ATTACHMENT 1B

AN APPRAISAL REPORT AND MARKET RENT ANALYSIS

OF

90,153 SQUARE FEET OF VACANT LAND

LOCATED AT
THE NORTHWEST CORNER OF CUSHING STREET AND THE SOUTHBOUND I-10 FRONTAGE ROAD

TUCSON, PIMA COUNTY, ARIZONA

FOR

PIMA COUNTY PUBLIC WORKS,
REAL PROPERTY SERVICES

MR. JEFFREY TEPLITSKY
APPRAISAL SUPERVISOR

OWNERSHIP: PIMA COUNTY
TAX PARCEL NUMBER: 116-20-027B
SECTION 14, TOWNSHIP14 SOUTH, RANGE 13 EAST

EFFECTIVE DATE OF APPRAISAL

OCTOBER 30, 2016

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
Tucson, Arizona

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
REAL ESTATE APPRAISERS - CONSULTANTS
4547 E. FT. LOWELL ROAD • SUITE 401 • TUCSON, AZ 85712
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November 8, 2016

Mr. Jeffrey Teplitsky
Appraisal Supervisor
Pima County Public Works
Real Property Services
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701-1207

RE: An appraisal report and market rent analysis of 90,153 square feet of vacant land located at the northwest corner of Cushing Street and the southbound I-10 Frontage Road, Tucson, Pima County, Arizona.

Ownership:	Pima County
Tax Parcel No.:	116-20-0276
Effective Date of Appraisal:	October 30, 2016
Date of Report:	November 8, 2016

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property as well as the market rental rate of the subject property land area. This report is intended for use only by the intended user, Pima County Public Services Division and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination fee simple market value for potential disposition purposes as well as a market rental rate of the subject property. It is not intended for any other use.

I have formed the opinion that, as of the effective date of the appraisal, October 30, 2016, in its "as is" condition, based on a six to twelve month market period, and subject to the assumptions and limiting conditions set forth in the report, the subject property has a market value of:

TWO MILLION DOLLARS
($2,000,000)

Mr. Jeffrey Teplitsky
Pima County Public Works
Real Property Services

I have formed the opinion that, as of the effective date of the appraisal, October 30, 2016, in its "as is" condition, and subject to the assumptions and limiting conditions set forth in the report, the subject property has an estimated annual market ground lease rate of:

ONE HUNDRED FORTY THOUSAND DOLLARS
($140,000)

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Extraordinary Assumptions:
This appraisal report is based on the extraordinary assumption that the subject property does not have any environmental or archeological issues which would require a cost to remediate. If it is found that the subject property does have any environmental or archeological issues which would require a cost to remediate, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

This appraisal report is based on the extraordinary assumption that the subject property has a net useable land area of 67,100 square feet per appraiser's estimate. If a survey completed at a later date shows the useable land area to be substantially different that the appraiser's estimated, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

Respectfully submitted,

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

C167312

TABLE OF CONTENTS

APPRAISAL ABSTRACT - PART I

CLIENT:
Mr. Jeffrey Teplitsky, Appraisal Supervisor
Pima County Public Works, Real Property Services

APPRAISER:
Thomas A. Baker, MAI, SRA

Baker, Peterson, Baker & Associates, Inc.
4547 East Fort Lowell Road, Suite 401
Tucson, Arizona 85712

SUBJECT PROPERTY:
90,153 square feet of vacant land located at the northwest corner of Cushing Street and the southbound I-10 Frontage Road, Tucson, Pima County, Arizona.

LAND AREA:
90,153 square feet – Total gross land area (per Pima County Assessor's records)
67,100 square feet – Net useable land area (per appraiser's estimate)

There is a wash and a linear park path easement located in the northern portion of the subject property, making this land area, totaling 23,053 square feet (per appraiser estimate), where the wash and linear path easement are located unusable land area. This unusable land area, which includes the wash area and the linear park path easement, would not provide any benefit to potential future development of the subject property. Any potential purchaser of the subject property would base the purchase price on the net useable land area. Therefore, the value analysis of the subject property is based on the net useable land area of 67,100 square feet which has been estimated by the appraiser.

This appraisal report is based on the extraordinary assumption that the subject property has a net useable land area of 67,100 square feet per appraiser's estimate. If a survey completed at a later date shows the useable land area to be substantially different that the appraiser's estimated, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

ZONING:
C-3 (City of Tucson)

LEGAL DESCRIPTION:
Northeast portion of Lot 17 LYG W & ADJ FWY 2.07 AC, Section 14, Township 14 South, Range 13 East.

OWNERSHIP:
According to public records of the Pima County Assessor, title to the subject property is in the name of Pima County according to Docket 854, Page 525. Due to the age of the recorded deed confirming ownership of the property, the deed and date of recording are unavailable. No Title Report has been provided to the appraiser. Therefore the Appraiser is making an assumption that the subject property is owned by Pima County, as noted on the assessor's available information.

SALES/LISTING HISTORY:
No known sales of the subject property have occurred within the last three years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis. There has been interest from potential users of the property to purchase or lease the property, but no offers have been provided to the appraiser.

TAX PARCEL NUMBERS:
116-20-027B

FULL CASH VALUE:
$273,164 (2016) – Gross Land Area
$273,164 (2017) – Gross Land Area

The development of full cash values is based on mass appraisal models as set by the State of Arizona. They are for tax assessment purposes only and cannot be equated with market value as utilized in this appraisal. Thus, they serve only as a point of comparison with other properties.

LIMITED CASH VALUE:
$273,164 (2016) – Gross Land Area
$273,164 (2017) – Gross Land Area

Limited Cash Value is the basis for primary property taxes. It is a legislatively established value based on a mathematical formula that limits the amount of increase in any given year.

REAL ESTATE TAXES:
Exempt

Real estate taxes are a combination of a primary tax, which is the primary tax rate applied to the limited cash value and divided by 100, plus the secondary tax, which is the secondary tax rate applied to the full cash value and divided by 100. The primary and secondary tax rates are an aggregate of various tax rates set by various jurisdictions.

DELINQUENT TAXES:
None

SPECIAL ASSESSMENTS:
None

LIMITING CONDITIONS:
Subject to those assumptions and limiting conditions contained in the "*Assumptions and Limiting Conditions*" section of this report.

PURPOSE OF THE APPRAISAL:
The purpose of this appraisal is to provide the appraiser's opinion of the market value and market rent of the subject real property as of the effective date of the appraisal, October 30, 2016.

MARKET VALUE DEFINITION:
Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 14th Edition, published by the Appraisal Institute, 2013, page 59, is:

> 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.

INTENDED USE AND USER OF REPORT:
This report is intended for use only by the intended user, Pima County Public Services Division and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination fee simple market value for potential disposition purposes as well as a market rental rate of the subject property. It is not intended for any other use.

INTEREST VALUED:
Fee Simple Interest. *Fee Simple Interest*, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, is "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."

EXTRAORDINARY ASSUMPTIONS:
This appraisal report is based on the extraordinary assumption that the subject property does not have any environmental or archeological issues which would require a cost to remediate. If it is found that the subject property does have any environmental or archeological issues which would require a cost to remediate, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

There is a wash and a linear park path easement located in the northern portion of the subject property, making this land area where the wash and linear path easement are located unusable land area. This unusable land area, which includes the wash area and the linear park path easement, would not provide any benefit to potential future development of the subject property. Any potential purchaser of the subject property would base the purchase price on the net useable land area. Therefore, the value analysis of the subject property is based on the net useable land area of 67,100 square feet which has been estimated by the appraiser.

Effective Date of Appraisal:
October 30, 2016

Date of Inspection:
October 30, 2016

SCOPE OF THE APPRAISAL - PART II

Scope of work is identified by USPAP as the "amount and type of information researched and the analysis applied in an assignment." According to the scope of work rule as defined by USPAP, "For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

1) 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."

This appraisal assignment has been completed in response to authorization by Mr. Jeffrey Teplitsky for Pima County Real Property Services in a contract executed by Sara R. Baker, MAI, SRA for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by the client.

This report is intended for use only by the intended user, Pima County Public Services Division and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the fee simple market value for potential disposition purposes as well as a market rental rate of the subject property. It is not intended for any other use. The purpose of the appraisal is to provide the appraiser's opinion of the market value in fee simple interest and market rental rate of a specific property which has been previously identified in this report, and is referred to as the <u>subject property</u>, the <u>subject</u>, or the <u>property</u>.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal provides an opinion of the market value of the subject property using the sales comparison approach, which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including <u>COMPS© Commercial Property Information Services</u>, <u>Tucson Multiple Listing Service</u> (MLS), <u>Swango Land Sales</u>, <u>Metropolitan Tucson Land Use Study</u> (MTLUS), and the <u>Pima County Real Estate Research Council</u>), the neighborhood and the site.

An opinion of the "highest and best use" of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.

In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. The analysis then compared each sale considered a reliable indicator of the value to the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

The sales comparison approach provided an opinion of the market value of the subject property to arrive at a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. The appraiser's file retains supporting documentation.

There is a wash and a linear park path easement located in the northern portion of the subject property, making this land area, totaling 23,053 square feet (per appraiser estimate), where the wash and linear path easement are located unusable land area. This unusable land area, which includes the wash area and the linear park path easement, would not provide any benefit to potential future development of the subject property. Any potential purchaser of the subject property would base the purchase price on the net useable land area. Therefore, the value analysis of the subject property is based on the net useable land area of 67,100 square feet which has been estimated by the appraiser.

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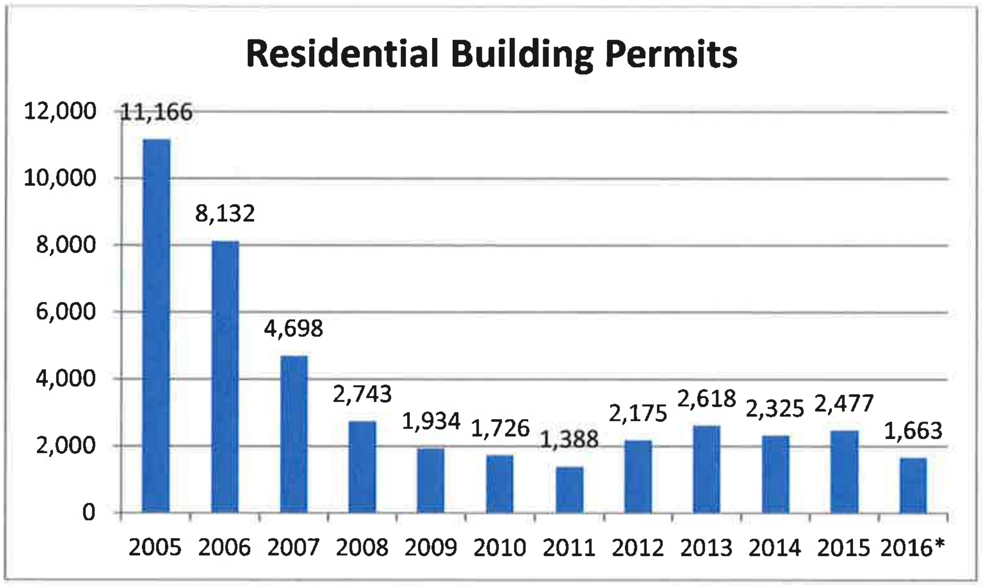
DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW:
Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the Pima Association of Governments, in July, 2010, the estimated population of all of Pima County (including Tucson) was 981,168 persons while the population of Tucson alone was estimated to be 520,795 persons.

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits has remained mostly stable with some slight variations since 2013. The 2016 data is through September 2016.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The slow-down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, with indications of a slight decline in 2014. Although there was a slight increase in 2015, permit numbers in 2015 and early 2016 remained below earlier levels. New home sales are still well below peak or stabilized levels seen in the past.

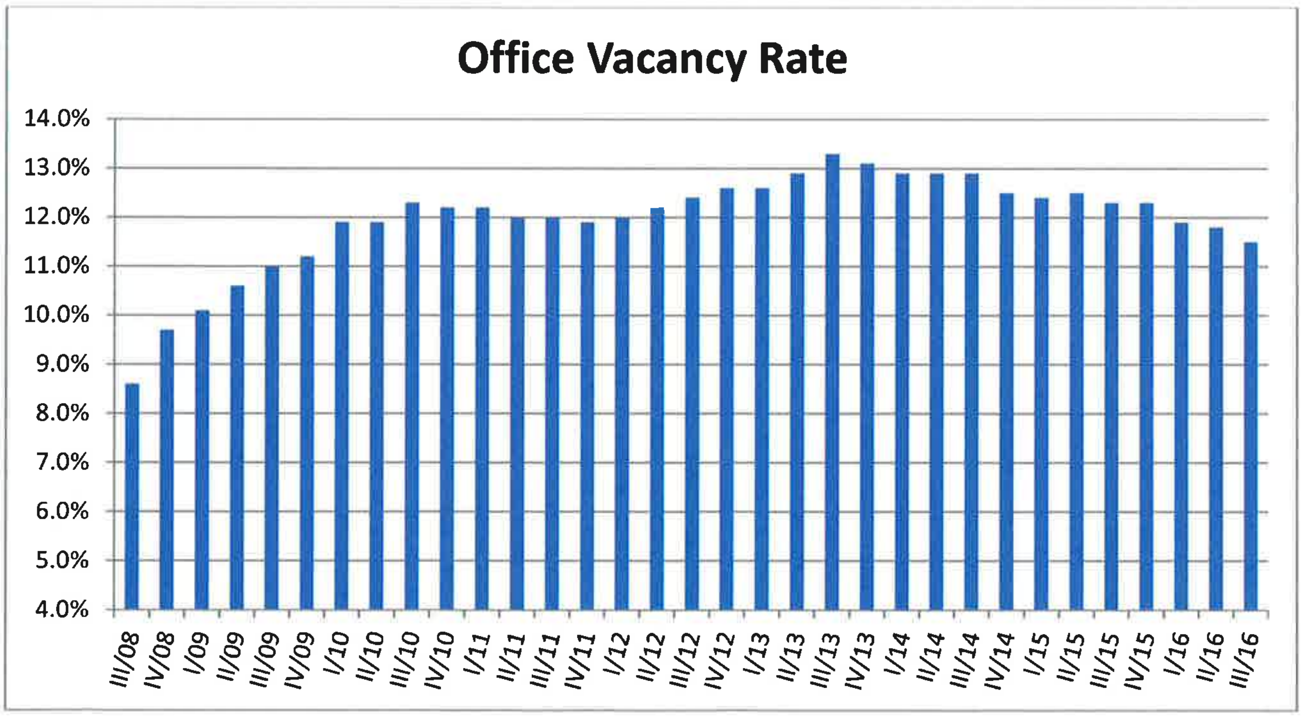
Multi-Family Market
Vacancy rates for apartment properties in the Tucson Metropolitan area continued to remain high into 2011. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Second Quarter 2016, according to Apartment Insights' *Statistics/Trends Summary.*

The vacancy rate peaked in the Second Quarter 2009 and generally declined through early 2012, with another slight decline in mid-2014. However, vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The vacancy rate then remained mostly stable with slight fluctuations. In 2014 and 2015, particularly in the second half of 2015, vacancy rates continued to decline. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in the second half of 2015. There is limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities.

Office Market
Overall, the leasable *office market* experienced net positive absorption of 74,085 square feet in the Third Quarter of 2016, according to *The CoStar Office Report, Tucson Office Market, Third Quarter 2016.* This compares to net positive absorption of 25,408 square feet in the Second Quarter 2016, 187,143 square feet in the First Quarter 2016, net positive absorption of 187,210 square feet in the Fourth Quarter of 2015, net positive absorption of 60,813 square feet in the Third Quarter 2015, and net negative absorption of 17,259 square feet in the Second Quarter 2015.

No new office buildings were completed in the Third Quarter 2016. This compares to one new building containing 3,000 square feet in Second Quarter, five new office buildings containing 108,950 square feet completed in First Quarter 2016, two new office buildings containing a total of 217,363 square feet completed in the Fourth Quarter 2015, no new office buildings completed in Third Quarter 2015, and two new office building containing 21,761 square feet completed in Second Quarter 2015.

The following figure shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Third Quarter 2016. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid-2012. The vacancy rate increased from late 2012 through late 2013 and has remained mostly stable with a slight decline since late 2013.



The stable but increased overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and have slightly declined in 2016. Market conditions for office properties are expected to remain stable in the near term and will improve slowly.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial space constructed recently in Tucson, with one new building containing 858,288 square feet in the Third Quarter 2016, one new building containing 5,200 square feet completed in the Second Quarter 2016, no new buildings completed in First Quarter 2016 or Fourth Quarter 2015, two buildings containing 270,000 square feet completed in Third Quarter 2015, and no new buildings completed in Second Quarter 2015 or First Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, Third Quarter 2016.*

The following figure shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Third Quarter 2016, according to *The CoStar Industrial Report, Tucson Industrial Market, Third Quarter 2016.*

Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties increased slightly in early 2014 but has slowly declined since mid-2014.

There was net positive absorption of 992,151 square feet in the Third Quarter 2016. This compares to net positive absorption of 226,882 square feet in the Second Quarter 2016, net negative absorption of 10,917 square in the First Quarter 2016, net positive absorption of 47,047 square in the Fourth Quarter 2015, net positive absorption of 304,801 square feet of industrial space in the Third Quarter 2015, and net positive absorption of 40,288 square feet of industrial space in the Second Quarter 2015.

Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties increased slightly in early 2014 but has slowly declined since mid-2014. The industrial market has stabilized but there are not yet signs of increased prices. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. The overall decline in the economy is affecting many potential industrial users and there remains a slow demand for industrial zoned land.

