CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

VACANT COMMERCIAL LAND
9020 EAST OLD VAIL ROAD
TUCSON, ARIZONA 85747
CBRE GROUP, INC. FILE NO. CB23US026239-1

PIMA COUNTY REAL PROPERTY SERVICES

CBRE

3719 North Campbell Avenue
Tucson, AZ 85719

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Date of Report: September 8, 2023

Mr. Jeff Teplitsky
Director
PIMA COUNTY REAL PROPERTY SERVICES
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701

RE: Appraisal of: Vacant Commercial Land
9020 East Old Vail Road
Tucson, Pima County, Arizona 85747
CBRE, Inc. File No. CB23US026239-1

Dear Mr. Teplitsky:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is an 11.64-acre tract of commercial zoned (C-2) vacant land that is located at the southeast corner of Old Vail Road and Rita Road, at 9020 East Old Vail Road in in Tucson, Pima County, Arizona. The site is currently vacant desert land.

At the request of the client, we have valued the subject under two scenarios:

- As Is – C-2, Commercial zoning, subject to current ADC-2 guidelines
- As If Restricted – Under the REPI program (an easement that would restrict development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program

Per the client, the REPI Program restrictive easement has not yet been placed on the subject site, therefore, the As If Restricted value scenarios are hypothetical.

The subject site, value scenarios and restrictions, are described further within this report.

This appraisal report was prepared in accordance with the guidelines and regulations of:

- Uniform Standards of Professional Appraisal Practice 2020-2021 (USPAP – Extended from January 1, 2020 through December 31, 2023);
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

- Uniform Appraisal Standards for Federal Land Acquisitions 6th Edition (UASFLA); and
- Additional requirements set forth by the contract and Statement of Work.

Based on the analysis contained in the following report, the value indication in fee simple interest as of the effective date of value of August 24, 2023 (final inspection) is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	August 24, 2023	$2,850,000
As If Restricted	Fee Simple Estate	August 24, 2023	$1,150,000
Compiled by CBRE			

Based on the market value conclusions indicated in the above table, the impact of the placement of the restrictive deed easement that will encumber the subject property under the REPI Program, as requested by the client, is as follows:

CONTRIBUTION VALUE	
Premise	Value
Market Value - As Is (**Unencumbered** by REPI Program Restrictive Easement)	$2,850,000
Market Value - As If Restricted (**Encumbered** by REPI Program Easement)	$1,150,000
Difference - Impact of Restrictive Deed Easement	**$1,700,000**
Compiled by CBRE	

As requested by the client, the diminution in value of the subject site concluded within this appraisal, from the As Is (before) condition to the As If Restricted (after) condition under this voluntary easement, is reflective of reducing the employee density on the subject site from the maximum of 232 employees to a maximum of 60 employees. **This is just an estimate as we are not experts on employee density but have utilized basic market data to arrive at our estimate (see pages 54-59).**

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." [1]

- None noted.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis." [2]

[1] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

[2] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

- At the request of the client, we have valued the subject under the hypothetical (not currently in place) restrictions that the subject is encumbered by the REPI Program which restricts development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program.
- The use of this hypothetical condition may have affected the assignment results.

Jurisdictional Exception

The *Uniform Standards of Professional Appraisal Practice* (USPAP) Standards Rule 1-2(c) Comment states: "When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion." This is contrary to the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) Section 1.2.4, which states: "Appraisers should not *link* opinions of value under these Standards to a specific opinion of exposure time, unlike appraisal assignments for other purposes under USPAP Standards Rule 1-2(c). This REQUIRES a jurisdictional exception to USPAP because, as discussed in Section 4.2.1.2, the federal definition of market value already presumes that the property was exposed on the open market for a *reasonable* length of time, given the character of the property and its market." Because Pima County Real Property Services is the intended user of the appraisal, it is appropriate to apply the USPAP Jurisdictional Exception Rule and disregard USPAP Standards Rule 1-2(c).

Legal Instructions

There were no legal instructions provided to the appraiser.

Concluding Remarks

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

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

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

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

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Byron Bridges, MAI, MRICS
Director
Arizona Certified General Real Estate Appraiser
No. 31173
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Jo Dance, MAI, CCIM
Managing Director
Arizona Certified General Real Estate Appraiser
No. 30249
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Fax: 602.735.5613
Email: jo.dance@cbre.com

Certification

We certify to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any appraisal assignments regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Byron Bridges, MAI, MRICS has and Jo Dance, MAI, CCIM has not made a personal inspection of the property that is the subject of this report on August 24, 2023.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, subject to the requirements of the UASFLA, Section 1.15 (pages 54 and 55).
13. As of the date of this report, Byron Bridges, MAI, MRICS and Jo Dance, MAI, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
14. The appraisal was developed and the appraisal report was prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions.
15. The appraisal was developed and the appraisal report prepared in conformance with the Appraisal Standards Board's Uniform Standards of Professional Appraisal Practice.
16. Byron Bridges, MAI, MRICS has made a physical inspection of the property appraised and the owner of the property (C-2 Area Company, LLC) was given the opportunity to accompany the appraiser on the property inspection. The appraiser was unaccompanied during the inspection.

Certification (Cont.)

It is my opinion that the Market Value of the fee simple interest of 11.64-acre tract of commercial zoned vacant land that is located at the southwest corner of Old Vail Road and Rita Road, at 9020 East Old Vail Road in in Tucson, Pima County, Arizona, as of August 24, 2023, is:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	August 24, 2023	$2,850,000
As If Restricted	Fee Simple Estate	August 24, 2023	$1,150,000
Compiled by CBRE			

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." [3]

- None noted.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis." [4]

- At the request of the client, we have valued the subject under the hypothetical (not currently in place) restrictions that the subject is encumbered by the REPI Program which restricts development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program.
- The use of this hypothetical condition may have affected the assignment results.

Jurisdictional Exception

The *Uniform Standards of Professional Appraisal Practice* (USPAP) Standards Rule 1-2(c) Comment states: "When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion." This is contrary to the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) Section 1.2.4, which states: "Appraisers should not *link* opinions of value under these Standards to a specific opinion of exposure time, unlike appraisal assignments for other purposes under USPAP Standards Rule 1-2(c). This REQUIRES a jurisdictional exception to USPAP because, as discussed in Section 4.2.1.2, the federal definition of market value already presumes that the property was exposed on the open market for a *reasonable* length of time, given the character of the property and its market." Because Pima County Real Property Services is the intended user of the appraisal, it is appropriate to apply the USPAP Jurisdictional Exception Rule and disregard USPAP Standards Rule 1-2(c).

[3] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

[4] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

Legal Instructions

There were no legal instructions provided to the appraiser.

The value conclusion reported above are subject to the Assumptions and Limiting Conditions identified in the attached appraisal report.

Byron Bridges, MAI, MRICS Director Arizona Certified General Real Estate Appraiser No. 31173	Jo Dance, MAI, CCIM Managing Director Arizona Certified General Real Estate Appraiser No. 30249

Subject Photographs

Aerial View

View of Subject Site

View of Subject Site

View of Subject Site

Street Scene – Intersection Rita/Old Vail

Street Scene – Old Vail Road

Street Scene – Rita Road

Executive Summary

Property Name	Vacant Commercial Land	
Location	9020 East Old Vail Road Tucson, Pima County, AZ 85747	
Parcel Number	141-21-025F	
Client	Pima County Real Property Services	
Highest and Best Use		
As Vacant	Commercial, time and circumstances warranting	
Property Rights Appraised	Fee Simple Estate	
Date of Inspection	August 24, 2023	
Estimated Exposure Time	12 Months	
Estimated Marketing Time	12 Months	
Primary Land Area	11.64 AC	507,023 SF
Zoning	C-2, Commercial (Tucson)	
Buyer Profile	Developer	

EXTRAORDINARY ASSUMPTIONS

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- None noted

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis." [6]

- At the request of the client, we have valued the subject under the hypothetical (not currently in place) restrictions that the subject is encumbered by the REPI Program which restricts development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program.
- The use of this hypothetical condition may have affected the assignment results.

Jurisdictional Exception

The *Uniform Standards of Professional Appraisal Practice* (USPAP) Standards Rule 1-2(c) Comment states: "When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion." This is contrary to the *Uniform Appraisal Standards for Federal*

[5] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

[6] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

Land Acquisitions (UASFLA) Section 1.2.4, which states: "Appraisers should not *link* opinions of value under these Standards to a specific opinion of exposure time, unlike appraisal assignments for other purposes under USPAP Standards Rule 1-2(c). This REQUIRES a jurisdictional exception to USPAP because, as discussed in Section 4.2.1.2, the federal definition of market value already presumes that the property was exposed on the open market for a *reasonable* length of time, given the character of the property and its market." Because Pima County Real Property Services is the intended user of the appraisal, it is appropriate to apply the USPAP Jurisdictional Exception Rule and disregard USPAP Standards Rule 1-2(c).

Legal Instructions

There were no legal instructions provided to the appraiser.

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

CURRENT ECONOMIC CONDITIONS

At its July 2023 meeting, the Federal Reserve raised the federal funds rate by 25 basis points to a 22-year-high range of 5.25% to 5.50% and indicated that future changes in monetary policy will depend on incoming data, taking into consideration the lagged impact of tightening monetary policy on the economy. The Fed also noted that it will continue to reduce the size of its balance sheet by $95 billion per month.

Inflation is slowing as the pandemic's impact wears off. The economy has been remarkably resilient in the face of rapid rate hikes and inflation is unlikely to fall to 2.0% with a continued tight labor market and an unemployment rate of only 3.6%. For this reason, another rate hike cannot be ruled out, but we believe that the current rate of 5.25% to 5.50% will be enough to sufficiently weaken the labor market.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

OWNERSHIP AND PROPERTY HISTORY

Use History

The subject consists of vacant desert land and has no historical use history.

Sales History

Title to the property is currently vested in the name of C-2 Area Company, LLC. According to the Pima County Recorder's records, C-2 Area Company, LLC acquired title to the property in August 2017 via Special Warranty Deed 20172400647. C-2 Area Company, LLC acquired title from One Last Deal, LLC. C-2 Area Company, LLC and One Last Deal, LLC, are related companies.

To the best of our knowledge, other than the above transaction, there have been no ownership transfers of any interest in the subject property during the previous ten years. To the best of your knowledge the subject is currently listed for sale via only a for sale by owner sign on the property. No price is available.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- exposure/marketing time information from the CBRE, Inc. National Investor Survey and the PwC Real Estate Investor Survey; and
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA				
	Exposure/Mktg. (Months)			
Investment Type	Range			Average
Comparable Sales Data	3.0	-	18.0	12.0
PwC Strip Shopping Center National Data	2.0	-	12.0	6.7
Local Market Professionals	6.0	-	18.0	12.0
CBRE Exposure Time Estimate	**12 Months**			
CBRE Marketing Period Estimate	**12 Months**			

Source: CBRE National Investor Survey, RealtyRates.com Survey & PwC Real Estate Survey

Table of Contents

Description of Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

EFFECTIVE DATE OF VALUE

The effective date of value is August 24, 2023.

PROPERTY CHARACTERISTICS

The subject is an 11.64-acre tract of commercial zoned (C-2) vacant land that is located at the southwest corner of Old Vail Road and Rita Road, at 9020 East Old Vail Road in in Tucson, Pima County, Arizona. The site is currently vacant desert land.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." [7]

- None noted

HYPOTHETICAL CONDITIONS

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- At the request of the client, we have valued the subject under the hypothetical (not currently in place) restrictions that the subject is encumbered by the REPI Program which restricts development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program.
- The use of this hypothetical condition may have affected the assignment results.

Jurisdictional Exception

The *Uniform Standards of Professional Appraisal Practice* (USPAP) Standards Rule 1-2(c) Comment states: "When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion." This is contrary to the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) Section 1.2.4, which states: "Appraisers should not *link* opinions of value under these Standards to a specific opinion of exposure time, unlike appraisal assignments

[7] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

[8] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

for other purposes under USPAP Standards Rule 1-2(c). This REQUIRES a jurisdictional exception to USPAP because, as discussed in Section 4.2.1.2, the federal definition of market value already presumes that the property was exposed on the open market for a *reasonable* length of time, given the character of the property and its market." Because Pima County Real Property Services is the intended user of the appraisal, it is appropriate to apply the USPAP Jurisdictional Exception Rule and disregard USPAP Standards Rule 1-2(c).

Legal Instructions

There were no legal instructions provided to the appraiser.

INTENDED USE OF REPORT

The intended use of this appraisal is to assist the client as a basis for compensation to the property owner based on the impact of the placement of the restrictive deed easement that will encumber the subject property under the REPI Program for the property rights acquired or conveyed. [9] **The appraisal report is not intended for any other use**.

CLIENT

The client is Pima County Real Property Services.

INTENDED USER OF REPORT

This appraisal is to be used by Pima County Real Property Services. No other user(s) may rely on our report unless as specifically indicated in this report.

> Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report. [10]

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property under the following two scenarios:

- As Is – C-2, Commercial zoning, subject to current ADC-2 guidelines

[9] *Uniform Appraisal Standards for Federal Land Acquisitions 6th Edition, Section 1.2.3 at page 10.*

[10] Appraisal Institute, The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

- As If Restricted – Under the REPI program (an easement that would restrict development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program

The subject value scenarios and restrictions are described within this report.

LEGAL DESCRIPTION

LEGAL DESCRIPTION
JOB NO.17147

August 4, 2017

Parcel A

A portion of the north one-half of Section 27, Township 15 South, Range 15 East, Gila and Salt River Meridian, Pima County, Arizona described as follows:

Commencing at the intersection of the northeasterly right of way line of the Southern Pacific Railroad as shown on Bureau of Land Management railroad right of way map "Phoenix 015584" and the southeasterly right of way line of Rita Ranch Road as recorded in Book 18 of Road Maps at page 22 and in Book 40 of Maps and Plats at page 45 which is monumented by a found one-half inch rebar with a tag "RLS 35111" added ;

Thence North 27°24'55" East a distance of 288.64 feet, upon the easterly right of way of Rita Road, to a point of curvature concave to the northwest monumented by a found one-half inch rebar with a tag added "RLS 35111";

Thence upon said easterly right of way of Rita Road upon a curve to the left having a radius 2250.20 feet through a central angle of 01°02'37" an arc length of 40.98 feet to the **POINT OF BEGINNING** which is momumented by a set one-half inch rebar "RLS 35111";

Thence continue upon said easterly right of way, upon said 2250.20 foot radius curve to the left through a central angle of 12°47'36" an arc length of 502.44 feet to point of reverse curvature monumented by a set one-half inch rebar "RLS 35111";

Thence upon said reverse curve to the right with a radius of 25.00 feet through a central angle of 89°02'16" an arc length 38.85 feet to a point of tangency on the southerly right of way of Old Vail Road, which is monumented by a set one-half inch rebar "RLS 35111";

Thence South 77°22'21" East, upon said southerly right of way, a distance of 376.27 feet to a point of curve concave to the southwest which is monumented by a one-half inch rebar "RLS 10046";

Thence upon said southerly right of way upon said curve to the right having a radius of 1055.00 feet through a central angle of 22°54'52" an arc length of 421.93 feet to a point of tangency monumented by a one-half inch rebar "RLS 10046";

Thence South 54°27'29" East, upon said southerly right of way, a distance of 80.89 feet to a set one-half inch rebar "RLS 35111";

Thence South 35°59'27" West a distance of 689.89 feet to a set one-half inch rebar "RLS 35111";

Thence North 58°53'53" West a distance of 713.87 feet to the **POINT OF BEGINNING.**

Said parcel contains 507022.8 square feet or 11.64 acres as described.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35111
GREGORY W
BAUER
Date Signed 8-4-17
ARIZONA, U.S.A.
Expires 06/30/18

The area described contains 11.64 acres aggregate.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [11]

PROPERTY INTEREST TO BE APPRAISED

Fee Simple Estate subject to reservations of record including the exceptions indicated in the preliminary title report; the reservations of the owner; and any outstanding rights.

> *Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. [12]

OUTSTANDING RIGHTS

Reservations

None identified.

Personal Property

None identified.

Improvements

None identified.

Property Access

Per the client, there is legal access to the site from Old Vail Road, as well as Rita Road. Physical access is not available currently only because a curb cut has not been installed.

Water Rights

No water rights are associated with subject.

Mineral Rights

The mineral estate is reserved to the United States and excluded from the valuation.

Timber

None identified.

Legal Instructions

There were no legal instructions provided to the appraiser.

EXTENT TO WHICH THE PROPERTY IS IDENTIFIED

The property is identified through the following sources:

- assessor's records

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[11] Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

[12] Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

- legal description

Extent to Which the Property is Inspected

The extent of the inspection included a physical inspection of the subject site and surrounding area on the effective date of value.

The property owner named in the Statement of Work were afforded the opportunity to participate in the inspection. The appraiser was unaccompanied during the inspection.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	*Source(s):*
Site Data	
Size	Pima County Assessor and client
Other	
Statement of Work	Client provided
Title Report	Not provided
Economic Data	ESRI
Plat Map	Pima County Assessor
Flood Map	FEMA
Physical Access Description	Observation during physical inspection
Legal Access Description	Pima County
Topography Maps	PimaMaps
Zoning Maps	City of Tucson
Tax Information	Pima County
Mineral Potential;	Reserved by USA (excluded from appraisal)
Property Photographs	CBRE, Inc. - Byron Bridges
Other Sources	PimaMaps
Data Not Provided	
Soils Report	Not provided
Environmental Site Assessment Report	Not provided
Compiled by CBRE	

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

> The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.
>
> The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.
>
> The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

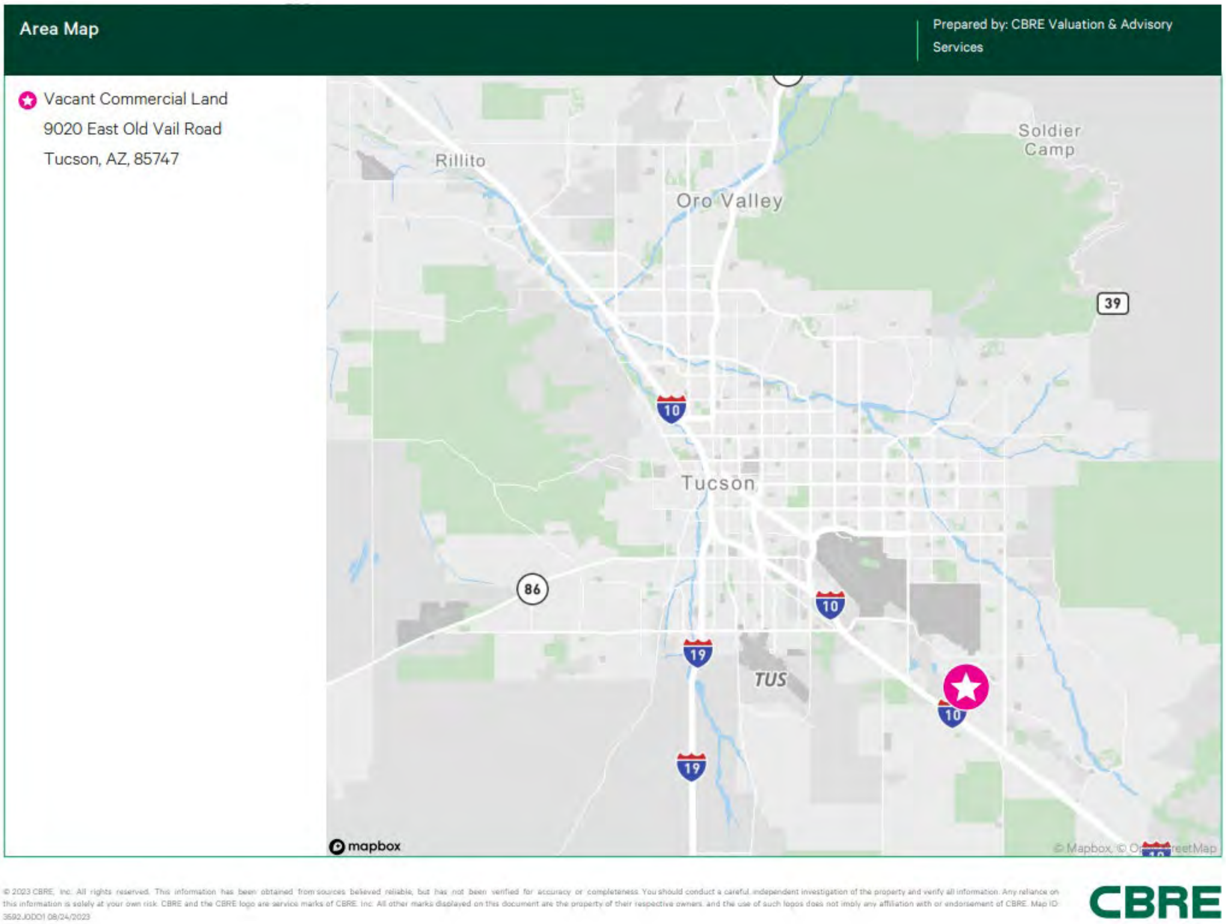
The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

In the valuation of the subject property, the Sales Comparison Approach is considered to be the only pertinent valuation approach, as the subject involves vacant land.

Market Data Search Parameters

Geographical Area Searched:	Pima County and Arizona
Time Span Searched:	January 1, 2022 thru August 30, 2024
Type of Data Searched:	Commercial and Industrial Land
Extent of Data Confirmation:	Attempts were made to contact buyer and seller, as well as other parties knowledgeable of the sale. We have also confirmed transaction closings with the respective County in which each land parcel resides.

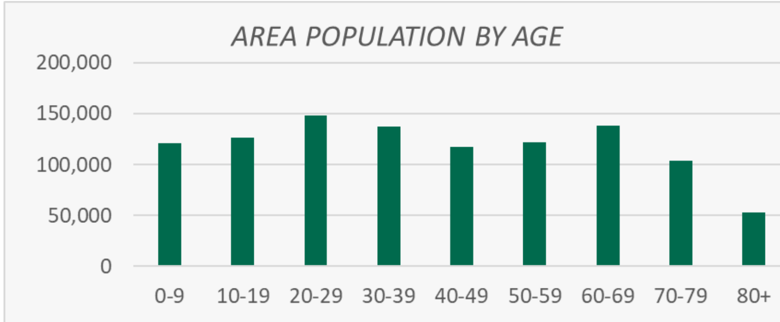
Area Analysis



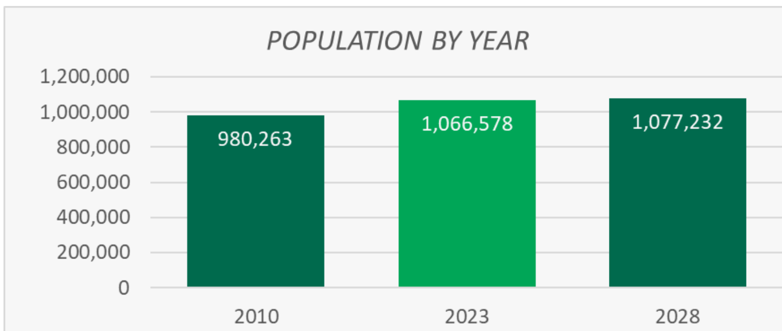
The subject property is located within the Tucson MSA, which is part of Pima County. Pima County is the second largest county by population in Arizona, and is located in the south-central portion of the state. Pertinent information pertaining to the Tucson MSA is provided below and on the following pages.

POPULATION

According to ESRI, the Tucson MSA (Pima County) has a 2023 estimated population of approximately 1.066 million and a median age of 40, with the largest population group in the 20-29 age range and the smallest population group in the 80 and over age range, as indicated in the following bar graph.

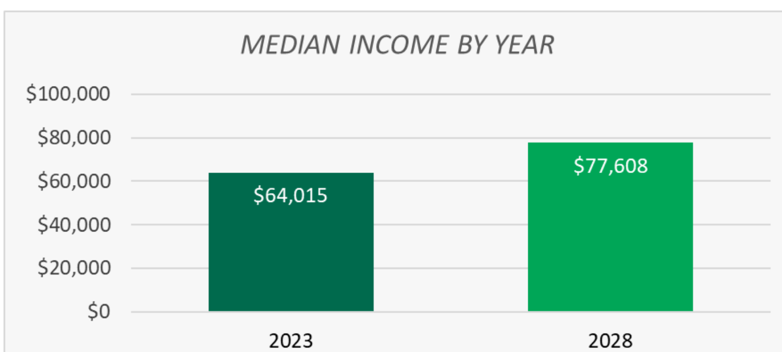


ESRI reports that Tucson's population has increased by 86,315 since 2010, reflecting an annual increase of 0.7% during that timeframe. As shown below, Tucson's overall population is projected to increase by 10,654 between 2023 and 2028, reflecting a 0.2% annual population growth.



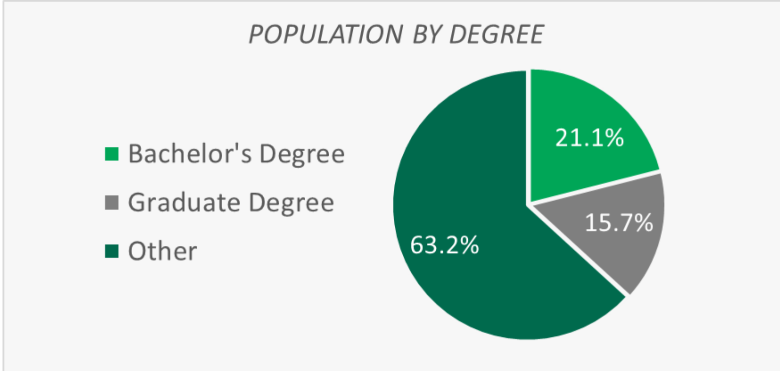
INCOME

According to ESRI, the Tucson MSA features a 2023 average household income of $92,825 and a median household income of $64,015. Over the next five years, median household income is expected to increase by 21.2%, or $2,719 per annum.



EDUCATION

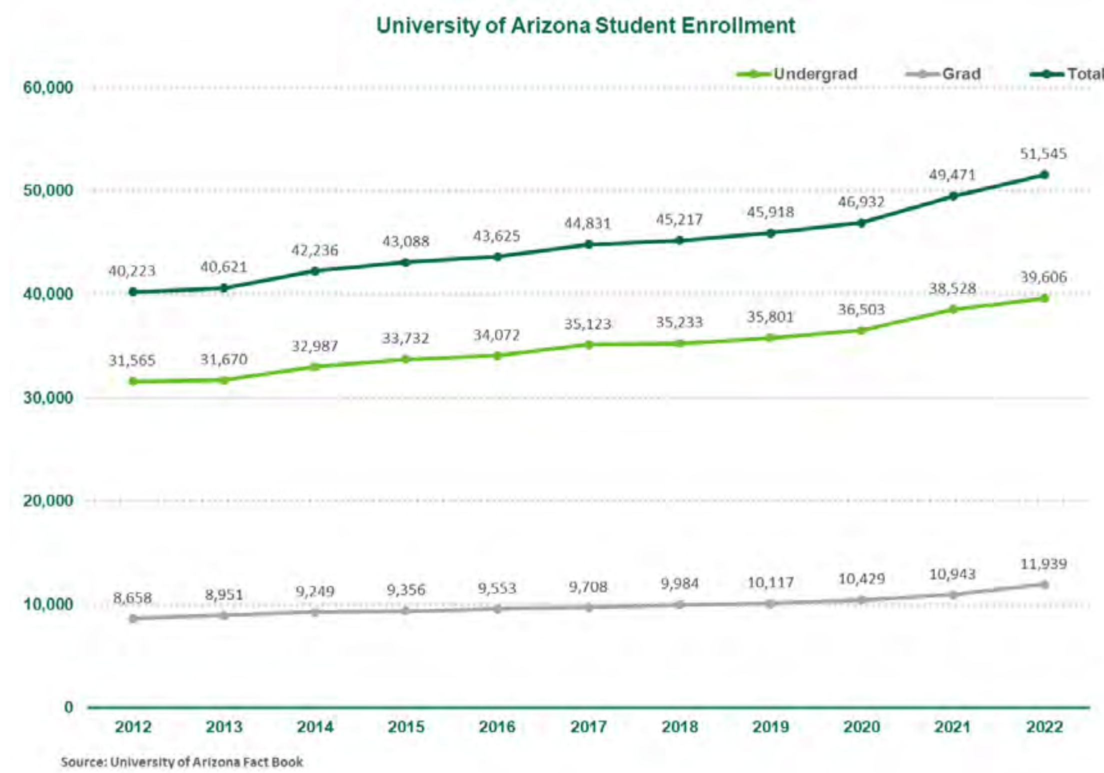
ESRI reports that a total of 36.8% of individuals over the age of 24 have a college degree, with 21.1% holding a bachelor's degree and 15.7% holding a graduate degree.



The University of Arizona

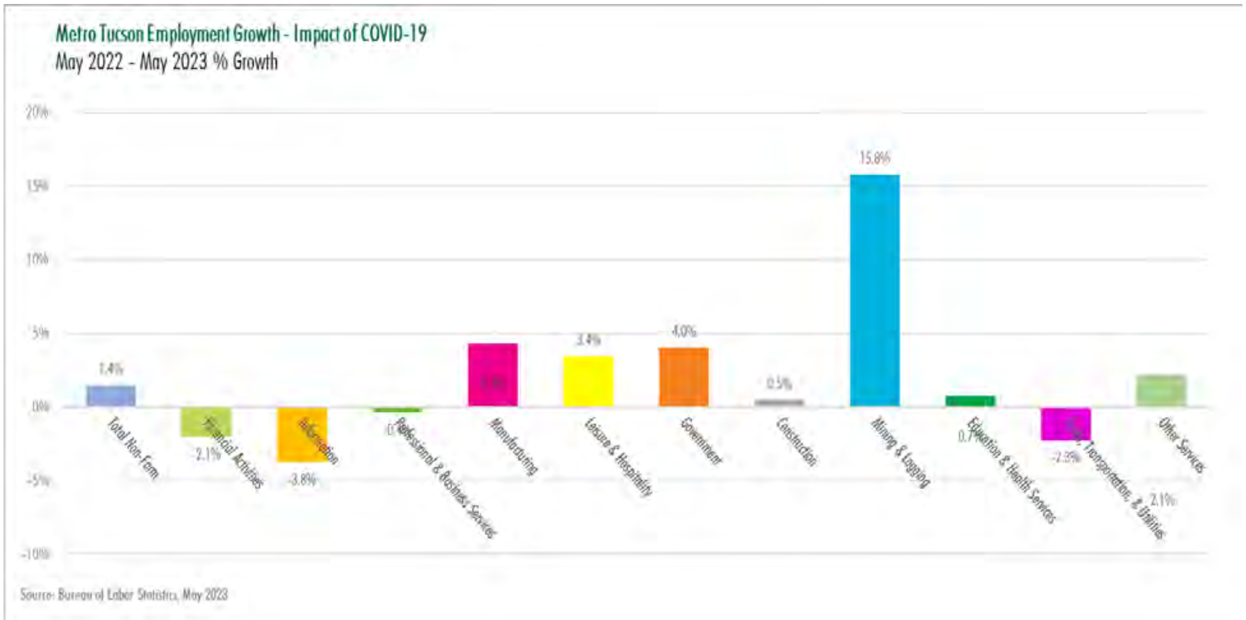
Originally established in 1885, the UA encompasses nearly 400 acres and includes 228 buildings. Now in its second century of service to the state, the UA has been ranked one of the nation's top 20 public research institutions. It is also one of only 63 members in the Association of American Universities, a prestigious organization that recognizes universities with exceptionally strong research and academic programs. During the past 25 years, the University has emerged as one of the top research universities in the nation, according to the National Science Foundation (NSF), with total research expenditures exceeding $770 million as of 2021. The NSF ranked the University of Arizona in the top five universities for research expenditures in the physical sciences, which includes astronomy, physics and chemistry and 6th for NASA funded activity. In the latest survey, the UA ranks 20th among all public universities – the highest among Arizona institutions – and 35th among all U.S. universities, both public and private. The high level of education trickles into the regional economy of Tucson, helping to fuel growth and attract investment. Based on a recent study completed by Elliott D. Pollack & Company, in cooperation with The Maguire Company, the University of Arizona generated an overall economic output of roughly $4.19 billion in 2017.

According to the University of Arizona's most recent published data, total enrollment for the Fall 2022 semester equated to 51,545 students. The chart below illustrates student enrollment information from the 2012 through 2022 academic years. As shown, total enrollment at the University of Arizona has grown from 40,223 in 2012 to 51,545 in 2022, representing an average annual increase of about 2.5%.



