previous three years.

General Physical Data

Gross Building Area 10,584
Site Size 0.58985 acres or 25,694 SF
Zoning Code C-1,
Floor Area Ratio 0.41
Year Built 1963
Stories 2

Exterior Walls Masonry
Building Condition Poor

Indicators

Price/SF GBA **\$49.13(excluding immediate expenditures)**
 \$49.13(adjusted for immediate expenditures)

Remarks

Vacant at the time of sale, the property was purchased for owner occupancy. The building has a good profile and dual street access. The condition of the improvements was poor. The property had been vandalized and the A/C and copper piping ripped out. Parking was tight. Arms-length market transaction.

Adjustments to Comparable Sales

I researched sales of similar properties in order to complete the sales comparison approach and concluded that the sales noted above represented the best available data. Adjustments to the sales were considered for property rights conveyed, financing terms, immediate capital needs, market conditions, conditions of sale, location, physical characteristics, economic characteristics, zoning/use, and non-realty components.

No adjustments were warranted for property rights conveyed or financing terms.

No adjustments for conditions of sale were required except in the case of Sale 6. The transaction was related to the sale of another property and was reportedly discounted. Although the broker believed that the discount was as much as 35%, I have applied only a 20% upward adjustment based on general pricing trends in the area. Sale 7 involved a lender-owned property; however, the price was considered reflective of market value so no adjustment was made.

Although some data was available regarding immediate capital needs (expenditures after sale), I elected to apply any adjustments for this within the age and condition category as part of the physical characteristics.

The sales occurred between November of 2012 and April of 2015. Tucson's office market has generally been stagnant over this period of time, with no significant changes in pricing evident. Overall vacancy has hovered in the 12.5% to 13% range over this period with no real change in rental rates being achieved. I considered all of the sales to be reflective of current market conditions and made no adjustments.

With respect to location, Sales 1, 2, 3, 4, 5, and 6 are all considered to be superior and were adjusted downward by varying percentages. Sales 1 and 2 have the strongest location and received the largest adjustments. Sale 7 is located on 6th Avenue, about one-half mile south of the subject. The surrounding uses may be slightly more favorable than those of the subject but I did not believe that a specific adjustment was warranted. Sale 2 is located along Broadway Boulevard, about one-half mile east of downtown Tucson. This location is considered marginal for office use but it is nominally superior to the subject in this regard and a small downward adjustment has been applied.

Adjustments for physical characteristics considered building size, construction quality, age, physical condition, functional utility, site coverage/parking. Site coverage is indicated by the floor area ratio (FAR) which is the building area divided by the site area. Site coverage or FAR is often related to the parking ratio assuming that there is no undeveloped land included in the site. The subject comprises 9,051 square feet of building area and was constructed in phases between 1986 and 2000. The property is current in fair overall condition and is reportedly in need of a new roof. The exterior paint is also faded and in need of some stucco repair. The interior improvements are considered to be in fair overall condition. The cost estimates provided for immediate needs total about \$65,800 (\$7.27/SF). The subject property has only limited on-site parking (1.1 spaces per 1,000 SF of building area) but is assumed to have non-exclusive rights to available parking in the adjacent South Tucson Municipal Complex and also benefits from free street-side parking along 26th Street. The effective parking ratio is unknown but this is considered to be a negative attribute overall when compared