Retail Market

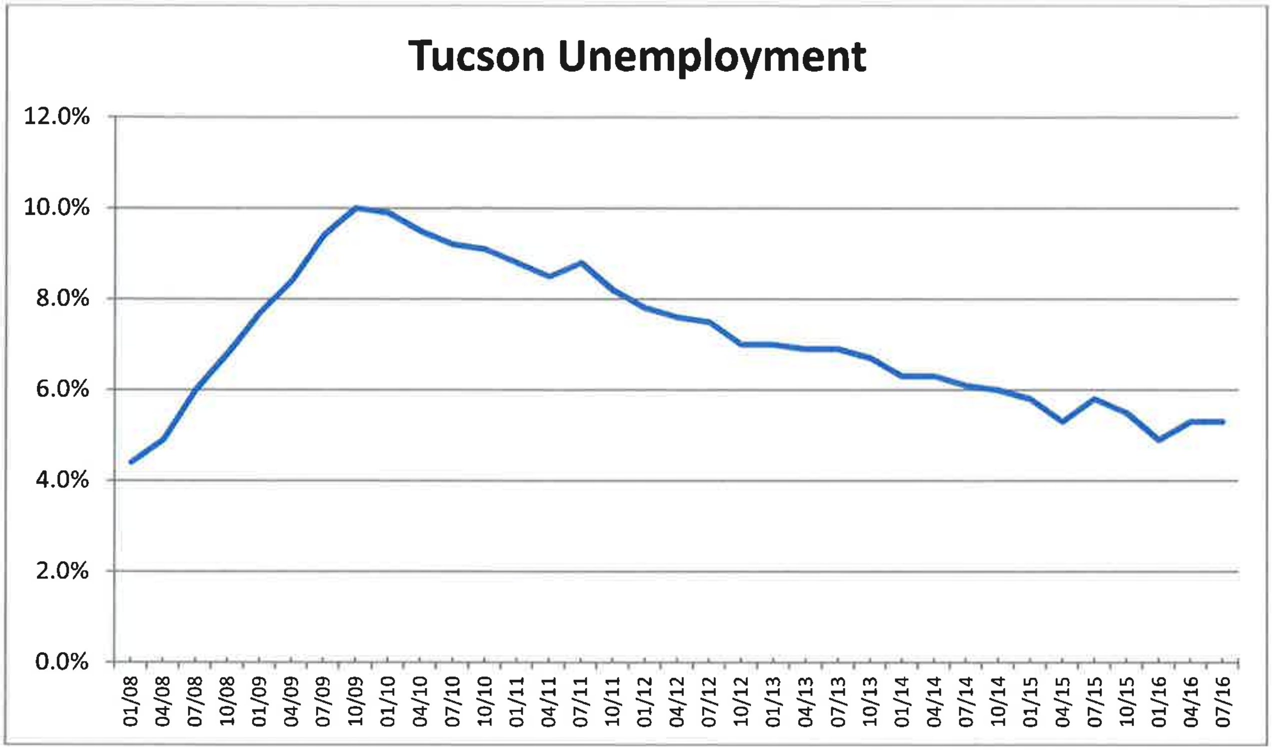
Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some reasons for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand.

There was net positive absorption of 173,291 square feet in the Third Quarter 2016, according to *The CoStar Retail Report, Tucson Retail Market, Third Quarter 2016.* This compares to net positive absorption of 112,204 square feet in the Second Quarter 2016, net positive absorption of 87,187 square feet in the First Quarter 2016, net positive absorption of 47,555 square feet in the Fourth Quarter 2015, net positive absorption of 464,566 square feet in Third Quarter 2015, and net negative absorption of 45,315 square feet in the Second Quarter 2015.

In the Third Quarter 2016, five new buildings containing 27,429 square feet were completed. This compares to ten buildings containing 137,690 square feet in Second Quarter 2016, seven new buildings containing 42,192 square feet in First Quarter 2016, eight buildings containing 130,664 square feet in the Fourth Quarter 2015, six new buildings containing 411,794 square feet in Third Quarter 2015, and three new buildings containing 30,757 square feet in Second Quarter 2015.

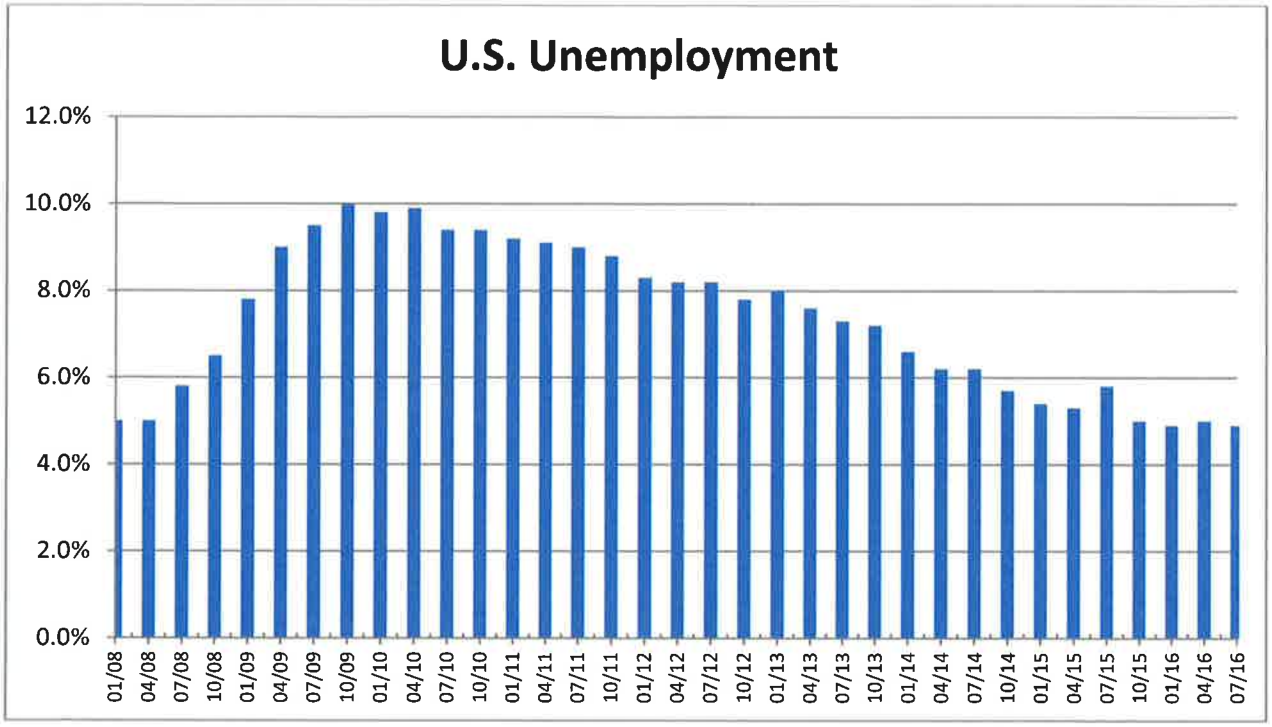
The following shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Third Quarter 2016, according to *The CoStar Retail Report, Tucson Retail Market, Third Quarter 2016.* The vacancy rate for retail properties increased through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with a slight increase in late 2014 followed by a slight decline in 2015. The retail market has stabilized and is starting to improve slightly in high demand areas, although there remains for little demand for older retail properties in low demand areas.

According to Arizona Department of Administration, Office of Employment and Population Statistics, the seasonally adjusted unemployment rate for metropolitan Tucson was as follows:



The previous data shows that the unemployment rate in the Tucson metropolitan area increased and peaked in early 2010. The unemployment rate has slowly been declining since early 2010 and remained mostly stable from mid-2012 through 2013. There has been a slow steady decline in the unemployment rate over the last several years.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate has also increased since 2008 through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is now close to early 2008 levels.



Overall, the commercial real estate markets reveal that most investors hold a cautionary outlook for 2016 due to the tight credit that adversely affects tenants, owners and investors and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in slowly improving values. In the short term, limited growth is projected for Tucson over the next one to two years, with market conditions expected to remain stable and slowly start to improve during this time. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA:
The market area of the subject property is located on the west side of I-10 from the downtown business district of the City of Tucson. Generally speaking, it is bounded on the north by Congress Street, on the west by Grande Avenue, on the south by Mission Lane alignment, and on the east by I-10. Access to the market area is considered good with the modern streetcar line circling and traversing the market area.

This market area is considered a supporting market area for the downtown Tucson market area, which is linked by the modern streetcar line which travels around and through the market area. This market area is the western termination point of the modern streetcar line. The market area currently consists of mostly vacant land. However, like the core downtown market area, there has been a recent increase in planned multi-family, retail, and mixed-use developments. The market area is anchored by the Mercado shopping area, which consists of an existing restaurant use and retail uses. There are currently plans to expand the Mercado retail area in the near future. Additionally, there are currently new single-family residences on small lots under construction immediately surrounding the Mercado.

The far western portion of the market area consists of older single-family residences and a multi-family development. The far eastern portion of the market area consists of a newer senior housing development and older motels fronting on the southbound I-10 Frontage Road.

Future trends anticipate an increase in multifamily and mixed-use properties in the downtown area projected to continue to be strong. A big driver of future development in this market area is the new Caterpillar headquarters offices, which will be developed on the southern portion of the market area along Cushing Street. This planned Caterpillar office, along with the number of planned multifamily developments (both low-income and market rate), and the planned development of the Arena Site on the east side of the freeway from the market area with a planned hotel use, multifamily uses, and Gem show facilities will likely bring further demand to the market area.

Discussions with market participants feel that the streetcar line running adjacent and through the market area and the planned developments for the area make this market area a desirable area for further development based on the success of the already planned multifamily, retail, and mixed use developments. Market participants indicate the subject site along the street car route and being a larger parcel near the downtown area are positive features that would generate interest for development of the subject property.

Additionally, there is a number of planned multifamily/mixed use developments within the core downtown area which is located adjacent to the market area. According to information from the Downtown Tucson Partnership, there are over 1,500 planned housing units (some already under construction) in and around the core downtown area and this market area which are planned to be under construction in the next couple of years. Depending on the success of these planned nearby developments could lead to further demand in this market area as the available space to develop further multifamily and mixed use developments in the core downtown area diminishes. There are additional planned developments that are not listed on the Downtown Tucson Partnership list which would likely increase the number of upcoming multifamily residential uses in and around the core downtown area to over 2,000 units under construction over the next several years. Some of these projects include:

- Southwest corner of Stone and Broadway - located in the core downtown area, this project is under construction and is to be a six-story mixed use multifamily development with 40 units, 6,000 square feet of retail space, and parking garage.

- Northwest corner of Stone and Broadway - located in the core downtown area. This is a planned mixed-use project originally planned for a high-rise tower site consisting of retail/office uses and apartment/condominiums. This site has a three level underground parking garage already in place. However, due to high cost of construction of development over five or six stories, this planned development has been scaled down to a five or six story development.

- East side of Stone Avenue between McCormick and Street and Ochoa Street - located approximately one to two blocks south from the core downtown area. Development of a multi-family uses on both the northern and southern portions of the property. The southern portion of the site is planned multi-family consisting of 25 three-story town homes. The northern portion of the site is currently in the planning phase with the potential for a mid-rise multifamily tower to be developed on the site. This site will be developed in phases.

- Southeast corner of I-10 and Congress Street - located approximately five blocks west of the core downtown area. This is a large land area (8.5 acres) with several uses planned which include multifamily development, hotel, and gem show facility.

- Northeast corner of Stone and 16th Street - located approximately 5 blocks south of the core downtown area. This is planned to contain a development of nine two-story town homes.

- On the south side of Congress Street, between Scott Avenue and Stone Avenue - located within the core downtown area. Known as City Park, this development is planned to be a six-story mixed use development containing 39 residential lofts, 39,500 square feet of creative office lofts, 23,500 square feet of ground floor retail and restaurant space, and 10,000 square feet of outdoor and rooftop entertainment space.

- Southwest corner of Broadway Boulevard and Church Avenue - located within the core downtown area. HSL Properties has plans to redevelop La Placita into a four to five story residential multifamily development containing approximately 230 - 240 multifamily units with two levels of onsite parking.

- Southwest corner of Church Avenue and Franklin Street - located approximately 5 blocks north of the core downtown area. Known as "Block 175", located on 84,626 square feet of land area and is currently within the RFP phase with plans to develop the site into a mixed use development with ground-floor retail and medical office uses, mid-rise multifamily uses, and town home uses along Franklin street. The number of units planned has not yet been determined.

- Northeast corner of Congress Street and Sixth Avenue - located within the main downtown entertainment district. This site is currently in the RFP phase with a planned retail use, hotel use, and multi-family uses. The development will consist of two towers with hotel, retail, and multifamily uses. As part of this development, an existing parking lot located at the northeast corner of Toole and Sixth Avenue, located two blocks north of the main entertainment district is planned to contain a parking garage.

SITE DESCRIPTION:
67,100 square feet of net useable land area, out of a gross site size of 90,153 square feet. The useable land area is a mostly rectangular shaped property with approximately 335 feet of frontage on Cushing Street along the southern border and approximately 200 feet of frontage on the southbound I-10 Frontage Road along the eastern border. The site has a depth of approximately 160 feet along the western border and a width of approximately 330 feet along the northern border. The useable land area contains a total area of 67,100 square feet. Cushing Street is a two-way asphalt paved roadway with street car tracks running along each direction of travel, a streetcar stop located along Cushing Street at the intersection of the I-10 Frontage Road, concrete curbs, sidewalks, and streetlights in the area of the subject property. Cushing Street has a 2015 traffic count of approximately 2,900 vehicles per day on the east side of the freeway, near the subject property. The I-10 Frontage Road is a two-lane one-way asphalt paved roadway with concrete curbs, sidewalks, and streetlights in the area of the subject property. There is no traffic count available for the southbound I-10 Frontage Road in the area of the property. The subject property has some visibility from I-10, however, the freeway is elevated above the subject property and a highway sign or building signage would be needed for good visibility of the subject property from the freeway, or for any business that may potentially be developed on the subject property. I-10 has a traffic count of approximately 149,400 vehicles per day in the area of the subject property. The intersection of Cushing Street and the southbound I-10 Frontage Road is a traffic light controlled intersection. Direct access to the subject property is from Cushing Street and the southbound I-10 Frontage Road with right-in, right-out turning. The topography is level. Soil conditions appear to be typical of the area. Properties bordering the subject property include the Santa Cruz linear park bike path, a wash, followed by a small industrial use then motel uses to the north, a hotel use followed by an office use to the south, the I-10 followed by vacant land which is planned to be developed in the future with mixed uses to support the Gem Show and the TCC to the east, and the Santa Cruz River followed by vacant land which is planned to be developed with multifamily and commercial uses in the future.

There is a wash and a linear park path easement located in the northern portion of the subject property, making this land area, totaling 23,053 square feet (per appraiser estimate), where the wash and linear path easement are located unusable land area. This unusable land area, which includes the wash area and the linear park path easement, would not provide any benefit to potential future development of the subject property. Any potential purchaser of the subject property would base the purchase price on the net useable land area. Therefore, the value analysis of the subject property is based on the net useable land area of 67,100 square feet which has been estimated by the appraiser.

Extraordinary Assumption: This appraisal report is based on the extraordinary assumption that the subject property has a net useable land area of 67,100 square feet per appraiser's estimate. If a survey completed at a later date shows the useable land area to be substantially different that the appraiser's estimated, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

Utilities available to the property include electric (Tucson Electric Power Company), telephone (CenturyLink), water (City of Tucson Water Company), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C2278L, dated June 16, 2011, the subject property is identified as being located almost entirely in Zone X-shaded; which area areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with draining of areas less than 1 square mile; and areas protected by levees from 100-year flood (see Exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

ZONING:

The subject property is zoned C-3, under the City of Tucson zoning code. The C-3 zone provides for mid-rise development of general commercial uses that serve the community and region, located downtown or in other major activity center areas. The C-3 zone allows general and intensive commercial uses including retail commercial with wholesale; nightclubs, bars, amusement enterprises permitted. Full range of automotive activities; sales, repair, leasing, etc. Limited manufacturing permitted. Residential and other related uses are also permitted. There is no minimum lot or site area. A maximum building height of 75 feet is permitted under this zoning. Specific building setbacks for the subject vary depending on the type of uses allowed on adjacent sites.

On February 18, 2015, a new Infill Incentive District (IID) was adopted, Ordinance No. 11246, and was implemented on March 20, 2015. The new IID is made up of four sub districts consisting of the Rio Nuevo Area, The Greater Infill Incentive Sub District, The Downtown Core sub district and The Downtown Links Sub district.

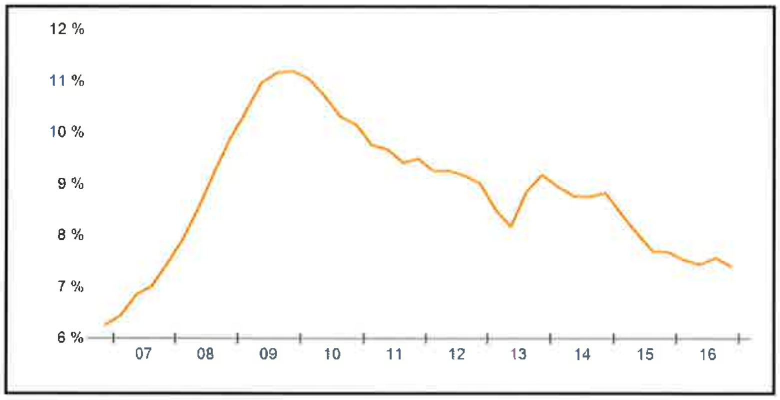
The subject property falls within both the Rio Nuevo and Downtown Core sub districts of the new IID. The IID provides for some development standard exceptions such as reduced parking requirements and reduced setback restrictions.

The subject property is also located within the City of Tucson Government Property Lease Excise Tax (GPLET) district. Per the City of Tucson, the GPLET district can provide up to 8 years of property tax abatement. This incentive is available for projects located in the Central Business District that result in a property value increase of at least 100%. This amount abated cannot exceed the economic benefit created by the project. To become "government property" the City will take ownership of the property for the duration that the owner wishes to be relieved of tax obligations.

MARKET PROFILE – MULTIFAMILY:

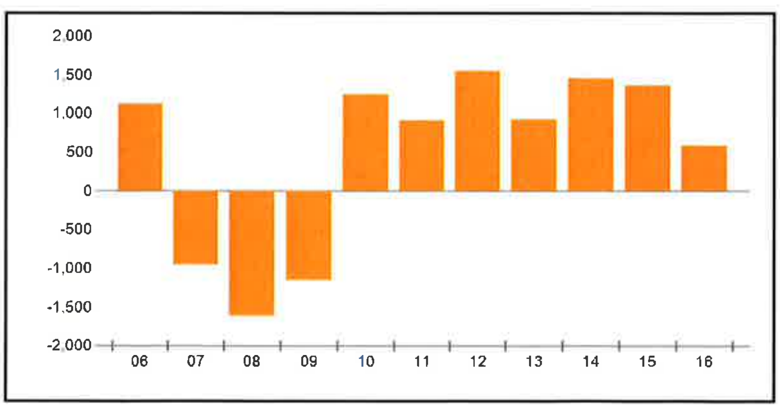
The following is the multifamily vacancy rates for Tucson, according to CoStar. This data indicates that the vacancy rate declined in to 2006. Starting in mid 2006, the vacancy rate increased, peaking in 2009. Starting at the end of 2009, the vacancy rate declined through mid 2013. There was a slight increase in late 2013 before declining through the third quarter of 2016.