EMPLOYMENT

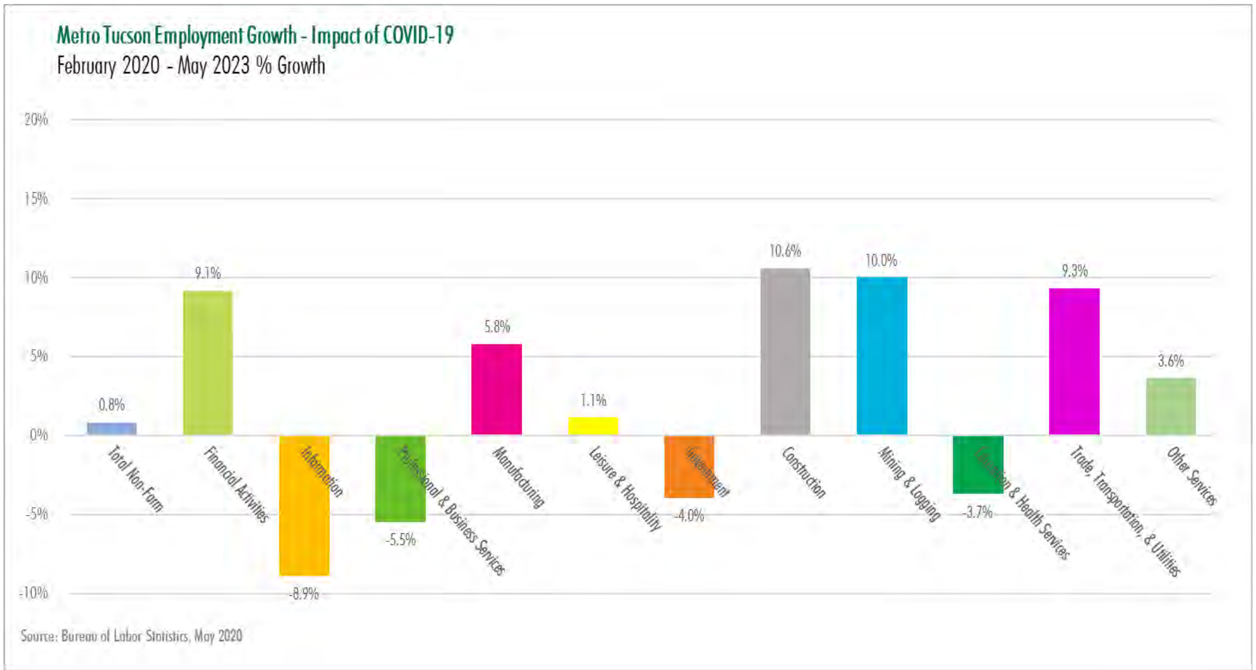
According to ESRI, as of May 2023, the Tucson MSA includes a total workforce of nearly 499,240 people, with an unemployment rate of about 3.6%. As shown in the following chart, employment growth has increased over the past year, with the BLS indicating total non-farm, year-over-year employment growth of 1.4% as of May 2023. Between May 2022 and May 2023, mining & lodging posted the largest job growth, while employment declines were seen in Information, rade Transportation & Utilities, Financial Activities, and Professional & Business Services.



Impact of COVID-19

As expected, the impact of the COVID-19 pandemic on employment in Tucson was significant, with every employment sector experiencing negative growth during the onset of the pandemic. However, information from BLS indicates the overall economy has shown a significant improvement, returning to pre-COVID employment figures for many sectors. These positive trends are expected to continue.

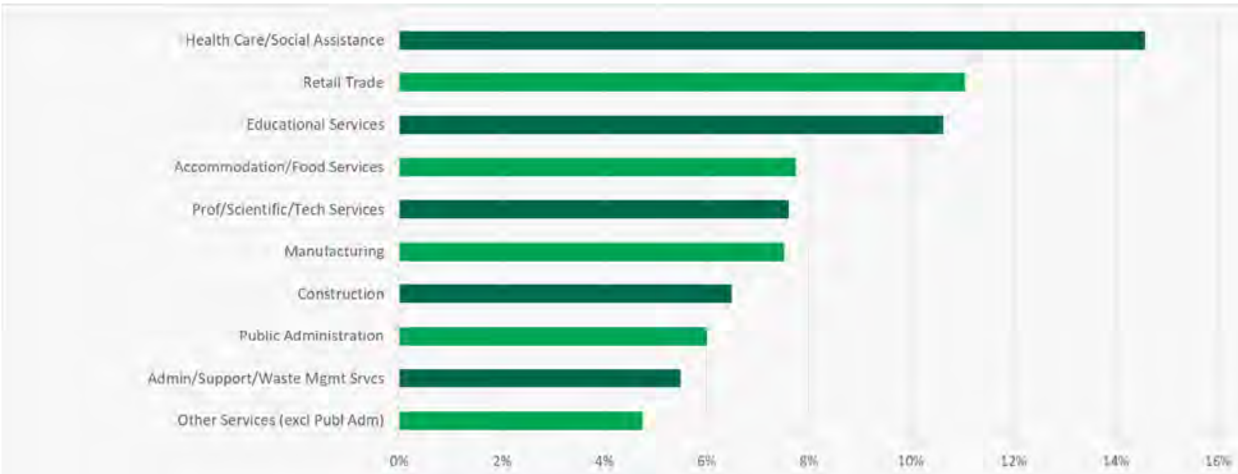
The following chart summarizes the employment growth by sector from February 2020 to May 2023, indicating the changes from before the onset of the COVID-19 pandemic to present. While Information services, Professional & Business Services, Government, and Education & Health Services continue to struggle, overall employment is back up by 0.8% as compared to the beginning of 2020.



The following chart shows that Tucson fared better than the United Sates overall in the beginning of the recovery and is now in step with the overall Arizona economy and the Phoenix MSA.

Employment By Industry

According to ESRI, the top three employment industries within the Tucson MSA are Health Care/Social Assistance, Retail Trade, and Educational Services which represent a combined total of 36% of the population.



Notwithstanding this information, Tucson's economy is heavily influenced by government, defense, mining, and aerospace industries. As shown in the following table, eight of the top 10 employers in the Tucson MSA fall within these industry categories, with Raytheon, Walmart, Banner Health, and Free-port-McMoRan representing the largest private employers in the area.

MAJOR EMPLOYERS

Rank	Company	# of Employees
1	University of Arizona	10,846
2	Raytheon Missle Systems	9,600
3	Davis-Monthan Air Force	8,406
4	State of Arizona	8,508
5	Wal-Mart Stores, Inc	7,450
6	Tucson Unified School District	7,688
7	U.S. Border Patrol	6,500
8	University of Arizona Health Network	6,099
9	Pima County	6,076
10	Freeport-McMoRan Copper & Gold	5,463

Source: Tucson Chamber of Commerce; Arizona Daily Star

DAVIS-MONTHAN AIR FORCE BASE

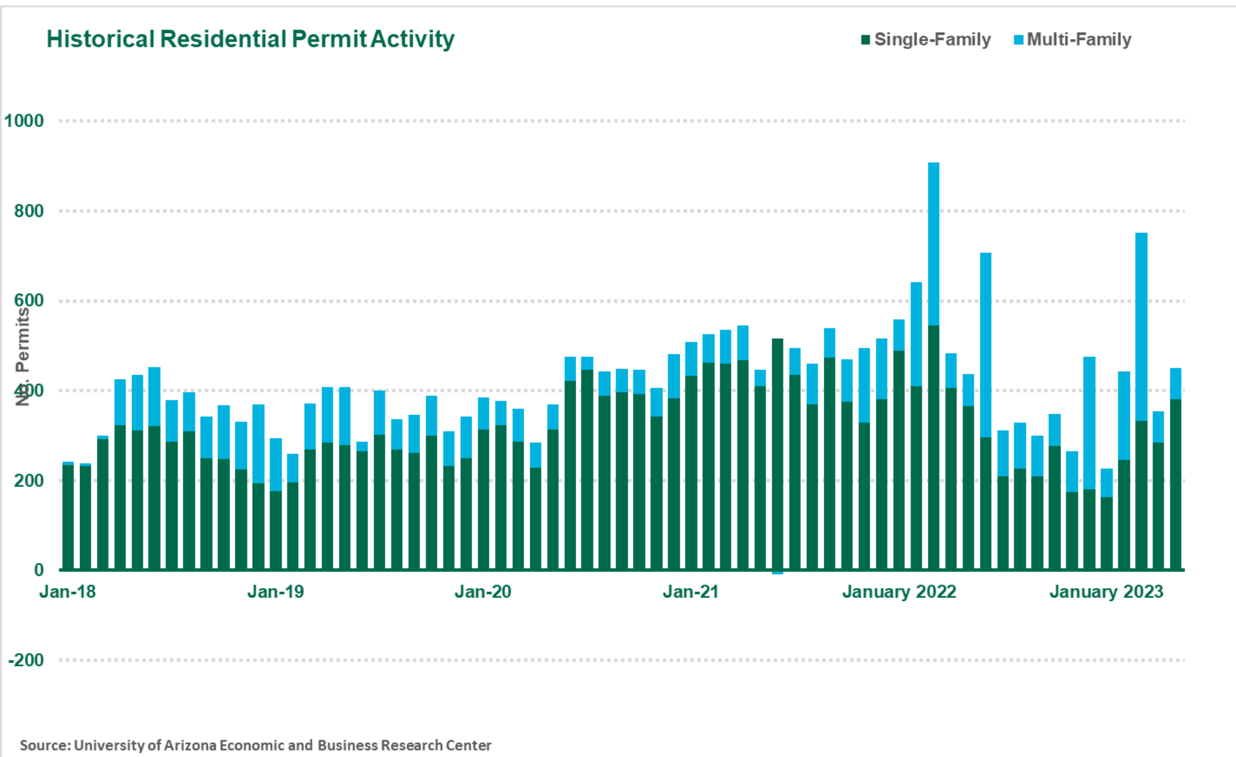
Davis-Monthan Air Force Base is a major military installation located in southeast Tucson, north of Interstate 10, south of Golf Links Road, and east of Alvernon Way. The base currently contains about 1,440 buildings, including 1,256 family housing units providing for roughly 60,000 personnel and family in a 10,763-acre community, which is one of the largest in Air Combat Command. According to its website, Davis-Monthan includes 11,000 airmen from

34 unique mission partners. The primary operation at the base is the 355th Wing, whose mission is to deploy, employ, and sustain expeditionary combat and combat support forces while enabling critical JFACC and HLS operations.

According to DM50, a non-profit organization that advocates for the base and its airmen, Davis-Monthan has an overall economic impact of $3 billion to the Tucson economy, making it an important employment center for the Southern Arizona region.

HOUSING

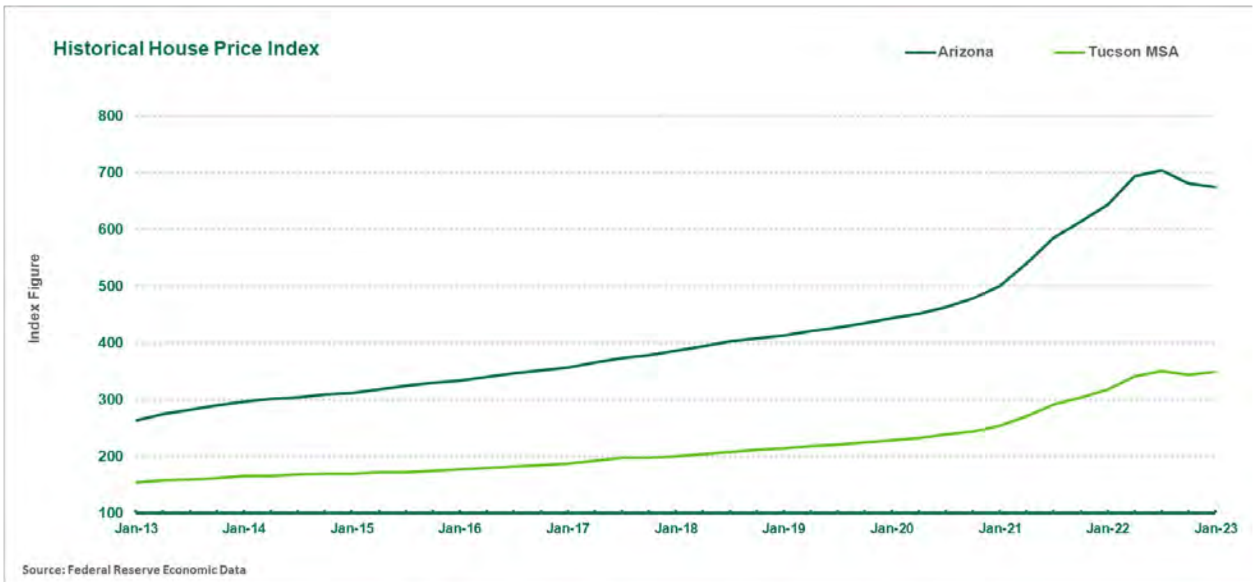
The following bar graph shows single-family and multi-family permit activity from January 2018 through December January 2023, per data obtained from the University of Arizona Economic Business Research Center.



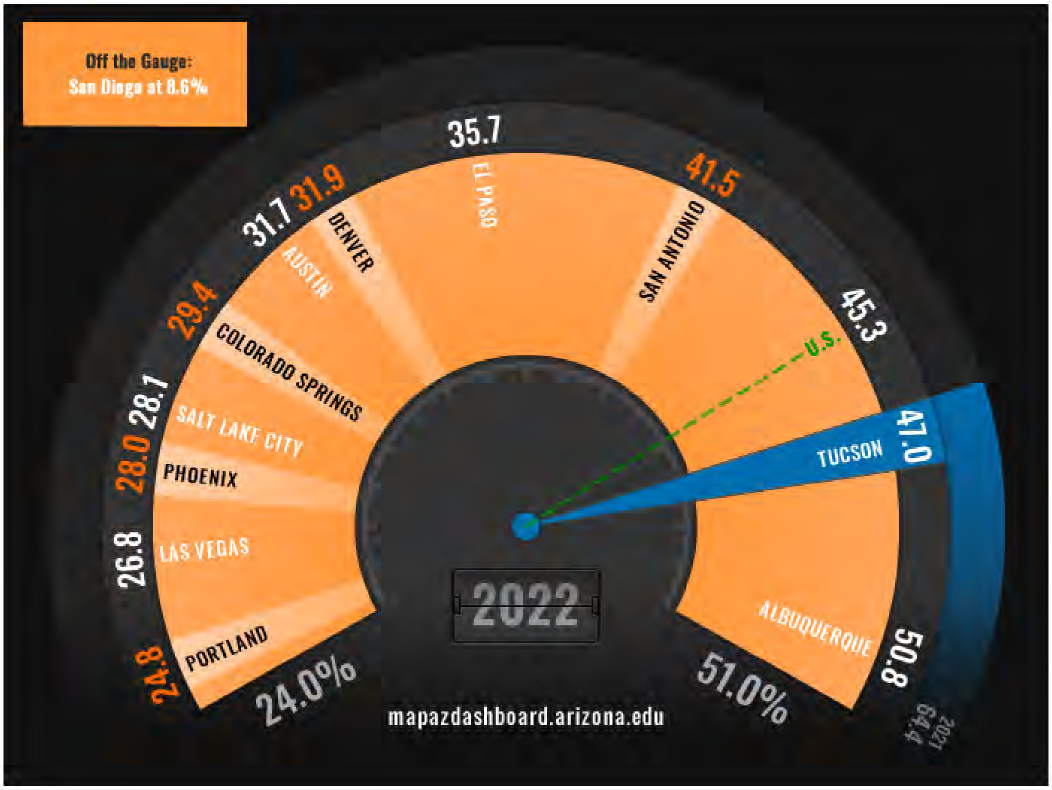
As indicated above, single-family permit increased significantly mid-2020 through early-2022, followed by a significant decline in mid-2022. Multi-family permits rose significantly beginning 2018 and have continued through 2023. Multi-family housing demand in Tucson has strengthened over the past few years, as rental rates continued to rise while vacancy trended towards historically low levels throughout 2022. Additionally, through mid-2022 investors aggressively sought multi-family product in Tucson, as buyers were attracted to the higher achievable returns available to them in the Tucson market as compared to larger and more competitive markets, particularly in California. This heightened investment activity led to some capitalization compression capitalization through mid-2022. However, recent trends have indicated that rents have stabilized and even decreased slightly in some markets. Meanwhile, federally increased rental rates have exerted upward pressure on overall capitalization rates, resulting in a significant decline in sales activity.

Due to COVID-19, single-family permits saw a significant jump starting in mid-2020, an increase that was seen in most parts of the country. Similar to multi-family product, increasing interest rates have significantly slowed single-family residential construction and sales volume in recent months.

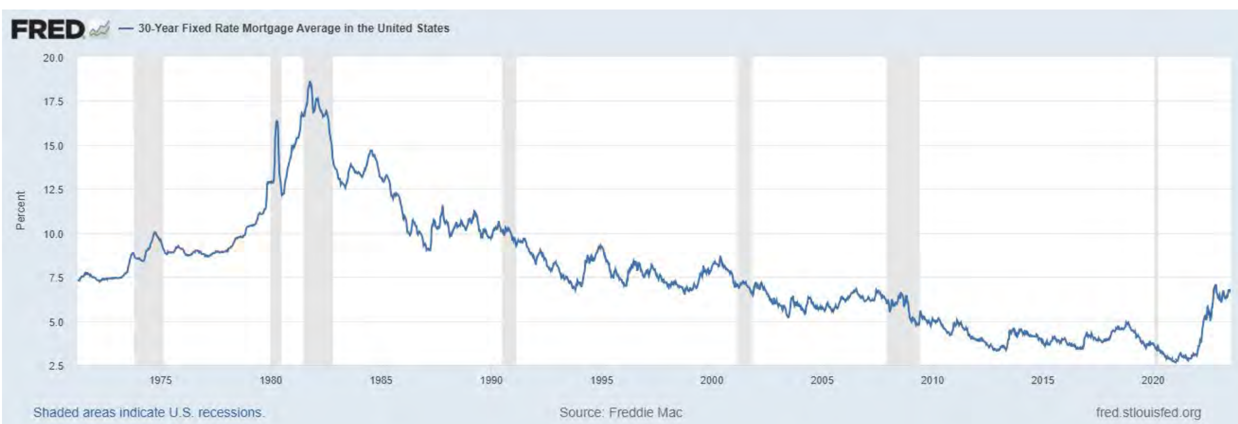
The following graph shows home price trends within metropolitan Tucson and the state of Arizona between January 2013 through January 2023 (most recent), per Federal Reserve Economic Data (FRED) information.



As indicated in the previous chart, home prices within metropolitan Tucson climbed steadily through mid-2022. However, home prices in Tucson increased more slowly than the rest of the state, resulting in higher housing affordability for the metro area than other large MSAs located in the southwest region of the U.S. Interest rates were significantly increased over 2022-2023, prices have declined slightly to moderately. The Tucson housing affordability index, as compared to other southwest MSAs, is illustrated in the following chart that is provided by the University of Arizona MAP Dashboard.



The following graph illustrates mortgage rate trends from January 2015 through July 2023 and is based on Federal Reserve Economic Data (FRED) information.

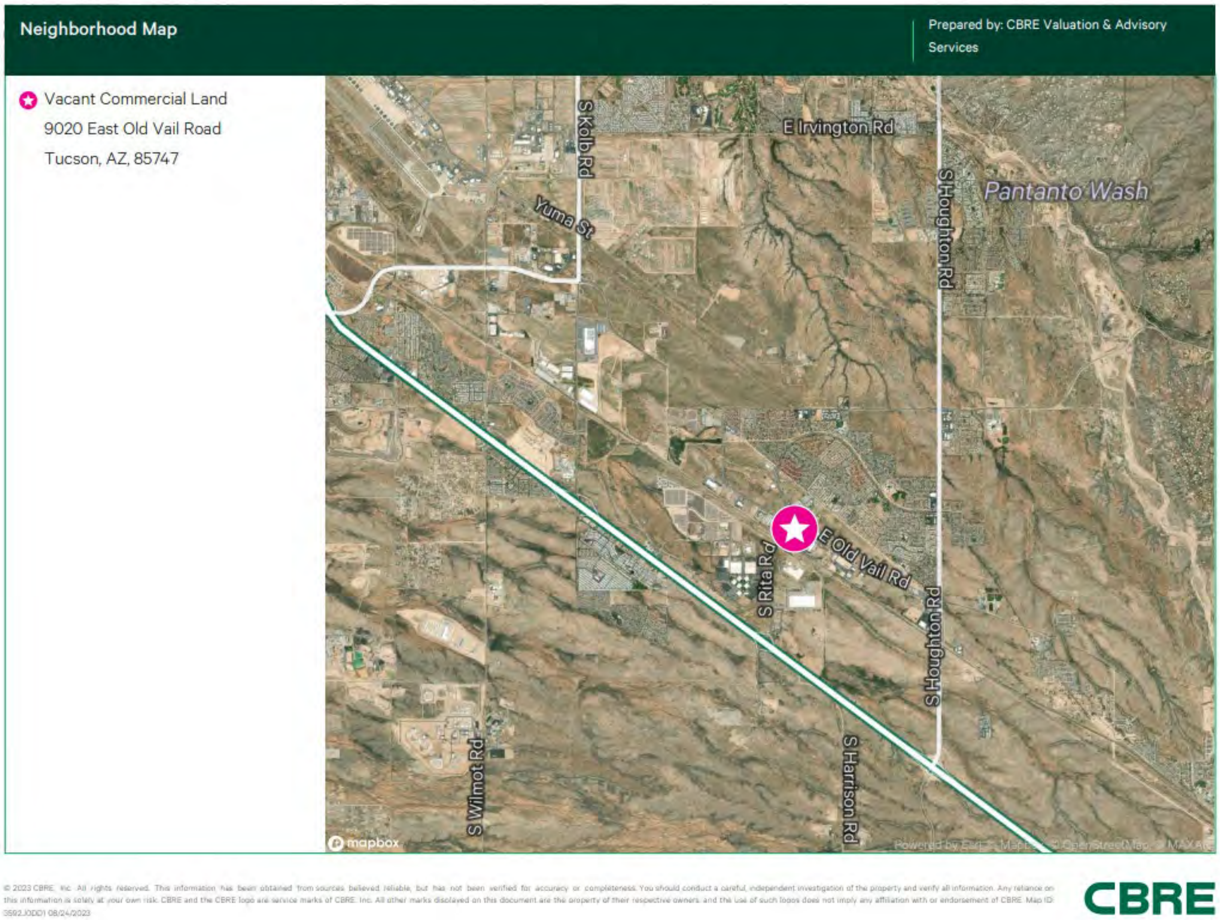


As indicated above, mortgage rates generally increased during 2017 and 2018, and trended downward significantly through the end of 2021. In an attempt to lessen the economic fallout caused by the outbreak of the Novel Coronavirus (COVID-19), the Federal Reserve cut its benchmark interest rate to zero, resulting in lower mortgage interest rates. Recently, in response to rampant inflation, rates have been drastically increased.

CONCLUSION

Over the last few years, Tucson's economy has seen upward trends in employment and housing growth while still being one of the most affordable places to live within the Southwest region. Multi-family has continued to see new construction while rental rates increase and vacancy hovers around historic lows. Yet, Tucson's dependence on government spending has historically been a key contributor to its slower growth as compared to the state and the nation, and diversification of its economy could better position the Tucson MSA over the long-term. Still, recent job announcements by companies such as American Battery Factory, Imperial Brown, and TuSimple, as well as the continuing revitalization efforts in downtown Tucson and enrollment growth at the University of Arizona provided reason for optimism.

Neighborhood Analysis



LOCATION

The subject is located in the city of Tucson and is considered a suburban location. The city of Tucson is situated in eastern Pima County, with the subject located approximately 16 miles southeast of downtown Tucson.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

North:	Davis-Monthan Air Force Base, Irvington Road
South:	Interstate 10
East:	Pantano Wash, Colossal Cave Road
West:	Kolb Road

LAND USE

Land uses within the subject neighborhood consist of a mixture of industrial, commercial, and residential development. The immediate area surrounding the subject is a newer area of development. According to information obtained from Claritas, nearly 97% of the homes built within a three-mile radius of the subject were constructed in 1990 or later. The majority of the single-family residential development in the neighborhood is within Rita Ranch, a master-planned community located just north of the subject property. Rita Ranch consists of roughly 4,900 households, and is largely developed with tract homes in the $100,000 to $300,000 price range. The community is particularly popular among first-time home buyers as several merchant builders offer affordable new homes. Additionally, Rita Ranch has recreational, shopping, school, and religious amenities as well as easy access to Interstate 10 to the south.

UA Tech Park

The University of Arizona Technology Park is the main commercial/industrial development in the neighborhood, and employs over 7,000 people. The UA Tech Park sits on 1,345 acres and has been built-out with 1.5 million square feet of high-tech office, R&D, and laboratory facilities. The park houses six Fortune 500 companies, including Citigroup, CH2MHill, IBM, Oracle, Optum RX (United Healthcare Group), and Raytheon, as well as several emerging technology companies including NP Photonics, and DILAS Diode Laser. The UA Tech Park is also home to the Arizona Center for Innovation, a technology business incubator, and three educational institutions - UA South, Pima Community College, and Vail Academy and High School.

The UA Tech Park contributes an estimated $2.7 billion annually to Pima County's economy and is one of the region's largest employment centers. The development contains a sophisticated infrastructure system that features its own water treatment plant and a central utility plant that distributes all utilities to tenants and users on-site. Other services include on-site EMT and Fire Rescue services, 24/7 security, a full-service cafeteria and catering, Starbucks, and an outdoor recreational center.

Rita Tech Park

To the east of the UA Tech Park along Rita Road is a planned commercial/industrial development known as the Rita Tech Park. This proposed development sits adjacent to the 1 million-square-foot Target Fulfillment Center (distribution center) and just south of La Costena, a 532,000-square-foot food canning plant. Rita Tech Park sits on 15.77 acres of land prepared for industrial, retail, restaurant, and lodging uses.

Houghton Town Center

Located to the southeast of the subject property at the southwest corner of Old Vail Road and Houghton Road is the developing Houghton Town Center, a retail power center anchored by a Super Walmart. In addition to the Walmart, the 60-acre project also currently includes a Dunkin' Donuts, Discount Tire, and Panda Express. Several other retailers such as Hughes Federal Credit Union, McDonald's, and BrakeMasters are to be located in buildings recently constructed.

Davis Monthan Air Force Base

At the northwestern edge of the subject neighborhood is Davis-Monthan Air Force Base. The base, formally known as Tucson MAP, was renamed the Davis-Monthan landing field in November 1925. At the time, the base was equipped with a small Army presence to handle and service the frequent visiting military aircraft. Davis-Monthan was upgraded during the early 1940s to enable bomber aircrew training on the B-24 and later the B-29. Immediately after World War II, the base was one of many southern locations which were employed to store surplus aircraft, with Davis-Monthan housing the largest concentration of B-29s and C-47s in the country. Due to the arid weather conditions in the Sonoran Desert, Davis-Monthan is ideal for long-term storage and the disposal of retired US military aircraft.

Today, Davis-Monthan is home to the 355th Fighter Wing, responsible for training and deploying A-10 pilots, in addition to over 30 tenant units, including 12th Air Force, the 309th Aircraft Maintenance and Regeneration Group, the 55th Electronic Combat Group, the 563rd Rescue Group, the 943rd Rescue Group, and a number of smaller organizations. Davis-Monthan's aircraft inventory includes 83 A-10Cs, 14 EC-130s, five HC-130Js, a dozen HH-60Gs, a contingent of F-16s, and 4,200 assorted aircraft in the Boneyard. There are approximately 6,500 Active Duty military personnel employed on base, in addition to 1,000 Reserve and Air National Guard personnel, and roughly 3,000 civilians.

GROWTH PATTERNS

Growth patterns have occurred and continue to occur along Interstate 10 and neighborhood arterials such as Houghton Road, Old Vail Road, Rita Road, Valencia Road, and Irvington Road. Growth is spurred by the employment opportunities at Davis-Monthan Air Force Base, UA Tech Park, and the burgeoning "Tucson Tech Corridor." Major retail development in the neighborhood is occurring along Houghton Road and Old Vail Road to support the growing population within the area. Merchant builders continue to develop single-family homes within the Rita Ranch master-planned community, and additional residential development continues to occur along the Interstate 10 freeway corridor and along Houghton Road.

ACCESS

Primary access to the subject neighborhood is provided by Interstate 10 and arterial roadways such as Kolb Road, Rita Road, Houghton Road, Irvington Road, and Valencia Road. The Tucson MSA is set up in a grid format with major thoroughfares set one-mile apart. East/west arterials in the neighborhood include Interstate 10, Irvington Road, Valencia Road, Old Vail Road, and Rita Road. North/south arterials include Kolb Road, Rita Road, and Houghton Road. The Union Pacific Railroad traverses the subject neighborhood in a northwest/southeast direction along the northern boundary of the UA Tech Park.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS				
9020 East Old Vail Road Tucson, AZ 85747	1 Mile Radius	3 Mile Radius	5 Mile Radius	Tucson, AZ Metropolitan
Population				
2028 Total Population	6,256	24,653	59,961	1,077,232
2023 Total Population	6,269	24,218	58,329	1,066,578
2010 Total Population	6,246	19,458	43,538	980,263
2000 Total Population	5,499	12,471	25,361	843,746
Annual Growth 2023 - 2028	*-0.04%*	*0.36%*	*0.55%*	*0.20%*
Annual Growth 2010 - 2023	*0.12%*	*7.57%*	*10.24%*	*2.85%*
Annual Growth 2000 - 2010	*1.28%*	*4.55%*	*5.55%*	*1.51%*
Households				
2028 Total Households	2,299	9,255	19,434	451,069
2023 Total Households	2,266	8,998	18,637	440,609
2010 Total Households	2,082	7,006	13,550	388,660
2000 Total Households	1,818	4,471	7,308	332,350
Annual Growth 2023 - 2028	*0.29%*	*0.56%*	*0.84%*	*0.47%*
Annual Growth 2010 - 2023	*2.86%*	*8.70%*	*11.21%*	*4.27%*
Annual Growth 2000 - 2010	*1.37%*	*4.59%*	*6.37%*	*1.58%*
Income				
2023 Median Household Income	$100,284	$87,284	$85,811	$64,015
2023 Average Household Income	$113,513	$107,254	$105,459	$92,825
2023 Per Capita Income	$40,304	$39,923	$34,578	$38,503
2023 Pop 25+ College Graduates	1,725	6,385	13,313	273,969
Age 25+ Percent College Graduates - 2023	42.0%	39.2%	34.0%	36.8%
Source: ESRI				

CONCLUSION

The subject neighborhood is in the developing phase of a typical neighborhood life cycle, but is already an established industrial node that is stimulated by the presence of the UA Tech Park and Davis-Monthan Air Force Base. The neighborhood is experiencing growth both in terms of overall population and the number of households. Continued development of commercial and institutional support services indicate that the area is expected to continue to grow over the next five years. The neighborhood has a middle- to high-income profile with an average household income of $107,254 within a three-mile radius of the subject. Overall, the neighborhood is well positioned with a strong employment base, and the outlook is for continued growth over the short and long term.

Market Analysis

An overview of local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility.

The subject is zoned commercial (retail) but is surrounded by industrial uses. Therefore, we have included both the retail and industrial market analysis.

TUCSON RETAIL MARKET OVERVIEW

An overview of local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The data used in this section of the report is attributable to CBRE Research's Tucson Retail Figures Report; 1st Quarter 2023. The CBRE Econometric Advisors market study for the Tucson retail sector consists of neighborhood, power, and selected strip centers within the metropolitan area.

Recent Trends

▶ 6.8%	▲ 195,365	▲ 80,516	▲ $17.44
Vacancy Rate	SF Net Absorption	SF Construction	NNN / Lease Rate

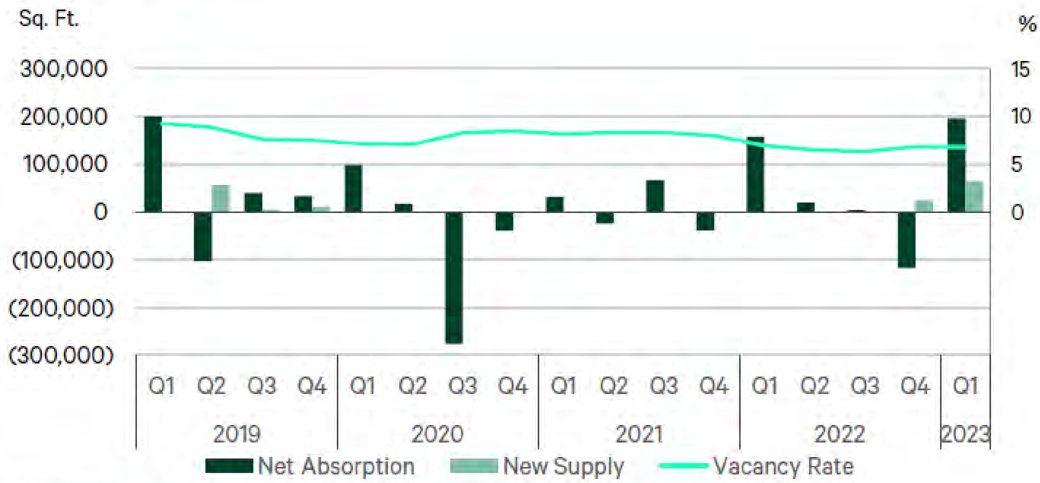
Note: Arrows indicate change from previous quarter.