Multifamily Vacancy Rate, Tucson



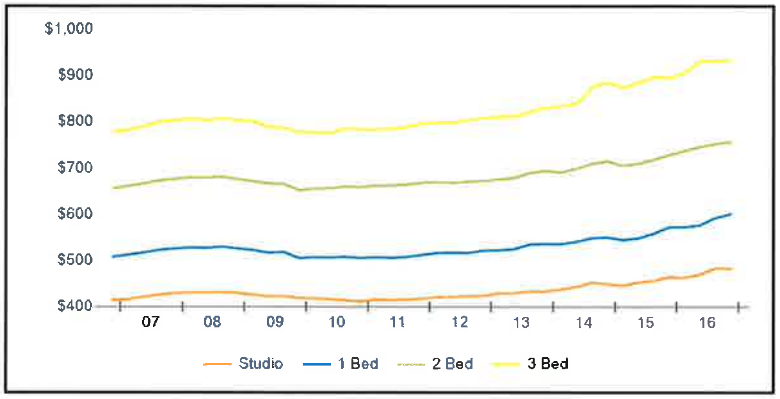
The following is the multifamily absorption rate for Tucson, according to Costar. Since 2010, all years have seen a net positive absorption rate through the third quarter of 2016.

Multifamily Net Absorption, Tucson



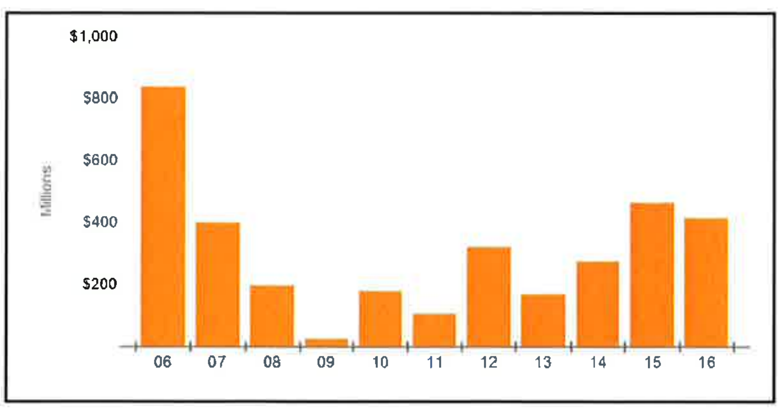
The following is the effective rent by unit type for multifamily properties in Tucson, according to Costar. This data indicates that apartment rates increased through early 2008 and then declined slightly. After remaining mostly stable from 2009 through 2010, starting in early 2011, apartment rental rates began to increase slightly and have been on a slight upward trend through the third quarter of 2016.

Multifamily Effective Rent by Unit Type, Tucson



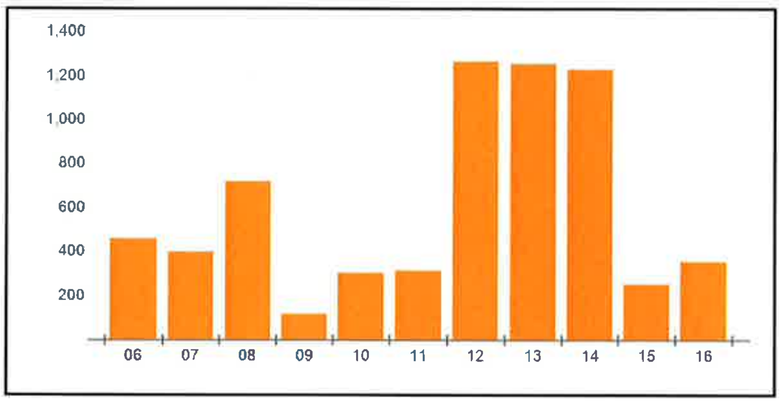
The following is the sales volume for multifamily properties in Tucson, according to CoStar. This data indicates that sales declined from 2006 through 2009. Since 2009, sales volume has fluctuated, but has been on an upward trend beginning in 2013 through the third quarter of 2016.

Multifamily Sales Volume, Tucson



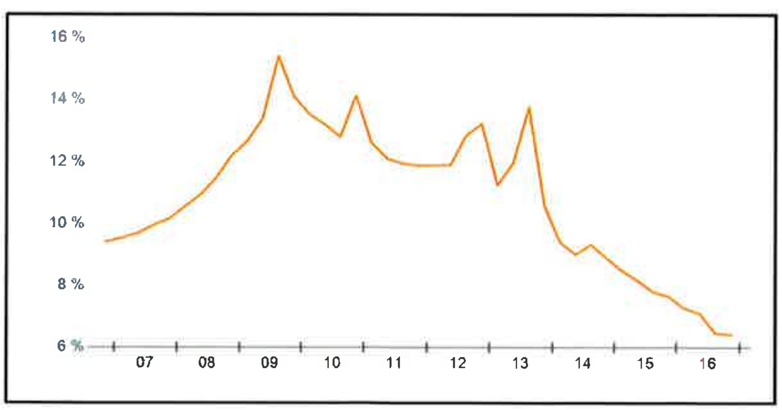
The following is the multifamily property new construction deliveries in the Tucson market, according to Costar. This shows that there was limited new construction from 2007 through 2011. From 2012 through 2014, there was a substantial increase in multifamily construction deliveries. This was primarily new student housing units and low density, high end apartments. 2015 through the third quarter of 2016 has shown a large reduction in multifamily construction deliveries, however, there many new projects underway with deliveries expected late 2016 into 2017 or later. The majority of these new construction projects will be high end units in the downtown market area

Multifamily New Construction Deliveries, Tucson



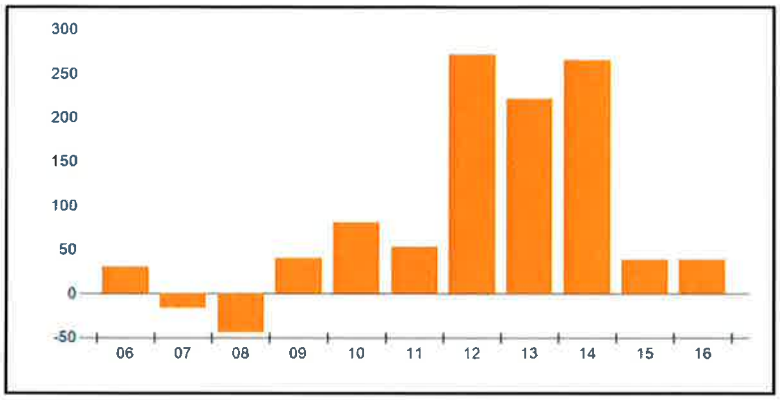
The following is the vacancy rate for multifamily properties in the Downtown sector, according to CoStar. This data indicates that the vacancy rates in the sector remained increased from 2006 to a peak in 2009. Beginning in mid-2009, vacancy rates dropped drastically until the end of 2012 before increasing again until mid-2013. After that time, vacancy rates dropped again sharply, continuing through the third quarter of 2016.

Multifamily Vacancy Rate, Downtown Sector



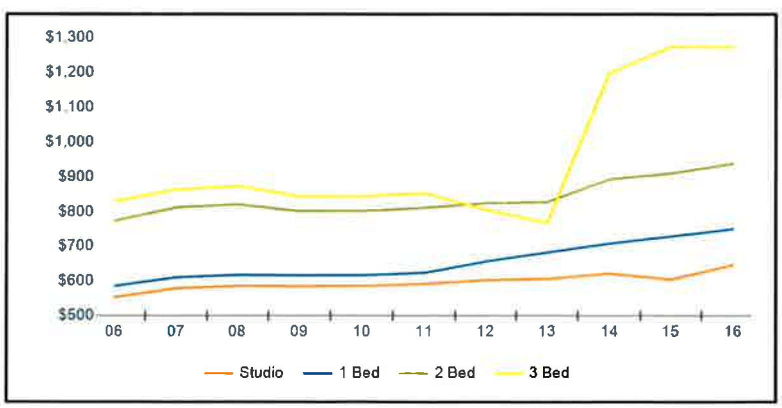
The following is the net absorption for multifamily properties in the Downtown sector, according to CoStar. There was very little change in absorption from 2006 through 2011 in the sector. Beginning in 2012 through 2014 there was a large increase in net positive absorption. 2016 through the third quarter of 2016 have shown a slowdown in net absorption in the Sector as vacancy rates are low. However, there are many planned units which will lead to an increase in the number of available units downtown over the next few years.

Multifamily Net Absorption, Downtown Sector



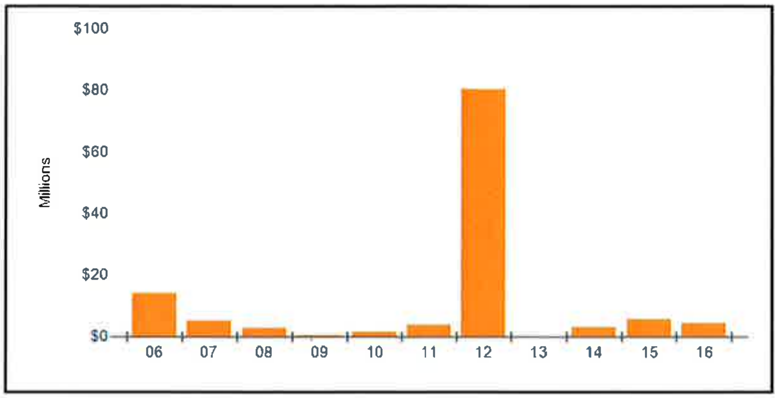
The following is the effective rent for multi-family properties in the Downtown sector, according to CoStar. This data shows that rental rates have remained relatively flat from 2006 through 2012, with a slight rise in rates through the third quarter of 2016. However, 3-bedroom units have had a large increase in the sector from 2013 through the third quarter of 2016.

Multifamily Effective Rent, Downtown Sector



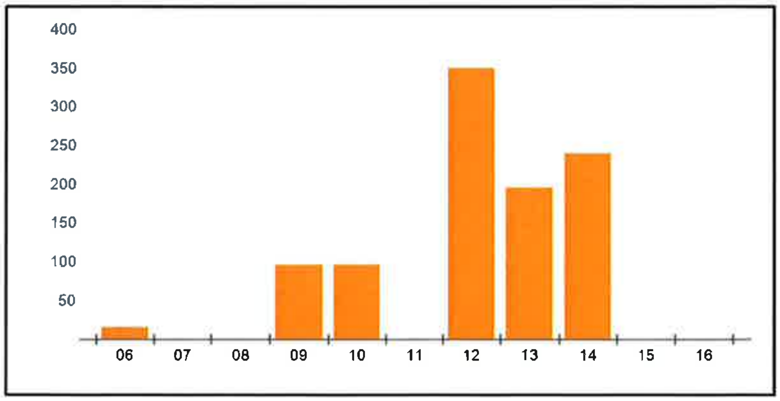
The following is the number of sales of multifamily properties in the Downtown sector, according to CoStar. There was has been a limited sale of multifamily properties in the Downtown sector since 2006 through the third quarter of 2016, other than the third quarter of 2012. This has been mostly due to the multifamily sales activity Downtown occurring in the sale of vacant land to develop new multifamily projects, or the sale of existing buildings to be converted to a mixed-use multi family development.

Multifamily Sales, Downtown Sector



The following are the multifamily property new construction deliveries in the Downtown sector, according to Costar. This shows that there were limited multifamily construction deliveries from 2006 through 2009. Beginning in 2009 through 2015, there was an increase in new multifamily developments in the sector. There are currently new mixed use multifamily developments in the downtown area under construction as well as a large number of planned developments which will begin construction in the near term.

Multifamily, Under Construction, Downtown Sector



Market conditions for apartment properties declined significantly starting in 2008. There was a significant decline in the number of sales and in sale prices. Capitalization rates were increasing throughout that time. There was still demand in the market for newer, higher end apartments. There continued to be demand for unstable properties with high vacancy rates that could be updated on the interior and leased at higher rental rates. However, there are fewer of these properties listed on the market. Tucson has a large number of older apartments constructed before 1980 with small, aging units. In the last few years, there has been some new construction, primarily of student housing near downtown and the University of Arizona, and some high end, low density complexes throughout Tucson, particularly in the northwest. According to market participants, including Chuck Corriere of Keller Williams, Allan Mendelsberg of PICOR, Bob Kaplan of PICOR, and James Robertson of Realty Executives, starting in 2012, market conditions for apartments started to stabilize. Capitalization rates and sale prices started to stabilize. In 2013, there was a slight increase in prices for most property types and capitalization rates declined, although there continued to be some low sale prices with distressed sales. Market conditions are expected to remain stable and will improve only slowly. Demand will continue to remain stable with greater demand for Class A apartment complexes in good locations. There has been an increase in Class A multifamily developments beginning in 2011 through 2014. There is several Class A multifamily developments currently under construction as of the date of this report or planned for construction as of the date of this report.

There are a number of planned multifamily developments within the core and immediately adjacent to the core downtown area. According to information from the Downtown Tucson Partnership, there are over 1,500 planned housing units in and around the core downtown area which are planned to be under construction by the end of 2016. There are additional planned developments that are not listed on the Downtown Tucson Partnership list which would likely increase the number of upcoming multifamily residential uses in and around the core downtown area to over 1,500 units under construction by the end of 2016.

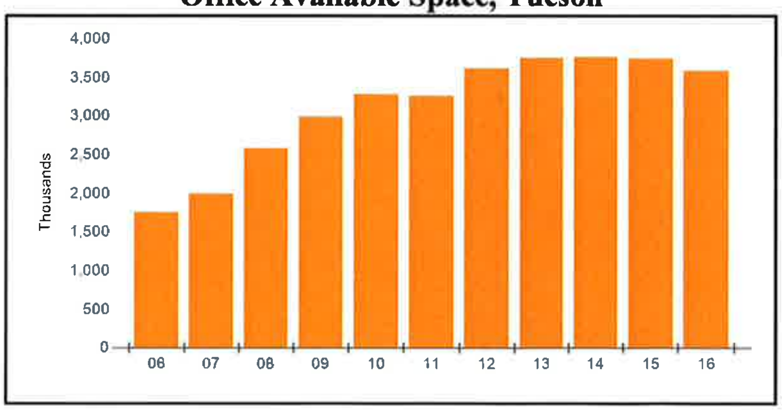
MARKET PROFILE – OFFICE:

The following is the vacancy rate for office properties in the Tucson market, according to CoStar. This data indicates that the vacancy rate for office properties increased from early 2007, peaking in mid-2013. Since the peak, office vacancy rates in Tucson have declined slightly through the third quarter of 2016.

Office Vacancy Rate, Tucson

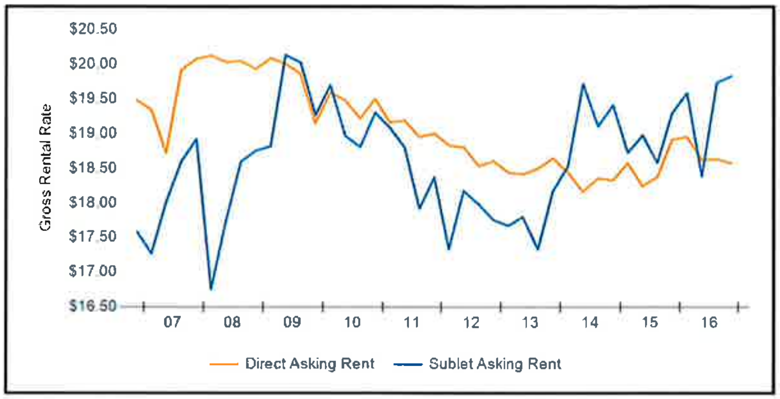
The following is the amount of available office space in the Tucson market, according to Costar. This data indicates that the amount of vacant space increased from 2006, peaking in 2013. Available space has remained stable since that time through the third quarter of 2016.

Office Available Space, Tucson



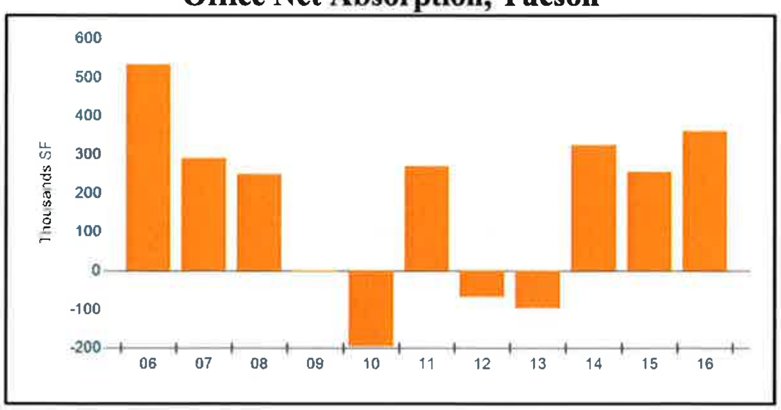
The following is the office rental rate in the Tucson market, according to Costar. The average rental rate increased between 2006 and 2007, but then declined steadily to a bottom of market level in mid-2014. Since that time, through the third quarter of 2016, rental rates have increased slightly.

Office Rental Rate, Tucson



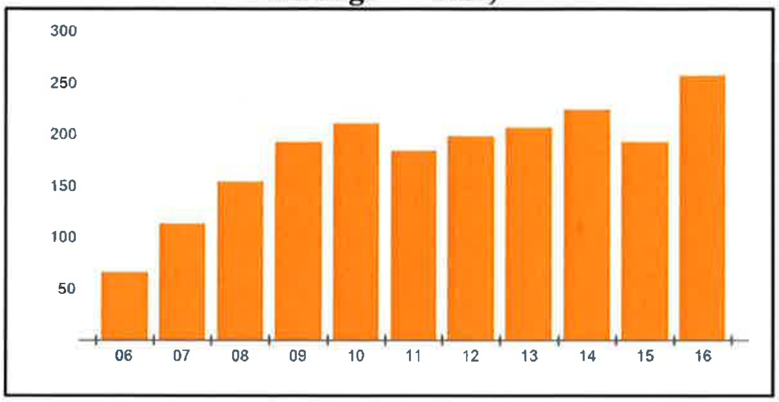
The following is net absorption for office properties in the Tucson market, according to Costar. There has been a mix of net positive and net negative absorption for office properties in the Tucson market. 2014 through the third quarter of 2016 have shown a net positive absorption rate.

Office Net Absorption, Tucson



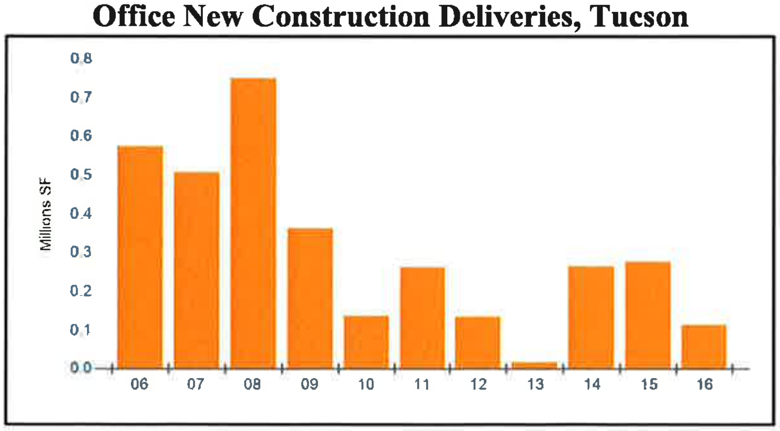
The following is the number of office properties listed for sale in the Tucson market, according to Costar. The number of listings has been on a gradual upward trend from 2006 through the third quarter of 2016.

Office Listings for Sale, Tucson



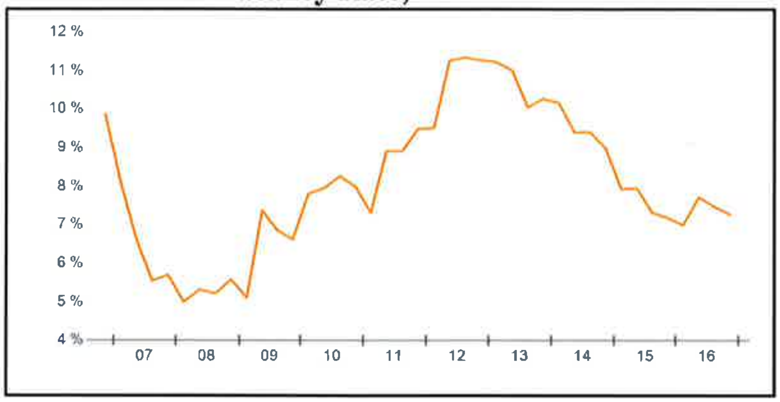
The following is the new construction deliveries for office properties in Tucson, according to Costar. There has been limited new construction since 2010 for office properties in Tucson. As market conditions improve and the oversupply of existing properties is absorbed, it is expected that new construction will increase. There has been an increase in the repurposing of older buildings into office uses, especially in the areas around downtown.

Office New Construction Deliveries, Tucson



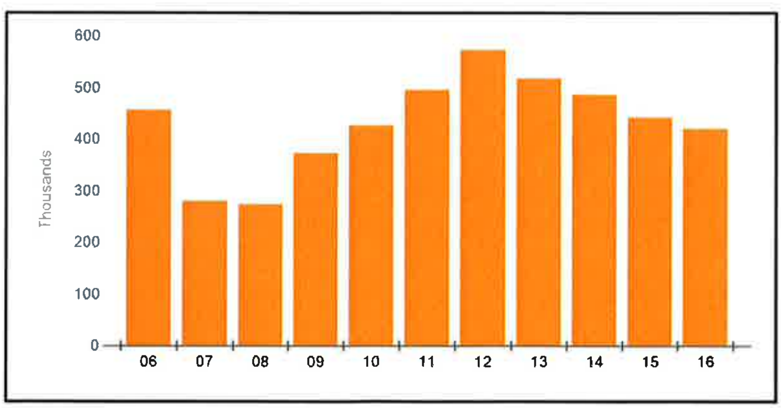
The following is the vacancy rate for office properties in the subject sector, Downtown, according to CoStar. The sector vacancy rate declined sharply from 2006 through 2007. Beginning in 2009, the vacancy rate in the downtown sector increased to a peak level in mid-2012. Since 2012, the vacancy rate has been on a downward trend through the third quarter of 2016.

Office Vacancy Rate, Downtown Sector



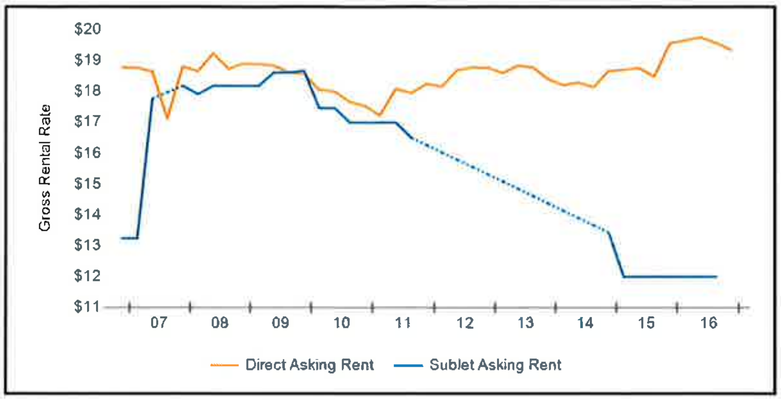
The following is the amount of vacant space for office properties in the subject sector, Downtown, according to CoStar. The amount of vacant office space in the subject sector declined from 2006 to 2007. Starting in 2009, the amount of vacant office space increased, peaking in 2012. Vacant office space has declined slightly each year since that time through the third quarter of 2016.

Office Available Space, Downtown Sector



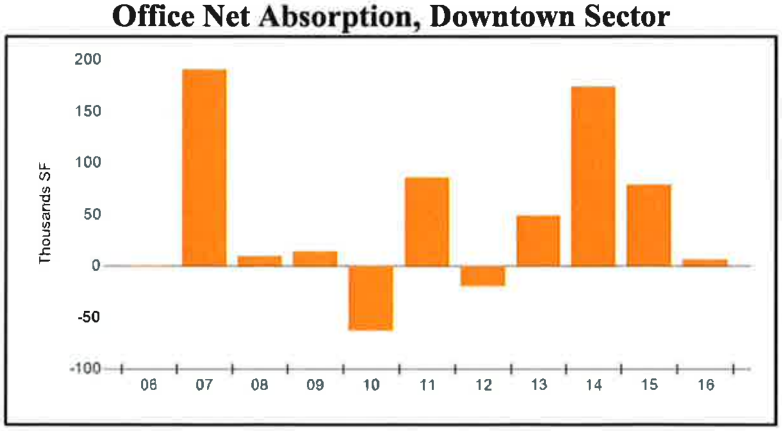
The following is the average rental rate for office properties in the subject sector, Downtown, according to Costar. The average rental rate in the downtown sector has remained mostly stable from 2008 through the third quarter of 2016.

Office Average Rental Rates, Downtown Sector



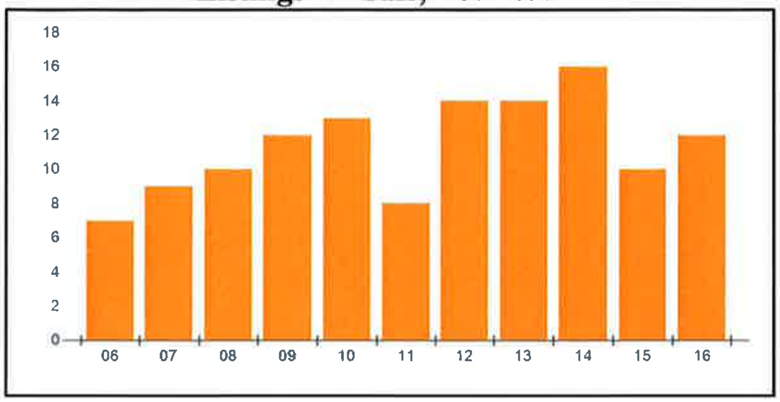
The following is the average net absorption for office properties in the subject sector, Downtown, according to Costar. There has been a mix of net positive and net negative absorption for office properties in the downtown sector since 2005. However, from 2013 through the third quarter of 2016, the sector has seen an annual net positive absorption rate.

Office Net Absorption, Downtown Sector



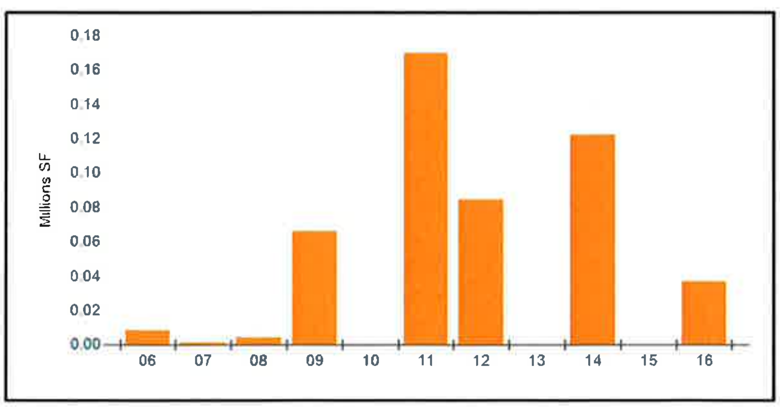
The following is the number of office properties listed for sale in the subject sector, Downtown, according to Costar. The number of listings has remained mostly stable through the third quarter of 2016.

Office Listings for Sale, Downtown Sector



The following is the new construction deliveries for office properties in the subject sector, Downtown, according to Costar. There have been some years of increased construction in the downtown sector since 2009, however, the majority of new office uses in the area are being built in redeveloped older buildings.

Office New Construction Deliveries, Downtown Sector



While the overall Tucson commercial real estate market has been stable, the areas around downtown and the University campus continues to improve and this market is performing better than the market in general. There is increased demand and sales activity for commercial properties in these areas, specifically the redevelopment of older buildings into creative office spaces and retail uses. This is evidenced by several recent purchases of older buildings that have been purchased in the area and have been remodeled from warehouse uses to retail and office uses, which is due to factors such as the modern streetcar and new student housing projects.

EXPOSURE/MARKETING TIME:
Marketing time, as utilized in this appraisal, is defined as:

> An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. [1]

The reasonable *exposure time* is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as:

> The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. [2]

The reasonable exposure and marketing time is estimated to be six to twelve months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

HIGHEST AND BEST USE:
The Sixth edition of The Dictionary of Real Estate Appraisal (Appraisal Institute; 2015, p. 109), defines highest and best use as:

> The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

An analysis of market data supports the conclusion of highest and best use.

Highest and Best Use as Vacant

Legal Considerations
The subject property is zoned C-3, City of Tucson zoning code. The C-3 zone provides for mid-rise development of general commercial uses that serve the community and region, located downtown or in other major activity center areas. The C-3 zone allows general and intensive commercial uses including retail commercial with wholesale; nightclubs, bars, amusement enterprises permitted. Full range of automotive activities; sales, repair, leasing, etc. are permitted. Residential, office, limited manufacturing, and limited service hotel uses and other related uses are also permitted. There is no minimum lot or site area. A maximum building height of 75 feet is

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1. The Dictionary of Real Estate Appraisal (Appraisal Institute, Sixth Edition, 2015), p. 140

2. Ibid, p. 83

permitted under this zoning. Specific building setbacks for the subject vary depending on the type of uses allowed on adjacent sites.

On February 18, 2015, a new Infill Incentive District (IID) was adopted, Ordinance No. 11246, and was implemented on March 20, 2015. The new IID is made up of four sub districts consisting of the Rio Nuevo Area, The Greater Infill Incentive Sub District, The Downtown Core sub district and The Downtown Links Sub district.

The subject property falls within both the Rio Nuevo and Downtown Core sub districts of the new IID. The IID provides for some development standard exceptions such as reduced parking requirements and reduced setback restrictions.

The subject property is also located within the City of Tucson Government Property Lease Excise Tax (GPLET) district. Per the City of Tucson, the GPLET district can provide up to 8 years of property tax abatement. This incentive is available for projects located in the Central Business District that result in a property value increase of at least 100%. This amount abated cannot exceed the economic benefit created by the project. To become "government property" the City will take ownership of the property for the duration that the owner wishes to be relieved of tax obligations.

Therefore, the subject property could be developed with commercial uses, retail uses, or office uses under the existing zoning or can be developed with multi-family uses allowed under the C-3 zoning. The property owner can apply for a reduction of development requirements under the IID. If developed, the subject property could qualify for GPLET incentives.

Physical Considerations
The useable land area is a mostly rectangular shaped property with frontage on Cushing Street along the southern border and frontage on the southbound I-10 Frontage Road along the eastern border. The useable land area contains a total area of 67,100 square feet. Cushing Street has street car tracks running along the roadway in each direction of travel and a streetcar stop located along Cushing Street at the intersection of the I-10 Frontage Road, immediately in front of the subject property. Cushing Street has a 2015 traffic count of approximately 2,900 vehicles per day on the east side of the freeway, near the subject property. There is no traffic count available for the southbound I-10 Frontage Road in the area of the property. The subject property has some visibility from I-10, however, the freeway is elevated above the subject property and a highway sign or building signage would be needed for good visibility of the subject property from the freeway for any business that may potentially be developed on the subject property. I-10 has a traffic count of approximately 149,400 vehicles per day in the area of the subject property. The intersection of Cushing Street and the southbound I-10 Frontage Road is a traffic light controlled intersection. Direct access to the subject property is from Cushing Street and the southbound I-10 Frontage Road. The I-10 freeway has a traffic count of approximately 149,400 vehicles per day in the area of the subject property. The topography is level. Soil conditions appear to be typical of the area. Properties bordering the subject property include the Santa Cruz linear park bike path, a wash, followed by a small industrial use then motel uses to the north, a hotel use followed by an office use to the south, the I-10 followed by vacant land which is planned to be developed in the future with mixed uses to support the Gem Show and the TCC to the east, and the Santa

Cruz River followed by vacant land which is planned to be developed with multifamily and commercial uses in the future. All utilities are available to the property and the useable land area is not located within a FEMA 100-year floodplain.

There is a wash and a linear park path easement located in the northern portion of the subject property, making this land area, totaling 23,053 square feet (per appraiser estimate), where the wash and linear path easement are located unusable land area. This unusable land area, which includes the wash area and the linear park path easement, would not provide any benefit to potential future development of the subject property. Any potential purchaser of the subject property would base the purchase price on the net useable land area. Therefore, the value analysis of the subject property is based on the net useable land area of 67,100 square feet which has been estimated by the appraiser.

Extraordinary Assumption: This appraisal report is based on the extraordinary assumption that the subject property has a net useable land area of 67,100 square feet per appraiser's estimate. If a survey completed at a later date shows the useable land area to be substantially different that the appraiser's estimated, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

The physical characteristics of the site would allow for office development, limited service hotel, and retail uses. The physical characteristics of the subject property would also allow for the development of a mixed-use development consisting of office uses on the ground floor fronting on Cushing Street with multi-family uses on the upper floors with a likely building height limited to six stories. The subject is located adjacent to the freeway and therefore a highway sign or building signage would provide good visibility to the any future improvements development on the subject property.

Financial Feasibility
As noted in the market profile section, while the overall Tucson commercial real estate market has been stable, the areas around downtown, the downtown core area, and the University campus area continues to improve. There has been increased demand and sales activity for commercial properties and multi-family developments in the downtown area, with demand also adjacent to downtown, particularly in the area of the subject, west of downtown. Demand in the subject area will increase in the future with the anticipation of Caterpillar headquarters being developed in the market area of the subject. Due to greater parking requirements for student housing away from the campus, student housing projects away from the campus have only been developed on sites with 100,000 square feet or larger land areas. Given the recent building activity in student housing and based on discussions with market participant, there appears to be limited demand for future mid-rise or high-rise student housing projects. There is one large planned student housing project on Park Avenue, directly adjacent to the University campus and a second planned for the northwest corner of Broadway and Park that will fill the market demand for the near term future.

This market area of the subject property, located to the west of I-10, is considered a support area of the core downtown area and downtown entertainment district.

There are a number of planned multifamily/mixed use developments within the core and immediately adjacent to the core downtown area, being much superior in location to the subject. According to information from the Downtown Tucson Partnership, there are over 1,500 planned housing units in and around the core downtown area which are planned to be under construction in the next couple of years. There are additional planned developments that are not listed on the Downtown Tucson Partnership list which would likely increase the number of upcoming multifamily residential uses in and around the core downtown area to over 2,000 units under construction over the next several years.

Specifically in the immediate area of the subject property, west of 1-10, in the Mercado area, there are four planned multi-family projects, with earthwork already started on the Monier Apartments which will consist of a four story building with 189 rental units with a retail component and underground parking. There are three other parcels immediately adjacent to this project which are also planned to include mixed use multifamily uses. These uses include retail development and construction of a new facility for Caterpillar which will add employees to the area. This area west of I-10 is a separate market area that supports the downtown market area due to the proximity to downtown and the streetcar line which runs through this market area. Some other planned projects which the subject area would support include:

- Southwest corner of Stone and Broadway - located in the core downtown area, this project is under construction and is to be a six-story mixed use multifamily development with 40 units, 6,000 square feet of retail space, and parking garage.

- Northwest corner of Stone and Broadway - located in the core downtown area. This is a planned mixed-use project originally planned for a high-rise tower site consisting of retail/office uses and apartment/condominiums. This site has a three level underground parking garage already in place. However, due to high cost of construction of development over five or six stories, this planned development has been scaled down to a five or six story development.

- East side of Stone Avenue between McCormick and Street and Ochoa Street - located approximately one to two blocks south from the core downtown area. Development of a multi-family uses on both the northern and southern portions of the property. The southern portion of the site is planned multi-family consisting of 25 three-story town homes. The northern portion of the site is currently in the planning phase with the potential for a mid-rise multifamily tower to be developed on the site. This site will be developed in phases.

- Southeast corner of I-10 and Congress Street - located approximately five blocks west of the core downtown area. This is a large land area (8.5 acres) with several uses planned which include multifamily development, hotel, and gem show facility.

- Northeast corner of Stone and 16th Street - located approximately 5 blocks south of the core downtown area. This is planned to contain a development of nine two-story town homes.

- On the south side of Congress Street, between Scott Avenue and Stone Avenue - located within the core downtown area. Known as City Park, this development is planned to be a six-story mixed use development containing 39 residential lofts, 39,500 square feet of creative office lofts, 23,500 square feet of ground floor retail and restaurant space, and 10,000 square feet of outdoor and rooftop entertainment space.

- Southwest corner of Broadway Boulevard and Church Avenue - located within the core downtown area. HSL Properties has plans to redevelop La Placita into a four to five story residential multifamily development containing approximately 230 - 240 multifamily units with two levels of onsite parking.

- Southwest corner of Church Avenue and Franklin Street - located approximately 5 blocks north of the core downtown area. Known as "Block 175", located on 84,626 square feet of land area and is currently within the RFP phase with plans to develop the site into a mixed use development with ground-floor retail and medical office uses, mid-rise multifamily uses, and town home uses along Franklin street. The number of units planned has not yet been determined.