The Tucson retail market experienced one of the best performing quarters in several years, with high net absorption, increased construction activity and low vacancy. Tucson's national exposure as a premier retail and lifestyle location is evident, seen by the increase in leasing activity and high net absorption for the quarter. As the Tucson market heads in the direction of creative forms of retail experiences, development activity increased to 80,516 sq. ft. under construction.

Key Takeaways

- 195,365 sq. ft. of net absorption occurred in Q1 2023, along with 297,725 sq ft. of gross activity.
- Construction activity increased from the year prior even though 63,500 sq. ft. delivered in the first quarter.
- Tucson average asking lease rates increased $0.11 from the prior quarter to $17.44.

FIGURE 1: Supply and Demand



Source: CBRE Research, Q1 2023

Availability and Vacancy

Vacancy remained unchanged quarter-over-quarter at 6.8%. The Northwest submarket, the largest in Tucson, dropped 30 basis points (bps) to 5.0%. The most significant increase in vacancy was in the Southeast submarket, which reached 6.5% vacancy, but remained slightly below market average.

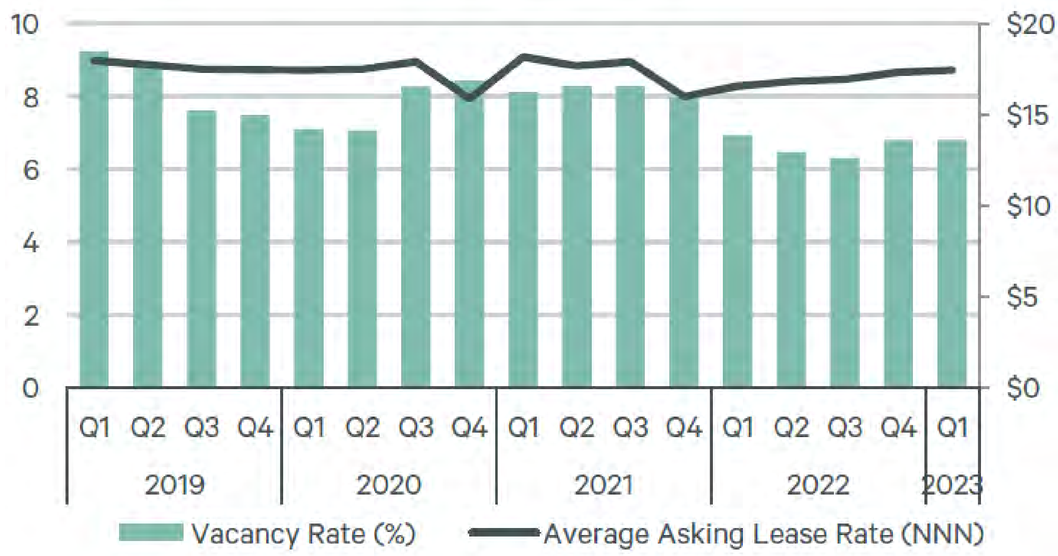
The market-wide availability rate increased 30 bps to 8.6% in Q1 2023.Both the Southeast and Southwest submarkets experienced upticks in availability reaching 9.0% and 7.9%, respectively. The Northwest submarket recorded an availability rate of 6.9%, which remained unchanged from Q4 2022.

Lease Rates

The average asking direct NNN lease rate was $17.44 in Q1 2023—a 0.7% increase from Q4 2022. Tucson retail continued its upward trend in lease rates with a 5.4% growth in lease rates over the past year. As highly sought after retail locationsbecome more limited each quarter, increases in asking rates for the spaces that remained followed.

The Northwest submarket average asking lease rate decreased to $17.71 but remained above the Tucson market average. The Central submarket remained a cost-efficient option for retailers with an average asking rate of $14.39 per sq. ft. The largest increase in asking rates was in the Southeast submarket at $22.26 per sq. ft., well above the market average.

FIGURE 2: Overall Vacancy and Lease Rate



Source: CBRE Research, Q1 2023.

Net Absorption and Leasing Activity

The Tucson retail market recorded 195,365 sq. ft. of positive net absorption, driven primarily by several big box space leases and preleased construction deliveries. Overall absorption was partially offset by several large move-outs including Bed Bath and Beyond and Big Lots. The Central submarket had half of the recorded net absorption in the quarter, which accounted for 137,975 sq. ft, due to minimal move-outs and several health and wellness companies which leased over 10,000 sq. ft. vacant spaces. The Southwest submarket accounted for the second most net absorption, made up mainly of construction deliveries.

The Tucson market experienced an impressive 297,725 sq. ft. of gross activity in Q1 2023. The largest leases signed in the quarter were by Floor & Décor, Spirit Halloween and Bullfrog Spas, as these companies leased or renewed space. The Central submarket recorded over 150,000 sq. ft. of gross activity, more than half of the leasing activity for the quarter.

FIGURE 3: Net Absorption (Sq. Ft.)

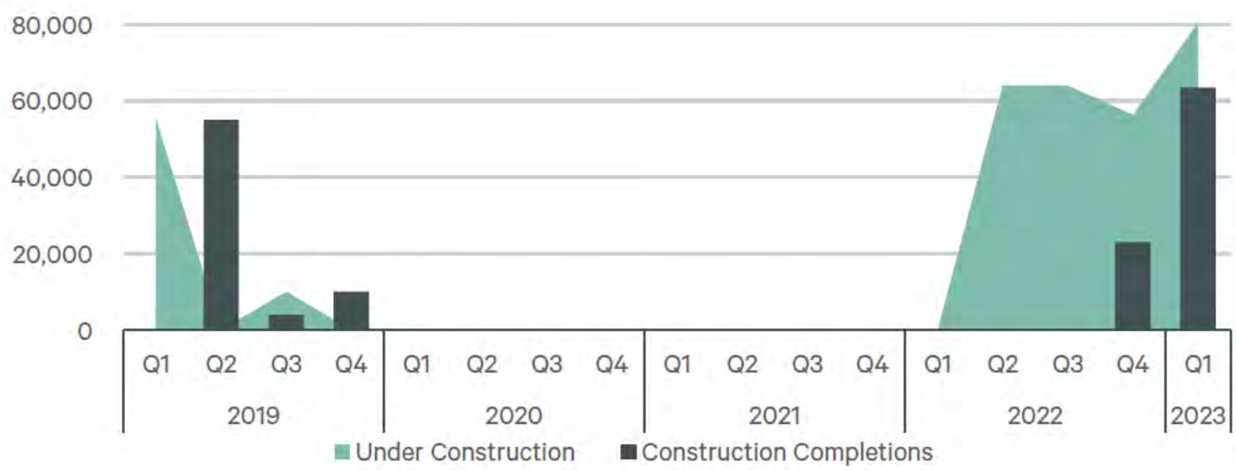
Source: CBRE Research, Q1 2023.

Development Activity

The 50,000 sq. ft. Main Event entertainment center delivered at The Landing shopping center in Q1 2023, continuing Tucson's momentum of new retail on the market. Retail product construction increased to 80,516 sq. ft., which marked a four-year high in square footage under construction in the Tucson retail market.

The highly anticipated Fry's shopping center is planned within the Marana area and is expected to break ground in Q2 2023, catering to the rapidly expanding community in the Northwest submarket. Lastly, partial demolishing of the Foothills Mall was underway, as a mixed-use project in the former space is planned to better serve the community.

FIGURE 4: Under Construction and New Supply (Sq. Ft.)



Source: CBRE Research, Q1 2023.

Submarket Overview

A map of the submarkets and table summarizing their current state are presented below. The subject is located within the Southeast submarket, as demarcated by CBRE.

FIGURE 5: Submarket Stats

	Building Count	Net Rentable Area	Availability %	Vacancy %	Net Absorption Q1 2023	Net Absorption 2023 YTD	Gross Activity Q1 2023	Under Construction	Construction Completions	Avg. Direct Asking Lease Rate ($PSF/NNN)
Central	56	4,969,866	12.4%	11.1%	137,975	137,975	151,294	21,600	0	$14.39
Northeast	14	1,177,763	10.2%	6.3%	(666)	(666)	4,381	0	0	$20.31
Northwest	85	9,484,456	6.9%	5.0%	14,494	14,494	46,337	0	0	$17.71
Southeast	27	2,889,732	9.0%	6.5%	(16,630)	(16,630)	17,381	0	0	$22.26
Southwest	26	4,177,746	7.9%	6.9%	59,238	59,238	77,378	58,916	63,500	$15.38
West	10	1,063,372	4.5%	2.3%	954	954	954	0	0	$12.25
Tucson Total	218	23,762,935	8.6%	6.8%	195,365	195,365	297,725	80,516	63,500	$17.44

Source: CBRE Research, Q1 2023.

According to CBRE Research, the base inventory of shopping center space stands at 23,762,935 square feet. Of this total, approximately 2,889,732 square feet is located within the Southeast submarket, or approximately 12.2% of the overall supply.

The lowest vacancy levels for Q1 2023 were experienced in the West, Northwest, and Northeast submarkets of the metro area (2.6%, 5.0%, and 6.3%, respectively), with the highest occurring in the Central and Southwest submarkets (11.1% and 6.9%, respectively). During Q1 2023, the Southeast submarket had a vacancy rate of 6.5% and net absorption of -16,630 square feet, year-to-date. The Southeast submarket's average asking rate of $22.26 per square foot, NNN, is above the market-wide average of $17.44 per square foot, and represents the highest asking rate of throughout Tucson's submarkets.

Outlook

The Tucson retail market is expected to trend positive in the future. Although net absorption was negative to close out the year due to closures of large big box retail spaces, demand for smaller brick-and-mortar retail space has helped mitigate the negative absorption impacts. These trends, coupled with expected deliveries of large build-to-suits, are expected to drive modest net absorption growth and stable vacancy rates throughout 2023.

Lending concerns and fears of a recession in 2023 may halt the start of many construction plans. However, retail development will prove to be an opportunity for developers in the long run. Developers will want to stay on track with planned development so as not to lose momentum as the market stabilizes.

TUCSON MSA INDUSTRIAL MARKET ANALYSIS

An overview of local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility.

Within this section, we have addressed the overall market trends influencing the Tucson industrial market, the trends occurring in the local submarket, and our projections for the long-term market acceptance of the subject property. The data used in this section of the report is attributable to the CBRE Research's Industrial MarketView, 2nd Quarter 2023 for Tucson, CBRE Econometric Advisors' Industrial Outlook 1st Quarter 2023 for Tucson, and CoStar.

TUCSON MSA AT A GLANCE

The population of the Tucson area stands at roughly 1.06 million, which is 55th largest of the industrial markets tracked by CBRE Econometric Advisors (CBRE EA). Total employment in the area currently stands at 399,200 workers.

Key Statistics	Level	Rank
Population (mil.)	1.06	55
Total Employment (mil.)	0.40	60
Total Inventory (msf)	39.6	66
Manufacturing	7.5	61
Warehouse	20.1	66
R&D	9.8	46
Availability Rate (%)	2.7	2
EA Asking Rent ($/sf)	9.51	33

1-Quarter Change	Metro	All Mkts
Total Employment Growth	↑	↔
Manufacturing Emp.	↓	↓
Distribution Emp.	↓	↓
Completion Rate	↓	↓
Under Construction	↑	↓
Absorption Rate	↓	↓
Availability Rate	↓	↑
EA Asking Rent Growth	↓	↓

Industrial Market Forecast

The short-term forecast calls for an overall decline in manufacturing and distribution workers through year-end 2024. Total net absorption is forecasted to be a positive 1.7 million square feet, lagging supply during the same period. By year-end 2024, the availability rate is expected to be 4.4% while rents are forecasted to grow – reaching $10.36 compared to current market rents of $9.51.

Historical minimum, maximum, and average values for each variable are provided to put current market performance in perspective. The time period from which these values are calculated is 1990 (or the earliest year of available data) to the current year. CBRE EA expects net absorption to be higher than long-term averages during the forecast, though still below historical peaks.

Tucson Forecast Summary: Q1 2023

	Demand				Supply		Performance		
	New Jobs								
	Mfg	Distribution	Net Absorp (sf x 1000)	Absorp Rate (%)	Deliveries (sf x 1000)	Compl Rate (%)	Avail Rate (%)	EA Asking Rent($/sf)	Rent Infl (%)
2022	1,000	600	1,841	5.1	654	1.7	4.2	9.48	14.4
2023F	-300	-400	1,907	5.0	1,792	4.5	3.8	9.95	5.0
Q1	0	0	595	1.6	0	0.0	2.7	9.51	0.3
Q2F	0	-100	757	2.0	986	2.5	3.2	9.70	2.0
Q3F	-200	-200	175	0.5	302	0.7	3.5	9.85	1.5
Q4F	-100	-100	380	1.0	504	1.2	3.8	9.95	1.0
2024F	0	100	393	1.0	683	1.7	4.4	10.36	4.1
Historical Performance (1990 - Present)									
Min	-2,700	-1,800	-1,499	-4.6	0	0.0	2.7	4.42	-13.5
Max	3,800	3,500	3,772	21.6	1,627	4.9	26.0	9.51	17.8
Mean	100	500	607	2.4	484	1.6	11.2	6.96	2.3

The Tucson Economy

According to CBRE EA, over the last five years, total employment in the Tucson area has grown at an average annual rate of 1.0% while across the U.S., employment has grown at an average annual rate of 1.0%. In the last 4 quarters, Tucson's employment has grown at an average annual rate of 1.7%. Our forecast predicts growth of 1.0% in the Tucson area in the next five years. Tucson's professional & business services employment sector will post the best job performance over the next five years.

The table below presents the current employment levels for major industry groups as well as historical growth rates over the last five years, last 12 months, and the next five years.

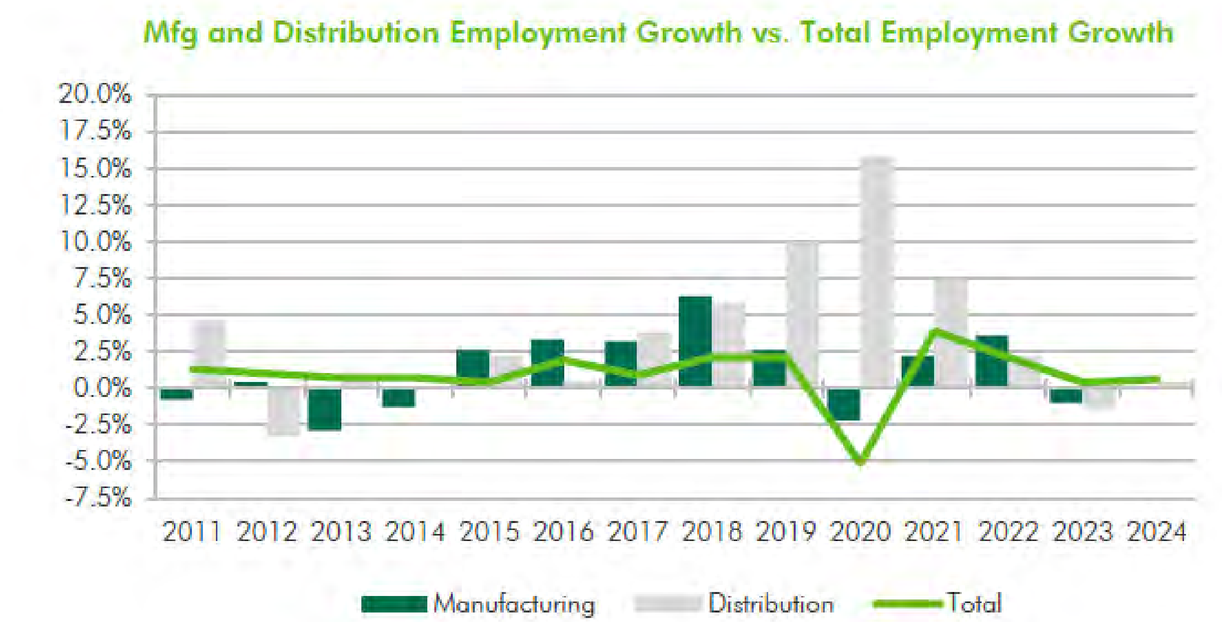
Employment Levels & Growth Rates: Tucson vs. Nation

NAICS Category	Level (x 1000)	Location Quotient	Avg Annual Growth Rates (%) Last 5 Years Metro	Last 5 Years U.S.	Last 12 Mos. Metro	Last 12 Mos. U.S.	Next 5 Years Metro	Next 5 Years U.S.
Agriculture & Mining	2	1.23	2.1	-2.2	11.1	8.2	-1.0	-1.1
Construction	20	0.99	3.9	2.0	2.0	3.5	2.1	1.1
Manufacturing	29	0.86	2.2	0.6	3.2	2.6	0.8	0.6
Wholesale Trade	8	0.51	1.0	0.7	5.3	2.7	0.0	0.1
Retail Trade	42	1.05	-0.1	-0.3	-3.2	0.3	0.5	0.6
Transportation & Warehousing	20	1.09	12.2	4.3	-3.8	2.3	1.1	0.8
Information	5	0.67	-1.4	1.7	-1.9	2.6	1.8	0.9
Financial Activities	20	0.83	1.6	1.3	-1.5	1.5	0.9	0.5
Prof. & Business Svcs.	50	0.85	-0.2	1.9	2.9	2.7	1.6	1.1
Education & Health	68	1.06	0.8	1.3	2.9	4.3	1.0	0.8
Hospitality & Leisure	45	1.06	0.0	0.4	4.4	6.6	0.9	1.4
Other Services	14	0.95	1.2	0.0	3.6	3.3	0.6	0.9
Government	76	1.32	0.2	0.1	2.3	1.8	1.0	0.8
Total	**399**	**n/a**	**1.0**	**1.0**	**1.7**	**3.0**	**1.0**	**0.8**

Source: Oxford Economics, CBRE Econometric Advisors

Industrial Employment

Distribution and manufacturing employment are the primary determinants of industrial demand. CBRE EA defines "distribution employment" as all of the wholesale trade sector plus transportation (trucking and warehousing). The latest estimates of distribution and manufacturing employment for Tucson are 28,100 workers and 28,800 workers, respectively. Over the last five years, Tucson's distribution employment has grown by 8.3%, while manufacturing employment has grown by 2.2%. During the last 12 months, distribution employment has grown by 1.7% and manufacturing employment has grown by 3.2%



Tucson Industrial Market Characteristics

The properties that comprise the industrial market in Tucson are those industrial properties 10,000 square feet or larger. The table below gives a summary of the existing, competitive industrial space in the Tucson industrial market.

Tucson Industrial Market Statistics by Building Type

Building Type	Inventory		Availability Rate		Net Absorption		Asking Rents	
	Bldgs	Total Inventory (SF x 1000)	Curr Qtr (%)	YTD Chg (BPS)	Curr Qtr (SF x 1000)	YTD	Curr Qtr ($/SF)	Net or Gross
Manufacturing	162	7,541	1.6	-80	65	65	9.44	Net
Warehouse	472	20,087	1.8	-290	579	579	8.87	Gross
R & D	236	9,839	6.0	40	-43	-43	10.14	Net
Total	950	39,646	2.7	-150	595	595	9.54	Net

Tucson Annual History & Forecast

Presented below is our six-year forecast for the Tucson industrial market. Historical measures are provided back to 2010.

Tucson Annual History & Forecast: 2011 - 2028

Year	Mfg Emp (x 1000)	Distrib Emp (x 1000)	Total Inventory (SF x 1000)	Completions (SF x 1000)	Availability Rate (%)	Net Absorption (SF x 1000)	EA Asking Rent ($/SF)	Rent Growth (%)
History								
2011	24.2	18.2	34,647	70	15.1	-35	7.53	-2.1
2012	24.3	17.6	34,861	214	15.7	33	7.44	-1.2
2013	23.6	17.8	34,933	72	14.2	582	7.54	1.3
2014	23.3	17.8	35,073	140	13.0	536	7.70	2.1
2015	23.9	18.2	35,469	396	11.6	829	7.69	-0.1
2016	24.7	18.3	36,429	960	11.3	948	7.76	0.9
2017	25.5	19.0	36,429	0	8.9	909	7.82	0.8
2018	27.1	20.1	36,978	549	7.8	894	8.11	3.7
2019	27.8	22.1	38,081	1,103	8.7	680	8.19	1.0
2020	27.2	25.6	38,081	0	7.7	391	8.26	0.9
2021	27.8	27.5	38,992	911	7.3	986	8.29	0.4
2022	28.8	28.1	39,646	654	4.2	1,841	9.48	14.4
Forecast								
2023	28.5	27.7	41,438	1,792	3.8	1,907	9.95	5.0
2024	28.5	27.8	42,124	683	4.4	393	10.36	4.1
2025	28.8	28.2	42,864	738	5.4	272	10.72	3.5
2026	29.2	28.7	43,570	704	6.3	280	11.07	3.3
2027	29.8	29.1	44,245	673	7.1	262	11.41	3.1
2028	30.1	29.4	44,891	644	8.0	226	11.72	2.7

Industrial employment is projected to grow by 2,600 jobs during the 2023-2028 period. During the same time period, new supply is expected to average 874,200 square feet, while net absorption is expected to average 556,700 square feet, lagging new supply. Availability rates are expected to increase to 8.0%, while rents are forecasted to rise to $11.72.

TUCSON INDUSTRIAL MARKET OVERVIEW

The CBRE Research and CBRE Econometric Advisors industrial surveys include leasable industrial facilities of at least 10,000 square feet in size.

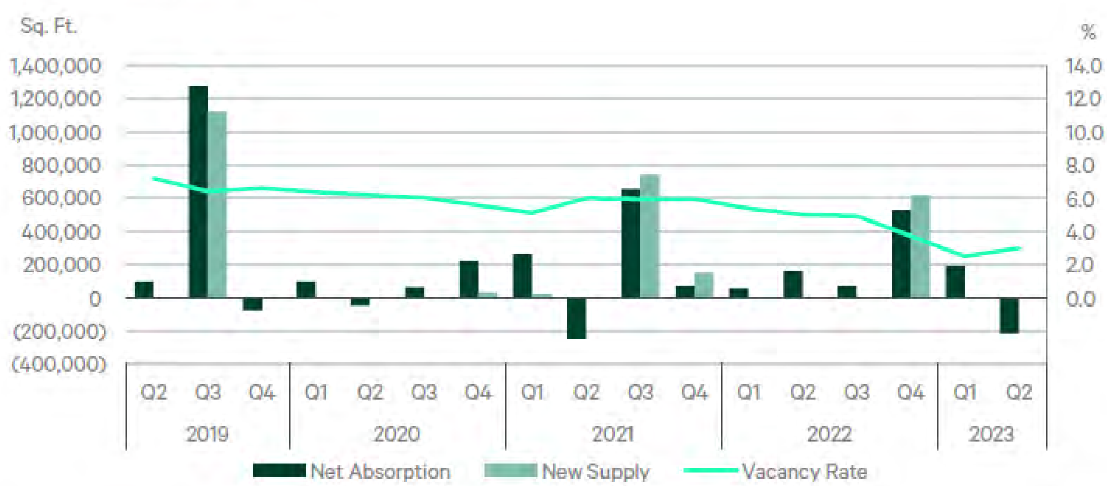
3.0%	(217K)	1.8M	$0.85
Vacancy Rate	SF Net Absorption	SF Construction	NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

The Tucson industrial market had healthy leasing activity with 415,430 sq. ft. of gross absorption. The market saw significant move-in activity despite a downturn in overall net absorption.

The vacancy rate increased slightly to 3.0% as move-outs outpaced leasing activity in Q2 2023. Under construction projects located in the Northwest and Airport submarket that were anticipated to deliver this quarter have not yet materialized, which helped keep vacancy rates some hat stable. Lastly, direct average asking NNN lease rates declined slightly to $0.85 per sq. ft.

FIGURE 1: Supply and Demand



Source: CBRE Research, Q2 2023.

Availability and Vacancy

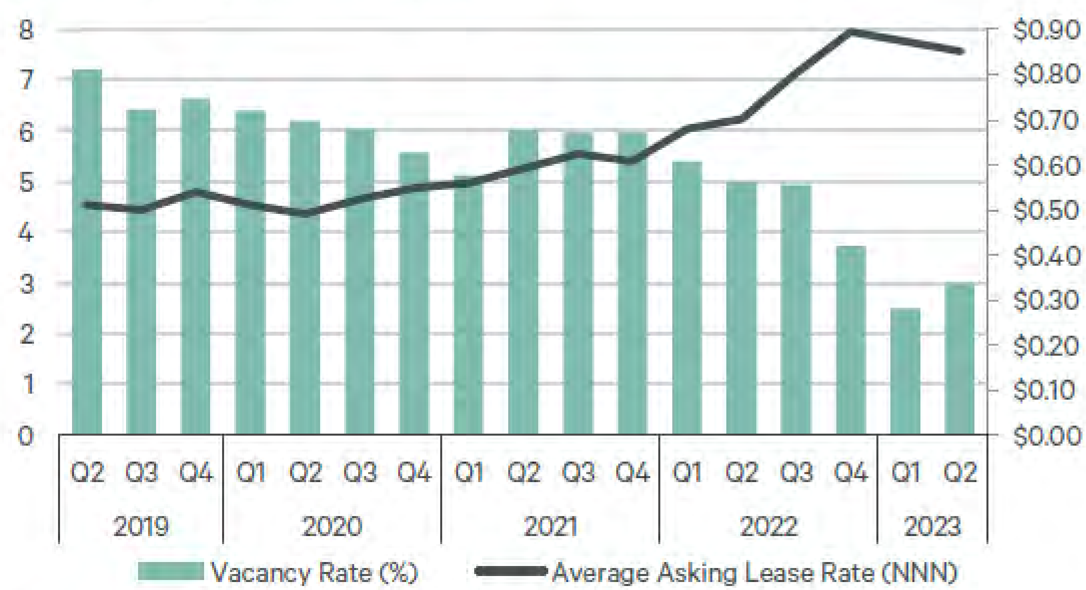
Industrial space availability increased 100 bps to 3.7%, equivalent to 1.5 million sq. ft. of space at the end of Q2 2023. Availability in the Airport submarket jumped 270 bps to 6.4%. The North Central submarket saw availability cut in half down to 2.7%, the largest decline in the market for the second quarter. Most other submarkets had slight upticks in availability or remained largely flat. The Southeast and West Central submarkets held the lowest availability rates in Tucson at 1.7% and 1.9%, respectively. Conversely, the Northeast submarket had the highest availability rate for another consecutive quarter at 11.4%.

Tucson's total vacancy increased 50 bps to 3.0% in Q2 2023 with 1.2 million sq. ft. of vacant space. The overall market remained tight on vacant space, indicating stable industrial demand relative to inventory. The vacancy rate in the Airport submarket jumped 240 bps to 5.9% as nearly 300,000 sq. ft. of vacant space entered the market. The East Central, Northeast and Northwest submarkets also saw a combined 10,000 sq. ft. of new vacant space. Sub-1.0% vacancy rates were recorded in both the Southeast and Southwest submarkets.

Lease Rates

The direct average asking NNN lease rate declined slightly to $0.85 per sq. ft. in but remained up 21.2% compared to one year prior. Asking lease rates remained largely stable across submarkets. After a notable jump in Q1 2023, the average asking rate in the Southeast submarket turned back down by $0.15, reaching a market-wide low of $0.62 per sq. ft. The relatively small Northeast submarket again held the highest average asking rate at $1.41 per sq. ft. Low vacancy continued to bolster asking rate growth, but the Tucson market remained a highly competitive and geographically advantageous locale for industrial users.

FIGURE 2: Overall Vacancy and Lease Rate



Source: CBRE Research, Q2 2023.

Net Absorption and Leasing Activity

The Tucson industrial market captured 415,430 sq. ft. of gross leasing activity in Q2 2023. However, overall net absorption turned down by -216,740 sq. ft., driven primarily by new large vacancies in the Airport submarket. Leasing activity was strongest in the Airport, Northwest and Southeast submarkets. Just three submarkets saw positive net absorption.

The Airport submarket recorded 101,774 sq. ft. of leasing activity, with a 65,303 sq. ft. lease signed by Cactus Portable Storage and an owner-user building acquisition at 2425 E Medina Rd. The Southwest submarket recorded a notable 65,250 sq. ft. warehouse lease by Pima County.

FIGURE 3: Net Absorption (Sq. Ft.)

Source: CBRE Research, Q2 2023.

Development Activity

Tucson industrial development remained steady for a second consecutive quarter with no deliveries and 1.8 million sq. ft. under construction. A handful of projects expected to deliver in Q2 2023 were delayed slightly but continued to make progress. Expect to see new deliveries in the latter half of the year. This includes 946,415 sq. ft. at the Southern Arizona Logistics Center, 40,000 sq. ft. at Campbell Landing and 806,000 sq. ft. Tucson Commerce Center. The industrial pipeline is strong with other planned projects at the Southern Arizona Logistics Center, I-10 International and the Southern Arizona Regional awaiting groundbreaking.

Outlook

Tucson industrial has remained stable through the first half of 2023 with near-flat net absorption, minimal change in asking lease rates, steady leasing activity and a humming development pipeline. With continued steady tenant demand and low vacancy, these trends are expected to continue through the latter half of the year. As high growth and development continues throughout the Sun Belt, Tucson is expected to capitalize on tenants looking to leverage advantageous geography and competitive affordability.

Submarket Overview

A map of the submarkets and table summarizing their current state are presented below. The subject is located in the Southeast industrial submarket, as demarcated by CBRE Research.

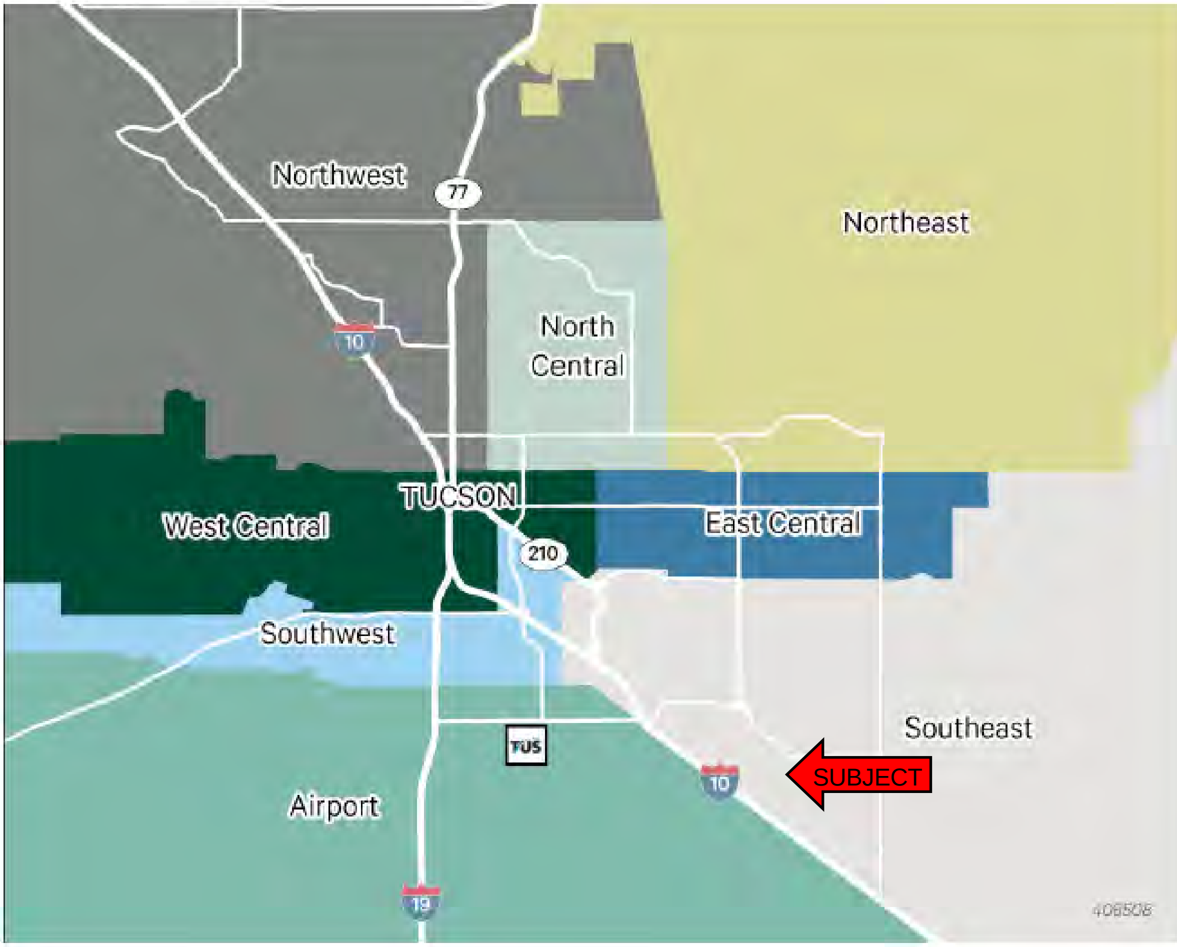


FIGURE 5: Submarket Stats

	Building Count	Net Rentable Area (Sq. Ft.)	Availability (%)	Vacancy (%)	Net Absorption (Sq. Ft.) Q2 2023	Net Absorption (Sq. Ft.) 2023 YTD	Under Construction (Sq. Ft.)	Construction Deliveries (Sq. Ft.)	Avg. Direct Asking Lease Rate ($PSF/NNN)
Airport	162	10,956,144	3.7%	3.5%	(266,927)	(195,153)	846,606	0	$0.80
East Central	44	1,189,709	5.6%	4.7%	(5,152)	(8,838)	0	0	$0.86
North Central	11	191,587	5.4%	2.7%	0	(256)	0	0	$0.80
Northeast	15	1,045,095	11.3%	11.3%	(1,200)	(1,200)	0	0	$1.41
Northwest	268	7,023,918	2.9%	2.8%	(4,157)	(56,733)	946,435	0	$0.76
Southeast	251	12,593,094	1.3%	1.2%	39,353	210,710	0	0	$0.62
Southwest	105	2,877,358	1.1%	1.0%	15,574	82,626	0	0	$0.82
West Central	179	4,458,840	2.1%	1.7%	5,769	(56,431)	0	0	$0.78
Tucson Total	1,035	40,335,745	3.7%	3.0%	(216,740)	(25,275)	1,793,041	0	$0.85

Source: CBRE Research, Q2 2023.