- Northeast corner of Congress Street and Sixth Avenue - located within the main downtown entertainment district. This site is currently in the RFP phase with a planned retail use, hotel use, and multi-family uses. The development will consist of two towers with hotel, retail, and multifamily uses. As part of this development, an existing parking lot located at the northeast corner of Toole and Sixth Avenue, located two blocks north of the main entertainment district is planned to contain a parking garage.

- Located at the northwest corner of Stone Avenue and Franklin Street - located 5 blocks north of the core downtown area.. Known as the "Platform Site", is planned to contain a mixed use development of multifamily uses and retail uses.

The appraiser spoke with several market participants who are active in development in the downtown area. These market participants include Mr. Art Wadlund with Berkadia, Mr. Ron Shwabe with Peach Properties, Mr. Swain Chapman with Chapman Management Group, and Mr. Jim Campbell, with Oasis Tucson. These market participants all agreed that the subject property was inferior to properties located in the core downtown and entertainment districts located on the east side of the freeway. These market participants indicated that the benefits of the subject property include having frontage from I-10, being adjacent to a street car stop, and being near the core downtown and entertainment districts are a benefit to this area. All market participants indicated there are not many parcels of the site of the subject near downtown which is a positive feature of the subject. The immediate location of the subject property, located on the east side of the Santa Cruz River from the rest of the immediate market area, including the planned Arena Site, will take longer to develop than the properties located adjacent to the Mercado development along Congress Street. Because of the distance to the Mercado area and the subject property immediate area having being less walkable to amenities, this property would not likely be suitable for retail uses. Although office and limited service hotel uses are permitted on the site, these uses do not command the highest prices in this market. Therefore, it would not be financially feasible to develop an office or limited service hotel use on the property.

The most financially feasible use of the subject property is for development of a mixed-use development consisting of office on the ground floor fronting on Cushing Street, with multifamily uses on the upper floors, with a likely building height limited to six stories.

The immediate market area of the subject property located on the west side of the freeway, near downtown is considered a support area to the core downtown market area and the entertainment district of the downtown market area. The modern street car makes a loop around this area, with many planned developments in the immediate market area of the subject property. There are planned retail use along Congress Street and newer single-family residences on the northwest portion of the subject property. The new Caterpillar head office will be located in the City of Tucson owned land along Cushing Street to the west of the subject. There are planned market rate multifamily projects and low income housing projects. There are other vacant parcels available for continued development in this area. In the immediate location of the subject property, east of the Santa Cruz River, the site has the benefit of being located adjacent to I-10. Adjacent to the subject property are two older hotels; however, once the new Arena Site opens and Caterpillar has opened its headquarters in the market area of the subject property, there is expected to be increased demand in this area to support these uses.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for development of a mixed-use development consisting of office the ground floor fronting on Cushing Street, with multifamily uses on the upper floors, with a likely building height limited to six stories.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

Sales Comparison Approach. The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property.

This approach analyzes sales and listings of properties similar to the subject. This analysis uses those sales most relevant as indicators of value of the subject property, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. Sales used in this approach must contain these elements; 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available and not affected by special or unusual terms. The summary below illustrates the comparable sales used in this report.

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Sq. Ft.)	Price/ Sq. Ft.	Zoning
1.	02/14	Northeast corner of Stone and 16th Street	$550,000	30,775	$17.87	C-3
2.	09/15	East side of Stone Avenue, between Ochoa Street and McCormick Street	$3,169,650	62,824	$50.45	C-3
3.	10/15	Southeast corner of Congress Street and I-10 Frontage Road	$5,567,500	366,685	$15.18	OCR-2
4.	Escrow (03/16)	Southeast corner of Congress Street and Avenida Del Convento	$1,750,000	41,818	$41.85	C-3/I-1
		Subject		**67,100***		**C-3**

* Net useable land area out of a 90,153 square foot parcel

Extraordinary Assumption: This appraisal report is based on the extraordinary assumption that the subject property has a net useable land area of 67,100 square feet per appraiser's estimate. If a survey completed at a later date shows the useable land area to be substantially different that the appraiser's estimated, the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

COMPARABLE SALES ADJUSTMENT GRID

	Subject	*Comp 1*	*Comp 2*	*Comp 3*	*Comp 4*
Sale Date		02/2014	09/2015	10/2015	Escrow (03/2016)
Site Size (Sq. Ft.)	67,100*	30,775	62,824	366,685	41,818
Zoning	C-3	C-3	C-3	OCR-2	C-3/I-1
Utility	Average	Similar	Inferior	Inferior	Similar
Sale Price		$550,000	$3,169,650	$5,567,500	$1,750,000
Price per Sq. Ft.		$17.87	$50.45	$15.18	$41.85

* Net useable land area out of a 90,153 square foot parcel

Summary of Adjustments				
Unadjusted Price / Sq. Ft.	$17.87	$50.45	$15.18	$41.85
Property Rights	0%	0%	0%	0%
Adjusted Price	$17.87	$50.45	$15.18	$41.85
Financing	0%	0%	0%	0%
Adjusted Price	$17.87	$50.45	$15.18	$41.85
Conditions of Sale	0%	0%	0%	0%
Adjusted Price	$17.87	$50.45	$15.18	$41.85
Date/Market Conditions	10%	5%	5%	0%
Adjusted Price	$19.66	$52.98	$15.94	$41.85
Physical Adjustments (%)				
Location	40	-40	0	-25
Zoning	0	0	0	0
Site Size	0	0	60	0
Site Utility	0	10	10	0
Net Adjustment	40%	-30%	70%	-25%
Indicated Value / Sq. Ft.	**$27.52**	**$37.08**	**$27.10**	**$31.39**

This analysis compares four sales of similar land to the subject property on a price per square foot basis. This is the sale price divided by the number of square feet of the site. Sales prices range from $15.18 to $50.45 per sq. ft. before adjustment. The adjustment grid on the previous page reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires an upward adjustment for date/market conditions. Market data indicates that prices have increased for the downtown area between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location as this property is located in an area with less demand compared to the subject property. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject.

Comparable Sale Two requires an upward adjustment for date/market conditions. Market data indicates that prices have increased for the downtown area between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area closer to the core downtown area with greater demand compared to the subject property. There is an upward adjustment for site utility as this property consists of two parcels which are divided by a roadway, compared to the subject property which is one parcel with no streets dividing the potential development on the site. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject.

Comparable Sale Three requires an upward adjustment for date/market conditions. Market data indicates that prices have increased for the downtown area between the date of this sale and the date of value.

Physical adjustments an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a per square foot basis than smaller properties, all else being equal. There is an upward adjustment for site utility as the long narrow shape of this site in comparison to the subject property would require developing this site in phases, with some of the development lacking exposure to any roadway. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject.

Comparable Sale Four does not require an adjustment for date and market conditions. Market data indicates that there was no change in prices between the date of this escrow and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area with superior demand compared to the subject property as this property is located adjacent existing retail and residential uses, compared to the subject property which is located further from existing developments. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4
Adjusted Sale Price/Sq. Ft.	$27.52	$37.08	$27.10	$31.39

These four comparable sales indicate a price range of $27.10 to $37.08 per square foot after adjustment. Comparable Sale Four warrants the greatest weight as this sale required the least amount/lowest magnitude of physical adjustments and is closest in location to the subject. The remainder sales are given secondary weight as these sales required a greater amount/higher magnitude of physical adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of October 30, 2016, is $30.00 per square foot, times 67,100 square feet, equaling $2,013,000, rounded to $2,000,000.

Market Value Conclusion. Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, "as is", as of the effective date of the appraisal October 30, 2016 is $2,000,000.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
"AS IS", AS OF OCTOBER 30, 2016:

TWO MILLION DOLLARS
($2,000,000)

MARKET GROUND LEASE RATE - PART V

The appraiser interviewed various market participants regarding the potential annual rental rate of the subject property for a ground lease. All of the market participants are active in the development and sale of properties similar to the subject property. None of the market participants completed a ground lease for a property to a tenant for a ground lease for the development of a mixed-use retail and residential development which would be the highest and best use of the subject property. The market participants are not aware of a ground lease being completed in the subject market area.

These market participants interviewed by the appraiser included:

- Mr. Art Wadlund with Berkadia gave the opinion that if the property could be leased, he would not think the rate of return to establish the beginning ground lease rate would be greater than a 6 to 8 percent range, and that he would want a long term lease to be established.

- Mr. Ron Schwabe with Peach Properties gave the opinion that a ground lease rate for the subject property would be between a 5-8 percent range if leased to a tenant for a ground lease for the development of a mixed-use retail and residential development. Mr. Schwabe indicated he would want a long term lease established. Additionally, Mr. Schwabe also felt that a potential benefit to leasing the subject property, which is owned by Pima County, would be the exemption of property tax requirements.

- Mr. Swain Chapman with Chapman Management provided his opinion of a rate of return of 10 percent if leased to a tenant for a ground lease for the development of a mixed-use retail and residential development.

- Mr. George Larsen with Larsen, Baker Real Estate gave the opinion that he always seeks to obtain an 8-10 percent rate of return to establish an initial rental rate for ground leases. Mr. Larsen indicated that he would still seek a rate of return of 8-10 percent if leased to a tenant for a ground lease for the development of a mixed-use retail and residential development. Mr. Larsen felt that a ground lease term would need to be at least 70 years. For the subject property, Mr. Larsen felt that if the land value was a market price, the rate would be closer to 8 percent.

Mr. Jim Marian with Chapman Lindsey was actively involved in the potential ground lease of a property near the University of Arizona campus for student housing development with some ground floor retail uses. Mr. Marian's client, Mr. Steve Buss, made an offer to complete a ground lease on the site at a beginning rate of 5.75 percent of the value of the land. Mr. Marian indicated that his client was willing to go as high as 6.5 percent of the land value for the beginning ground lease rate in order to make a deal with the property owner. The terms of the ground lease were to include a 99 year lease, with an option to buy out the lease after 5-10 years. Ultimately, the property owner decided against leasing the property. The appraiser also confirmed this information with the potential ground lessee, Mr. Steve Buss.

These market participants indicated that a long term lease of at least 70 years would be expected if the subject property were to be leased on a ground lease. The majority of these market participants felt that the rate of return to establish the beginning rental rate would be lower than what would be expected for a single tenant commercial user and would likely be leased between 5 percent and 10 percent of the estimate land value. However, the majority of these market participants felt that the rate of return for a mixed use property would be within the 6-8 percent range of the estimated land value to establish a beginning rental rate for a ground lease.

The following are examples of land leases which have been leased to single-tenant commercial users as well as comments from market participants who are actively involved in completing ground lease transactions in the Tucson market.

1. ***Andy Romo, Lyons Romo Real Estate.*** Mr Romo has been involved in the lease of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Romo indicated that he recently sold commercial land located on the south side of Grant Road, west of Interstate 10, to QuikTrip Convenience Stores and that prior to the sale the purchaser had also investigated the possibility of a land lease. The rate of return discussed during the negotiations for the potential land lease was 8 percent according to Mr. Romo. He further indicated that in his real estate experience the rate of return for a land lease is typically between 8 and 10 percent, depending on the credit of the tenant, in that if the tenant has a strong credit rating the rate of return is lower than 10 percent.

2. ***George Larsen, Larsen, Baker Real Estate.*** Mr. Larsen has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Larsen indicated that he recently leased a parcel of land located on Houghton Road and Golf Links Road to QuikTrip Convenience Stores. Mr. Larsen indicated that the parcel totals 78,400 square feet and is leasing at a rate of $129,000 per year. Mr. Larsen indicated that he based the lease rate on a 10 percent return to the value, or $1,290,000 total land value ($129,000 divided by .10 = $1,290,000). This is equal to $16.45 per square foot for the land.

   Mr. Larsen indicated that he also recently leased a parcel of land located at the northeast corner of Oracle Road and Fort Lowell Road to QuikTrip Convenience Stores. Mr. Larsen indicated that this lease rate was based on the estimated land value and a rate of return of just over 8 percent. Mr. Larsen indicated that in his real estate experience the rate of return for a land lease is typically between 8 and 10 percent.

3. ***Jonathan Jump, Jump Real Estate Investments.*** Mr. Jump has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Jump indicated that he recently leased a parcel of land to Valero for the development of a gas station/convenience store. The land is located at Drexel Road and Houghton Road. Mr. Jump indicated that the parcel totals 75,000 square feet and is leasing at a rate of $150,000 per year. He related that he did not use a typical rate of return formula to estimate the land lease rate, but that he is familiar with the industry standard rate of return being between 8 and 10 percent.

4. ***Bill Young, Horseshoe Management.*** Mr. Young has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Young indicated that he recently extended a land lease to Wells Fargo Bank for property located on the west side of Campbell Avenue, north of Glenn Street. Mr. Young indicated that he based the land lease on a 10 percent return to the land value, which he estimated to be $15.00 per square foot. The parcel size totals 65,489 square feet which indicates a total estimated land value at $982,000 (rounded). The new land lease to Wells Fargo is at $100,000 for the first year with 3 percent annual increases based on a 10-year term with two 5-year option periods. The lease rate reflects a rate of return to the estimated value of 10.18 percent ($100,000 divided by $982,000).

5. ***Craig Finfrock, Commercial Retail Advisors.*** Mr. Finfrock has been active in the sale and leasing of land for commercial uses and is an active real estate broker in the Tucson market. Mr. Finfrock indicated that he recently wrote a land lease to In-N-Out Burger for a parcel of land located on the east side of Kolb Road, north of Broadway Boulevard. Mr. Finfrock indicated that he did not base the lease rate on a typical return due to the circumstances surrounding the lease, but that he is aware of the industry standard that typically uses a rate of return of between 8 and 10 percent to the land value. Mr. Finfrock indicated that he did not use the typical return as the lessee was the adjacent property owner seeking to expand their site for the development of a new restaurant. The site that In-N-Out Burger leased is roughly 15,000 square feet, but it is a site within an existing retail plaza. The effective size is larger as a result of cross easements and additional adjacent parking. By leasing the property In-N-Out Burger was able to develop a larger parcel that meets their development standards. The lease is for a 20-year period with three 5-year options. The lease amount is $115,000 per year.

6. ***Brian Harpel, Harpel Real Estate.*** Mr Harpel indicated that in his experience the rate of return for land leases ranges from 8 to 10 percent, depending on the strength of the tenant. He indicated that national credit tenants may be able to negotiate a lower rate, in the range of 7 to 7.5 percent, but the more typical tenant in the Tucson market was in the range of 8 to 10 percent.

7. ***David DeConcini, 4-D Properties.*** Mr. DeConcini indicated that his company recently entered into two land leases. The first land lease is at the northwest corner of Irvington Road and Benson Highway. The tenant is QuickTrip. Mr. DeConcini indicated that the rate of return used for the land lease was 10 percent on a land value of $1,320,000, or $132,000 per year. The lease is for a 20 year period of time with 6 five year option periods. Mr. DeConcini related information about a second lease that his company had entered into recently with Circle K. The land is located at 6th Avenue and Interstate 10. He indicated that the Circle K Corporation dictates a non-negotiable 8 percent rate of return for the land lease, but that the land value is valued at the upper end of the value range which had the net effect of equaling a 10 percent rate of return to the lessor. The lease period is for 20 years with 8 five year options.

Based on the comments from the market participants, and the examples cited for single-tenant commercial uses, the rate of return to establish the beginning rental rate for a ground lease is concluded to be 10 percent.

GROUND LEASE RATE CONCLUSION :

As concluded previously in this report, the appraiser's opinion of market value for the subject property is $2,000,000. The following ground lease rate conclusion is based on the previously concluded fee simple market value and provides an opinion of the annual market ground lease rate as of the effective date of appraisal, October 30, 2016. The ground lease rate conclusion for the subject property is based on the terms previously outlined using a concluded rate of return of 7 percent as follows:

Market Value of Land Previously Concluded	$2,000,000
Rate of Return for a Ground Lease – 7 percent	7.0%
Annual Ground Lease Amount	$140,000

Annual Ground Lease Rate Conclusion

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of the annual ground lease rate of the subject property, "as is", as of the effective date of the appraisal, October 30, 2016, is $140,000.

OPINION OF ANNUAL GROUND LEASE RATE OF THE SUBJECT PROPERTY, "AS IS", AS OF OCTOBER 30, 2016:

ONE HUINDRED FORTY THOUSAND DOLLARS
($140,000)

ASSUMPTIONS AND LIMITING CONDITIONS - PART VI

1. ***Type of Report***. This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. ***Definitions***. "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.

3. ***Liability***. The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraiser responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.

4. ***Title***. No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report was provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.

5. ***Survey or Engineering***. No survey or engineering analysis of the subject property has been made by the appraiser. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraiser assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

6. ***Data Sources***. The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.

7. ***Subsequent Events***. The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.

8. ***Adjustments***. The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.

9. ***Special Rights***. No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.

10. ***Value Distribution***. The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.

11. ***Legal or Special Opinions***. No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.

12. ***Personal Property***. Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.

13. ***Soil Conditions***. Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraiser. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary

foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsurface which would render the subject more or less valuable by knowledge thereof.

14. ***Court Testimony***. Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.

15. ***Exhibits***. Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.

16. ***Statute, Regulation, and License***. Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.

17. ***Hidden or Unapparent Conditions***. It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.

18. ***Hazardous/Toxic Substances***. In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.

19. ***Americans with Disabilities Act of 1990***. The ADA became effective on January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed

analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

20. ***Disclosure***. Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.

21. ***Endangered and Threatened Species***. The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.

22. ***Acceptance of Report***. Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

CERTIFICATION - PART VII

I CERTIFY THAT, TO THE BEST OF MY 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.

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

9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.

10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.

11. The effective date (date of valuation) of this appraisal is October 30, 2016.

12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has not appraised the subject property within three years prior to this assignment.

14. It is noted that Dan F. Orlowski (Registration Number T0025) assisted significantly with this report by performing the following tasks under the direction of the appraiser: Researched the subject and comparable sale information, assisted in comparable sale selection, inspected the subject property, developed the report, and provided analysis and value conclusion input. The final analysis and value conclusion is that of Thomas A. Baker, MAI, SRA.