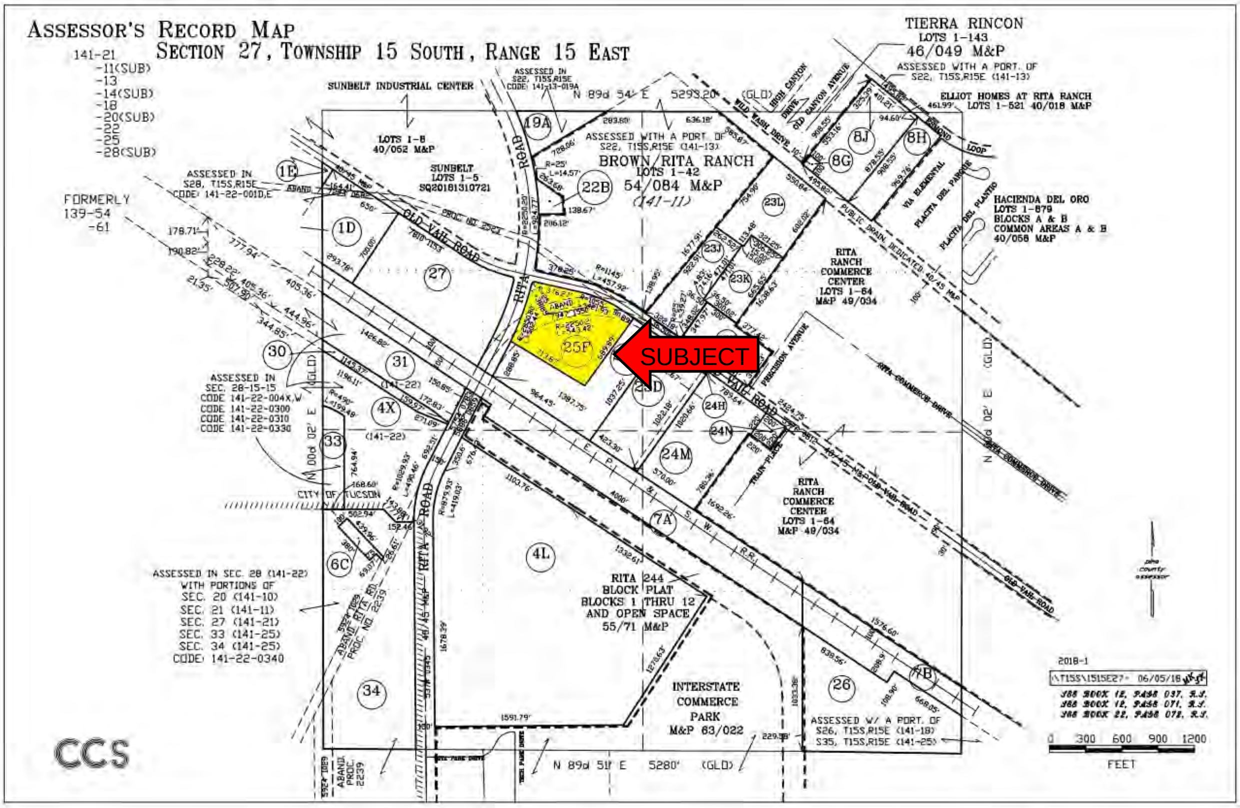
According to CBRE Research, the base inventory of industrial space currently stands at 40,335,745 square feet. The subject's Southeast submarket consists of 12,593,094 square feet, which accounts for roughly 31.2% of the overall supply. Vacancy in the submarket currently stands at 1.2%, which is below the market-wide average of 3.0%.

CBRE Research reports that in Q2 2023, the Southeast submarket experienced positive net absorption of 39,353 square feet, with 0 square feet under construction. Additionally, the submarket has a current average annual asking lease rate of $7.44 per square foot ($0.62 per square foot monthly), triple-net, which is above the overall Tucson industrial market average of $10.20 per square foot ($0.85 per square foot monthly).

CONCLUSION

Tucson's industrial and logistics market continues to experience high-tenant demand marketwide. However, the supply for large user requirements (above 80,000 sq. ft.) remains limited to existing product that requires ample tenant improvement. Alternatively, BTS activity remains healthy for large users requiring ceiling clear heights that existing product cannot provide, in addition to other site amenities such as loading access and access to road network.

PLAT MAP


ASSESSOR'S RECORD MAP
SECTION 27, TOWNSHIP 15 SOUTH, RANGE 15 EAST
141-21
-11(SUB)
-13
-14(SUB)
-18
-20(SUB)
-22
-25
-28(SUB)
TIERRA RINCON
LOTS 1-143
46/049 M&P
SUNBELT INDUSTRIAL CENTER
LOTS 1-8
40/052 M&P
SUNBELT
LOTS 1-5
SQ20181310721
BROWN/RITA RANCH
LOTS 1-42
54/084 M&P
(141-11)
FORMERLY
139-54
-61
OLD VAIL ROAD
RITA ROAD
SUBJECT
RITA
RANCH
COMMERCE
CENTER
LOTS 1-64
M&P 49/034
RITA 244
BLOCK PLAT
BLOCKS 1 THRU 12
AND OPEN SPACE
55/71 M&P
INTERSTATE
COMMERCE
PARK
M&P 63/022
N 89d 54' E 5293.20' (GLO)
N 89d 51' E 5280' (GLO)
CITY OF TUCSON
ASSESSED IN SEC. 28 (141-22)
WITH PORTIONS OF
SEC. 20 (141-10)
SEC. 21 (141-11)
SEC. 27 (141-21)
SEC. 33 (141-25)
SEC. 34 (141-25)
CODE: 141-22-0340
CCS
FEET
0 300 600 900 1200


138.67'
206.12'
ROAD
RITA
378.25'
R=1145'
L=457.92'
376.27'
ABAND.
R=2250.8'
L=543.42'
25F
689.89'
713.87'
288.85'
SUBJECT
25E
25D
964.45'
1387.75'
1037.25'
138.95'
423.03'
42.67'

AERIAL MAP - SUBJECT

Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS

Physical Description		
Net Site Area	11.64 Acres	507,023 Sq. Ft.
Primary Road Frontage	Old Vail Road	900 Feet
Secondary Road Frontage	Rita Road	530 Feet
Shape	Irregular	
Topography	Generally Level	
Parcel Number	141-21-025F	
Zoning District	C-2, Commercial (Tucson)	
Flood Map Panel No. & Date	04019C2925L	16-Jun-11
Flood Zone	Zone X (Unshaded)	
Adjacent Land Uses	Commercial and residential uses	

Comparative Analysis	**Rating**
Visibility	Average
Functional Utility	Average
Traffic Volume	See narrative
Adequacy of Utilities	Appears adequate
Drainage	Appears adequate

Utilities	**Provider**	**Availability**
Water	Tucson Water	Yes
Sewer	Pima County Wastewater	Yes
Natural Gas	Southwest Gas	N/A
Electricity	Tucson Electric Power	Yes
Telephone	CentruyLink	Yes
Mass Transit	SunTran	Yes

Other	**Yes**	**No**	**Unknown**
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights		X	

Source: Various sources compiled by CBRE

LARGER PARCEL MAP (11.64 ACRES)

EXISTING USE

The subject property (larger parcel) consists of undeveloped desert land.

LOCATION

The subject property is located within the city limits of Tucson, located at the direct southeast corner of Old Vail Road and Rita Road.

LAND AREA

The land area size was provided by the client (Pima County Assessor) and totals 11.64 acres. The parcel is adequate in terms of size and utility.

SHAPE AND FRONTAGE

The site is irregular in shape with direct road frontage along both Old Vail Road and Rita Road.

INGRESS/EGRESS

Ingress and egress is available to the subject site via access easements from Old Vail Road and Rita Road.

Old Vail Road, at the subject, is an east/west minor arterial roadway that is improved with two lanes of traffic in each direction with a median turn lane. Street improvements include asphalt paving and concrete curbs, gutters and sidewalks, dedicated bike lane, and street lighting. Street parking is not permitted.

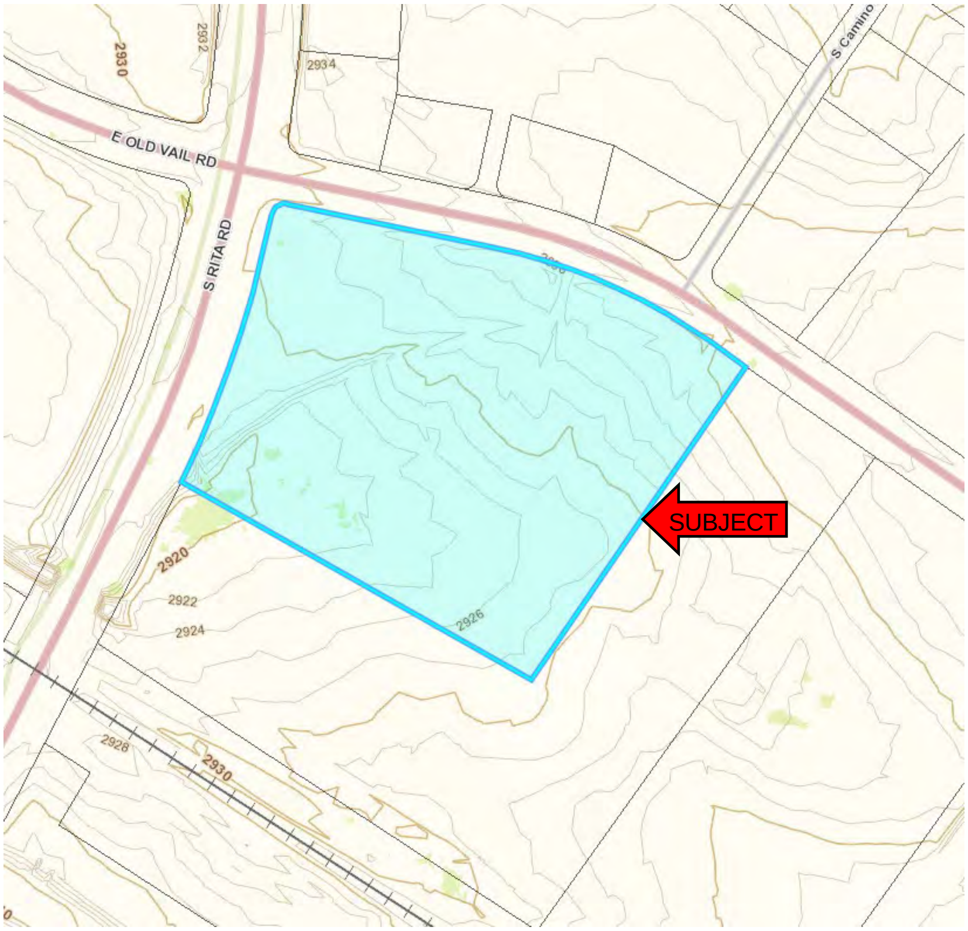
Rita Road, at the subject, is a north/south minor arterial roadway that is improved with two lanes of traffic in each direction with a median turn lane and median island. Street improvements include asphalt paving and concrete curbs, gutters and sidewalks, dedicated bike lane, and street lighting. Street parking is not permitted.

The Union Pacific railroad line is approximately 430 feet south of the subject's southern boundary. There is a railroad crossing gate which, at times, can back up vehicles traveling south.

The intersection of Old Vail Road and Rita Road is lighted.

TOPOGRAPHY AND DRAINAGE

The site appears to have generally flat topography with some slight variations.



UTILITIES

All necessary utility services are reported to be to the subject lot line, which we assume to be correct and reliable.

Electric – Electric lines are along the east side of Rita Road and run along the subject's west boundary.

Water – Water lines are connected to adjacent properties along Old Vail Road and assumed to be to or very near the subject lot line.

Sewer – Sewer lines (green in map below) are Rita Road and connected at the subject's west boundary.

Phone/Internet – Phone/internet lines are along the east side of Rita Road and run along the subject's west boundary. Cellular can also provide phone/internet service.

Natural Gas – None in immediate area (to the best of our knowledge).

EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

SOILS

A Geotechnical Investigation report was not provided for our review. A visual inspection of the subject and development in the market area suggests that the soils are amenable to development. CBRE assumes the site is free of toxic substances and of adequate load bearing capacity to support the highest and best use of the subject site.

ENVIRONMENTAL ISSUES

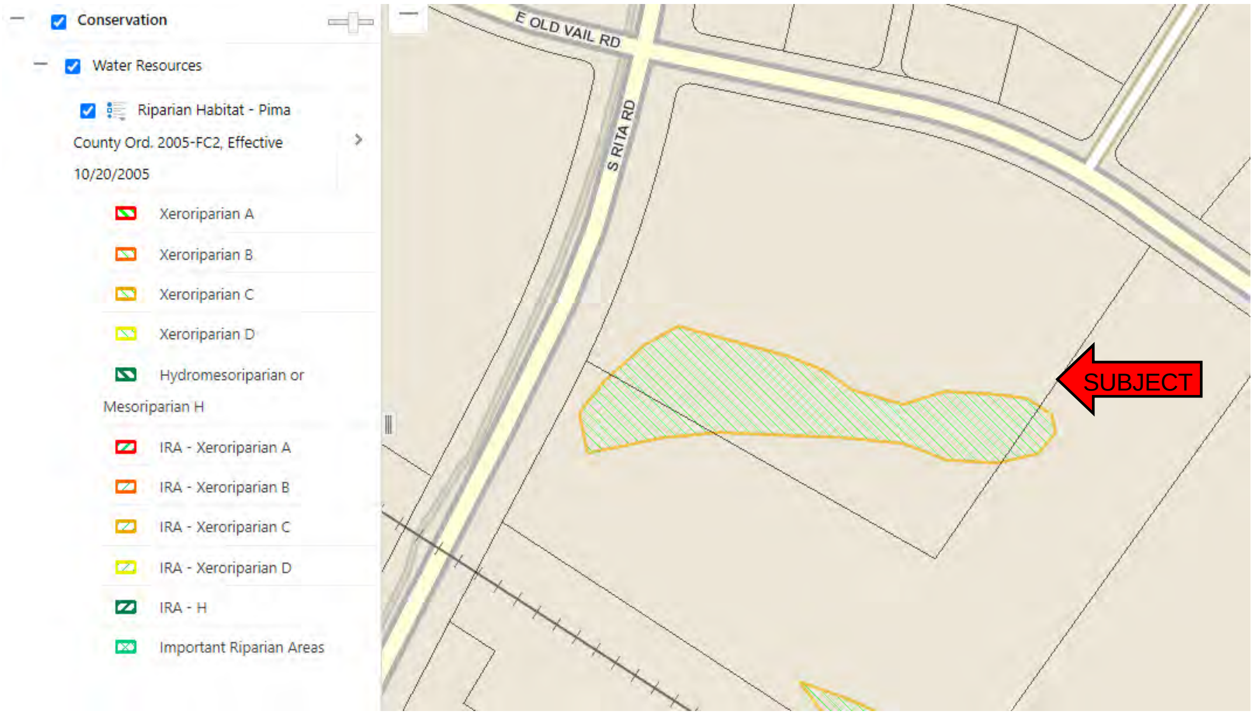
We were not provided an Environmental Site Assessment report.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

RIPARIAN HABITAT

A portion of the subject site is within the Xeroriparian C Habitat. According to the Pima County Regional Flood District guidelines, mitigation of these areas are as follows:

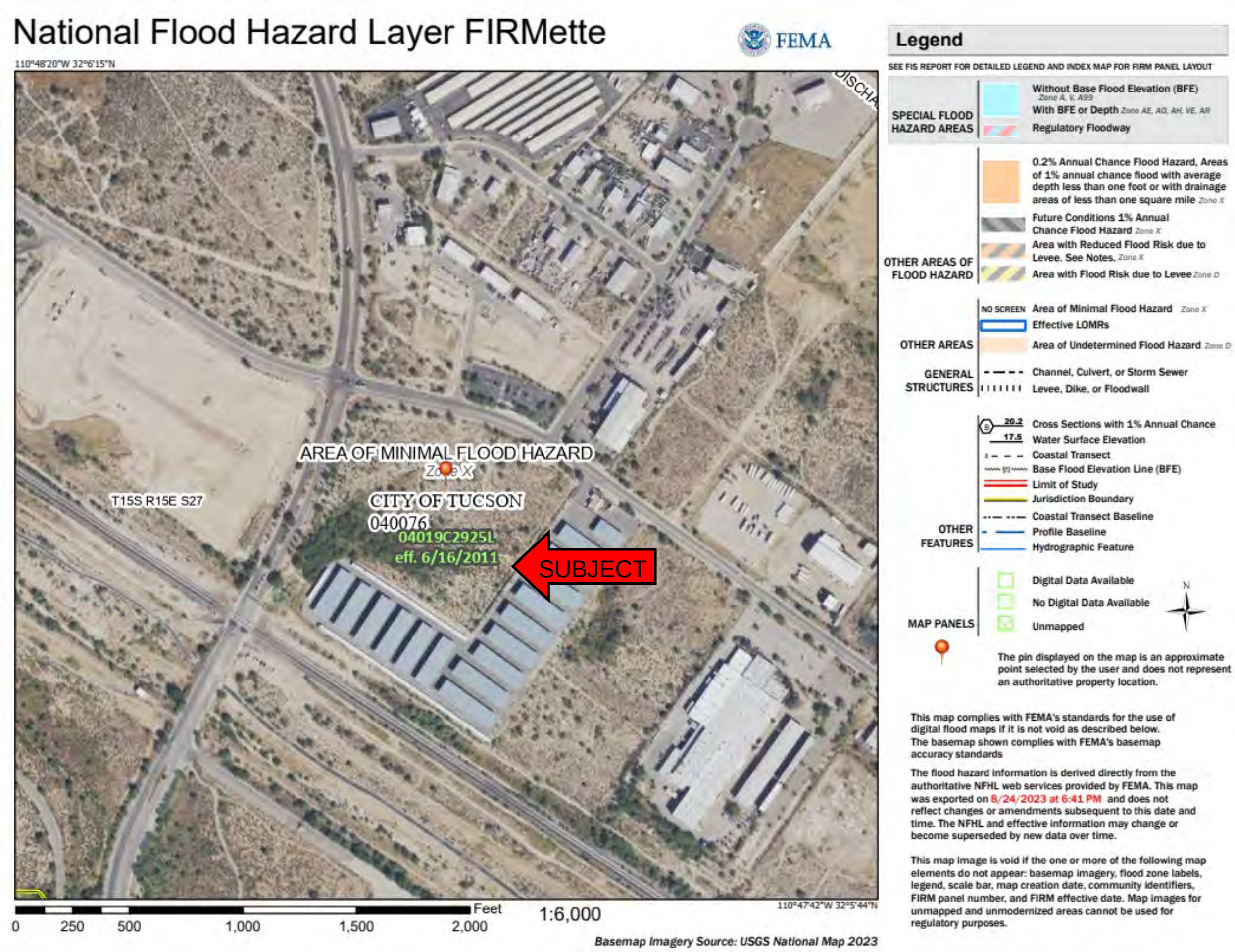
The mitigation ratio for Xeroriparian habitat is one to one (1:1). For example, if a property owner will be disturbing 1.0 acre (in size) of Xeroriparian Class A-D habitat, the mitigation requirement would be the equivalent number of plants required for disturbance of 1.0 acre. The following example is for Xeroriparian Class C habitat: 1.0 ac x 45 trees/ac x 1.0 mitigation ratio = 45 trees. The actual size of the mitigation area provided shall be the minimum necessary to ensure the long-term viability of the mitigation plantings, accounting for topography, frequency of inundation and existing vegetation, but in no case shall be less than 70 % of the disturbed area, after the mitigation ratio is applied. The 70% minimum mitigation area is based upon the maximum Total Vegetative Volume for each class of riparian habitat at maturity. The 70% represents the smallest area which will physically be able to sustain the required number of plants. The minimum size for disturbance of 1 acre is: 1.0 ac x 70% = 0.70 ac minimum area required If it is demonstrated that the full mitigation requirement cannot be completed onsite, a combination of onsite and offsite mitigation will be allowed.



FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the majority of the site appears to be located within Zone X (Unshaded) (unshaded), as shown on the indicated Community Map Panel No. 04019C2925L (dated June 16, 2011). FEMA defines the flood zones as follows:

> Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.



We are not experts in determining flood zone elevations and we were not provided with a flood zone certificate for the subject. The reader is encouraged to consult with a professional engineer to determine the subject's actual flood zone status. We reserve the right to modify our analyses and conclusions if our assumption proves to be incorrect.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	Old Vail Road then light industrial uses and vacant land
South:	RV storage facility, then Union Pacific Railroad tracks
East:	RV storage facility, then light industrial uses and vacant land
West:	Rita Road, then RV storage facility and vacant land

All of the adjacent and nearby uses are industrial uses.

SITE IMPROVEMENTS

We did not observe any site improvements on the subject site.

CONCLUSION

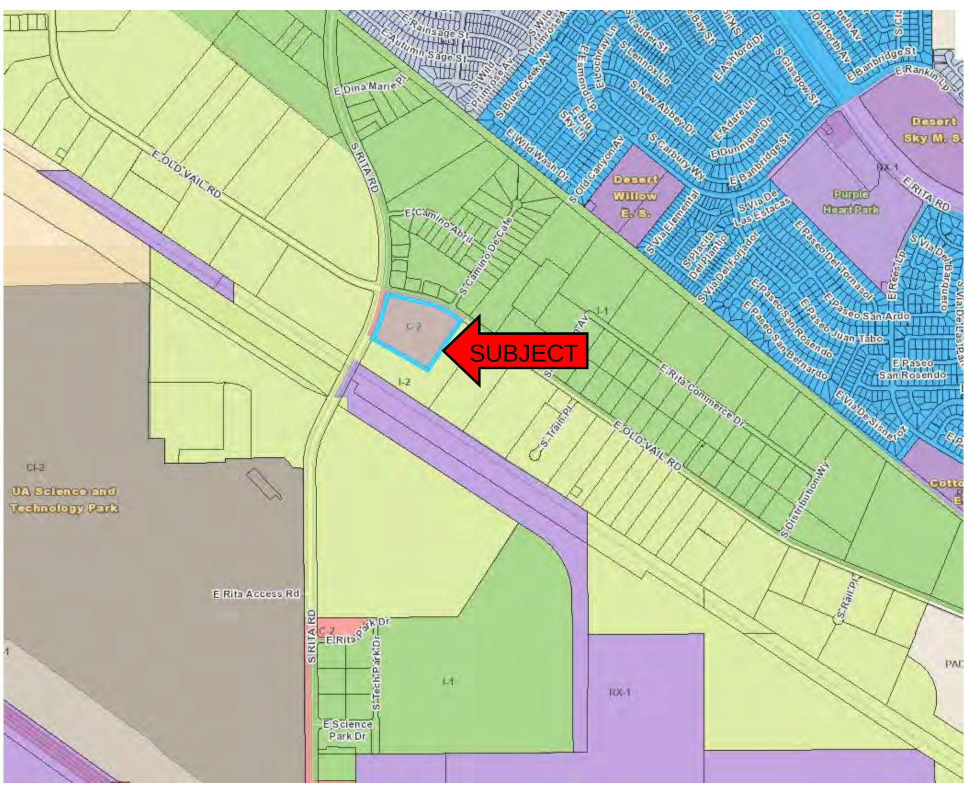
The subject site is located within an area generally developed and designated for industrial uses but is zoned for commercial uses. The size of the site is typical for commercial and light industrial uses in the area. The subject site has good access and visibility from two roadways and is at a lighted intersection. Other than being surrounded by industrial uses and being within the Davis-Monthan Air Force Base Approach-Departure Corridor (ADC-2), overall, there are no known detrimental uses in the immediate vicinity.

Zoning

The following chart summarizes the subject's zoning requirements.

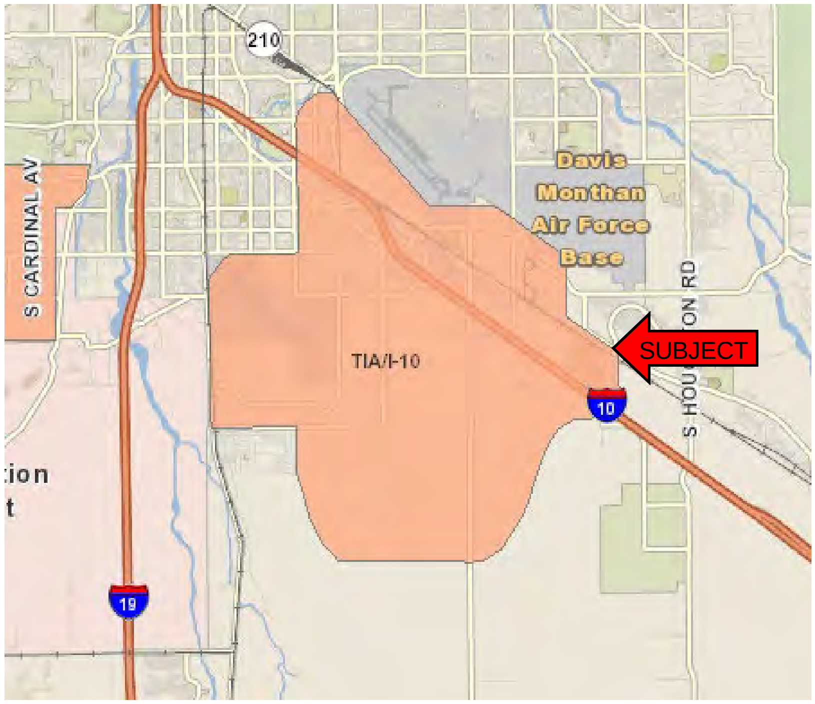
ZONING SUMMARY	
Current Zoning	C-2, Commercial (Tucson)
Legally Conforming	Yes
Uses Permitted	This zone provides for general commercial uses that serve the community and region. Residential and other related uses are also permitted. Limited industrial uses are allowed.
Zoning Change	Not likely
Category	**Zoning Requirement**
Minimum Lot Size	0 Sq. Ft.
Minimum Lot Width	0 Feet
Maximum Height	40 Feet
Minimum Setbacks	
Front Yard	0 Feet
Street Side Yard	0 Feet
Interior Side Yard	0 Feet
Rear Yard	0 Feet
Maximum Bldg. Coverage	100%
Parking Requirements	1 space per 300 SF Gross Building Area

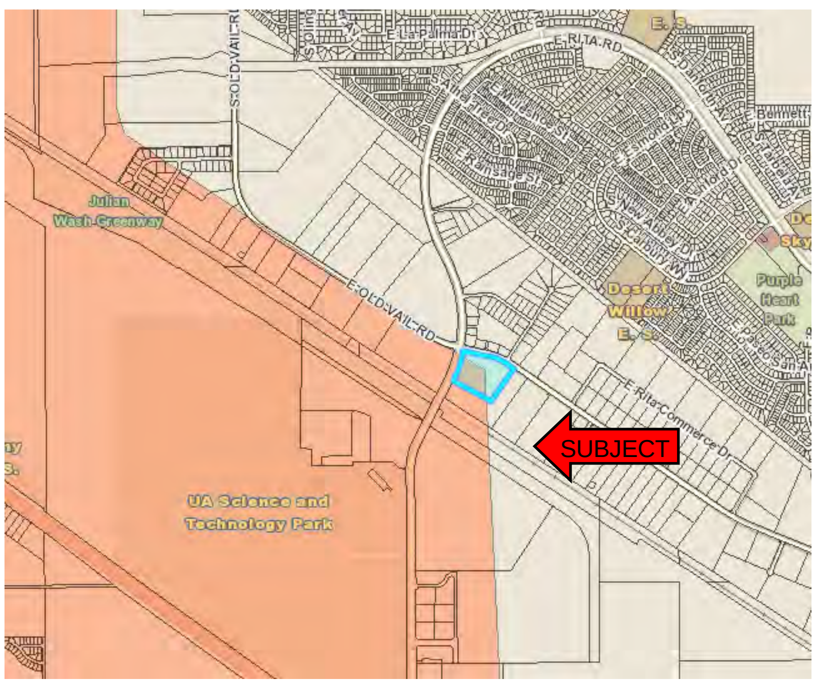
Source: Planning & Zoning Dept.



COMPREHENSIVE PLAN / GROWTH AREA

The subject is within the Central area under the Pima County Comprehensive Plan. As shown, it is partly within the Tucson International Airport / Interstate 10 Economic Development Area.

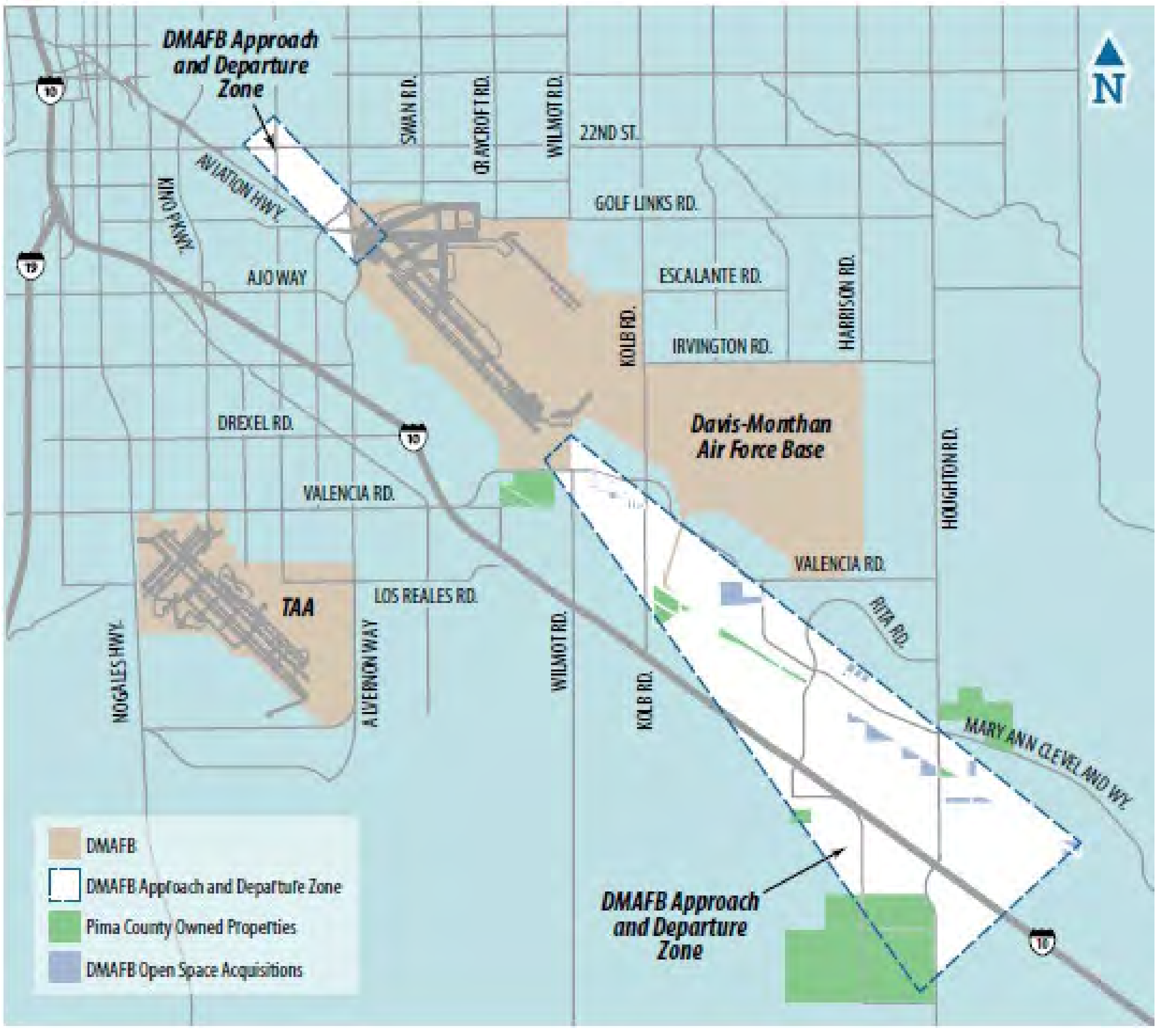




DAVIS-MONTHAN AIR FORCE BASE APPROACH AND DEPARTURE ZONE (ADC-2)

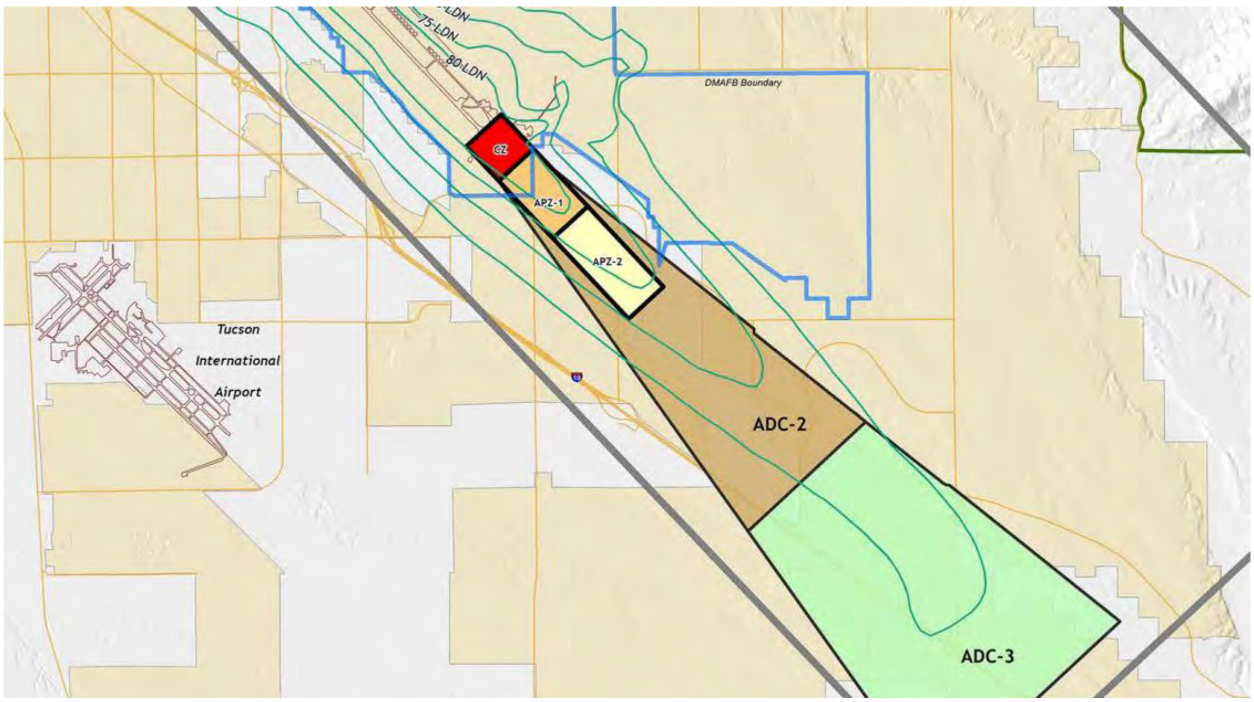
The following shows the Davis-Monthan Air Force Base Approach-Departure Corridor (ADC-2 & ADC-3), of which the subject lies within. The corridor is an area of crash risk for military aircraft during approach and departure from the runway. The subject, as shown in a later exhibit, is within the ADC-2 area, which is a more risky area than ADC-3 area due to its closer proximity to the runway. While the potential for civilian casualty due to an aviation mishap is extremely low, it is still a strong consideration by Davis-Monthan Air Force Base.

The following describes and analyzes factors of the Approach-Departure Corridor (ADC-2)



DMAFB ADCs (Approach Departure Corridors) were established during the development of the Joint Land Use Study (JLUS) to consider safety and environmental noise impacts generated by aircraft operations on future growth. The areas along the ADCs experience a high volume of aircraft traffic and increasing safety concerns. During the development of the JLUS, it was determined that ADC-2 and ADC-3 would need to extend to the southeast 30,000 feet and 50,000 feet, respectively, from the end of the runway to provide optimal aircraft and noise safety zones. The size and shape of the ADCs are based on DOD safety criteria in United Facilities Criteria Airfield and Heliport Planning and Design (UFC 3-260-1).

This study focuses on the area within the Approach Departure Corridor 2 (ADC-2), encompassing 4,016 acres or 6.3 square miles and extending from the end of the runway southeasterly out to a distance of 30,000 feet (see ADC-2 map). Over 85 percent of Davis-Monthan departures and 100 percent of the live-ordnance training mission departures occur to the southeast. In the future not only will the number of daily flight operations likely increase by over 100 percent, but the day-night mix will also move closer to 50/50 due to trends in Air Force training that forecast a growing percentage of nighttime operations because this more closely reflects the actual combat situation. Although accidents within this area would be infrequent, any one crash could be catastrophic, due to potential engine failures and major problems at take-off, which could lead to jettisoning attached fuel tanks and armaments together with aircraft crashes. Therefore, the ADC-2 has been labeled as a priority area for protection.



According to the Pima County Comprehensive Plan and JLUS recommendations, compatible uses within the ADC-2 include non-residential uses which have low employment density (number of persons per acre). The compatible uses are primarily industrial uses, along with other uses that have low concentrations of persons, such as certain types of outdoor recreation.

Land uses that result in concentrations of people or that have special safety considerations are generally incompatible within high hazard zones. Those uses that result in concentrations of people and are not permitted within the ADC-2 include the following:

- Residences and similar uses where people reside, such as hotels and nursing homes.

- Employment uses with a high density of employees such as offices and labor-intensive industrial use.
- Uses where people may gather in large numbers such as churches, schools, shopping centers, retail establishments, bars and restaurants, auditoriums, sports arenas, and spectator sports.

Land uses that have special safety considerations and are not permitted in the ADC-2 include the following:

- Uses involving significant quantities of hazardous materials or explosives.
- Critical public health and safety uses, such as hospitals, fire stations, and police communications facilities.
- Landfills and agricultural row crops that are attractive to large flocks of birds.

Compatible Uses Permitted within the ADC-2:

- General Agriculture/Livestock (excluding accessory retail sales)
- Cemeteries
- Rail Lines, Roadways, Vehicle Parking
- Agriculture processing and services
- Wholesale Trade and Distribution, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Manufacturing and Industrial Processing, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Communications Facilities and Utilities
- Outdoor recreation (not including places for people to gather)
- Government Services, but not including landfills, facilities which provide services directly to the public or places of public assembly, or facilities providing services that are critical for public health and safety.

The JLUS document also recommends area protection beyond the above mentioned development standards in terms of funding for implementation of programs to improve land use compatibility, including acquisition of property or development rights for critical parcels, land trades, and conservation easements. It is critical for the subject area to avoid development with employment densities which will ultimately endanger the operational ability of the DMAFB.

As a secondary measure to ensure safety and compatible development within the ADC-2, Pima County is partnering with DMAFB to secure and maximize the utilization of funds from a Readiness and Environmental Protection Integration Grant Program (REPI). The REPI Grant funds are proposed to compensate property owners for the acquisition of easements restricting some development rights encumbering priority properties identified by the base within the ADC-2. Participation in the REPI program by private property owners is entirely voluntary. The goal of the easements acquired is to maintain and encourage compatible land uses within the ADC-2 which do not unduly restrict development potential for the landowner but simultaneously protect the base from incompatible development which may result in increased safety concerns for base operations.

In emails dated January 6 and 9, 2023, between Pima County (Mr. George Andros) and Ms. Eliza Hamblin, Zoning Administrator for the City of Tucson, Ms. Hamblin noted in her email that while the subject property is currently allowed development of commercial services and retail uses (crossed out below), they are subject to the current ADC-2 use standards, including the employee density restriction. These restrictions are as follows, per Ms. Hamblin, which we assume to be correct and reliable.

ADC-2

1. **Performance Standards**

The following performance standards apply in the ADC-2:

- *a. No more than 20 employees per acre of site area at any time may be accommodated by intention, design, or in fact;*
- *b. The minimum project site area is five acres ; and,*
- *c. The maximum FAR is .30 of the project site area.*

2. **Prohibited Land Uses**

The following land uses are prohibited in the ADC-2:

- a. **Civic Use Group**
  - (1) Civic Assembly - Outdoor and Indoor;
  - (2) Cultural Use;
  - (3) Educational Use; and,
  - (4) Religious Use.
- ~~b. **Commercial Services Use Group**~~ **uses permitted per Exceptions a. below**
  - ~~(1) Administrative and Professional Offices;~~
  - ~~(2) Alcoholic Beverage Service;~~
  - ~~(3) Commercial Recreation;~~
  - ~~(4) Day Care;~~
  - ~~(5) Entertainment - Outdoor and Indoor;~~
  - ~~(6) Food Service;~~
  - ~~(7) Medical Services;~~
  - ~~(8) Personal Service;~~
  - ~~(9) Transportation Service - Air Carrier;~~
  - ~~(10) Travelers Accommodation - Campsite; and,~~
  - ~~(11) Travelers Accommodation - Lodging.~~
- c. **Industrial Use Group**
  - (1) Hazardous Material Manufacturing.
- d. **Recreational Use Group**
  - (1) Parks and Recreation.
- e. **Residential Use Group (all uses in the group)**
- f. **Restricted Adult Activities Use Group (all uses in the group)**
- ~~g. **Retail Trade Use Group (all uses in the group) –**~~ **uses permitted per Exceptions a. below**
- h. **Storage Use Group**
  - (1) Hazardous Material Storage.
- i. **Wholesaling Use Group**
  - (1) Hazardous Material Wholesaling.

3. **Exceptions**

The following are exceptions to the Prohibited Uses in ADC-2:

a. Land uses in the Commercial Services Use Group and Retail Trade Use Group are permitted in ADC-2 only if the property was zoned RCV, NC, C-1, C-2, C-3, C-3, P or RV prior to January 1, 2005.

(Rezoning from the previously mentioned zones to zones that provide for allowed uses in ADC-2 is encouraged.);

c. Developments not in conformance with the performance standards of 5.6.8.B.1 are permitted only if a protected development right plan was approved by Mayor and Council specifically for such development prior to June 30, 2005;

e. Parcels less than the minimum size required in ADC-2, recorded prior to January 1, 2005 may be developed in conformance with all other standards specified in Section 5.6.8.B.1., 2, and 3;

f. Individual parcels of less than five acres may be separately owned provided each such parcel is part of a site plan and covenants provided in this subsection that encompasses at least five acres . The City shall be a party for notification purposes to the covenants;

g. Non-contiguous parcels located within ADC-2 may be included within a single plat or site plan for the purpose of determining employee limits, floor area ratios and other performance standards provided there are recorded covenants requiring conformance with the approved plat or site plan in the form approved by the PDSD Director . As provided in Section 5.6.10, non-contiguous parcels that do not meet the above standards may be considered in accordance with Section 3.4.3, *Zoning Examiner Special Exception Procedure*.

ANALYSIS AND CONCLUSION

Thus, since the subject was zoned C-2, commercial, prior to the ADC-2 guidelines being implemented in 2005, current C-2 zoning allowable commercial uses (restaurants, strip retail, car wash, auto repair, low intensity destination retail uses, etc.) are currently allowed on the subject site, but still restricted by the above Current Use Standards within the ADC-2.

Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

EMPLOYEE DENSITY ANALYSIS

As shown above in the ADC-2 Performance Standards, development at the subject cannot exceed 20 employees per net acre. For the subject's 11.64 acres, this equates to a maximum of 232 employees (20 x 11.64 =232).

However, an integral part of the restrictive deed of easement that will encumber the subject site, is a significant reduction in the number of allowable employees. Our valuation is not based on this employee reduction; however, the diminishment in value of the subject site is based on the reduction of allowable uses, between both before and after conditions, and therefore inherently accounts for a significant reduction in employee density based on the character of the remaining allowable uses (see As If Restricted value section).

Nevertheless, at the request of the client, we have considered the potential reduction in employee density. As shown in the As Is Land Value section, the land uses of the comparables have employee densities approximately between 5 to 20 per use, plus customer/patrons. Given the 11.64-acre subject site size, it is possible to have multiple uses that would get near to the maximum allowable employees (232).

With the restrictive easement in place, the remaining allowable uses are all "typically" low density employee uses. The comparable used are for self-storage, manufacturing, automotive, etc. which typically have 10 to 50 or so employees on sites that are equal or larger than the entire subject site.

Based on this ballpark estimate the reduction in employees would go from the maximum allowable of 232 employees to a maximum of 50 to 60 employees on the site. Again, this is just an estimate as we are not experts on employee density but have utilized basic market data to arrive at our estimate. This is a reduction of approximately 75% reducing the employee density from 20 employees per net acre to about 4 to 5 employees per net acre.

As further support, there has been a precedence set in the area. A nearby parcel within the ADC-2 area having a size of 139.13 net acres and a maximum employee density of 2,782 potential employees under the ADC-2 guidelines (20 employees per net acre x 139.13 acres = 2,782 maximum employees), was encumbered by a voluntary restrictive easement that limited the allowable uses and reduced the maximum number of employees to no more than 850 on the 139.14 acre site. This is a reduction of approximately 70% reducing the employee density from 20 employees per net acre to about 6 employees per net acre. While one "easement" does not make the market, it certainly sets a precedence when no other easements exist and is a highly similar comparison.

Therefore, based on these estimates, the diminution in value of the subject site concluded within this appraisal, from the As Is (before) condition to the As If Restricted (after) condition under this voluntary easement, is reflective of reducing the employee density on the subject site from the maximum of 232 employees to a maximum of 60 employees. **This is just an estimate as we are not experts on employee density but have utilized basic market data to arrive at our estimate.**

Tax Assessment Data

ARIZONA'S PROPERTY TAX SYSTEM

All property in Arizona, whether real or personal, is subject to property taxes unless specifically exempted. Examples of exempt properties include government buildings, educational institutions, hospitals, and churches. Property taxes are levied on real and personal property based on the state's statutory classification system, valuation methods, assessment ratios, and the taxing jurisdiction's tax rate.

Property in Arizona is classified and valued by the Arizona Department of Revenue (ADOR) and county assessors. The value of the property refers to the monetary worth of the property based on market values and statutory formulas.

With the exception of centrally valued properties and personal property, all property is valued based on its full cash value (FCV) and limited property value (LPV). FCV is synonymous with market value with no limit to annual growth, while LPV is the basis for the assessment of property taxes and is determined by a constitutional formula utilizing the previous year's LPV and capping growth at 5% annually.

Arizona's property tax system classifies property according to its use under nine classes (each with one or more additional subclasses), and each class is assigned an assessment ratio ranging from 1% to 18%. The assessment ratio is applied to a property's LPV to determine the net assessed value (NAV). The following table summarizes Arizona's property classes and assessment ratios

Tax Year 2020 Property Classification and Assessment Ratios

Property Class	Assessment Ratio	Description of Class
Class 1	18%	Mines and mining claim property and standing timber. Local telecommunications service, gas, water and electric utility company property, pipeline company property, producing oil and gas property. Commercial and industrial real property (A.R.S. § 42-12001).
Class 2	15%	Agricultural real property, golf courses, and vacant land (A.R.S. § 42-12002).
Class 3	10%	Primary residential residence of owner or owner's relative (A.R.S. § 42- 12003).
Class 4	10%	Property used for residential rental purposes, including property owned in foreclosure by a financial institution that is not otherwise included in any other class (A.R.S. § 42-12004).
Class 5	15%	Railroad, private rail car, and airline flight property (A.R.S. § 42-12005).
Class 6	5%	Noncommercial historic property, foreign trade zone property, qualifying military reuse zone property, enterprise zone property that qualified prior to the 7/1/11 sunset (primary taxes only), qualifying environmental technology property, and qualifying environmental remediation property (A.R.S. § 42-12006).
Class 7	18%	Historic commercial and industrial property (18%) and renovations (1%) (A.R.S. § 42-12007 and 42-12101).
Class 8	10%	Residential rental historic property (10%) and renovations (1%) (A.R.S. § 42-12008 and 42-12101).
Class 9	1%	Possessory interests and real property and improvements, regardless of ownership, leased and used exclusively by a nonprofit organization that operates as a charter school or church, religious assembly, or religious institution (A.R.S. § 42-12009).

Source: ADOR *Assessment Procedures Manual Part 3: Assessment Procedures.*

Property taxes are levied on a property's NAV by government bodies (i.e., the state, counties, community college districts, school districts, cities and towns, and special taxing districts) using the tax rate of each taxing jurisdiction. Property taxes are composed of two rates, primary and secondary. Primary tax rates typically fund the operational budgets of governments, while secondary tax rates typically fund voter approved general obligation bonds and overrides, and special taxing districts (i.e., fire districts and countywide special taxing districts for library, flood, jails, etc.).

The sum of the two rates is the total tax rate. The statewide average total property tax rate for tax year (TY) 2020 was $12.17 per $100 of assessed values. The tax rate applies to all property types, unless exempt, no matter the class.

ARIZONA TAX BURDEN BY CLASS

Although all property classes are subject to the same taxing jurisdiction's tax rate, the amount of tax owed as a percent of property value ranges by use because of the state's property classification system and varying assessment ratios. The actual amount owed (i.e., tax liability) is the effective tax.

Comparing effective tax rates is a more accurate representation of a property's overall tax liability given Arizona's varying assessment ratios. For context, based on the previous example, the effective tax rate for the Class 3 (residential) property is 1.1% (e.g., $2,190.60/$200,000) vs. 2.0% (e.g., $19,715.40/$1,000,000) for Class 1 (commercial) property.

The following table summarizes the tax year (TY) 2020 effective tax rates in Arizona, the FCV, and tax liability by class type.

TY 2020 Full Cash Value, Tax Liability, and Effective Tax Rates by Class							
Class	**Type**	**Assessment Ratio**	**Full Cash Value**	**Percent of Total**	**Total Liability**	**Percent of Total**	**Effective Rate**
1	Business, industrial, telecom, utility, mines	18%	$157,474,354,302	20.27%	$2,774,678,108	34.29%	1.76%
2	Agricultural, vacant land, golf courses, nonprofits	15%	$28,634,763,379	3.69%	$340,231,943	4.21%	1.19%
3	Owner occupied residential	10%	$384,724,534,914	49.51%	$3,194,863,898	39.49%	0.83%
4	Rental residential; nonprofit residential	10%	$196,455,693,981	25.28%	$1,706,415,967	21.09%	0.87%
5	Railroads & flight property	15%	$2,155,280,389	0.28%	$33,760,595	0.42%	1.57%
6	Historic prop; FTZ; enviro tech; (more)	5%	$7,069,367,584	0.91%	$37,651,269	0.47%	0.53%
7	Comm historic property	18%/1%	$63,669,468	0.01%	$762,850	0.01%	1.20%
8	Rental residential historic property	10%/1%	$22,702,792	0.00%	$657,739	0.01%	2.90%
9	Possessory interests; leased churches	1%	$424,713,434	0.05%	$1,792,740	0.02%	0.42%
Total			**$777,025,080,244**	**100.00%**	**$8,090,815,110**	**100.00%**	**1.04%**

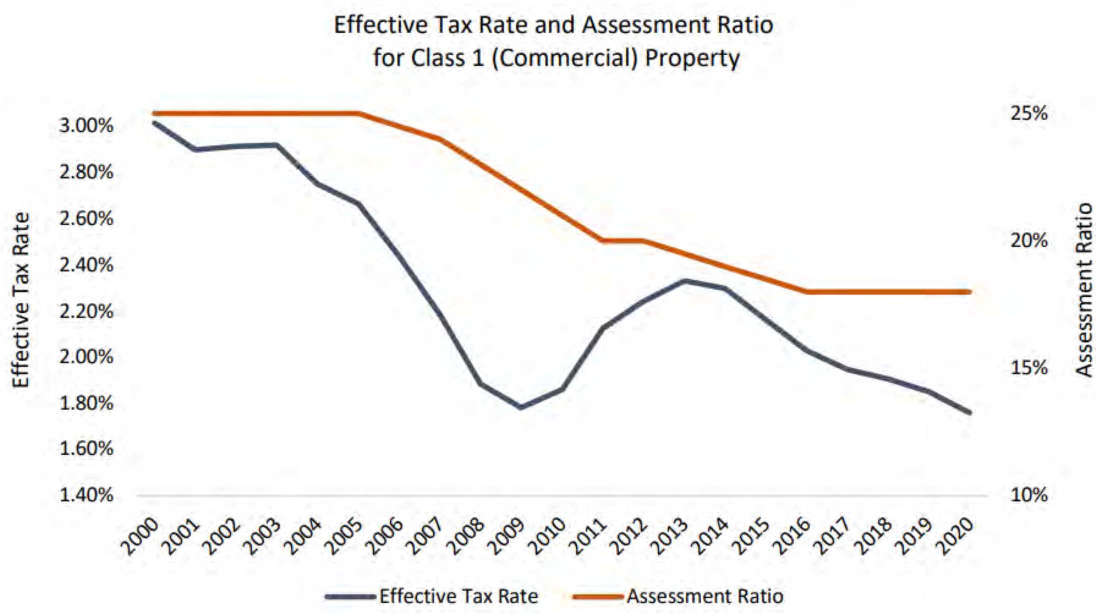
Source: Arizona Tax Research Association.

HISTORICAL CHANGES TO THE ASSESSMENT RATIO

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. A competitive tax policy is often linked with economic growth and development. A review of historical changes to the commercial assessment ratio in Arizona provides support to this idea.

Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. As a result, the effective tax rate declined from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020. This resulted in a gradual decline in the effective tax rate between 2000 and 2009.

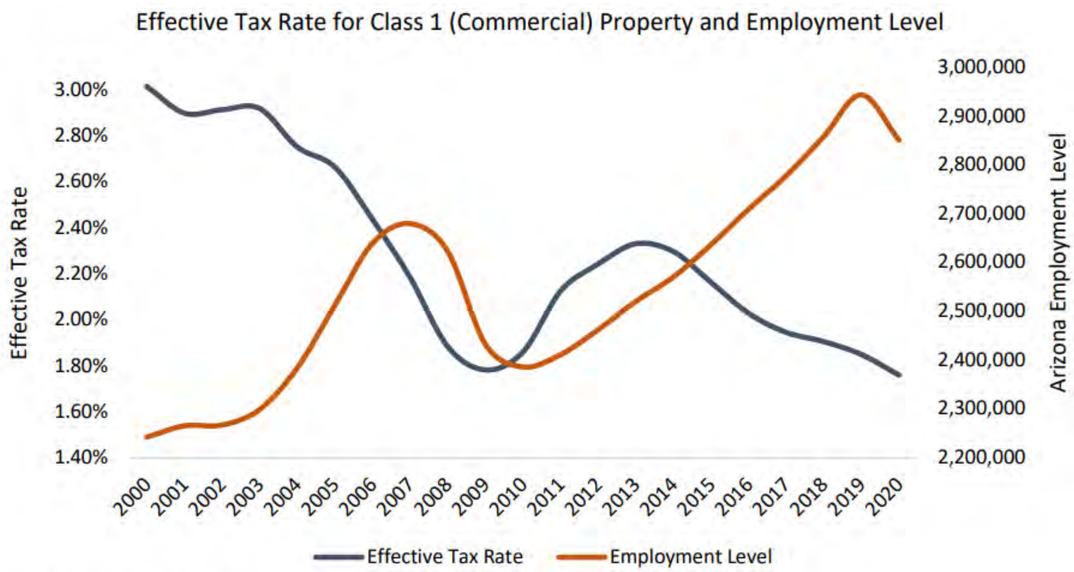
However, in 2009, property values and construction activity began to decline as a result of the Great Recession of 2008. To offset this reduction in property taxes, taxing jurisdictions began raising property tax rates. This brought the effective rate up until it began to decline again in 2013.



Source: ATRA

Employment, a key indicator for economic growth and overall economic health, increased over this timeframe as the effective tax rate on commercial property declined (see the following chart). Employment grew at an average rate of 1.2% per year. The FCV of commercial property grew at an average annual rate of 5.1%. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

Arizona was experiencing strong employment growth from 2000 to 2007 until the economic downturn in the business cycle. If not for the Great Recession of 2008, employment would have grown at a faster rate. In fact, after the Great Recession employment grew at an average annual rate of 2.4% between 2010 to 2019 (the year before the most recent economic downturn).



Source: Arizona Office of Economic Opportunity; ATRA

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state. The following assessment ratios apply to the three most used classifications.

PROPERTY ASSESSMENT RATIO

Tax Year	Vacant Land	Residential	Commercial
2010	16.0%	10.0%	21.0%
2011	16.0%	10.0%	20.0%
2012	16.0%	10.0%	20.0%
2013	16.0%	10.0%	19.5%
2014	16.0%	10.0%	19.0%
2015	16.0%	10.0%	18.5%
2016-2021	16.0%	10.0%	18.0%
2022	16.0%	10.0%	17.5%
2023	16.0%	10.0%	17.0%
2024	16.0%	10.0%	16.5%
2025	16.0%	10.0%	16.0%

Sources: County Asssesor's Office

ANALYSIS OF CHANGES TO THE COMMERCIAL PROPERTY ASSESSMENT RATIO - STATE OF ARIZONA

March 2021 | Prepared for NAIOP | Prepared by RCG

Rounds Consulting Group, Inc. was retained to analyze changes to Arizona's assessment ratio for commercial property. This analysis is part of the Arizona Chapter of NAIOP's, the Commercial

Real Estate Development Association, larger effort to position the state to be a preferred choice for business locations and expansions, support commercial real estate development, and grow the state's economy.

In order to continue advancing the state's economy, Arizona will need to remain competitive. At the present time, legislation is being considered that would gradually phase down the commercial property assessment ratio from 18% to 17% over two years.

Lawmakers should give consideration to the economic benefits that would result from lowering uncompetitive business tax burdens. Enacting commercial property tax reforms would help equalize the varying tax burdens among commercial and all other property, incentivize additional real estate development, and advance the state's business attraction and expansion efforts.

Proposed Property Tax Changes

In the first session of the 55th State Legislature of Arizona, legislation is being considered to change how commercial property taxes are calculated. The proposed change would gradually phase down the Class 1 (i.e., commercial property) assessment ratio from 18% to 17% over two years. The assessment ratio determines a property's assessed value to which property tax rates are then applied.

Commercial property in Arizona has the highest assessment ratio of any other property type. The proposed reform establishes a new assessment rate of 17.5% for tax year 2022. After 2022, the rate would drop to 17%. While not in the current reform proposal, ideally, the assessment ratio should be gradually decreased to 15%.

The goal of the proposed legislation is to add to the competitiveness of the state's economic fundamentals. In the longer term the enhanced level of competitiveness could allow for modest reductions in the need for project-specific incentives.

There will exist short-term "costs" absent any consideration for tax rate changes. However, that is not a likely scenario. Ultimately, the reductions in the commercial assessment ratio of the property tax formula will result in modifications to local government tax rates, resulting in a more competitive balance in the tax code.

The Legislature's estimate of net assessed value (NAV) reduction will equal $1.39B by tax year 2023, which represents only a 1.7% reduction. However, statewide commercial property values have been increasing by more than 6% per year over the last 5 years. Thus, the anticipated growth will more than fully offset any modest reductions in the assessment ratio. In addition, business cycle impacts to the property tax formula have been met with modifications in the tax rates. This means it is likely that a portion of the NAV reduction will be offset through the flexibility of rate adjustment.

When examining economic fundamentals, individual categories (i.e., competitive tax policy, infrastructure investment, workforce development, etc.) cannot be fully separated. In other words, the shift in property tax burden, when combined with other fundamentals, will indeed lead to additional economic growth. In fact, the potential for a full offset of any tax revenue losses will be greater as the assessment ratio for commercial property is reduced to the recommended 15%.

Historical Property Tax Changes

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. Since property taxes are levied on net assessed values, this resulted in effective tax rate declines going from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020.

As the effective rate declined, the value of commercial properties increased at an average annual rate of 5.1% between 2000 and 2020. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state.

When examining economic fundamentals, individual categories cannot be fully separated. In other words, the shift in property tax burden, when combined with other fundamentals, will ultimately lead to additional economic growth.

Property tax payments are typically factored into the rent a tenant pays. Many small businesses were significantly impacted by the COVID-19 pandemic. Building owners and landlords worked with their tenants to temporarily modify rents to help these local merchants survive. Moving forward, a reduction in the property tax assessment ratio has the potential to provide additional relief to small businesses in the form of lower rent payments.

Further, this review clearly identifies a tax category that is uncompetitive, and modifications to the assessment ratio will yield positive economic benefits. Continuing to reduce the rate to 15% over time will produce similar benefits.

Rule "B"

Arizona courts have interpreted the term full cash value to mean the "cash equivalent value" of the property. However, the value established by the assessor may be equal to, or less than, the actual market value. These lower values are the result of adjusting all sale prices for mass appraisal error, creative financing, personal property, and time on the market. Full cash values are unlimited in the amount that they increase each year since they fluctuate with the market. Following the Proposition 117 amendment, the yearly increase in limited property value was further limited from 10% to 5% of the previous year's value, with a few exceptions. The exceptions include properties that have had changes in use, new construction, tenant improvements, demolition, parcel splits, parcel combinations, change in legal descriptions, or other changes from the previous year. According to the new statute, if a property falls under one of these exceptions, the limited property value may be recalculated using what is known as the "Rule B" factor. For the 2015 tax year, the Rule B factor mandates that the limited property value equate to 93.5% of the full cash value for commercial property, 96.2% for primary residences, 95.2% for rental residential property, and 95.3% for vacant land. Whether an exception applies to a property or not, the limited property value cannot exceed the full cash value.

SUBJECT PROPERTY TAX INFORMATION

In Arizona, a sale of a property does not initiate its reassessment; instead, property values are reassessed biannually. By statute, the Limited Value increases by 5% per annum but cannot exceed the property's current Full Cash Value. Taxes are determined by applying the tax rate to the assessed value, which is the Limited Value multiplied by the assessment ratio.

As of the date of value, 2021 through 2023 assessments and tax rates are available for the subject. The following summarizes the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures and equipment.

AD VALOREM TAX INFORMATION

APN Number	2021 Actual Limited Property Value	2022 Actual Limited Property Value	2023 Pro Forma Limited Property Value
Commercial Zoned Parcels			
141-21-025F	$381,931	$401,028	$380,267
Subtotal	$381,931	$401,028	$380,267
Assessment Rate	15.00%	15.00%	15.00%
Assessed Values	$57,290	$60,154	$57,040
Taxation Type	Combined	Combined	Combined
Rates per $100	15.5862	14.8193	---
Total Ad Valorem Tax	$8,929	$8,914	---
Total Taxes	**$8,929**	**$8,914**	**---**

Sources: County Treasurer's Office; County Asssesor's Office

According to Pima County Treasurer's records, there are no delinquent property taxes encumbering the subject. In the state of Arizona, a sale does not trigger a re-assessment.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

LARGER PARCEL ANALYSIS

In every appraisal that conforms to UASFLA the appraiser must address and form an opinion of the larger parcel. A larger parcel is defined as "that tract, or those tracts, of land that possess a unity of ownership and have the same, or an integrated, highest and best use."[13]

The larger parcel may be the parent tract from which an acquisition is made or from which a portion is sold. If the proposed acquisition or Sale Parcel is linked to other lands by ownership, use, and contiguity, it may be necessary to consider the entire linked assemblage as a larger parcel, with the appraisal addressing the value of the larger parcel. "Unity of use" means that the acquisition or Sale Parcel and the larger parcel it comes from (if applicable) support a single, integrated use, or related uses such that one is diminished without the other. The object of larger parcel analysis is not just an academic exercise; the concept arose in eminent domain appraisal practice in order to ensure that both the condemnor and condemnee were treated fairly. It requires the appraiser to appraise the acquisition or Sale Parcel according to its pro-rata contribution to the larger real estate enterprise, and not as an isolated parcel that must stand (or fall) on its own merits.

The larger parcel must be identified and the reasons for that decision must be provided within the appraisal report with consideration given to ownership, use, and contiguity.

Unity of Ownership

The subject is owned by C-2 Area Company, LLC. None of the adjoining parcels have similar ownership. However, the adjoining parcel (east and south) are related companies to the subject ownership. The subject and the adjoining parcel to the subject under related ownership entities have unity of ownership.

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[13] Interagency Land Acquisition Conference, *Uniform Appraisal Standards for Federal Land Acquisitions*, 6th ed. (Appraisal Foundation, 2016), p. 23.

Contiguity of Use

Contiguity of use is more of an engineering question to be solved. The test requires that the property be physically contiguous and not separated. For example, if two parcels processing unity of use and unity of title are very far apart, it is more likely that the owner would be able to find a suitable replacement property nearby if one the parcels were separated.

First, there are no adjoining parcels under the same ownership.

As previously discussed, the subject 11.64 acres consists of undeveloped vacant land. There is no specific or common use or common development currently occupying the subject or any adjoining parcel.