15. I am a Certified General Real Estate Appraiser in the State of Arizona.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

EXHIBITS - PART VIII

EXHIBIT A - SUBJECT PLAT MAP

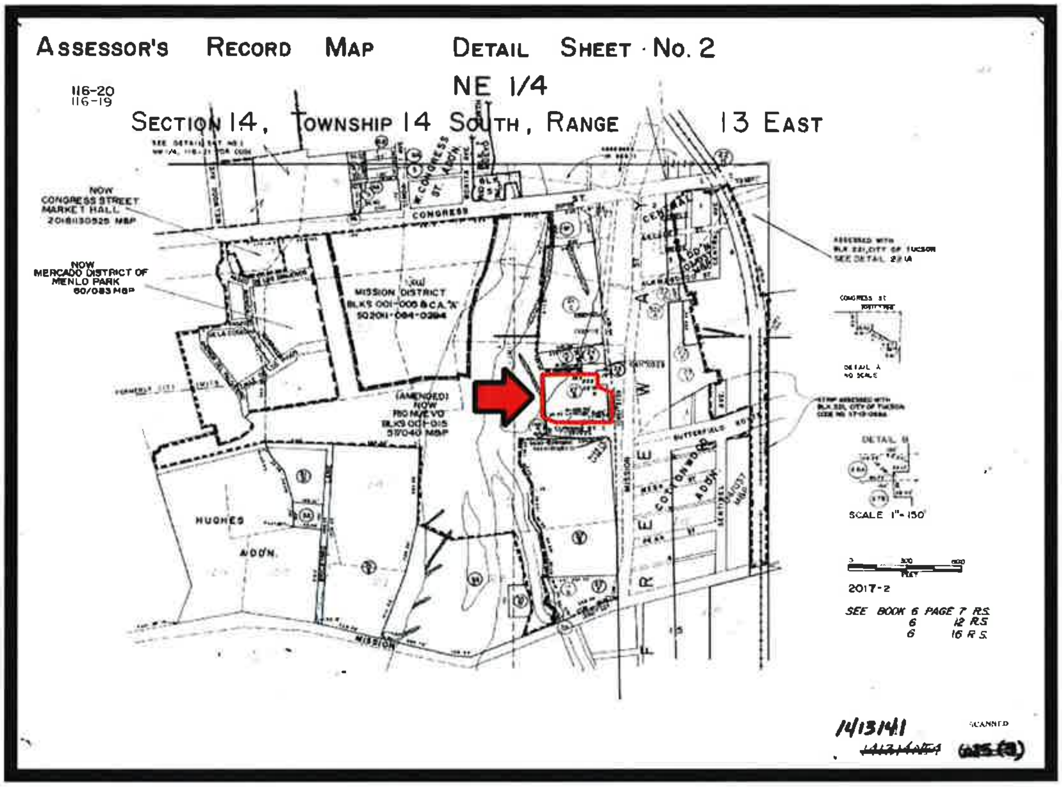
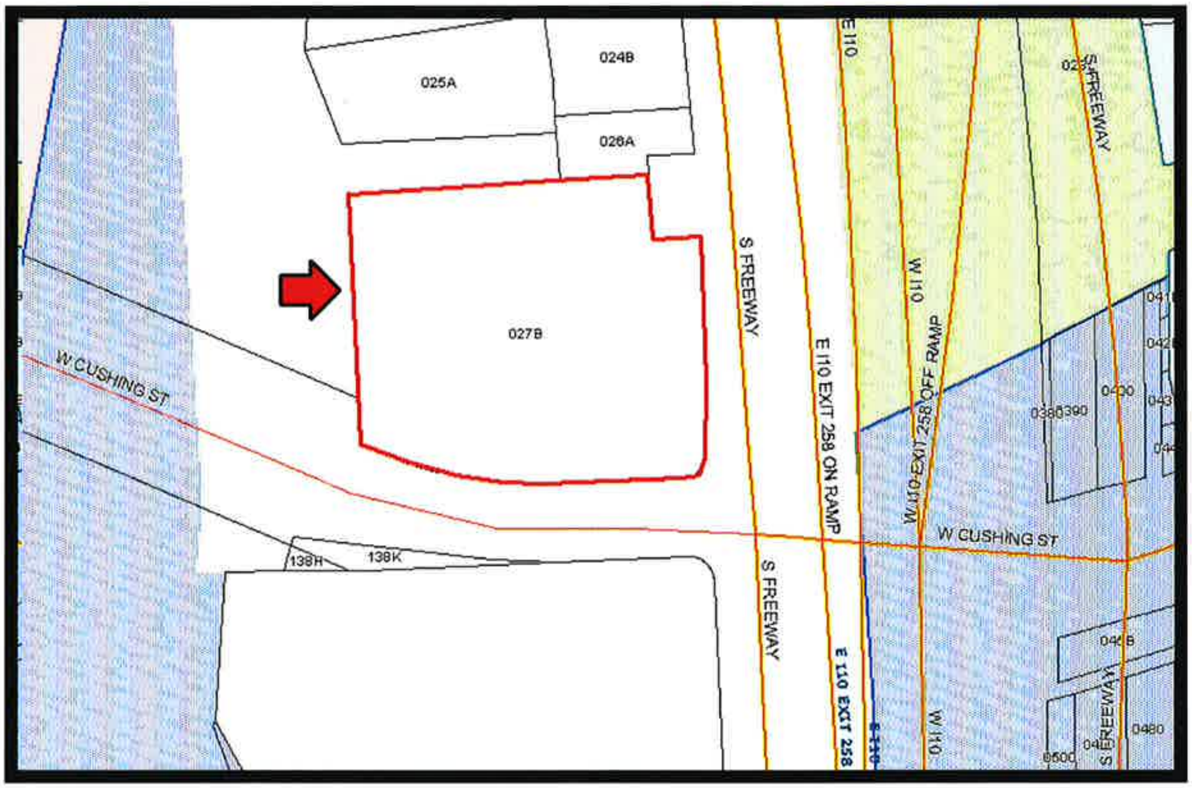


EXHIBIT B - AERIAL PHOTOGRAPH

EXHIBIT C - ZONING MAP
(City of Tucson)



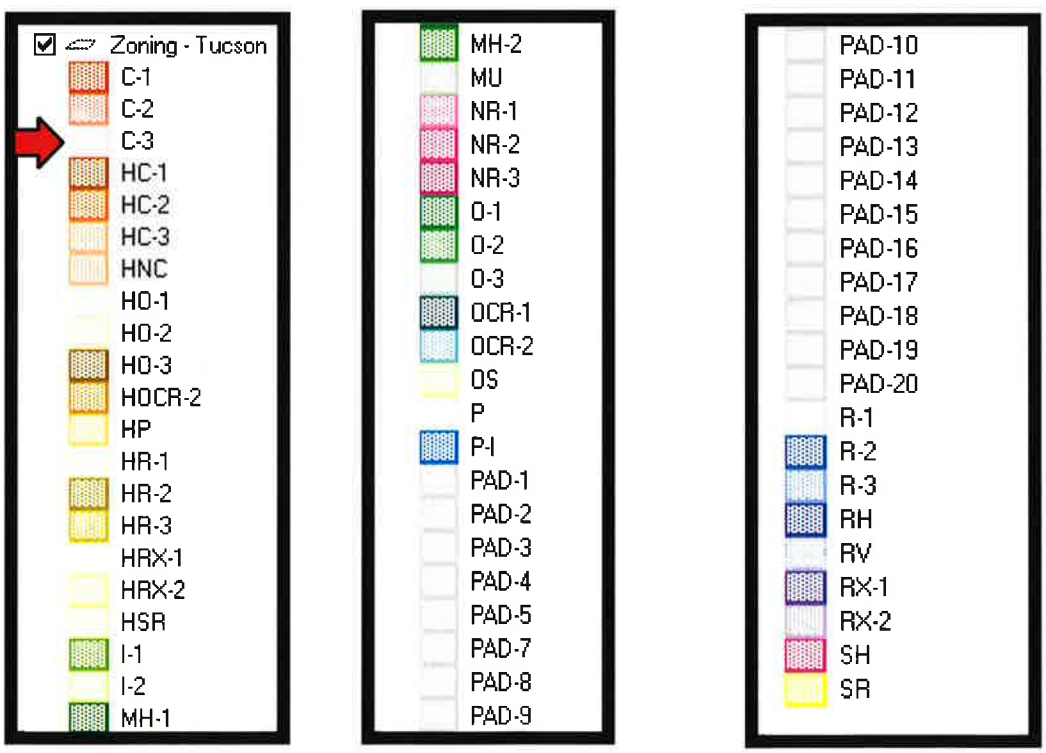


EXHIBIT D - FEMA FLOOD PLAIN MAP

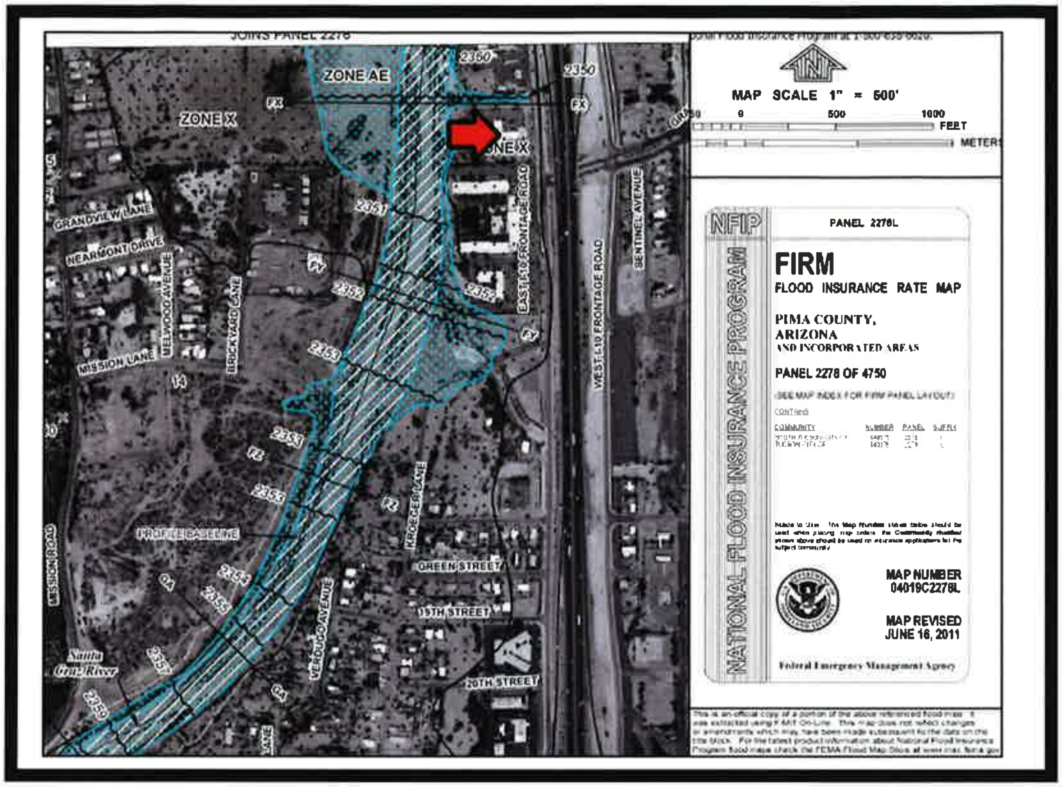
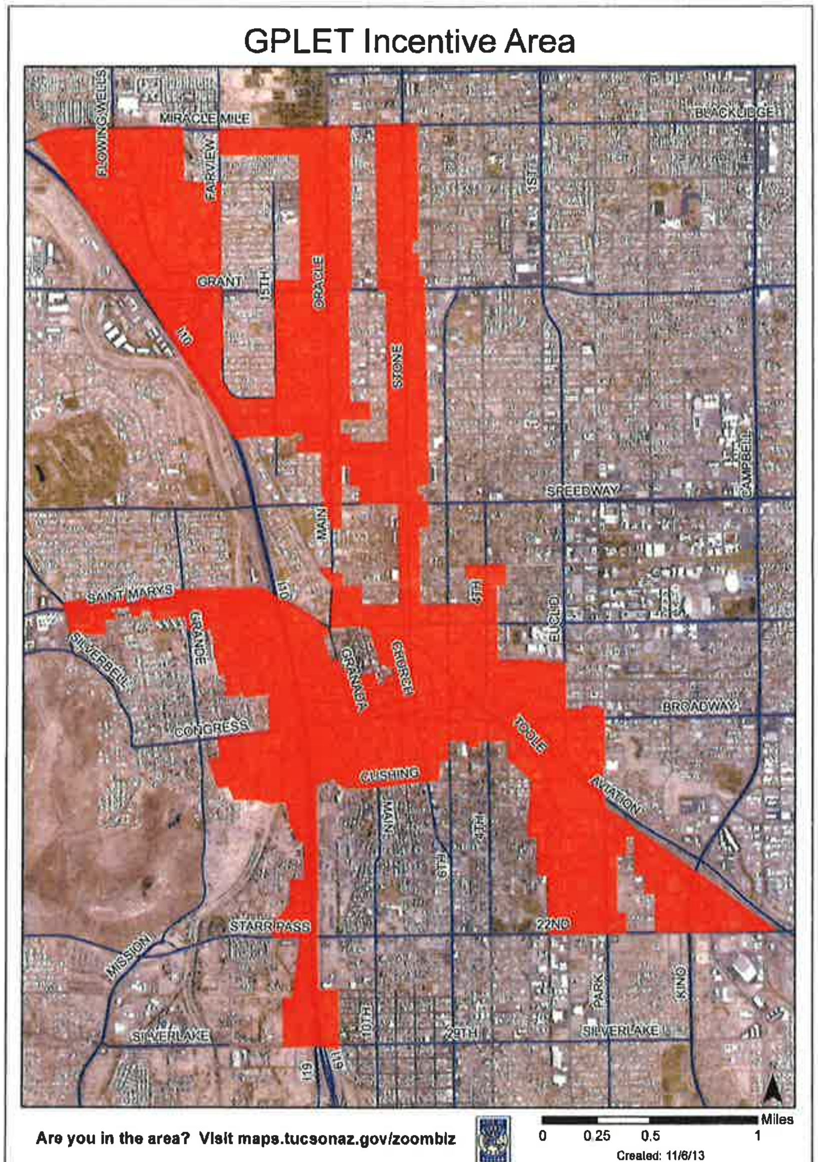
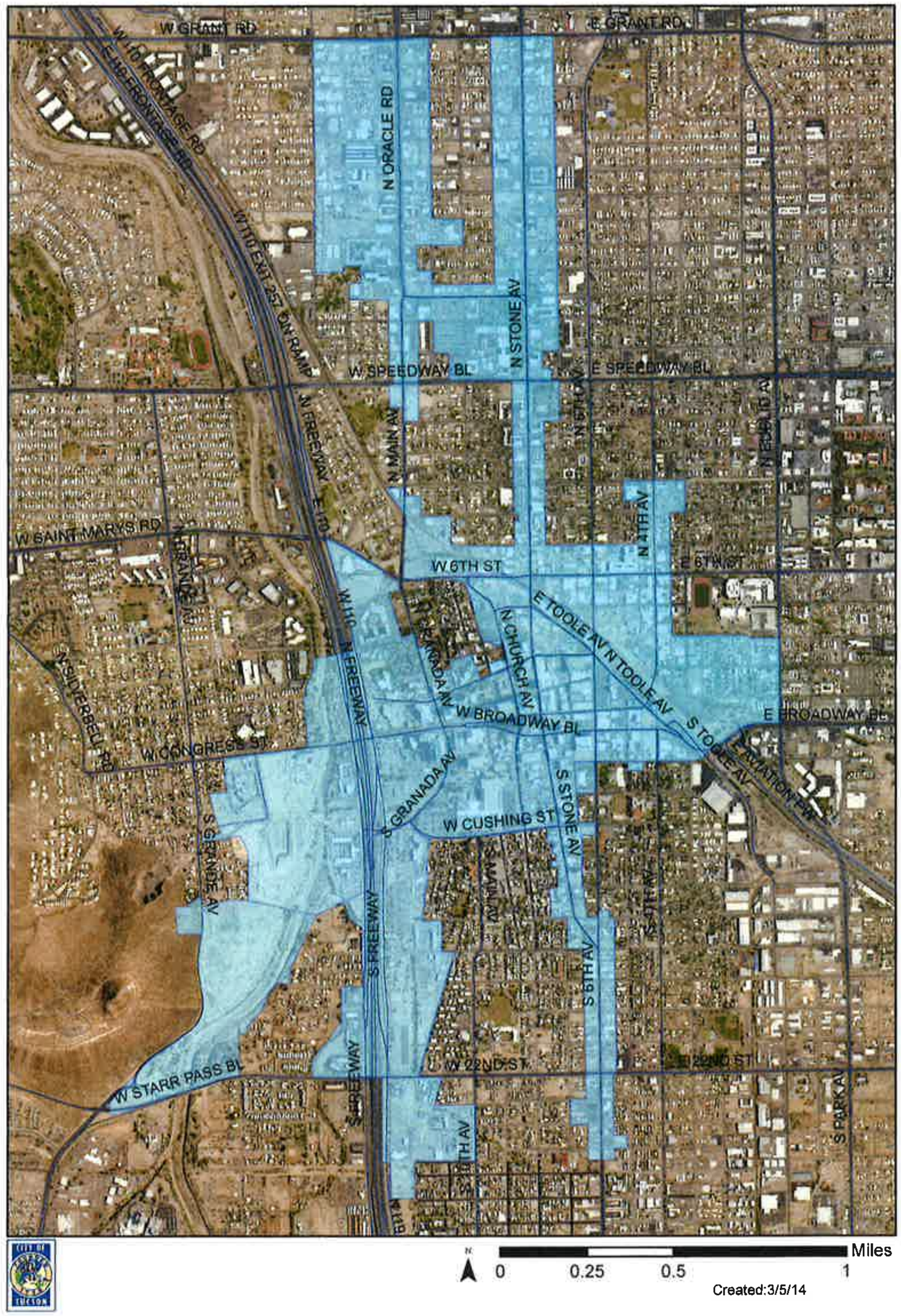