There is no existing use on the 11.64-acre parcel that would be negatively impacted by separating it from adjoining parcels. Therefore, there is no contiguity of use between the subject 11.64-acre parcel and any adjoining parcels.

Unity of Highest & Best Use

Unity of use is generally an economic question to be answered and is the most important condition to be met. In strict terms, the unit of use test requires that the property be devoted to a single unified use, or have a common, integrated highest and best use.

The subject 11.64 acres lacks unity of ownership with adjoining parcels and lacks contiguity of use with adjoining parcels.

Under the rules for larger parcel determination, as two physically separate tracts may constitute a single larger parcel, a single contiguous tract may constitute multiple larger parcels. In considering this, we note that the general market for land (long-term development potential) in the area is driven by availability. In other words, buyers of land parcels are not negotiating portions of available lands for purchase but purchasing what is available.

In considering whether or not the subject 11.64 acres could have multiple larger parcels, it is clear that site infrastructure costs (water, sewer, power, and improved access) would be difficult for smaller land ownerships to front these costs alone, lending support to our conclusion that the larger the parcel may be more desirable to the market to help spread the cost of infrastructure. In this case, the larger parcel’s maximum size is limited to the 11.64 acres owned by C-2 Area Company, LLC. Therefore, the maximum size available in selecting the larger parcel is the subject 11.64 acres.

Conclusion of Larger Parcel Analysis

It is my conclusion that the market would recognize the subject 11.64-acre parcel as a single larger parcel. The 11.64-acre parcel lacks unity of ownership with adjoining parcels, lacks contiguity of use with adjoining parcels, and does not have unity of highest and best use with adjoining parcels. Furthermore, the 11.64-acre subject parcel would not be more marketable in smaller parcels as an individual owner of a smaller parcel would not want to bear 100% of the cost to deliver infrastructure to the site. Therefore, the 11.64-acre parcel is the larger parcel as it provides more economy of scale in spreading future infrastructure cost over a greater number of acres.

AS VACANT – LARGER PARCEL

Legal Permissibility

Of those uses where size of the parcel is not a constraint, the key determinant in a possible development of the site is not "what" can be developed, but "how much," which is usually dictated by zoning. The subject is currently zoned C-2 (Commercial) by the city of Tucson. The C-2 zoning is the second highest intensity commercial zone and there is little probability the site would be rezoned.

Physical Possibility

Of those uses where size of the parcel is not a constraint, the key determinant in a possible use of the subject parcel is not "what" it can be used for, but "how much," which is usually dictated by zoning. Parcels of similar size as subject could be utilized for a number of uses, depending on demand.

Without recapitulating all the physical characteristics of the larger parcel, the most impacting are highlighted below:

Size:	11.64 Acres
Shape:	Irregular
Location:	City of Tucson
Access:	Legal access to the site exists from Old Vail Road and Rita Road, which adjoin the subject parcel. Physical access is not available currently as there are no curb cuts.
Growth Path:	The subject is considered an "infill" parcel and is well within the growth path.

Size, topography, access and location are the most important determinants of value. In general, the larger the parcel, the greater its potential to achieve economies of scale and adaptability to development. Utilities are available to the property through the city of Tucson and Pima County.

Another consideration is the soil and subsoil composition and associated constraints. As discussed earlier in the Site Description section, the soil and subsoil composition appear to be of adequate load-bearing capacity, which is supported by nearby development.

Financial Feasibility/Maximally Productive

Financial feasibility of the site as vacant requires the analysis of those uses that are both physically possible and legally permissible. Of the physically possible and legally permissible uses, the use resulting in the highest return to the land is the maximally productive use for the site.

The subject's development potential is most influenced by current land uses in the area. The subject's zoning potential allowing a mix of commercial, residential, and some industrial uses that provides some flexibility for development of the site.

In the final analysis, the highest and best use of the subject is for future commercial use consistent with existing development patterns of Tucson.

Most Probable Buyer

Because the subject has future development potential (but no immediate development plans), the most probable buyer would be an investor who would hold the property, or a commercial developer. Projects coming out of the ground similar to subject would take approximately one year to two years to obtain appropriate approvals and deliver finished pad sites. Based on current and forecast market conditions, near term development would be warranted.

Land Value – As Is

The following values the subject in its "as is" condition.

POTENTIAL USES OF THE SUBJECT

As detailed in the zoning section of this report, per Ms. Eliza Hamblin, Zoning Administrator for the City of Tucson, while the subject property is allowed development of commercial services and retail uses, they are subject to the following current ADC-2 use standards, including the employee density restriction. Further, as shown in the zoning section, there are certain uses not prohibited in the C-2 zone.

The current ADC-2 standards are summarized below. The reader is referred to the zoning section for detail.

Current Use Standards within the ADC-2:

- Intensity of Use: Not to exceed 20 employees per acre of net lot area
- Minimum planned area development shall not be less than 5 acres
- Maximum floor area ratio shall not exceed 30% of gross site area

Thus, since the subject was zoned C-2, commercial, prior to the ADC-2 guidelines being implemented in 2005, current C-2 zoning allowable commercial uses (restaurants, strip retail, car wash, auto repair, low intensity destination retail uses, etc.) are currently allowed on the subject site, but still restricted by the above Current Use Standards within the ADC-2.

However, while these intense retail uses may be allowed currently on the subject site, the market may not demand them on the subject site. The following utilizes market data and interviews with market participants to determine likely market demanded uses on the subject site.

As shown by the following map, nearly all retail uses within the immediate subject area have been developed along Houghton Road. While this is due in part to most land along Rita Road and Old Vail Road (subject roads) is zoned for industrial, it also shows that future retailers will likely develop along major arterial corridors such as Valencia Road and Houghton Road, due to existing retail patterns and traffic counts/flow and not along the subject roads (Old Vail Road and Rita Road).

There is only one retail establishment along the subject roads (Rita Road and Old Vail Road), near the subject, however, this is a very small restaurant within a gas station. Thus, current land use patterns suggest that high intensity (number of patrons) uses such as strip retail, restaurants, or those establishments that require a significant amount of patrons, are not likely to be developed at the subject.

Further, the subject is 11 acres, which can hold a significant amount of retail. However, most retail developments larger than 1 acre within the Tucson MSA, are nearly all located along high traffic count arterial road or adjacent to the freeway. Houghton Town Center, a power center along Houghton Road with easy freeway access, is about 2 miles east of the subject. Within the power center are existing multiple retail uses with ample vacant land available for future expansion/development. Most major retailers would likely locate within this center due to economic dynamics. Thus, local or destination retail uses would only likely consider the subject site as a location.

Thus, it is highly likely that only a portion of the subject would be used for retail uses (typically the hard corner), with the remainder being used for light industrial uses allowed in the C-2 zone, which are prevalent in the immediate area, such as RV parking (expansion), self storage, or flex industrial/retail uses (incubator space).

We interviewed several retail brokers in the Tucson MSA who all said that the 11-acres of the subject is a large site for retail uses at the subject's location and likely only a part would be developed as retail (hard corner) with the remainder being uses such as self-storage or light industrial uses (incubator {industrial/retail} or automotive) in conformance with the larger neighborhood.

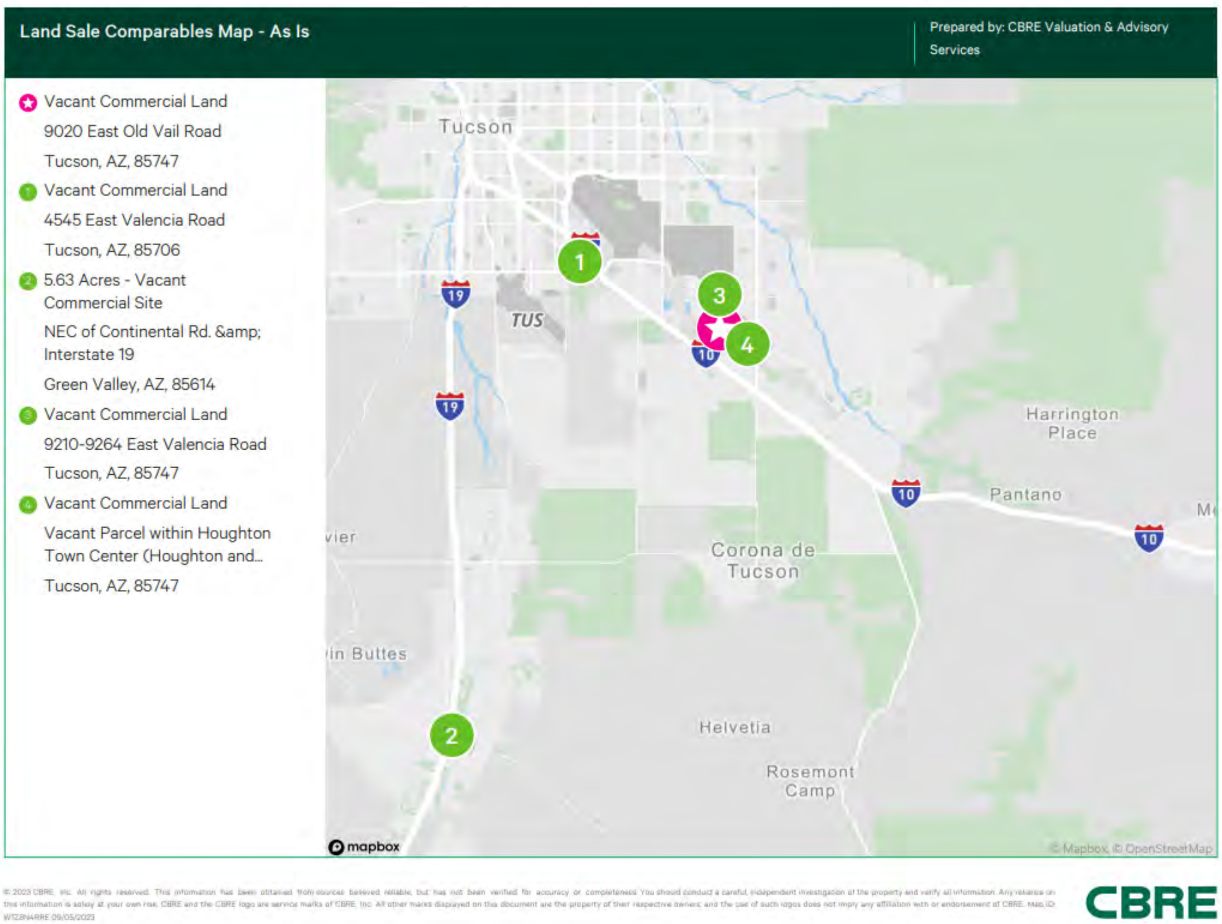
Thus, is determined the comparable land sales for the as is valuation, we have chosen sales that conform to these market parameters indicating the most likely buyers of the subject site (lower intensity retail uses), and hence the most likely value parameters. As shown later, most of the comparable sales used for the as is valuation required minimal net adjustments, and thus are considered very similar in demand to the subject, and are appropriate comparisons. For reference, the comparable land sales have the following planned uses.

Comp	Planned Use	Applicability to Subject	Typical Number of Employees at One Time*	Typical Number of Patrons at a Given Time*
1	Speculation, hold for future retail development as demand increases	This comparable indicates that demand for retail development similar to the subject is currently seeing weakness	---	---
2	Gas station, convenience store	A gas station and convenience store may be an appropriate use for the subject, though a Chevron station is located along Rita Road about 600 feet north of the subject	3 - 10	5 -20
3	Single-family homes and a bank	This comparable indicates that demand for retail development (part of site being sold to a homebuilder) similar to the subject is currently seeing weakness	5 -15 per establishment	3 - 20 per establishment
4	Home Depot, within a power center	This comparable was used as it was near the subject and a similar land size, but shows the upper end of the price range as land within a power center is higher priced than strand alone retail land	---	---

Compiled by CBRE * Google searches/NACS/primary research

<u>Therefore, for the subject's as is land value, we have chosen land comparable sales that are zoned commercial but conform to market trends for the subject site and appear to generally conform to the current ADC-2 use standards.</u>

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda. We have utilized land sale comparables that were zoned for commercial uses and are of generally similar size and location.



SUMMARY OF COMPARABLE LAND SALES								
No.	**Property Location**	**Transaction Type**	**Transaction Date**	**Zoning**	**Actual Sale Price**	**Size (Acres)**	**Size (SF)**	**Price Per SF**
1	4545 East Valencia Road Tucson, AZ 85706	Sale	Jan-22	CB-2, Commercial (Pima County)	$1,550,000	9.34	406,665	$3.81
2	NEC of Continental Road and Interstate 19 Green Valley, AZ 85614	Sale	May-22	CB-1, Commercial, Pima County	$1,500,000	5.63	245,417	$6.11
3	9210-9264 East Valencia Road Tucson, AZ 85747	Sale	Feb-22	C-2, Commercial (Tucson)	$1,650,000	6.22	270,943	$6.09
4	Vacant Parcel within Houghton Town Center (Houghton and Old Vail Roads) Tucson, AZ 85747	Sale	May-23	PAD-36, Planned Area Development (Tucson)	$2,613,600	10.28	447,797	$5.84
Subject	9020 East Old Vail Road, Tucson, Arizona	---	---	C-2, Commercial (Tucson)	---	11.64	507,023	---

Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. The sales chosen were considered the most comparable based upon their similar physical, location, and zoning characteristics and were all within the Tucson MSA.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

Sale	Land - Retail / Commercial	No. 1

Property Name	Vacant Commercial Land	
Address	4545 East Valencia Road Tucson, AZ 85706 United States	
Government Tax Agency	Pima	
Govt./Tax ID	140-32-006B, -006G	

Site/Government Regulations

	Acres	Square feet
Land Area Net	9.336	406,665
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All nearby
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	760 ft Valencia Road
General Plan	N/A
Specific Plan	N/A
Zoning	CB-2, Commercial (Pima County)
Entitlement Status	N/A

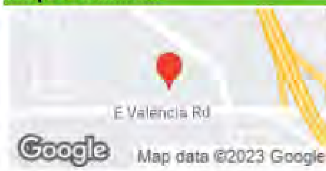
Sale Summary

Recorded Buyer	Duff Real Estate, LLC	Marketing Time	6 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Valencia Road Property Investments, LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Broker, affadavit
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	1/19/2022
Proposed Use	Hold for future retail development	Sale Price	$1,550,000
Listing Broker	Alpha Commercial Real Estate Service, Patrick Welchert	Financing	All Cash
Selling Broker	N/A	Cash Equivalent	$1,550,000
Doc #	20220120799	Capital Adjustment	$0
		Adjusted Price	$1,550,000

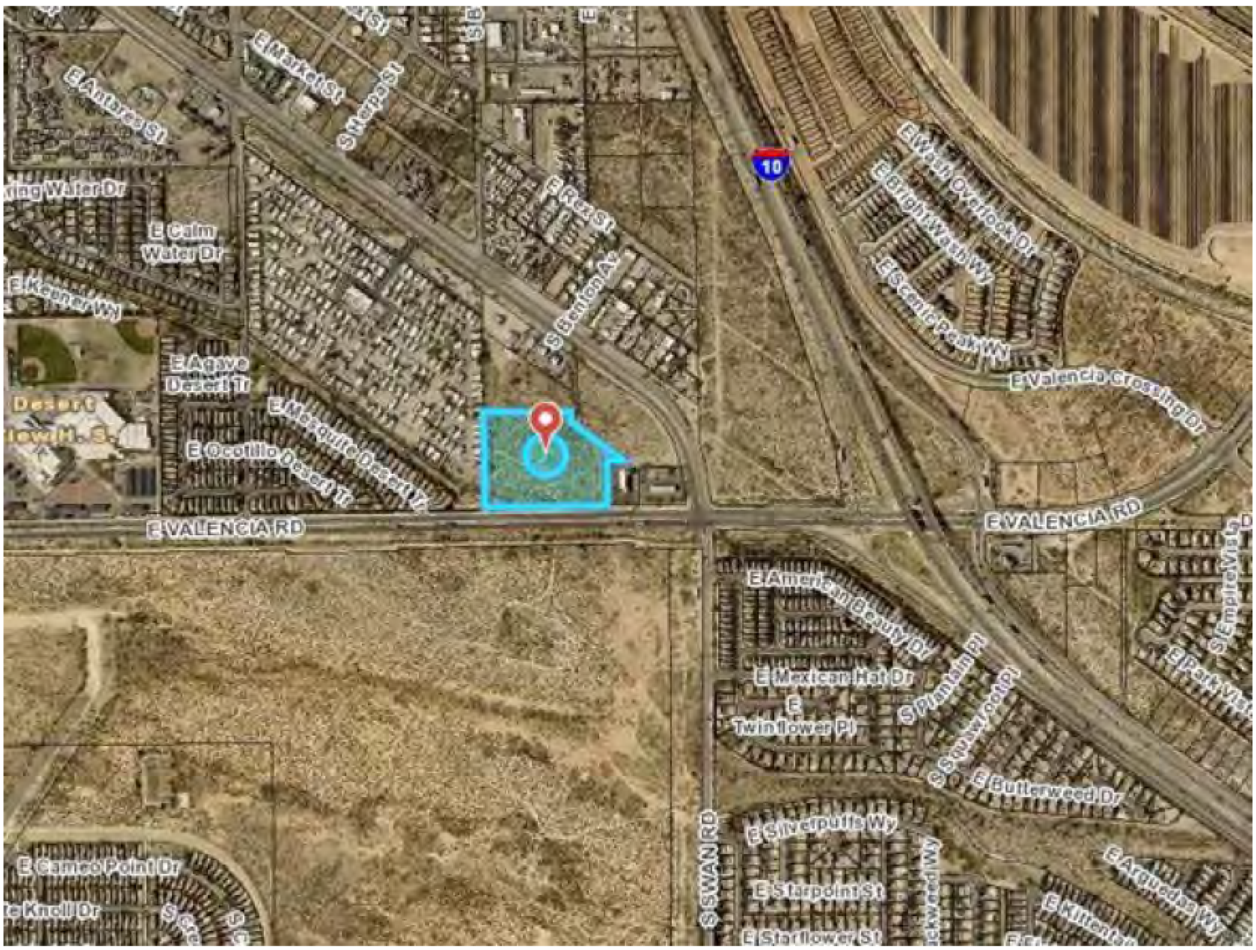
Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
01/2022	Sale	Duff Real Estate, LLC	Valencia Road Property Investments, LLC	$1,550,000	$166,029 / $3.81

Sale	Land - Retail / Commercial	No. 1
Units of Comparison		
$3.81 / sf		N/A / Unit
$166,029.33 / ac		N/A / Allowable Bldg. Units
		N/A / Building Area
Financial		
	No information recorded	
Map & Comments		



This comparable represents the sale of a 9.34-acre tract of vacant commercial (CB-2) zoned land located along Valencia Road just west of Interstate 10 freeway in Tucson, Arizona. The vacant site has frontage along Valencia Road, a major arterial roadway in Tucson and near a freeway interchange. According to the selling broker, the buyer intends to hold the site for future retail development when market conditions warrant and will likely develop the site into commercial uses that benefit from Valencia Road visibility and freeway proximity. The site has generally level topography. All utility lines are nearby or within 500 feet of the site. The site sold in January 2022, for $1,550,000 or $3.81 per square foot. No conditions of sale were noted.



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In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its frontage along a major arterial roadway. The adjustment for location was warranted due to its lower average household income. Therefore, an upward adjustment was judged proper for this comparable. A utilities category adjustment was considered appropriate for this comparable given it has some utilities not to the lot line (water/sewer) but about 500 feet away. Because of this inferior trait, an upward adjustment was considered appropriate. The downward adjustment for traffic counts was considered reasonable due to its higher traffic counts. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Two

Sale	Land - Retail / Commercial	No. 2

Property Name	5.63 Acres - Vacant Commercial Site	
Address	NEC of Continental Rd. & Interstate 19 Green Valley, AZ 85614 United States	
Government Tax Agency	Pima	
Govt./Tax ID	304-27-001H	

Site/Government Regulations

	Acres	Square feet
Land Area Net	5.634	245,417
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Rectangular
Topography	Moderate Slope
Utilities	All to site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	Commercial
Specific Plan	Convenience Store - Gas Station
Zoning	CB-1, Commercial, Pima County
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Circle K Stores Inc.	Marketing Time	N/A
True Buyer	Circle K	Buyer Type	End User
Recorded Seller	Continental Road LLC	Seller Type	Private Investor
True Seller	Sonoran Ventures, LLC	Primary Verification	Broker, Affidavit

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	5/11/2022
Proposed Use	Convenience Store-Gas Station	Sale Price	$1,500,000
Listing Broker	Bob Baker with Sonoran Ventures, LLC (520) 320-9990	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$1,500,000
Doc #	2022-1310431	Capital Adjustment	$0
		Adjusted Price	$1,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2022	Sale	Circle K Stores Inc.	Continental Road LLC	$1,500,000	$266,241 / $6.11

Sale	Land - Retail / Commercial	No. 2

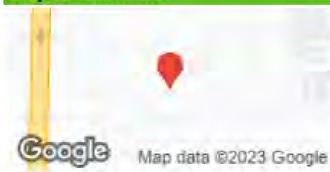
Units of Comparison

$6.11 / sf	N/A / Unit
$266,240.68 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

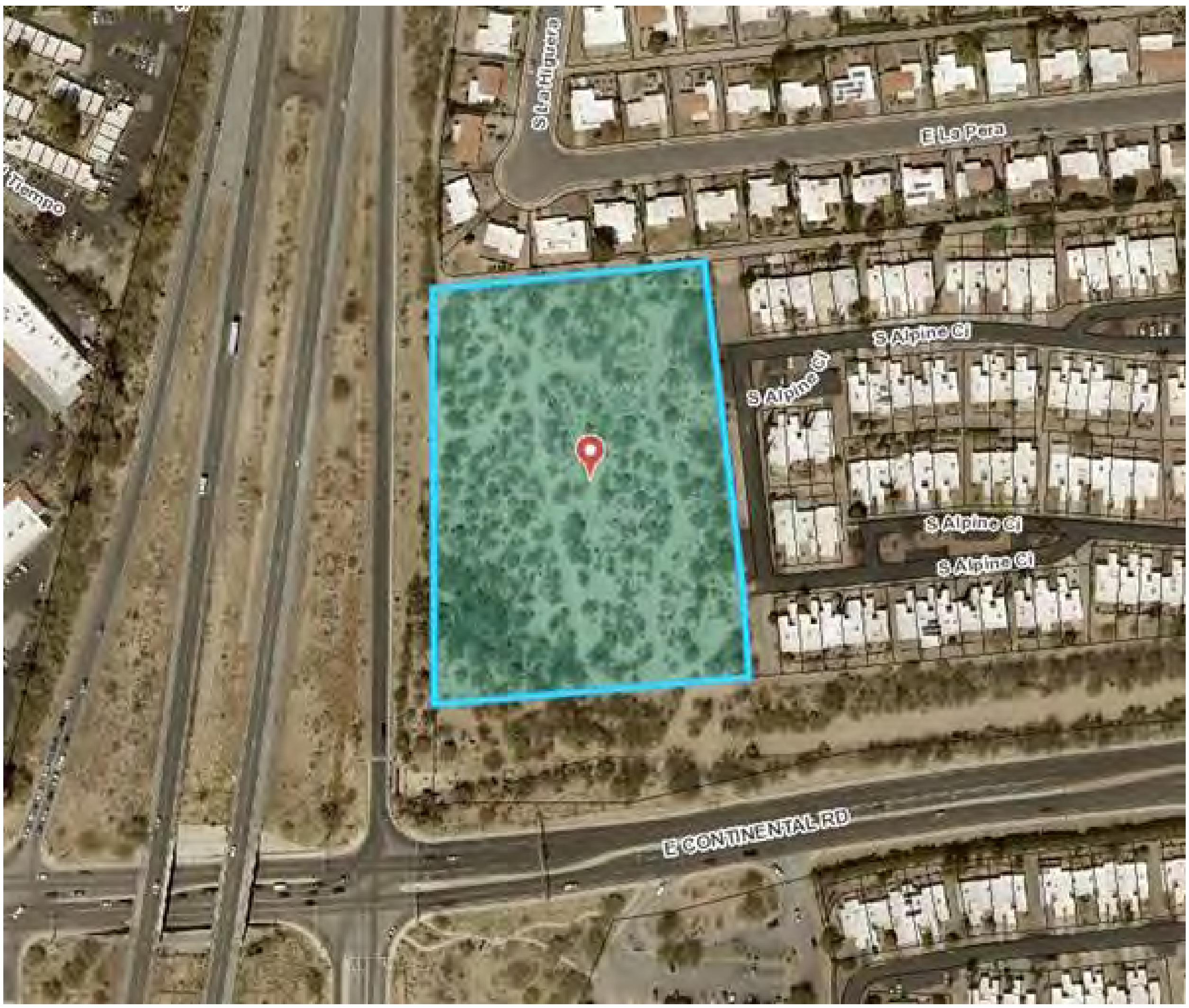
Financial

No information recorded

Map & Comments



This comaprable represents the sale of a 4.22-acre vacant commercial site that is located at the northeast corner of Continental Road and Interstate 19I in Green Valley, Pima County, Arizona. The land is zoned CB-1, a commercial zoning, and was purchased for development of a convenience store-gas station (proposed Circle K). The price of $1,500,000 equates to $6.12 per square foot. This was an off-market deal transaction with conventional financing. No conditions of sale were noted.



This comaprable represents the sale of a 4.22-acre vacant commercial site that is located at the northeast corner of Continental Road and Interstate 19I in Green Valley, Pima County, Arizona.

The land is zoned CB-1, a commercial zoning, and was purchased for development of a convenience store-gas station (proposed Circle K). The price of $1,500,000 equates to $6.12 per square foot. This was an off-market deal transaction with conventional financing. No conditions of sale were noted.

A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its visibility from the freeway. The adjustment for location was warranted due to its lower average household income. Therefore, an upward adjustment was judged proper for this comparable. With respect to zoning/density, this comparable was considered inferior in this aspect and received an upward adjustment because of a more restrictive zoning classification. The downward adjustment for traffic counts was considered reasonable due to its higher traffic counts. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Land Sale Three

Sale	Land - Retail / Commercial	No. 3

Property Name	Vacant Commercial Land
Address	9210-9264 East Valencia Road Tucson, AZ 85747 United States
Government Tax Agency	Pima
Govt./Tax ID	141-39-0010 through 0190

Site/Government Regulations

	Acres	Square feet
Land Area Net	6.220	270,943
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All to site
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	294 ft Valencia Road
Frontage Distance/Street	296 ft Nexus Road
General Plan	N/A
Specific Plan	N/A
Zoning	C-2, Commercial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Rio West Development and Construction Inc.	Marketing Time	18 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Deurloo Susan Wood	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Broker, affadavit
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	2/25/2022
Proposed Use	General retail	Sale Price	$1,650,000
Listing Broker	Nancy McClure, CBRE	Financing	Market Rate Financing
Selling Broker	Nancy McClure, CBRE	Cash Equivalent	$1,650,000
Doc #	202222090561	Capital Adjustment	$0
		Adjusted Price	$1,650,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
02/2022	Sale	Rio West Development and Construction Inc.	Deurloo Susan Wood	$1,650,000	$265,273 / $6.09

Sale	Land - Retail / Commercial	No. 3

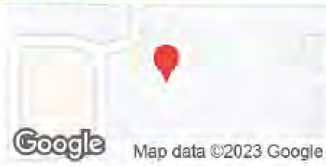
Units of Comparison

$6.09 / sf	N/A / Unit
$265,273.31 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 6.22-acre tract of vacant commercial (C-2) zoned land located along Valencia Road and Nexus Road in Tucson, Arizona. The vacant site has frontage along Valencia Road, a major arterial roadway in Tucson, as well as Nexus Road, a collector road. According to the selling broker, the buyer is selling off a portion to a homebuilder and in negotiations with a bank or other destination retail uses that benefit from Valencia Road visibility. The site has generally level topography and there is an existing access drive into the property from Valencia Road. All utility lines are along Valencia Road and to the site. The site sold in July 2022, for $1,650,000 or $6.09 per square foot. The site is one of the last C-2 parcels available along Valencia Road. No conditions of sale were noted.

This comparable represents the sale of a 6.22-acre tract of vacant commercial (C-2) zoned land located along Valencia Road and Nexus Road in Tucson, Arizona. The vacant site has frontage along Valencia Road, a major arterial roadway in Tucson, as well as Nexus Road, a collector road. According to the selling broker, the buyer is selling off a portion to a homebuilder and in negotiations with a bank or other destination retail uses that benefit from Valencia Road visibility. The site has generally level topography and there is an existing access drive into the property

from Valencia Road. All utility lines are along Valencia Road and to the site. The site sold in July 2022, for $1,650,000 or $6.09 per square foot. The site is one of the last C-2 parcels available along Valencia Road. No conditions of sale were noted.

Upon comparison with the subject, this comparable was considered inferior in terms of shape and received an upward adjustment for this characteristic due to its inferior shape (l-shape). A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its frontage along a major arterial roadway. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Land Sale Four

Sale	Land - Retail / Commercial	No. 4

Property Name	Vacant Commercial Land
Address	Vacant Parcel within Houghton Town Center (Houghton and Old Vail Roads) Tucson, AZ 85747 United States
Government Tax Agency	Pima
Govt./Tax ID	141-18-008L

Site/Government Regulations

	Acres	Square feet
Land Area Net	10.280	447,797
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	N/A
Topography	N/A
Utilities	N/A

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	450 ft	Old Vail Road
Frontage Distance/Street	N/A	Houghton Town Center

General Plan	N/A
Specific Plan	N/A
Zoning	PAD-36, Planned Area Development (Tucson)
Entitlement Status	Fully Entitled/Planning Permissions

Sale Summary

Recorded Buyer	Home Deport USA	Marketing Time	18 Month(s)
True Buyer	N/A	Buyer Type	End User
Recorded Seller	Houghton Developers, LLC	Seller Type	Developer
True Seller	Diamond Ventures	Primary Verification	Developer/Seller, affadavit
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	5/13/2023
Proposed Use	Home Depot store	Sale Price	$2,613,600
Listing Broker	None	Financing	All Cash
Selling Broker	None	Cash Equivalent	$2,613,600
Doc #	20231510593	Capital Adjustment	$0
		Adjusted Price	$2,613,600

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2023	Sale	Home Deport USA	Houghton Developers, LLC	$2,613,600	$254,241 / $5.84

Sale	Land - Retail / Commercial	No. 4

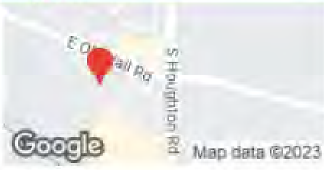
Units of Comparison

$5.84 / sf	N/A / Unit
$254,241.25 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 10.28-acre tract of vacant commercial zoned land located within the Houghton Town Center along Old Vail Road and Houghton Road in Tucson, Arizona. The vacant site has frontage along and access from Old Vail Road but will also have signage and access along Houghton Road through the center. Houghton own Center is a Wal-Mart anchored power center with various retail users. According to the developer, Home Depot intends on building a store to serve the growing needs of the area. The site has generally level topography and all utilities are available to the site. The site sold in May 2023, for $2,613,600 or $5.84 per square foot. No conditions of sale were noted.

This comparable represents the sale of a 10.28-acre tract of vacant commercial zoned land located within the Houghton Town Center along Old Vail Road and Houghton Road in Tucson, Arizona. The vacant site has frontage along and access from Old Vail Road but will also have signage and access along Houghton Road through the center. Houghton own Center is a Wal-Mart anchored power center with various retail users. According to the developer, Home Depot intends on building a store to serve the growing needs of the area. The site has generally level topography and all utilities are available to the site. The site sold in May 2023, for $2,613,600 or $5.84 per square foot. No conditions of sale were noted.

In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its location within a power center with signage along a major arterial. The downward adjustment for traffic counts was considered reasonable due to its higher traffic counts. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

LAND SALES ANALYSIS – ELEMENTS OF COMPARISON

REAL PROPERTY RIGHTS CONVEYED

The real property rights conveyed in each comparable is the fee simple interest, which is consistent with the property rights of the subject property being appraised; therefore, no adjustments for property rights conveyed are indicated.

FINANCING TERMS

The market value opinion for the subject property is based on all-cash, or cash-equivalent financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. Since all comparables represent cash-to-seller or cash equivalent transactions, no adjustments for financing terms are applicable to the sales.

Conditions Of Sale

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions, due to duress, special relationships, or unusual circumstances. Since all comparables represent arm's-length transactions with no atypical circumstances reported, no conditions of sale adjustments are required.

Market Conditions (Date Of Sale)

The subject is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time;"

changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors.

Based on our research information, no adjustments for market conditions are warranted to the comparable sales.

Location

As discussed, the subject property is located in the southeast portion of metropolitan Tucson, surrounded by industrial uses, similar to most of the comparables that are located within the subject submarket and along or near the freeway.