EXHIBIT E - INCENTIVE DISTRICT MAPS



Infill Incentive District



Infill Incentive District - Downtown Core

EXHIBIT F - ESTIMATED USABLE LAND AREA

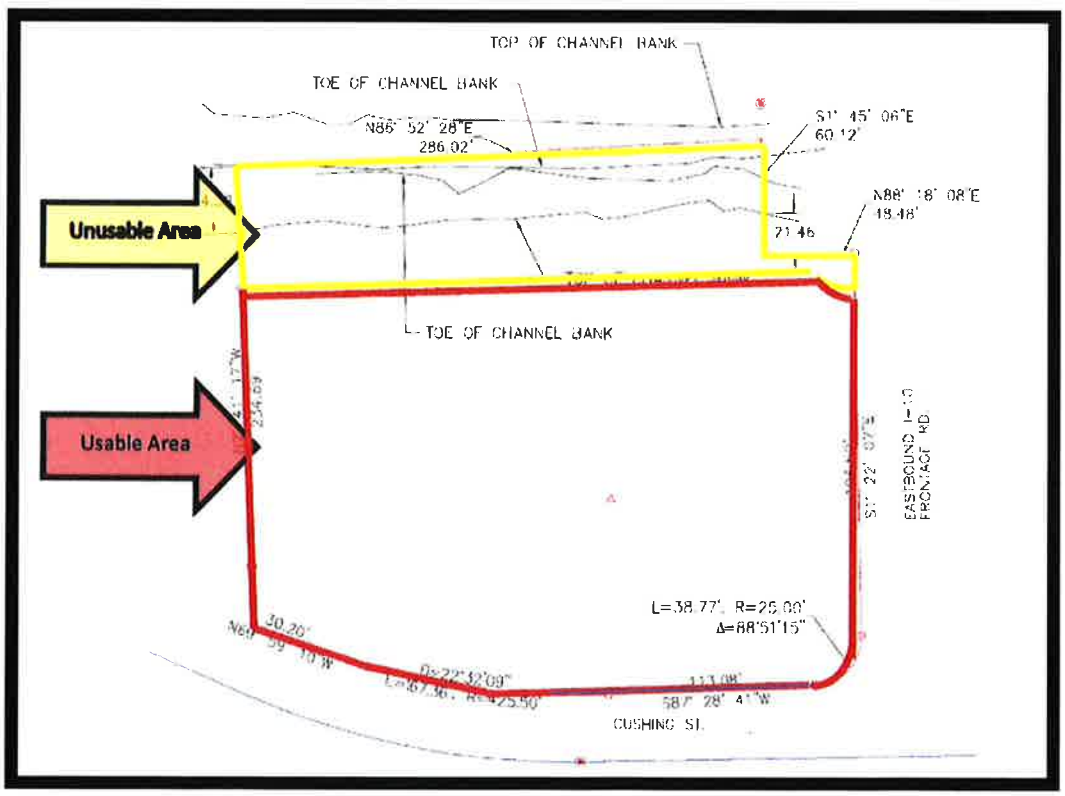


EXHIBIT G - SUBJECT PHOTOGRAPHS

PHOTO 1 - VIEW FROM I-10 FRONTAGE ROAD AND CUSHING STREET

PHOTO 2 - VIEW OF PROPERTY FROM FRONTAGE ROAD

PHOTO 3 - VIEW FROM CUSHING STREET

PHOTO 4 - VIEW OF WASH ON NORTH PORTION OF PROPERTY

PHOTO 5 - VIEW OF WALKING PATH ON NORTH PORTION OF PROPERTY

PHOTO 6 - VIEW SOUTHWEST ACROSS PROPERTY

PHOTO 7 - VIEW NORTHEAST FROM SOUTHWEST CORNER

PHOTO 8 - VIEW SOUTHEAST FROM NORTHWEST CORNER OF PROPERTY

PHOTO 9 - VIEW EAST ALONG PATH AT NORTH PORTION OF PROPERTY

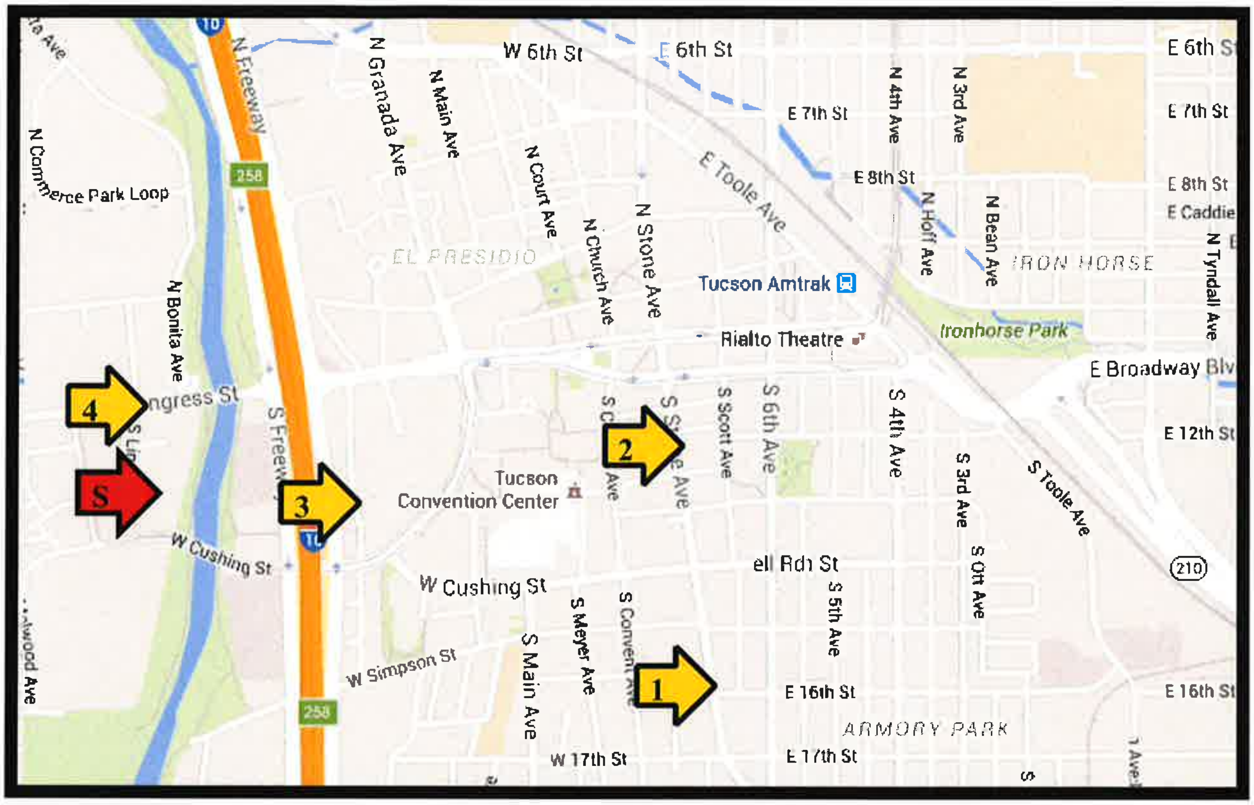
PHOTO 10 - VIEW WEST ALONG CUSHING STREET

PHOTO 11 - VIEW EAST ALONG CUSHING STREET

PHOTO 12 - VIEW SOUTH ALONG FRONTAGE ROAD

PHOTO 13 - VIEW NORTH ALONG FRONTAGE ROAD

EXHIBIT H - COMPARABLE LAND SALES LOCATION MAP



Subject:	**Northwest corner of Cushing Street and the southbound I-10 Frontage Road**
Sale 1:	Northeast corner of Stone Avenue and Sixteenth Street
Sale 2:	East side of Stone Avenue between McCormick Street and Ochoa Street
Sale 3:	Southeast corner of Congress Street and I-10 Frontage Road
Sale 4:	Southwest corner of Congress Street and Avenida Del Convento

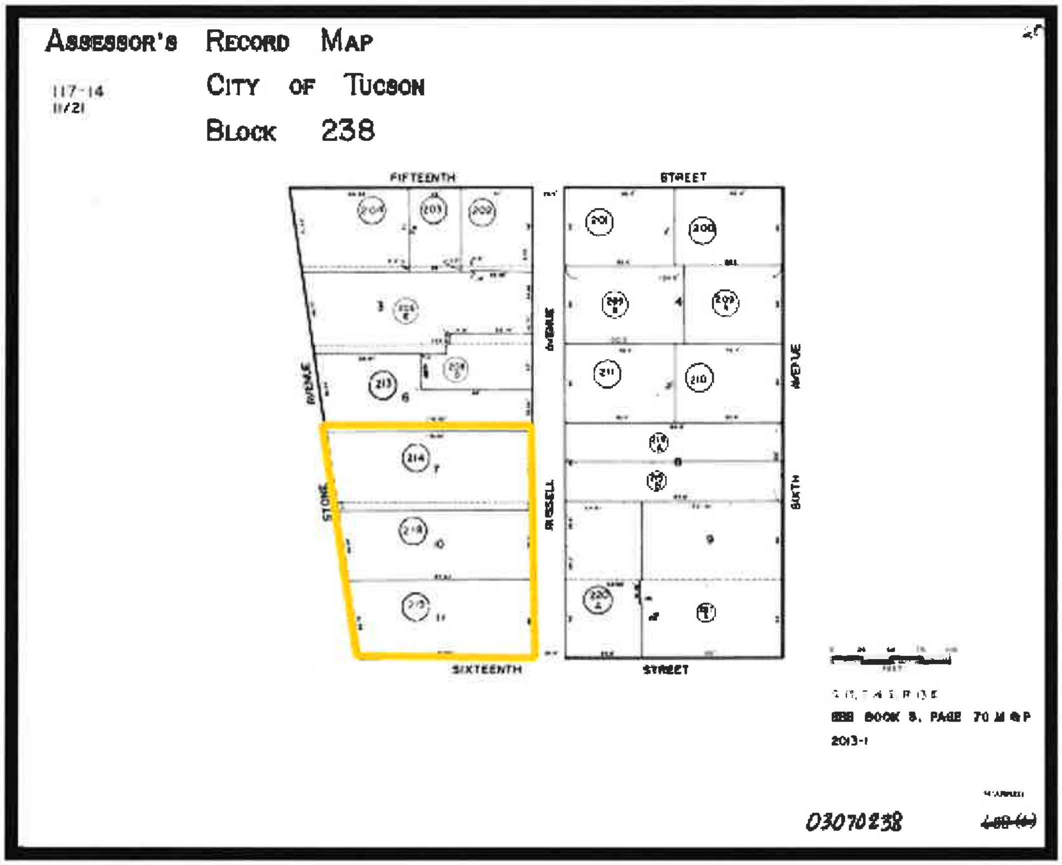
EXHIBIT I - COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE) ID: C-3 0085 6911

LOCATION:	Northeast corner of Stone Avenue and Sixteenth Street
LEGAL DESCRIPTION:	Tucson portion of lots 7, 10, and 11, Block 238
STATE TAX PARCEL:	117-14-2180, 2140, 2190
RECORD DATA:	Fee/Recording Number: 2014-0590817
DATES OF SALE:	February 28, 2014
SELLER:	Stone Avenue Apartments, LLC
BUYER:	Urban Oasis, LLC
CONFIRMED BY:	Phil Lipman, buyer, (520-609-6093) TAB; August, 2014
LAND DESCRIPTION:	This site is an somewhat rectangular shaped property with approximately 195 feet frontage on Stone Avenue along the western border, 147.84 feet of frontage on Sixteenth Street along the southern border, 191.95 feet of frontage on Russell Avenue along the eastern border, and a depth of 178.08 on the northern border. Stone Avenue is a two-lane, asphalt-paved roadway with, center turn lane, concrete curbs, sidewalks, and streetlights in the vicinity of this property. Stone Avenue has a 2012 traffic count of 9,000 vehicles per day in the area of this property. Sixteenth Street is a two-lane, asphalt-paved roadway with concrete curbs, sidewalks, but no streetlights in the vicinity of this property. There is no traffic count for Sixteenth Street in the area of this property. Russell Avenue is essentially a two-lane, asphalt-paved alley with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. There is no traffic count for Russell Avenue in the area of this property. The topography is mostly level. All utilities are available to the property. Direct access to the site is from Russell Avenue and Stone Avenue. According to FEMA Flood Insurance Rate Maps 04019C2278L, dated June 16, 2011, the land is identified as being outside the floodplain.

LAND SIZE:	30,775 square feet
ZONING:	C-3 (City of Tucson)
REPORTED SALE PRICE:	$550,000
PRICE PER SQ. FT.:	$17.87
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash transaction to the seller,
PRIOR SALE:	Records of the Pima County Assessor indicate that no prior transactions have occurred within 3 years of the date of sale.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Potential development of 3-story, 30 unit apartment complex.
COMMENTS:	The northern portion of the site included an 11 unit apartment complex built in 1947. The property was purchased for land value only. No value was given for improvements located on the site. The buyer received permit for a total demo of the existing improvements on the site (approximately 4,400 square feet)

COMPARABLE LAND SALE ONE - PLAT MAP AND AERIAL PHOTO



LAND COMPARABLE NUMBER TWO (SALE) ID: C-3 0092 7224A

LOCATION:	East side of Stone Avenue between McCormick and Street and Ochoa Street
LEGAL DESCRIPTION:	Portions of Lot 2,3,8, and 9, Block 225, Tucson, Pima County, Arizona
STATE TAX PARCEL:	117-13-1610 through 1670, and 117-13-1760 through 1790 (now 117-13-177A)
RECORD DATA:	2015-0640386, 2015-1000306, and 2015-2670560
DATES OF SALE:	March 5, 2015, April 10, 2015, and September 24, 2015
SELLER:	De La Warr Investment Corporation and 236 South Scott, LLC
BUYER:	Stone Avenue North, LLC and Stone Avenue Homes, LLC (Holualoa Companies)
CONFIRMED BY:	Ann Lawrence, buyer's representative, (520-615-1094) DFO; July 2015 Ron Schwabe, buyer's broker, (520-798-3331) TAB; March, 2016
LAND DESCRIPTION:	The site contains two mostly rectangular land areas, separated in the middle by Corral Street.

The land area located north of Corral Street is a rectangular shaped property with approximately 275 feet of frontage on Stone Avenue along the western border, approximately 140 feet of frontage on Ochoa Street along the northern border, and approximately 140 feet of frontage on Corral Street along the southern border. The land area north of Corral Street has a has a size of 35,672 square feet, per the Pima County Assessor. The site has direct access from Stone Avenue, Ochoa Street, and Corral Street. The intersections of Stone Avenue and Ochoa and Corral are not traffic light controlled intersections. Stone

Avenue is a two-lane asphalt paved roadway with center turn lane, concrete curbs, sidewalks, and streetlights in the area of the property. Stone Avenue has a 2012 traffic count of 9,000 vehicles per day near this site. Ochoa Street and Corral Street are two-lane asphalt paved roadways with concrete curbs and sidewalks, but no streetlights in the area of the property. There are no traffic counts available for Ochoa Street or Corral Street in the area if the property.

The land area located south of Corral Street is a mostly rectangular shaped property with approximately 225 feet of frontage on Stone Avenue along the western border, approximately 110 feet of frontage on Corral Street along the northern border, and approximately 125 feet of frontage on McCormick Street along the southern border. The land area south of Corral Street has a size of 27,152 square feet, per survey. The site has direct access from Stone Avenue, Corral Street, and McCormick Street. The intersections of Stone Avenue and Ochoa and McCormick are not traffic light controlled intersections. Stone Avenue is a two-lane asphalt paved roadway with center turn lane, concrete curbs, sidewalks, and streetlights in the area of the property. Stone Avenue has a 2012 traffic count of 9,000 vehicles per day near this site. Corral Street and McCormick Street are two-lane asphalt paved roadways with concrete curbs and sidewalks, but no streetlights in the area of the property. There are no traffic counts available for Corral Street or McCormick Street in the area if the property.

All public utilities are available to the property line.

According to FEMA Flood Insurance Rate Maps 04019C2276L, dated June 16, 2011, the property is not located within a floodplain.

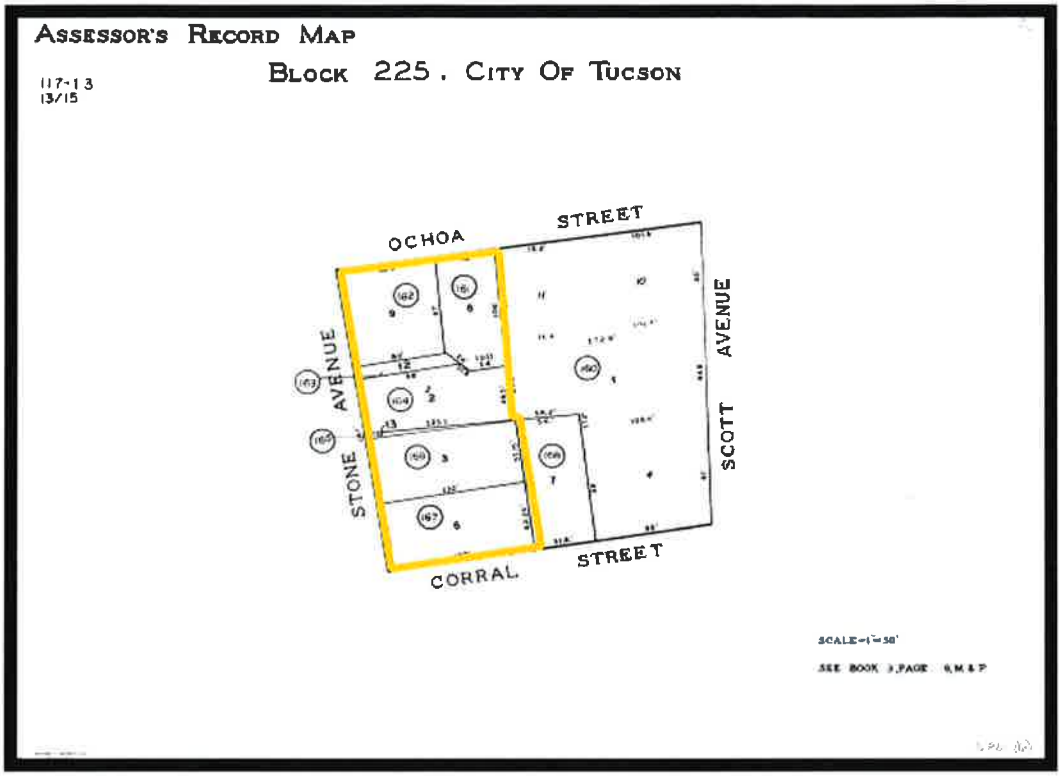
LAND SIZE: 62,824 square feet - per Pima County Assessor

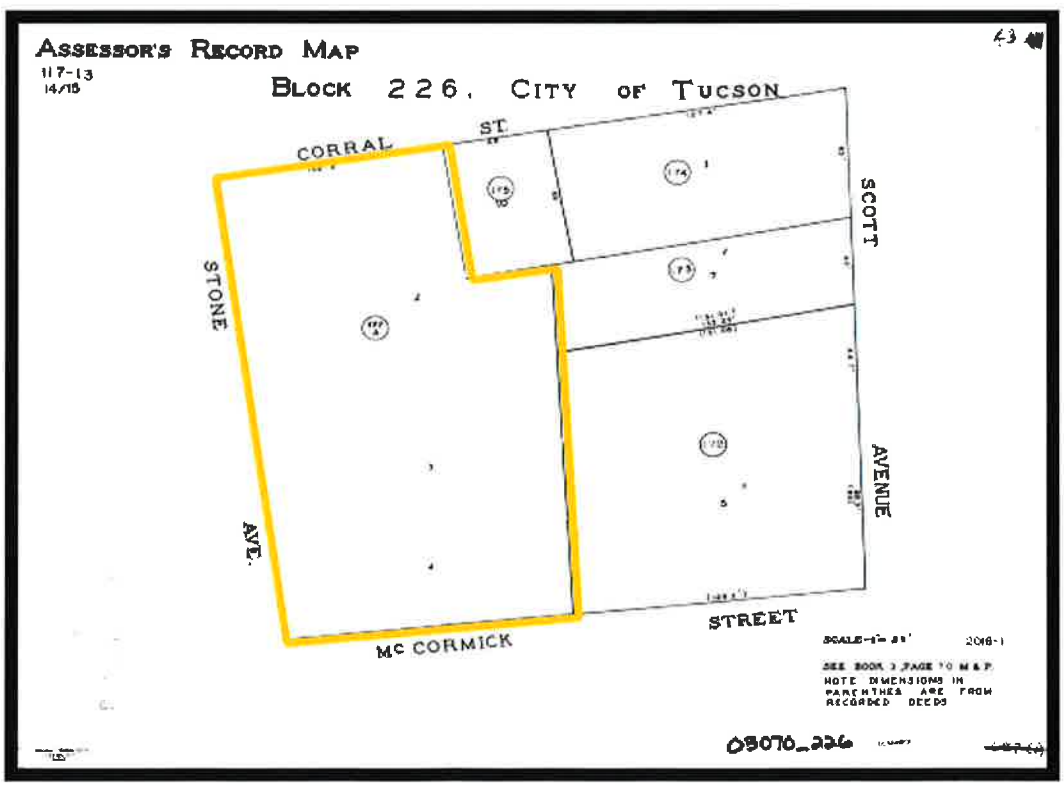
ZONING: C-3 (City of Tucson)

REPORTED SALE PRICE: $3,169,650

PRICE PER SQ. FT.:	$50.45
MARKETING TIME:	N/A
TERMS OF SALE:	This is reported to be an all cash to the seller transaction.
PRIOR SALE:	Pima county records indicate no prior sales of the subject property within three years of the date of sale.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a multi-family uses on both the northern and southern portions of the property. The southern portion of the site is planned multi-family consisting of 25 three-story town homes. The northern portion of the site is currently in the planning phase with the potential for a mid-rise multifamily tower to be developed on the site.
COMMENTS:	These transactions were an assemblage by the buyer from two different sellers with a planned phased in closing process.

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTO





E OCHOA ST
W OCHOA ST
E 12TH ST
S STONE AV
S SCOTT AV
S 6TH AV
E CORRAL ST
E 13TH ST
E MCCORMICK ST
W MCCORMICK ST
0430
0440
1620
1610
1630
1640
1650
1660
1670
1680
1600
1590
157A
1560
0580
1750
1740
1730
1720
177A
1830
024A
182A
0750
0740
0760
072A
073B
077A
0330
0320
0340
0360

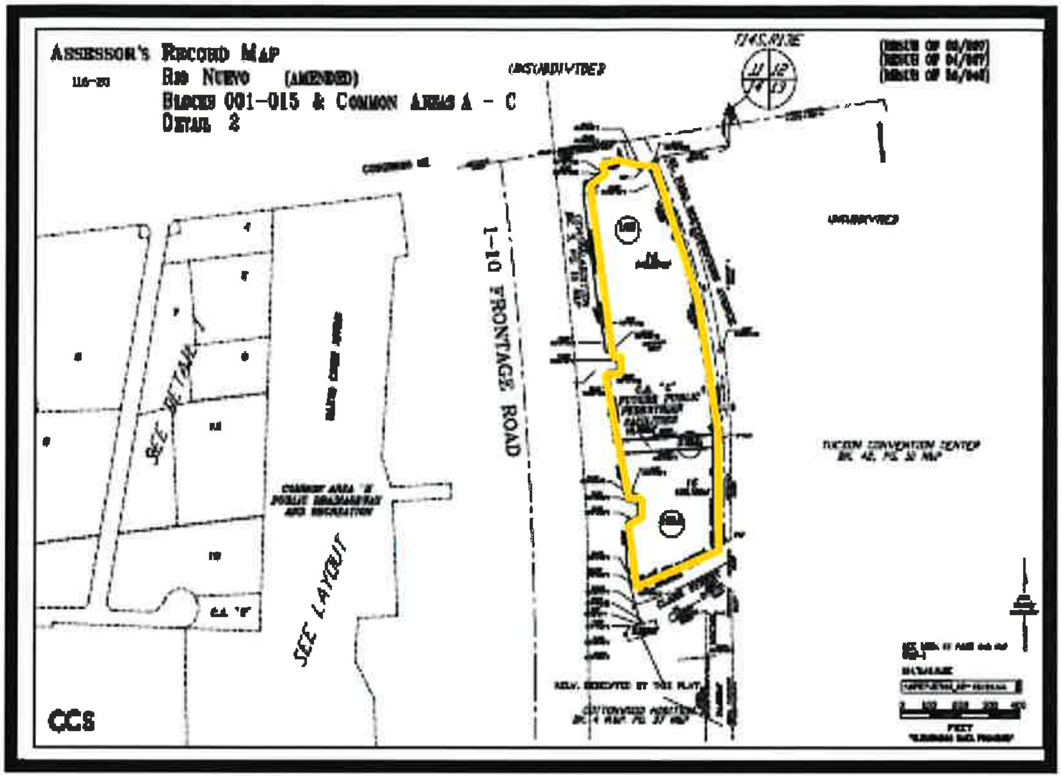
LAND COMPARABLE NUMBER THREE (SALE) ID: OCR-2 0024 7020

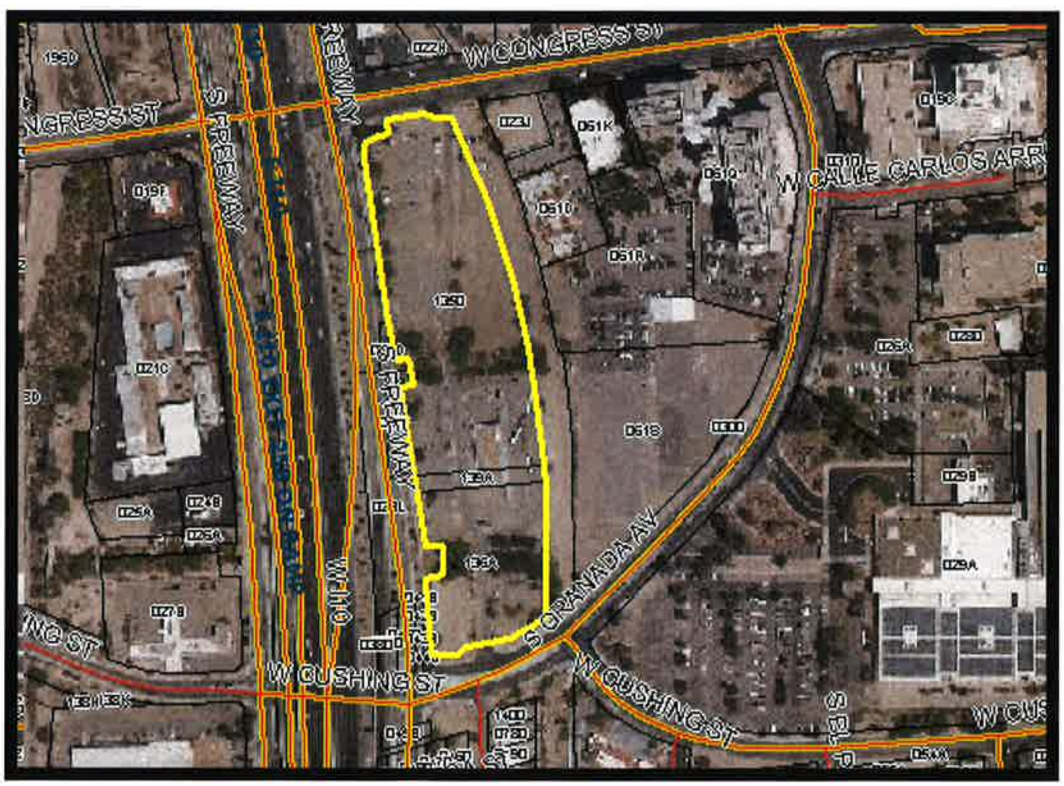
LOCATION:	Southeast corner of Congress Street and I-10 Frontage Road.
LEGAL DESCRIPTION:	All of Block 14 and a portion of Block 15 and Common Area C, Rio Nuevo.
STATE TAX PARCEL:	116-20-1350, 116-20-136A, 116-20-139A
RECORD DATA:	2015-2740550
DATE OF SALE:	October 15, 2015
SELLER:	Rio Nuevo Multipurpose Facilities District
BUYER:	Nor-Development, LLC
CONFIRMED BY:	Mark Irvin, Seller Representative (520-623-7336) DFO; May, 2015

LAND DESCRIPTION: This site is a mostly rectangular shaped property with approximately 1,200 feet of frontage on the northbound I-10 frontage road on the western border of the property, approximately 320 feet of frontage along Cushing Street on the southern border, and approximately 230 feet of frontage along Congress Street along the northern border. The I-10 Frontage Road is a one-way, four-lane, asphalt-paved roadway with concrete curbs, streetlights, and no sidewalks in the vicinity of this property. I-10 has a 2012 traffic count of 182,000 vehicles per day near this site. Cushing Street is a four-lane, asphalt paved roadway, with a raised center median, concrete curbs, streetlights, sidewalks and trolley tracks in the vicinity. Cushing Street has a 2012 traffic count of 5,000 vehicles per day in the vicinity. Congress Street is a six-lane, asphalt paved roadway with concrete curbs, streetlights and sidewalks in the vicinity. Congress Street has a 2010 traffic count of 43,000 vehicles per day in the vicinity. Direct access to the property is from the I-10 frontage road (right-in/right-out only), Congress Street, and

	Cushing Street. The topography is mostly level. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C2276L, dated June 16, 2011, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.
LAND SIZE:	366,685 square feet or 8.42 acres
ZONING:	OCR-2
REPORTED SALE PRICE:	$5,567,500
PRICE PER SQ. FT.:	$15.18
MARKETING TIME:	N/A
TERMS OF SALE:	This is proposed to be an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of multi-use development including hotel, multi-family development, retail uses, and event space for the Gem and Mineral Show.
COMMENTS:	The property will be developed in several phases. There currently is a Greyhound Bus Station located on the property, which will be relocated.

COMPARABLE LAND SALE THREE - PLAT MAP AND AERIAL PHOTO





LAND COMPARABLE NUMBER FOUR (ESCROW) ID: C-3 0093 7224A

LOCATION:	Southeast corner of Congress Street and Avenida Del Convento
LEGAL DESCRIPTION:	Portion of Block 1, Mission District, City of Tucson, Pima County, Arizona
STATE TAX PARCEL:	116-20-6330 (Portion)
RECORD DATA:	In Escrow
DATE OF ESCROW:	March, 2016
SELLER:	Mission District Partners, LLC
BUYER:	Gorman and Company, Inc
CONFIRMED BY:	Zach Johnson, buyer's rep, (602-338-9444) TAB; March 2016 and November 2016
LAND DESCRIPTION:	This is a mostly rectangular shaped property with frontage on Congress Street along the northern border and frontage on Avenida Del Convento along the western border. The property contains 41,818 square feet, per the buyer's representative. The site has direct access from Avenida Del Convento Only. While there is frontage along Congress Street, there is no direct access to the property from Congress Street. The intersection of Congress Street and Avenida Del Convento is a traffic light controlled intersection. Congress Street is a three-lane (Two westbound, One eastbound) asphalt paved roadway with streetcar tracks, center turn lane, concrete curbs, sidewalks, and streetlights in the area of the property. Congress Street has a 2014 traffic count of approximately 16,400 vehicles per day near this site. Avenida Del Convento is a two-lane asphalt paved roadway with streetcar tracks, street parking, concrete curbs, sidewalks, but no streetlights in the area of the property. There is no traffic count available for Avenida Del Convento in the area if the property. All public utilities are available to the property.

According to FEMA Flood Insurance Rate Maps 04019C2276L, dated June 16, 2011, with a LOMR issued June 17, 2011, the vast majority of the property is located within FEMA flood hazard area Zone X-shaded, which area areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood. A very small portion of the property, located in the southeast area of the property is located within FEMA special flood hazard area Zone AE, with base flood elevations determined.

LAND SIZE:	41,818 square feet - per buyer's representative
ZONING:	C-3 (City of Tucson)
REPORTED SALE PRICE:	$1,750,000
PRICE PER SQ. FT.:	$41.85
MARKETING TIME:	N/A
TERMS OF SALE:	This property is reported to be an all cash to the seller transaction.
PRIOR SALE:	Pima county records indicate no prior sales of the subject property within three years of the date of sale. There was a transaction dated June 10, 2013, however this was an internal transfer and not a market transaction of the property.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a 70 unit, four-story multifamily development with underground parking.
COMMENTS:	This property is located adjacent to the street car line with a stop located very close to this property. This sale was contingent on the purchaser obtaining low income tax credits. The sale is to close May 2017

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTO

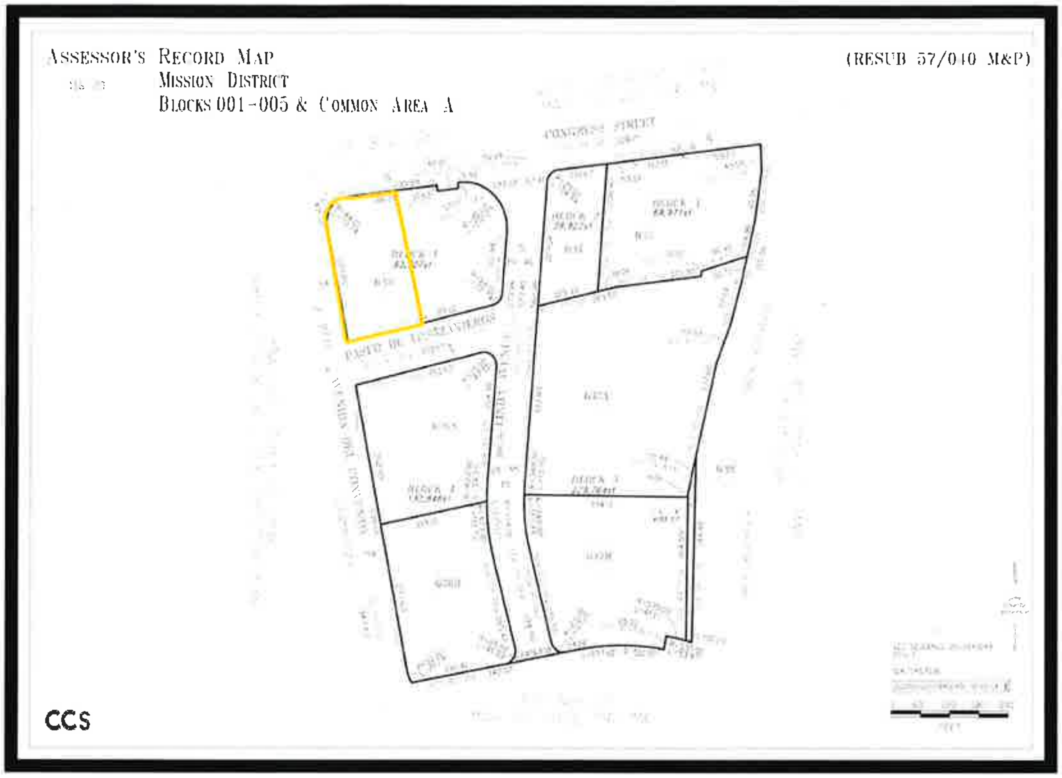


EXHIBIT J - QUALIFICATIONS

BAKER, PETERSON, BAKER & ASSOCIATES, INC. serves a wide variety of clients in Arizona, providing real estate appraisal and consultation services relating both to commercial and to residential properties. These clients include governmental agencies, utility companies, right of way companies, attorneys, CPA's, banks, credit unions, developers, real estate brokers, corporate and legal professionals, and numerous individuals. More than forty years of such services are represented by those presently associated with the firm, founded by Don M. Baker and William D. Peterson in 1974, with Thomas A. Baker becoming an owner in 1984.

WILLIAM D. PETERSON, MAI, is a principal of the Company, and specializes in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 30216). He is a graduate of the University of Arizona in Business and Public Administration. He holds the MAI Designation of the Appraisal Institute. He is a licensed real estate broker in the State of Arizona and a Graduate of the Realtor Institute (GRI). He qualifies as an expert witness in the Superior Court of Pima and Cochise Counties. He is a past President of the Arizona Chapter of the American Institute of Real Estate Appraisers, and of the Tucson Chapter of the Society of Real Estate Appraisers.

THOMAS A. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 30139). He is a graduate of the University of Arizona, with a Master's Degree in Business Administration (MBA) with a specialty in Real Estate Finance. He holds the MAI and SRA Designations of the Appraisal Institute. He qualifies as an expert witness in the Superior Court of Pima County, Pinal County and United States Bankruptcy Court, is Past President of the Tucson Chapter of the Society of Real Estate Appraisers, and is Past President of the Southern Arizona Chapter of the Appraisal Institute.

SARA R. BAKER, MAI, SRA, is a staff appraiser in commercial valuation. She specializes in valuation and consultation services related to commercial, income-producing, and residential properties. She is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 31679). She holds the MAI and SRA Designations of the Appraisal Institute. Sara is the 2015 Past President of the Appraisal Institute, Southern Arizona Chapter and serves as the Chair of Continuing Education. She graduated from Washington University in St. Louis with a Bachelor's Degree in Comparative Literature and earned a Master's Degree at the University of California at Los Angeles.

DAN F. ORLOWSKI is a registered appraiser trainee in commercial valuation (Registration Number T0025). He graduated from San Diego State University with a Bachelor's Degree in Business Administration and also received a Master's Degree from the University of Phoenix in Accountancy. Dan has taken the following classes in working towards his Certified General certification: Basic Appraisal Principles; Basic Appraisal Procedures; Real Estate Finance, Statistics and Valuation Modeling; General Appraiser Market Analysis and Highest & Best Use;

General Appraiser Sales Comparison Approach; General Appraiser Site Valuation and Cost Approach; General Appraiser Income Approach Part 1; and General Appraiser Income Approach Part 2.

JAMES MOSLEY is an appraiser trainee in commercial valuation. He graduated from the University of Arizona with a Bachelor of Arts degree.

ROBERT A. PARKER and **ALISHA SMART** are production coordinators and support technicians.