In addition, since household population and density are integral to retail uses, and retail developers focus on household density and income, the following demographic data is shown in order to provide support for our location adjustments:

LAND SALES LOCATION ADJUSTMENT ANALYSIS

Comparable Number	Subject	1	2	3	4
Address	9020 East Old Vail Road	4545 East Valencia Road	NEC of Continental Rd. &	9210-9264 East Valencia Road	Vacant Parcel within Houghton Town
Radius for Demographic Analysis	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius
2023 Households	8,998	13,423	13,328	10,150	7,177
2023 Average Household Income	$107,254	$73,692	$80,358	$109,218	$110,777
AHI Relative to Subject	---	-31.3%	-25.1%	1.8%	3.3%
2023 Median Value of Owner Occupied Housing Units	$249,251	$189,957	$264,503	$259,717	$264,223
2023 % Renter Occcupied Housing Units	18.8%	32.2%	13.0%	19.6%	20.2%
2023 % College/Graduate Degree Age 25+	39.2%	16.3%	43.3%	42.3%	41.0%
2023 Median Age	37.7	29.4	72.7	37.4	35.1
Indicated Qualitative Adjustment	---	**Inferior**	**Inferior**	**Similar**	**Similar**
Concluded Quantitive Adjustment	---	*5%*	*5%*	*0%*	*0%*

Compiled by CBRE

The indicated adjustments are based on both households and household income.

Physical Characteristics

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Primary factors analyzed include site size, configuration, utilities, on-site development requirements and off-site development requirements.

SIZE

Typically, as the parcel size increases, the per square foot price decreases, which is primarily due to economies of scale, higher holding costs and greater risk of changes in initial investor assumptions due to a longer development time frame. Inversely, the per square foot price generally increases as the parcel size decreases, due to the fact that more buyers have the ability to acquire smaller parcels, thus increasing demand for smaller parcels. The subject property encompasses 11.64 acres. By comparison, the comparables contain between 5.63 and 10.28 acres.

SHAPE

The subject property has a slightly irregular shape, but well suited for development of commercial uses. Comparable 3 has a more irregular shape making it more difficult for design and layout and was adjusted upward.

CORNER

The subject is located at a lighted intersection. Comparables 1 and 4 are located on interior roads and not at lighted intersections and were deemed inferior and adjusted upward in this regard.

FRONTAGE/ACCESS

The subject is located along two roadways, one of which is a minor arterial and the other a collector roadway. All comparables were located along major arterial roadways or with visibility from the freeway and were deemed superior and adjusted downward in this regard.

TOPOGRAPHY

The subject has generally flat topography as do the comparables and no adjustments were warranted. Generally, riparian areas are manageable and no adjustments were warranted in that regard.

LOCATION

All of the sales utilized are within the Tucson MSA and reflect similar appeal. Comparables 1 and 2 were slightly inferior due to having slightly lower average household income characteristics.

ZONING

Typically, the higher intensity and greater amount of allowable uses increases yield and consequently price.

UTILITIES

As indicated, all necessary utilities are available to the boundary of the subject property. The majority of comparables all have utilities to their lot lines and all off-sites in place and not adjusted. Comparable 1 has some utilities about 500 feet away that will need to be extended and was adjusted upward.

TRAFFIC COUNTS

As mentioned, retail developers and users rely heavily on traffic counts, which add significant value to the site. Per the Pima Association of Government website, traffic counts near the subject and comparables are as follows.

TRAFFIC COUNTS (2022)			
Property	Road	Traffic Count	% Difference
Subject	**Rita Road / Old Vail Road**	**10,210**	**---**
Comparable 1	Valencia Road	23,181	127%
Comparable 2	Continental Road	15,058	47%
Comparable 3	Valencia Road	11,105	9%
Comparable 4	Houghton Road	18,297	79%
Source: PAG			

According to market participants (retail brokers, retailers, developers), there is marginal difference between traffic counts of between 10,000 and 20,000, showing that the comparable land sales are appropriate for comparison with the subject. Nominal downward adjustments were made to Comparables 1, 2, and 4 for having higher traffic counts, while an upward adjustment was applied to Comparable 3 for lesser traffic counts.

As shown below, while one of the subject's arterial road (Rita Road) may eventually connect to the planned Sonoran corridor, there are a few setbacks if this road is built. First, the intent of the Sonoran corridor is to connect I-19 to I-10 for trucks coming from/going to Mexico, then heading to/from I-10 East. Second, the railroad crossing just south of the subject on Rita Road, is planned to be moved, though this is only planned and wont be in place for some time. Third, the plan, per the Pima County website "The Sonoran Corridor is a concept under planning. The maps (below) are representative of the infrastructure and land use being considered for development of the Corridor. They are not final or definitive but are done for purposes of illustration and as starting points for planning discussions." Thus, it is highly speculative to infer if traffic counts passing by the subject will increase much if the corridor is developed.

Summary of Elements of Comparison

Several factors were considered in the land value analysis including real property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, zoning/entitlements, density, and highest and best use. Presented in the following table is a summary of the adjustments for each comparable.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID					
Comparable Number	1	2	3	4	Subject
Transaction Type	Sale	Sale	Sale	Sale	---
Transaction Date	Jan-22	May-22	Feb-22	May-23	---
Zoning	CB-2, Commercial (Pima County)	CB-1, Commercial, Pima County	C-2, Commercial (Tucson)	PAD-36, Planned Area Development (Tucson)	C-2, Commercial (Tucson)
Actual Sale Price	$1,550,000	$1,500,000	$1,650,000	$2,613,600	---
Size (Acres)	9.34	5.63	6.22	10.28	11.64
Size (SF)	406,665	245,417	270,943	447,797	507,023
Price Per SF	$3.81	$6.11	$6.09	$5.84	---
Price ($ PSF)	$3.81	$6.11	$6.09	$5.84	
Property Rights Conveyed	Similar	Similar	Similar	Similar	
Financing Terms [1]	Similar	Similar	Similar	Similar	
Conditions of Sale	Similar	Similar	Similar	Similar	
Market Conditions (Time)	Similar	Similar	Similar	Similar	
Subtotal	$3.81	$6.11	$6.09	$5.84	
Size	Similar	Similar	Similar	Similar	
Shape	Similar	Similar	Slightly Inferior	Similar	
Corner	Inferior	Similar	Similar	Inferior	
Frontage/Access	Superior	Significantly Superior	Superior	Superior	
Topography/Off-Sites	Similar	Similar	Similar	Similar	
Location	Slightly Inferior	Slightly Inferior	Similar	Similar	
Zoning/Density	Similar	Inferior	Similar	Similar	
Utilities	Inferior	Similar	Similar	Similar	
Traffic Counts	Slightly Superior	Slightly Superior	Similar	Slightly Superior	
Overall Adjustments	**Inferior**	**Superior**	**Superior**	**Slightly Superior**	
Value Indication for Subject	**> $3.81**	**< $6.11**	**< $6.09**	**</= $5.84**	
Compiled by CBRE					

CONCLUSION – AS IS

The four adjusted comparables sales support a range from greater than $3.81 per square foot to less than $6.09 and $6.11 per square foot, with Comparable 4 deemed near equal at $5.84 per square foot. Equal weight is given the comparables which required a generally similar amount of adjustments. A sufficient number of sales were available to arrive at a credible opinion of value. Based on analysis of comparable market data, and considering all factors, a price per square foot indication near Comparable 4 was appropriate for the subject. The following chart presents the valuation conclusion:

CONCLUDED LAND VALUE - AS IS				
$ PSF		Subject SF		Total
$5.50	x	507,023	=	$2,788,627
$5.75	x	507,023	=	$2,915,382
Indicated Value:				**$2,850,000**
		(Rounded $ PSF)		$5.62
Compiled by CBRE				

Land Value – As If Restricted – REPI

At the request of the client, we have valued the subject under the following additional scenario:

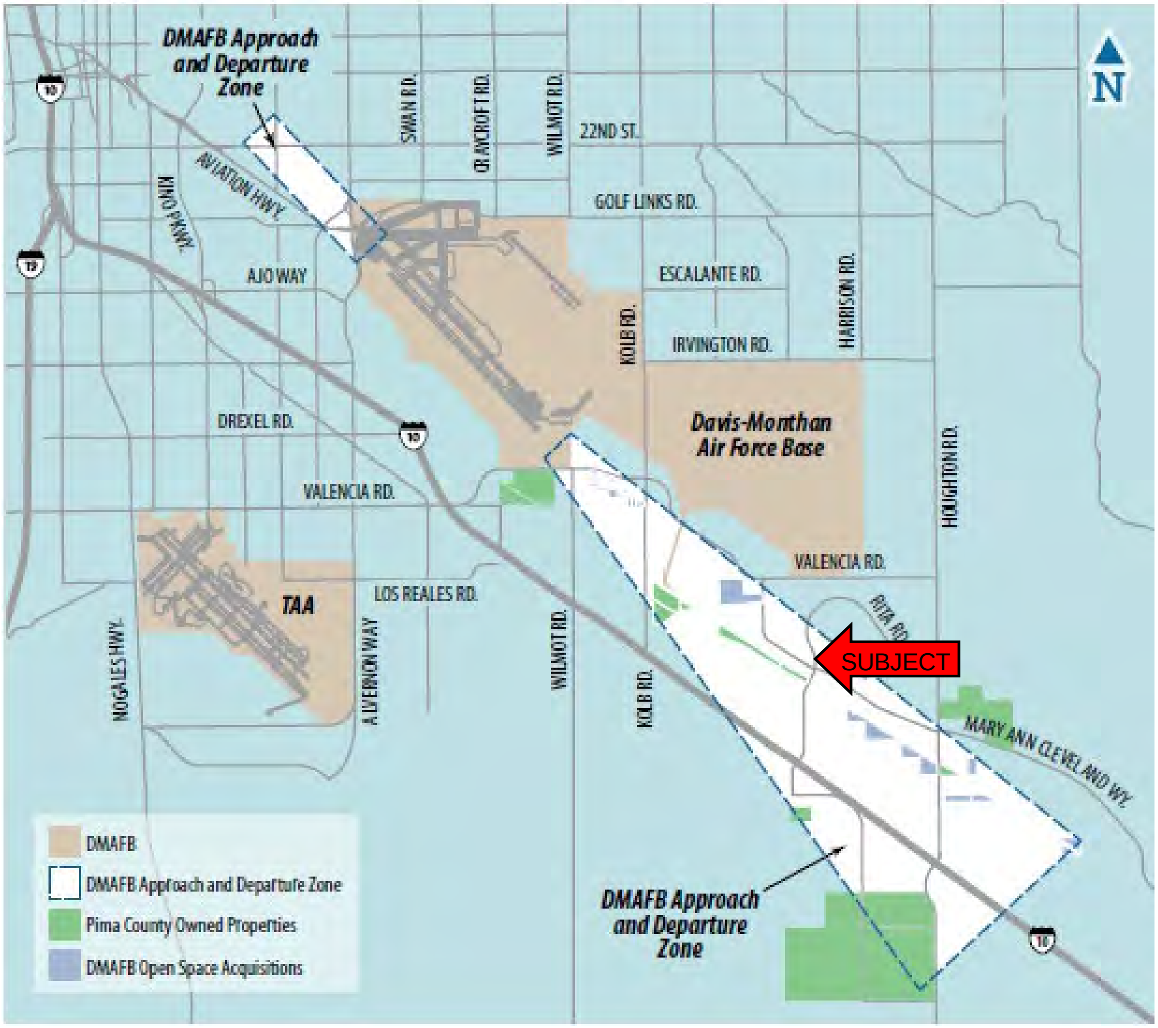
- As If Restricted – Under the REPI program (an easement that restricts development, permitting uses with minimal human occupancy)

The REPI program is a measure to ensure safety and compatible development within the Davis-Monthan Air Force Base (DMAFB) Approach-Departure corridor (ADC-2), and Pima County is partnering with DMAFB to secure and maximize the utilization of funds from a Readiness and Environmental Protection Integration Grant Program (REPI). The REPI Grant funds are proposed to compensate property owners for the acquisition of easements restricting some development rights encumbering priority properties identified by the base within the ADC-2. Participation in the REPI program by private property owners is entirely voluntary. The goal of the easements acquired is to maintain and encourage compatible land uses within the ADC-2 which do not unduly restrict development potential for the landowner but simultaneously protect the base from incompatible development which may result in increased safety concerns for base operations.

The intent of the easement is to protect the area from uses which are incompatible and potentially unsafe for civilians due to high employment numbers or employment density per building, while not unduly restricting the potential uses and users within the corridor and underutilizing public infrastructure. Development of incompatible land uses in the vicinity of Davis-Monthan Air Force Base, specifically the ADC-2 area, expose people to safety risks and noise effects ranging from nuisance to physical harm, and potentially constrains the military’s ability to perform current and future missions.

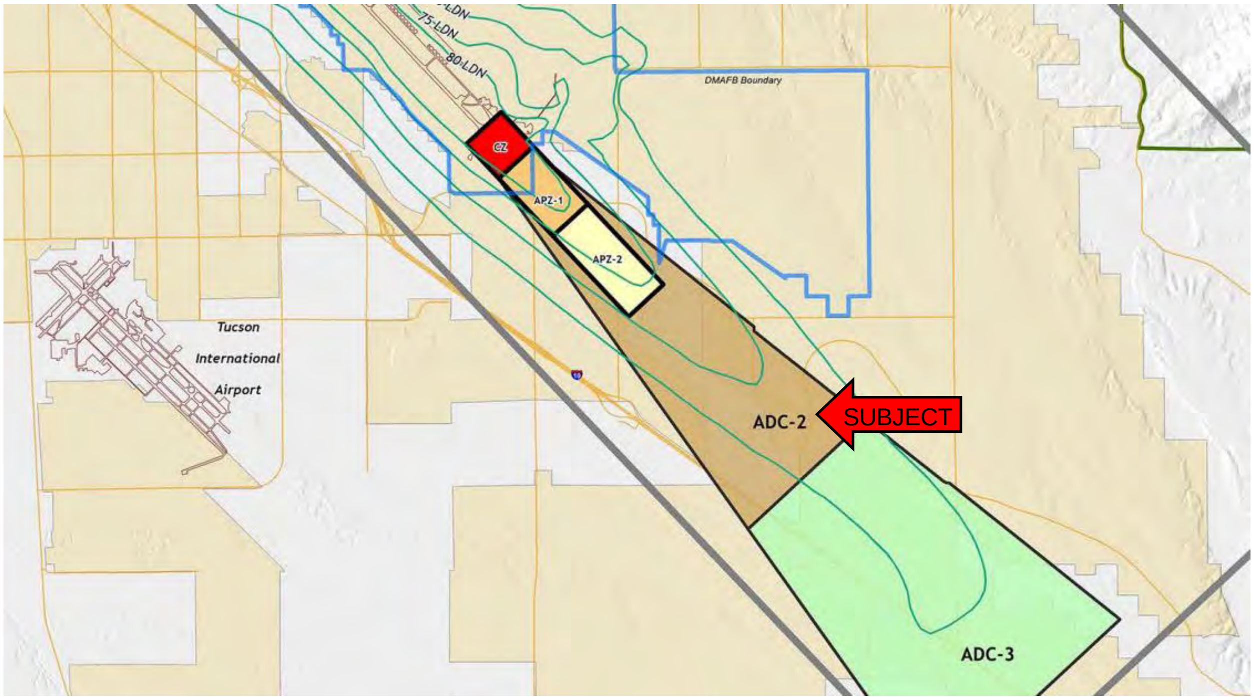
ADC-2 ANALYSIS

The following describes and analyzes factors of the Approach-Departure Corridor (ADC-2)



DMAFB ADCs (Approach Departure Corridors) were established during the development of the Joint Land Use Study (JLUS) to consider safety and environmental noise impacts generated by aircraft operations on future growth. The areas along the ADCs experience a high volume of aircraft traffic and increasing safety concerns. During the development of the JLUS, it was determined that ADC-2 and ADC-3 would need to extend to the southeast 30,000 feet and 50,000 feet, respectively, from the end of the runway to provide optimal aircraft and noise safety zones. The size and shape of the ADCs are based on DOD safety criteria in United Facilities Criteria Airfield and Heliport Planning and Design (UFC 3-260-1).

This study focuses on the area within the Approach Departure Corridor 2 (ADC-2), encompassing 4,016 acres or 6.3 square miles and extending from the end of the runway southeasterly out to a distance of 30,000 feet (see ADC-2 map). Over 85 percent of Davis-Monthan departures and 100 percent of the live-ordnance training mission departures occur to the southeast. In the future not only will the number of daily flight operations likely increase by over 100 percent, but the day-night mix will also move closer to 50/50 due to trends in Air Force training that forecast a growing percentage of nighttime operations because this more closely reflects the actual combat situation. Although accidents within this area would be infrequent, any one crash could be catastrophic, due to potential engine failures and major problems at take-off, which could lead to jettisoning attached fuel tanks and armaments together with aircraft crashes. Therefore, the ADC-2 has been labeled as a priority area for protection.



According to the Pima County Comprehensive Plan and JLUS recommendations, compatible uses within the ADC-2 include non-residential uses which have low employment density (number of persons per acre). The compatible uses are primarily industrial uses, along with other uses that have low concentrations of persons, such as certain types of outdoor recreation.

Land uses that result in concentrations of people or that have special safety considerations are generally incompatible within high hazard zones. Those uses that result in concentrations of people and are not permitted within the ADC-2 include the following:

- Residences and similar uses where people reside, such as hotels and nursing homes.
- Employment uses with a high density of employees such as offices and labor-intensive industrial use.
- Uses where people may gather in large numbers such as churches, schools, shopping centers, retail establishments, bars and restaurants, auditoriums, sports arenas, and spectator sports.

Land uses that have special safety considerations and are not permitted in the ADC-2 include the following:

- Uses involving significant quantities of hazardous materials or explosives.

- Critical public health and safety uses, such as hospitals, fire stations, and police communications facilities.
- Landfills and agricultural row crops that are attractive to large flocks of birds.

Compatible Uses Permitted within the ADC-2:

- General Agriculture/Livestock (excluding accessory retail sales)
- Cemeteries
- Rail Lines, Roadways, Vehicle Parking
- Agriculture processing and services
- Wholesale Trade and Distribution, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Manufacturing and Industrial Processing, except chemical, petroleum, and rubber products or other hazardous or highly flammable materials.
- Communications Facilities and Utilities
- Outdoor recreation (not including places for people to gather)
- Government Services, but not including landfills, facilities which provide services directly to the public or places of public assembly, or facilities providing services that are critical for public health and safety.

Current Use Standards within the ADC-2:

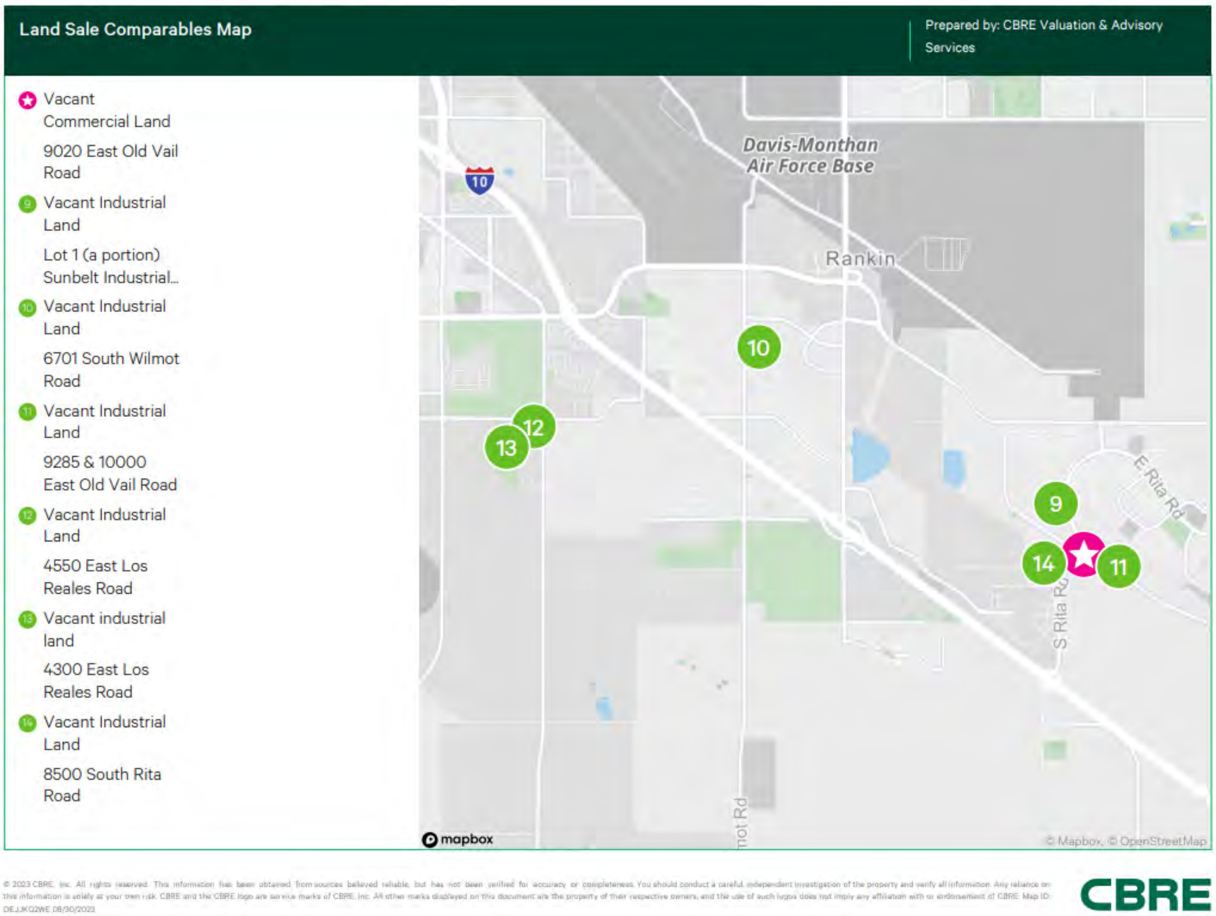
- Intensity of Use: Not to exceed 20 employees per acre of net lot area
- Minimum planned area development shall not be less than 5 acres
- Maximum floor area ratio shall not exceed 30% of gross site area

Due to these voluntary restrictions, the following table takes the current C-2 zoning allowable uses and indicates which of these uses would still be allowed at the subject with the voluntary restrictions in place.

REMAINING ALLOWABLE USES IN C-2 ZONE
CATEGORY / Allowed Use
AGRICULTURE
Community Garden
Urban Farm
CIVIC
Cultural Use
COMMERCIAL
Animal Service
Artisan
Automotive
Billboard
Ground Maintenance
Communications
Construction Service
Financial Service
Funeral Service
Parking
Research and Development with Manufacturing
Technical Service
Trade Service and Repair (minor)
Transportation Service
INDUSTRIAL
Craftwork
Goods Donation Center
Processing and Cleaning
Salvaging and Recycling'
RETAIL
Marijuana Cultivation/Dispensary
STORAGE
Commercial Storage
Personal Storage
UTILITIES
Renewable Energy Generation
WHOLESALING
Business Equipment Wholesaling
Construction Equipment Wholesaling
Food and Beverage Wholesaling
Zoning/ADC-2 Guidelines

We have then used these remaining allowed uses to find land sales that were purchased for the intent of developing uses that are considered to be non-restricted at the subject. These land sales will determine the value of the subject site, as if restricted.

The following map and table summarize the comparable data used in the valuation of the subject site, as if restricted as detailed above. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES - AS IF RESTRICTED									
		Transaction			Actual Sale	Adjusted Sale	Size	Size	Price
No.	Property Location	Type	Date	Zoning	Price	Price [1]	(Acres)	(SF)	Per SF
9	Lot 1 (a portion) Sunbelt Industrial Park 8786 S. Morning Wood Road Tucson, AZ 85747	Sale	Feb-22	I-1, Light Industrial (Tucson)	$725,000	$725,000	10.00	435,600	$1.66
10	6701 South Wilmot Road Tucson, AZ 85756	Sale	Apr-22	I-2, Heavy Industrial (Tucson)	$4,500,000	$4,500,000	61.95	2,698,542	$1.67
11	9285 & 10000 East Old Vail Road Tucson, AZ 85641	Sale	Aug-22	I-1, Light Industrial (Tucson)	$4,396,566	$4,396,566	43.11	1,877,711	$2.34
12	4550 East Los Reales Road Tucson, AZ 85756	Sale	Sep-22	CI-2, Heavy Industrial (Pima County)	$2,700,000	$2,700,000	35.45	1,544,052	$1.75
13	4300 East Los Reales Road Tucson, AZ 85756	Sale	Sep-22	CI-2, General Industrial (Pima County)	$7,600,000	$7,600,000	98.65	4,297,194	$1.77
14	8500 South Rita Road Tucson, AZ 85747	Sale	Nov-22	I-2, Heavy Industrial (Tucson)	$2,500,000	$2,500,000	38.92	1,695,195	$1.47
Subject	9020 East Old Vail Road, Tucson, Arizona	---	---	See Narrative (Restrictions)	---	---	11.64	507,023	---

[1] Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. **The sales chosen all represent sales that have intended uses that are within the remaining allowable uses shown earlier. While the sales are all zoned for industrial, their uses are allowed in the C-2 zoning and appear to be able to be allowed on the subject site under the ADC-2 and voluntary restrictions.** The sales are considered the most comparable based upon their similar physical, location, and useability characteristics. The sales are numbered starting at 9 to distinguish them from the as is comparable land sales.

The following table indicates the intended uses by the buyers of the above comparable land sales, as indicated by the buyer or broker during the confirmation process of the sales. These uses are within the allowable remaining uses shown earlier and is a primary reason for their comparability.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale Nine

Sale	Land - Industrial	No. 9

Property Name	Vacant Industrial Land	
Address	Lot 1 (a portion) Sunbelt Industrial Park 8786 S. Morning Wood Road Tucson, AZ 85747 United States	
Government Tax Agency	Pima	
Govt./Tax ID	141-11-4060, -4070, -4080, -4090	

Site/Government Regulations

	Acres	Square feet
Land Area Net	10.000	435,600
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	To Site
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	N/A Morning Wood Road
Frontage Distance/Street	N/A Rita Road
General Plan	N/A
Specific Plan	N/A
Zoning	I-1, Light Industrial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	En Fuego Construction	Marketing Time	N/A
True Buyer	En Fuego Construction	Buyer Type	N/A
Recorded Seller	Porfirio Guzman	Seller Type	N/A
True Seller	Porfirio Guzman	Primary Verification	Public Record
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	2/11/2022
Proposed Use	N/A	Sale Price	$725,000
Listing Broker	None	Financing	Cash to Seller
Selling Broker	None	Cash Equivalent	$725,000
Doc #	20220420421	Capital Adjustment	$0
		Adjusted Price	$725,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
02/2022	Sale	En Fuego Construction	Porfirio Guzman	$725,000	$72,500 / $1.66

Sale	Land - Industrial	No. 9

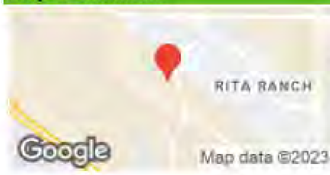
Units of Comparison

$1.66 / sf	N/A / Unit
$72,500.00 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 10-acre tract of vacant industrial zoned land located within the Sunbelt Industrial Park along Old Vail Road near Rita Road Way in Tucson, Arizona. The vacant site has frontage along Rita Road with nearby freeway access and is within an established industrial area. The appraisers were not able to contact any of the parties involved in this sale. Information is extracted from public record and is assumed to be at market. The site sold in February 2022, for $725,000 or $1.66 per square foot.

This comparable represents the sale of a 10-acre tract of vacant industrial zoned land located within the Sunbelt Industrial Park along Old Vail Road near Rita Road Way in Tucson, Arizona. The vacant site has frontage along Rita Road with nearby freeway access and is within an established industrial area. The appraisers were not able to contact any of the parties involved in this sale. Information is extracted from public record and is assumed to be at market. The site sold in February 2022, for $725,000 or $1.66 per square foot.

Upon comparison with the subject, this comparable was considered inferior in terms of shape and received an upward adjustment for this characteristic due to an oblong shape. In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Ten

Sale	Land - Industrial	No. 10

Property Name	Vacant Industrial Land	
Address	6701 South Wilmot Road Tucson, AZ 85756 United States	
Government Tax Agency	Pima	
Govt./Tax ID	141-08-002B	

Site/Government Regulations

	Acres	Square feet
Land Area Net	61.950	2,698,542
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All available to the site at the time of sale
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	N/A Wilmot Road
Frontage Distance/Street	N/A Union Pacific Railroad line
General Plan	N/A
Specific Plan	N/A
Zoning	I-2, Heavy Industrial (Tucson)
Entitlement Status	None

Sale Summary

Recorded Buyer	Apollo Gardens, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Antonio Cimetta	Seller Type	End User
True Seller	N/A	Primary Verification	Buyer, public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	4/28/2022
Proposed Use	Industrial use	Sale Price	$4,500,000
Listing Broker	None	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$4,500,000
Doc #	2022-1180286	Capital Adjustment	$0
		Adjusted Price	$4,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
04/2022	Sale	Apollo Gardens, LLC	Antonio Cimetta	$4,500,000	$72,639 / $1.67

Sale — Land - Industrial — No. 10

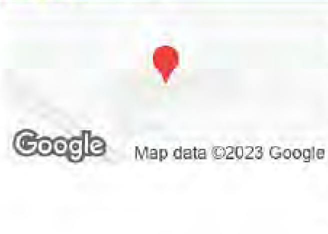
Units of Comparison

$1.67	/ sf	N/A	/ Unit
$72,639.23	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of 61.95 acres of undeveloped land located at the northeast corner of Wilmot Road and the Union Pacific Railroad (6701 South Wilmot Road), in Tucson, Arizona. The site is zoned I-2, Heavy Industrial, has all utilities to the site, has generally level topography, and is not situated within a floodplain. Upon development, no half street improvements will be required. Access to Interstate 10 is about one mile to the southeast via Kolb Road. The site is developed with several industrial warehouse/office buildings. According to an interview with the buyer, the buyer purchased the site for development of a self-storage facility (and possible marijuana growing facility if they can get approval). No contributory value was assigned to the existing improvements. The buyer intends to salvage portions of the existing improvements to offset demolition costs. The site has access to the railroad. The site sold in April 2022 for $4,500,000 or $1.67 per square foot. No atypical conditions of sale were noted.

This comparable represents the sale of 61.95 acres of undeveloped land located at the northeast corner of Wilmot Road and the Union Pacific Railroad (6701 South Wilmot Road), in Tucson, Arizona. The site is zoned I-2, Heavy Industrial, has all utilities to the site, has generally level topography, and is not situated within a floodplain. Upon development, no half street improvements will be required. Access to Interstate 10 is about one mile to the southeast via Kolb Road. The site is developed with several industrial warehouse/office buildings. According to an interview with the buyer, the buyer purchased the site for development of a self-storage facility (and possible marijuana growing facility if they can get approval). No contributory value was assigned to the existing improvements. The buyer intends to salvage portions of the existing improvements to offset demolition costs. The site has access to the railroad. The site sold in April 2022 for $4,500,000 or $1.67 per square foot. No atypical conditions of sale were noted.

The upward adjustment for size reflects this comparable's inferior feature with respect to economies of scale regarding parcel size. In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. An upward adjustment was applied to this comparable for its inferior frontage/access attribute when compared to the subject, based upon its limited frontage. An utilities/other category adjustment was considered appropriate for this comparable given it having the potential for rail. Because of this superior trait, a downward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Eleven

Sale	Land - Industrial	No. 11

Property Name	Vacant Industrial Land
Address	9285 & 10000 East Old Vail Road Tucson, AZ 85641 United States
Government Tax Agency	Pima
Govt./Tax ID	141-18-6020, -006B

Site/Government Regulations

	Acres	Square feet
Land Area Net	43.106	1,877,711
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All nearby
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	2,000 ft Old Vail Road
General Plan	N/A
Specific Plan	N/A
Zoning	I-1, Light Industrial (Tucson)
Entitlement Status	N/A

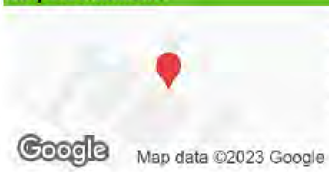
Sale Summary

Recorded Buyer	Diamond Ventures	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Old Vail Plaza, LLC	Seller Type	Private Investor
True Seller	Bill DiVito (estate)	Primary Verification	Diamond Ventures and public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	8/16/2022
Proposed Use	Hold for future development	Sale Price	$4,396,566
Listing Broker	None	Financing	All Cash
Selling Broker	None	Cash Equivalent	$4,396,566
Doc #	20222280257	Capital Adjustment	$0
		Adjusted Price	$4,396,566

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
08/2022	Sale	Diamond Ventures	Old Vail Plaza, LLC	$4,396,566	$101,994 / $2.34

Sale	Land - Industrial	No. 11
Units of Comparison		
$2.34 / sf		N/A / Unit
$101,993.58 / ac		N/A / Allowable Bldg. Units
		N/A / Building Area
Financial		
	No information recorded	
Map & Comments		



This comparable represents the sale of 43.1 acres of undeveloped land located at the 9825 & 10000 Old Vail Road, in Tucson, Arizona. The site is zoned I-1, Light Industrial, has generally level topography, and is not situated within a floodplain. All utilities are reported to be adjacent to the site. The buyer is a developer (Diamond Ventures) who purchased the site for speculative future development. The site sold in August 2022 for $4,396,566 or $2.34 per square foot. No atypical conditions of sale were noted.

This comparable represents the sale of 43.1 acres of undeveloped land located at the 9825 & 10000 Old Vail Road, in Tucson, Arizona. The site is zoned I-1, Light Industrial, has generally level topography, and is not situated within a floodplain. All utilities are reported to be adjacent to the site. The buyer is a developer (Diamond Ventures) who purchased the site for speculative future development. The site sold in August 2022 for $4,396,566 or $2.34 per square foot. No atypical conditions of sale were noted.

The upward adjustment for size reflects this comparable's inferior feature with respect to economies of scale regarding parcel size. In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its superior frontage. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Twelve

Sale	Land - Industrial	No. 12

Property Name	Vacant Industrial Land		
Address	4550 East Los Reales Road Tucson, AZ 85756 United States		
Government Tax Agency	Pima		
Govt./Tax ID	140-44-002E, -002F, 002G		

Site/Government Regulations

	Acres	Square feet
Land Area Net	35.447	1,544,052
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	N/A
Topography	N/A
Utilities	N/A
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	1,250 ft Los Reales
Frontage Distance/Street	1,228 ft Swan Road
General Plan	N/A
Specific Plan	N/A
Zoning	CI-2, Heavy Industrial (Pima County)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	DLJ Properties Tucson, LLC	Marketing Time	N/A
True Buyer	Jensen Precast	Buyer Type	End User
Recorded Seller	Burris Hennessy and Company	Seller Type	Private Investor
True Seller	N/A	Primary Verification	N/A
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	9/15/2022
Proposed Use	N/A	Sale Price	$2,700,000
Listing Broker	Affadavit, CoStar	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	$2,700,000
Doc #	20222580534	Capital Adjustment	$0
		Adjusted Price	$2,700,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	DLJ Properties Tucson, LLC	Burris Hennessy and Company	$2,700,000	$76,171 / $1.75

Sale	Land - Industrial	No. 12

Units of Comparison

$1.75 / sf	N/A / Unit
$76,170.92 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments

This comparable represents the sale of 35.45 acres of undeveloped land located at the southwest corner of Los Reales Road and Swan Road, in Tucson, Arizona. The site is zoned CI-2, Heavy Industrial, has generally level topography, and is not situated within a floodplain. Electric is to the site but sewer is about a 1/4 miles north. Water is in the area but not known if it is to the site. The buyer is the largest independently owned precast concrete manufacturing company in the United States with corporate headquarters in Sparks, Nevada, the family owned and operated company has production facilities throughout Nevada, Arizona, California and Hawaii. Jensen Precast designs and manufacturers standard and custom precast concrete products to meet small to large-scale infrastructure demands. The site sold in ASeptember 2022 for $2,700,000 or $1.75 per square foot. No atypical conditions of sale were noted.

This comparable represents the sale of 35.45 acres of undeveloped land located at the southwest corner of Los Reales Road and Swan Road, in Tucson, Arizona. The site is zoned CI-2, Heavy Industrial, has generally level topography, and is not situated within a floodplain. Electric is to the site but sewer is about a 1/4 miles north. Water is in the area but not known if it is to the site.

The buyer is the largest independently owned precast concrete manufacturing company in the United States with corporate headquarters in Sparks, Nevada, the family owned and operated company has production facilities throughout Nevada, Arizona, California and Hawaii. Jensen Precast designs and manufacturers standard and custom precast concrete products to meet small to large-scale infrastructure demands. The site sold in September 2022 for $2,700,000 or $1.75 per square foot. No atypical conditions of sale were noted.

The upward adjustment for size reflects this comparable's inferior feature with respect to economies of scale regarding parcel size. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Thirteen

Sale	Land - Industrial	No. 13

Property Name	Vacant industrial land
Address	4300 East Los Reales Road Tucson, AZ 85756 United States
Government Tax Agency	Pima
Govt./Tax ID	140-44-003A

Site/Government Regulations

	Acres	Square feet
Land Area Net	98.650	4,297,194
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All to Site
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	N/A Los Reales Road
General Plan	N/A
Specific Plan	N/A
Zoning	CI-2, General Industrial (Pima County)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Schnitzer Properties, LLC	Marketing Time	12 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Raceway Partners, LLC	Seller Type	End User
True Seller	N/A	Primary Verification	Broker, CoStar, Affadavit
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Closed raceway	Date	9/22/2022
Proposed Use	Spec development	Sale Price	$7,600,000
Listing Broker	Jesse Blum, PICOR	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	$7,600,000
Doc #	202222650906	Capital Adjustment	$0
		Adjusted Price	$7,600,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	Schnitzer Properties, LLC	Raceway Partners, LLC	$7,600,000	$77,040 / $1.77

Sale	Land - Industrial	No. 13

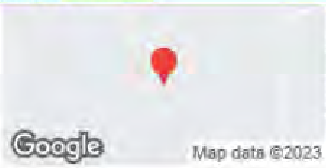
Units of Comparison

$1.77 / sf	N/A / Unit
$77,040.04 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the listing of a 98.65-acre tract of vacant industrial zoned land located at 4300 East Los Reales Road in Tucson, Arizona. The site is the former raceway and is partially improved. The site has frontage along Los Reales Road, an east/west arterial and is near the Tucson International Airport and has generally level topography. According to the listing broker, the site sold in September 2022 for $7,600,000 or $1.77 per square foot. The site has city water and a well and 3 phase power. The intent of the buyer is to hold for future industrial manufacturing development, as demand warrants. No other conditions of sale were noted.

This comparable represents the listing of a 98.65-acre tract of vacant industrial zoned land located at 4300 East Los Reales Road in Tucson, Arizona. The site is the former raceway and is partially improved. The site has frontage along Los Reales Road, an east/west arterial and is near the Tucson International Airport and has generally level topography. According to the listing broker, the site sold in September 2022 for $7,600,000 or $1.77 per square foot. The site has city water and a well and 3 phase power. The intent of the buyer is to hold for future industrial manufacturing development, as demand warrants. No other conditions of sale were noted.

The upward adjustment for size reflects this comparable's inferior feature with respect to economies of scale regarding parcel size. In terms of corner, this comparable was judged inferior due to its interior location and received an upward adjustment for this characteristic. An adjustment for topography/off-sites was considered appropriate for this comparable given it having some on-site development in place. Because of this superior trait, a downward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Land Sale Fourteen

Sale	Land - Industrial	No. 14

Property Name	Vacant Industrial Land	
Address	8500 South Rita Road Tucson, AZ 85747 United States	
Government Tax Agency	N/A	
Govt./Tax ID	141-22-004X, 141-22-0300	

Site/Government Regulations

	Acres	Square feet
Land Area Net	38.916	1,695,195
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All to site
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A
Frontage Distance/Street	855 ft Rita Road
General Plan	N/A
Specific Plan	N/A
Zoning	I-2, Heavy Industrial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	8500 South Rita Road, LLC	Marketing Time	12 Month(s)
True Buyer	Chrome Real Estate Holdings, LLC	Buyer Type	End User
Recorded Seller	Arizona Glass Properties, LLC	Seller Type	End User
True Seller	N/A	Primary Verification	Buyer, purchase contract
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	11/7/2022
Proposed Use	Future R&D development	Sale Price	$2,500,000
Listing Broker	PICOR	Financing	All Cash
Selling Broker	PICOR	Cash Equivalent	$2,500,000
Doc #	20223110316	Capital Adjustment	$0
		Adjusted Price	$2,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
11/2022	Sale	8500 South Rita Road, LLC	Arizona Glass Properties, LLC	$2,500,000	$64,240 / $1.47

Sale	Land - Industrial	No. 14

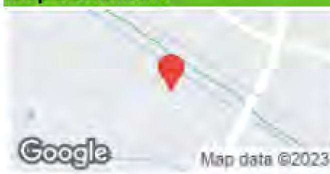
Units of Comparison

$1.47 / sf	N/A / Unit
$64,240.43 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 38.92-acre tract of industrial zoned vacant land that is located along the west side of Rita Road, just south of the Union Pacific railroad in Tucson, Pima County, Arizona. The site is vacant desert land.

The property is within the U of A Tech Park and was purchased along (separately) with an adjacent manufacturing building. Both purchases were considered arms length. The site benefits from being within the park but also has easy access to the freeway, other than having a railroad crossing near its entrance which impedes access at times. The site has generally level topography and was used in the past as a future solar farm expansion. All utility lines are to the site. The site sold in November 2022 for $2,500,000 or $1.47 per square foot of land area. No conditions of sale were noted.

This comparable represents the sale of a 38.92-acre tract of industrial zoned vacant land that is located along the west side of Rita Road, just south of the Union Pacific railroad in Tucson, Pima County, Arizona. The site is vacant desert land. The property is within the U of A Tech Park and was purchased along (separately) with an adjacent manufacturing building. Both purchases were considered arms length. The site benefits from being within the park but also has easy access to the freeway, other than having a railroad crossing near its entrance which impedes access at times. The site has generally level topography and was used in the past as a future solar farm expansion. All utility lines are to the site. The site sold in November 2022 for $2,500,000 or $1.47 per square foot of land area. No conditions of sale were noted."

The upward adjustment for size reflects this comparable's inferior feature with respect to economies of scale regarding parcel size. Upon comparison with the subject, this comparable was considered inferior in terms of shape and received an upward adjustment for this characteristic due to its irregular shape. A downward adjustment was applied to this comparable for its superior frontage/access attribute when compared to the subject, based upon its superior frontage. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

LAND SALES ANALYSIS – ELEMENTS OF COMPARISON

REAL PROPERTY RIGHTS CONVEYED

The real property rights conveyed in each comparable is the fee simple interest, which is consistent with the property rights of the subject property being appraised; therefore, no adjustments for property rights conveyed are indicated.

FINANCING TERMS

The market value opinion for the subject property is based on all-cash, or cash-equivalent financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. Since all comparables represent cash-to-seller or cash equivalent transactions, no adjustments for financing terms are applicable to the sales.

Conditions Of Sale

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions, due to duress, special relationships, or unusual circumstances. Since all comparables represent arm's-length transactions with no atypical circumstances reported, no conditions of sale adjustments are required.

Market Conditions (Date Of Sale)

The subject is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time;" changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors.

Based on our research information, no adjustments for market conditions are warranted to the comparable sales.

Location

As discussed, the subject property is located in the southeast portion of metropolitan Tucson, surrounded by industrial uses, similar to most of the comparables that are located within the subject submarket and along or near the freeway.

Physical Characteristics

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Primary factors analyzed include site size, configuration, utilities, on-site development requirements and off-site development requirements.

SIZE

Typically, as the parcel size increases, the per square foot price decreases, which is primarily due to economies of scale, higher holding costs and greater risk of changes in initial investor assumptions due to a longer development time frame. Inversely, the per square foot price generally increases as the parcel size decreases, due to the fact that more buyers have the ability to acquire smaller parcels, thus increasing demand for smaller parcels. The subject property encompasses 11.64 acres. By comparison, the comparables contain between 10.0 and 98.65 acres. Adjustments for size for the larger parcels were warranted, though the adjustment was relatively minor making the larger parcels comparable.

SHAPE

The subject property has a slightly irregular shape, but well suited for development of commercial uses. Comparables 9 and 14 have more irregular shapes making it more difficult for design and layout and were adjusted upward.

CORNER

The subject is located at a lighted intersection. Comparables 9, 10, 11, and 13 are located on interior roads and not at lighted intersections and were deemed inferior and adjusted upward in this regard.

FRONTAGE/ACCESS

The subject is located along two roadways, one of which is a minor arterial and the other a collector roadway. Comparable 10 has limited frontage and was adjusted upward. Comparables 11 and 14 had longer frontages and were deemed superior and adjusted downward in this regard.

TOPOGRAPHY

The subject has generally flat topography as do the comparables and no adjustments were warranted. Generally, riparian areas are manageable and no adjustments were warranted in that regard. Comparable 13 was adjusted downward nominally as it was previously developed and had advantages of some on-sites being in place.

ZONING

Typically, the higher intensity and greater amount of allowable uses increases yield and consequently price.

UTILITIES/OTHER

As indicated, all necessary utilities are available to the boundary of the subject property. All of the comparables have utilities to their lot lines and all off-sites in place and not adjusted. Comparable 10 has the potential for rail, which is a benefit and was adjusted downward slightly.

Summary Of Elements Of Comparison

Several factors were considered in the land value analysis including real property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, zoning/entitlements, density, and highest and best use. Presented in the following table is a summary of the adjustments for each comparable.

LAND SALES ADJUSTMENT GRID - AS IF RESTRICTED (VOLUNTARY)

Comparable Number	9	10	11	12	13	14	Subject
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Feb-22	Apr-22	Aug-22	Sep-22	Sep-22	Nov-22	---
Zoning	I-1, Light Industrial (Tucson)	I-2, Heavy Industrial (Tucson)	I-1, Light Industrial (Tucson)	CI-2, Heavy Industrial (Pima County)	CI-2, General Industrial (Pima County)	I-2, Heavy Industrial (Tucson)	See Narrative (Restrictions)
Actual Sale Price	$725,000	$4,500,000	$4,396,566	$2,700,000	$7,600,000	$2,500,000	---
Size (Acres)	10.00	61.95	43.11	35.45	98.65	38.92	11.64
Size (SF)	435,600	2,698,542	1,877,711	1,544,052	4,297,194	1,695,195	507,023
Price Per SF	$1.66	$1.67	$2.34	$1.75	$1.77	$1.47	---
Price ($ PSF)	$1.66	$1.67	$2.34	$1.75	$1.77	$1.47	
Property Rights Conveyed	Similar	Similar	Similar	Similar	Similar	Similar	
Financing Terms [1]	Similar	Similar	Similar	Similar	Similar	Similar	
Conditions of Sale	Similar	Similar	Similar	Similar	Similar	Similar	
Market Conditions	Similar	Similar	Similar	Similar	Similar	Similar	
Subtotal	$1.66	$1.67	$2.34	$1.75	$1.77	$1.47	
Size	Similar	Inferior	Inferior	Inferior	Inferior	Inferior	
Shape	Inferior	Similar	Similar	Similar	Similar	Inferior	
Corner	Inferior	Inferior	Similar	Similar	Inferior	Similar	
Frontage/Access	Similar	Inferior	Significantly Superior	Similar	Similar	Superior	
Topography/Off-Sites	Similar	Similar	Similar	Similar	Superior	Similar	
Location	Similar	Similar	Similar	Similar	Similar	Similar	
Zoning/Density	Similar	Similar	Similar	Similar	Similar	Similar	
Utilities/Other	Similar	Superior	Similar	Similar	Similar	Similar	
Highest & Best Use	Similar	Similar	Similar	Similar	Similar	Similar	
Overall Adjustments	**Inferior**	**Inferior**	**Slightly Superior**	**Inferior**	**Inferior**	**Inferior**	
Value Indication for Subject	**> $1.66**	**> $1.67**	**</= $2.34**	**> $1.75**	**> $1.77**	**> $1.47**	
Absolute Adjustment	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	

Compiled by CBRE

CONCLUSION

The six adjusted comparables sales support a range from greater than $1.75 per square foot but just less than $2.34 per square foot. Equal weight is given the comparables which required a generally similar amount of adjustments. A sufficient number of sales were available to arrive at a credible opinion of value. Based on analysis of comparable market data, and considering all factors, a price per square foot indication near to Comparable 3 and above the remaining comparables was appropriate for the subject. The following chart presents the valuation conclusion:

CONCLUDED LAND VALUE - AS IF RESTRICTED				
$ PSF		Subject SF		Total
$2.25	x	507,023	=	$1,140,802
$2.35	x	507,023	=	$1,191,504
Rounded:				$1,150,000
		(Rounded $ PSF)		$2.27
Compiled by CBRE				

Reconciliation of Value

Based on the analysis contained in the following report, the value indication in fee simple interest as of the effective date of value of August 24, 2023 (final inspection) is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	August 24, 2023	$2,850,000
As If Restricted	Fee Simple Estate	August 24, 2023	$1,150,000
Compiled by CBRE			

Based on the market value conclusions indicated in the above table, the impact of the placement of the restrictive deed easement that will encumber the subject property under the REPI Program, as requested by the client, is as follows:

CONTRIBUTION VALUE	
Premise	Value
Market Value - As Is (**Unencumbered** by REPI Program Restrictive Easement)	$2,850,000
Market Value - As If Restricted (**Encumbered** by REPI Program Easement)	$1,150,000
Difference - Impact of Restrictive Deed Easement	**$1,700,000**
Compiled by CBRE	

As requested by the client, the diminution in value of the subject site concluded within this appraisal, from the As Is (before) condition to the As If Restricted (after) condition under this voluntary easement, is reflective of reducing the employee density on the subject site from the maximum of 232 employees to a maximum of 60 employees. **This is just an estimate as we are not experts on employee density but have utilized basic market data to arrive at our estimate (see pages 54-59).**

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." [14]

- None noted.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis." [15]

- At the request of the client, we have valued the subject under the hypothetical (not currently in place) restrictions that the subject is encumbered by the REPI Program which restricts

[14] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

[15] The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2023)*

development of the site to uses that have minimal human occupancy) – see valuation section for description of REPI Program.

- The use of this hypothetical condition may have affected the assignment results.

Jurisdictional Exception

The *Uniform Standards of Professional Appraisal Practice* (USPAP) Standards Rule 1-2(c) Comment states: "When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion." This is contrary to the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) Section 1.2.4, which states: "Appraisers should not *link* opinions of value under these Standards to a specific opinion of exposure time, unlike appraisal assignments for other purposes under USPAP Standards Rule 1-2(c). This REQUIRES a jurisdictional exception to USPAP because, as discussed in Section 4.2.1.2, the federal definition of market value already presumes that the property was exposed on the open market for a *reasonable* length of time, given the character of the property and its market." Because Pima County Real Property Services is the intended user of the appraisal, it is appropriate to apply the USPAP Jurisdictional Exception Rule and disregard USPAP Standards Rule 1-2(c).

Legal Instructions

There were no legal instructions provided to the appraiser.

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:

   (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.

   (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.

   (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

   (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.

   (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.

   (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.

   (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.

   (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.

   (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

   (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

LAND SALE DATA SHEETS

Sale | Land - Retail / Commercial | No. 1

Property Name	Vacant Commercial Land
Address	4545 East Valencia Road Tucson, AZ 85706 United States
Government Tax Agency	Pima
Govt./Tax ID	140-32-006B, -006G

Site/Government Regulations

	Acres	Square feet
Land Area Net	9.336	406,665
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All nearby

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	760 ft	Valencia Road

General Plan	N/A
Specific Plan	N/A
Zoning	CB-2, Commercial (Pima County)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Duff Real Estate, LLC	Marketing Time	6 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Valencia Road Property Investments, LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Broker, affadavit

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	1/19/2022
Proposed Use	Hold for future retail development	Sale Price	$1,550,000
Listing Broker	Alpha Commercial Real Estate Service, Patrick Welchert	Financing	All Cash
Selling Broker	N/A	Cash Equivalent	$1,550,000
Doc #	20220120799	Capital Adjustment	$0
		Adjusted Price	$1,550,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
01/2022	Sale	Duff Real Estate, LLC	Valencia Road Property Investments, LLC	$1,550,000	$166,029 / $3.81

Sale | Land - Retail / Commercial | No. 1

Units of Comparison

$3.81	/ sf	N/A	/ Unit
$166,029.33	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments

This comparable represents the sale of a 9.34-acre tract of vacant commercial (CB-2) zoned land located along Valencia Road just west of Interstate 10 freeway in Tucson, Arizona. The vacant site has frontage along Valencia Road, a major arterial roadway in Tucson and near a freeway interchange. According to the selling broker, the buyer intends to hold the site for future retail development when market conditions warrant and will likely develop the site into commercial uses that benefit from Valencia Road visibility and freeway proximity. The site has generally level topography. All utility lines are nearby or within 500 feet of the site. The site sold in January 2022, for $1,550,000 or $3.81 per square foot. No conditions of sale were noted.

Sale | Land - Retail / Commercial | No. 2

Property Name	5.63 Acres - Vacant Commercial Site
Address	NEC of Continental Rd. & Interstate 19 Green Valley, AZ 85614 United States
Government Tax Agency	Pima
Govt./Tax ID	304-27-001H

Site/Government Regulations

	Acres	Square feet
Land Area Net	5.634	245,417
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Rectangular
Topography	Moderate Slope
Utilities	All to site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	Commercial
Specific Plan	Convenience Store - Gas Station
Zoning	CB-1, Commercial, Pima County
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Circle K Stores Inc.	Marketing Time	N/A
True Buyer	Circle K	Buyer Type	End User
Recorded Seller	Continental Road LLC	Seller Type	Private Investor
True Seller	Sonoran Ventures, LLC	Primary Verification	Broker, Affidavit

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	5/11/2022
Proposed Use	Convenience Store-Gas Station	Sale Price	$1,500,000
Listing Broker	Bob Baker with Sonoran Ventures, LLC (520) 320-9990	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$1,500,000
Doc #	2022-1310431	Capital Adjustment	$0
		Adjusted Price	$1,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2022	Sale	Circle K Stores Inc.	Continental Road LLC	$1,500,000	$266,241 / $6.11

Sale	Land - Retail / Commercial	No. 2

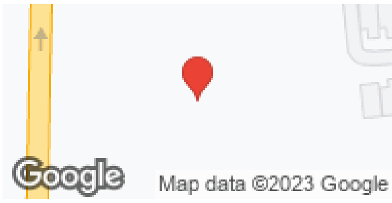
Units of Comparison

$6.11	/ sf	N/A	/ Unit
$266,240.68	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comaprable represents the sale of a 4.22-acre vacant commercial site that is located at the northeast corner of Continental Road and Interstate 19I in Green Valley, Pima County, Arizona. The land is zoned CB-1, a commercial zoning, and was purchased for development of a convenience store-gas station (proposed Circle K). The price of $1,500,000 equates to $6.12 per square foot. This was an off-market deal transaction with conventional financing. No conditions of sale were noted.

Sale | Land - Retail / Commercial | No. 3

Property Name	Vacant Commercial Land
Address	9210-9264 East Valencia Road Tucson, AZ 85747 United States
Government Tax Agency	Pima
Govt./Tax ID	141-39-0010 through 0190

Site/Government Regulations

	Acres	Square feet
Land Area Net	6.220	270,943
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All to site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	294 ft	Valencia Road
Frontage Distance/Street	296 ft	Nexus Road

General Plan	N/A
Specific Plan	N/A
Zoning	C-2, Commercial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Rio West Development and Construction Inc.	Marketing Time	18 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Deurloo Susan Wood	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Broker, affadavit

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	2/25/2022
Proposed Use	General retail	Sale Price	$1,650,000
Listing Broker	Nancy McClure, CBRE	Financing	Market Rate Financing
Selling Broker	Nancy McClure, CBRE	Cash Equivalent	$1,650,000
Doc #	202222090561	Capital Adjustment	$0
		Adjusted Price	$1,650,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
02/2022	Sale	Rio West Development and Construction Inc.	Deurloo Susan Wood	$1,650,000	$265,273 / $6.09

Sale | Land - Retail / Commercial | No. 3

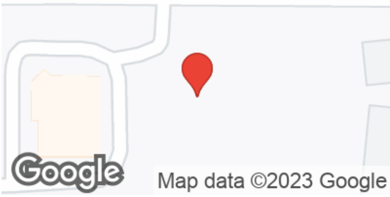
Units of Comparison

$6.09	/ sf	N/A	/ Unit
$265,273.31	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 6.22-acre tract of vacant commercial (C-2) zoned land located along Valencia Road and Nexus Road in Tucson, Arizona. The vacant site has frontage along Valencia Road, a major arterial roadway in Tucson, as well as Nexus Road, a collector road. According to the selling broker, the buyer is selling off a portion to a homebuilder and in negotiations with a bank or other destination retail uses that benefit from Valencia Road visibility. The site has generally level topography and there is an existing access drive into the property from Valencia Road. All utility lines are along Valencia Road and to the site. The site sold in July 2022, for $1,650,000 or $6.09 per square foot. The site is one of the last C-2 parcels available along Valencia Road. No conditions of sale were noted.

Sale | Land - Retail / Commercial | No. 4

Property Name	Vacant Commercial Land
Address	Vacant Parcel within Houghton Town Center (Houghton and Old Vail Roads) Tucson, AZ 85747 United States
Government Tax Agency	Pima
Govt./Tax ID	141-18-008L

Site/Government Regulations

	Acres	Square feet
Land Area Net	10.280	447,797
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	N/A
Topography	N/A
Utilities	N/A

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	450 ft	Old Vail Road
Frontage Distance/Street	N/A	Houghton Town Center

General Plan	N/A
Specific Plan	N/A
Zoning	PAD-36, Planned Area Development (Tucson)
Entitlement Status	Fully Entitled/Planning Permissions

Sale Summary

Recorded Buyer	Home Deport USA
True Buyer	N/A
Recorded Seller	Houghton Developers, LLC
True Seller	Diamond Ventures
Interest Transferred	Fee Simple/Freehold
Current Use	Vacant land
Proposed Use	Home Depot store
Listing Broker	None
Selling Broker	None
Doc #	20231510593

Marketing Time	18 Month(s)
Buyer Type	End User
Seller Type	Developer
Primary Verification	Developer/Seller, affadavit

Type	Sale
Date	5/13/2023
Sale Price	$2,613,600
Financing	All Cash
Cash Equivalent	$2,613,600
Capital Adjustment	$0
Adjusted Price	$2,613,600

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2023	Sale	Home Deport USA	Houghton Developers, LLC	$2,613,600	$254,241 / $5.84

Sale	Land - Retail / Commercial	No. 4

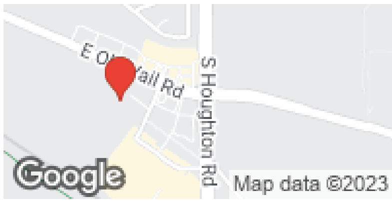
Units of Comparison

$5.84	/ sf	N/A	/ Unit
$254,241.25	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 10.28-acre tract of vacant commercial zoned land located within the Houghton Town Center along Old Vail Road and Houghton Road in Tucson, Arizona. The vacant site has frontage along and access from Old Vail Road but will also have signage and access along Houghton Road through the center. Houghton own Center is a Wal-Mart anchored power center with various retail users. According to the developer, Home Depot intends on building a store to serve the growing needs of the area. The site has generally level topography and all utilities are available to the site. The site sold in May 2023, for $2,613,600 or $5.84 per square foot. No conditions of sale were noted.

Sale	Land - Industrial	No. 9

Property Name	Vacant Industrial Land
Address	Lot 1 (a portion) Sunbelt Industrial Park 8786 S. Morning Wood Road Tucson, AZ 85747 United States
Government Tax Agency	Pima
Govt./Tax ID	141-11-4060, -4070, -4080, -4090

Site/Government Regulations

	Acres	Square feet
Land Area Net	10.000	435,600
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	To Site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	N/A	Morning Wood Road
Frontage Distance/Street	N/A	Rita Road

General Plan	N/A
Specific Plan	N/A
Zoning	I-1, Light Industrial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	En Fuego Construction	Marketing Time	N/A
True Buyer	En Fuego Construction	Buyer Type	N/A
Recorded Seller	Porfirio Guzman	Seller Type	N/A
True Seller	Porfirio Guzman	Primary Verification	Public Record
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	2/11/2022
Proposed Use	N/A	Sale Price	$725,000
Listing Broker	None	Financing	Cash to Seller
Selling Broker	None	Cash Equivalent	$725,000
Doc #	20220420421	Capital Adjustment	$0
		Adjusted Price	$725,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
02/2022	Sale	En Fuego Construction	Porfirio Guzman	$725,000	$72,500 / $1.66

Sale	Land - Industrial	No. 9

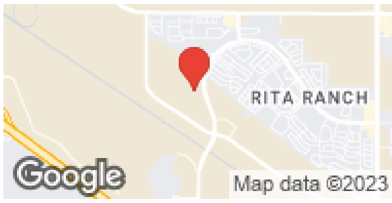
Units of Comparison

$1.66 / sf	N/A / Unit
$72,500.00 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 10-acre tract of vacant industrial zoned land located within the Sunbelt Industrial Park along Old Vail Road near Rita Road Way in Tucson, Arizona. The vacant site has frontage along Rita Road with nearby freeway access and is within an established industrial area. The appraisers were not able to contact any of the parties involved in this sale. Information is extracted from public record and is assumed to be at market. The site sold in February 2022, for $725,000 or $1.66 per square foot.

Sale | Land - Industrial | No. 10

Property Name	Vacant Industrial Land
Address	6701 South Wilmot Road Tucson, AZ 85756 United States
Government Tax Agency	Pima
Govt./Tax ID	141-08-002B

Site/Government Regulations

	Acres	Square feet
Land Area Net	61.950	2,698,542
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All available to the site at the time of sale

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	N/A	Wilmot Road
Frontage Distance/Street	N/A	Union Pacific Railroad line

General Plan	N/A
Specific Plan	N/A
Zoning	I-2, Heavy Industrial (Tucson)
Entitlement Status	None

Sale Summary

Recorded Buyer	Apollo Gardens, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Antonio Cimetta	Seller Type	End User
True Seller	N/A	Primary Verification	Buyer, public records

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	4/28/2022
Proposed Use	Industrial use	Sale Price	$4,500,000
Listing Broker	None	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$4,500,000
Doc #	2022-1180286	Capital Adjustment	$0
		Adjusted Price	$4,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
04/2022	Sale	Apollo Gardens, LLC	Antonio Cimetta	$4,500,000	$72,639 / $1.67

Sale	Land - Industrial	No. 10

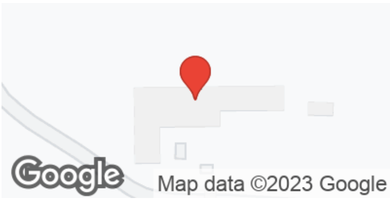
Units of Comparison

$1.67	/ sf	N/A	/ Unit
$72,639.23	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of 61.95 acres of undeveloped land located at the northeast corner of Wilmot Road and the Union Pacific Railroad (6701 South Wilmot Road), in Tucson, Arizona. The site is zoned I-2, Heavy Industrial, has all utilities to the site, has generally level topography, and is not situated within a floodplain. Upon development, no half street improvements will be required. Access to Interstate 10 is about one mile to the southeast via Kolb Road. The site is developed with several industrial warehouse/office buildings. According to an interview with the buyer, the buyer purchased the site for development of a self-storage facility (and possible marijuana growing facility if they can get approval). No contributory value was assigned to the existing improvements. The buyer intends to salvage portions of the existing improvements to offset demolition costs. The site has access to the railroad. The site sold in April 2022 for $4,500,000 or $1.67 per square foot. No atypical conditions of sale were noted.

Sale | Land - Industrial | No. 11

Property Name	Vacant Industrial Land
Address	9285 & 10000 East Old Vail Road Tucson, AZ 85641 United States
Government Tax Agency	Pima
Govt./Tax ID	141-18-6020, -006B

Site/Government Regulations

	Acres	Square feet
Land Area Net	43.106	1,877,711
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All nearby

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	2,000 ft	Old Vail Road

General Plan	N/A
Specific Plan	N/A
Zoning	I-1, Light Industrial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Diamond Ventures	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Old Vail Plaza, LLC	Seller Type	Private Investor
True Seller	Bill DiVito (estate)	Primary Verification	Diamond Ventures and public records

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	8/16/2022
Proposed Use	Hold for future development	Sale Price	$4,396,566
Listing Broker	None	Financing	All Cash
Selling Broker	None	Cash Equivalent	$4,396,566
Doc #	20222280257	Capital Adjustment	$0
		Adjusted Price	$4,396,566

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
08/2022	Sale	Diamond Ventures	Old Vail Plaza, LLC	$4,396,566	$101,994 / $2.34

Sale — Land - Industrial — No. 11

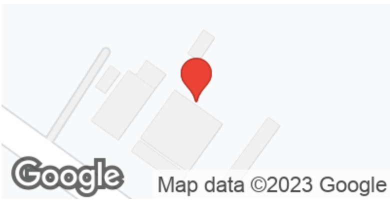
Units of Comparison

$2.34	/ sf	N/A	/ Unit
$101,993.58	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of 43.1 acres of undeveloped land located at the 9825 & 10000 Old Vail Road, in Tucson, Arizona. The site is zoned I-1, Light Industrial, has generally level topography, and is not situated within a floodplain. All utilities are reported to be adjacent to the site. The buyer is a developer (Diamond Ventures) who purchased the site for speculative future development. The site sold in August 2022 for $4,396,566 or $2.34 per square foot. No atypical conditions of sale were noted.

Sale | Land - Industrial | No. 12

Property Name	Vacant Industrial Land
Address	4550 East Los Reales Road Tucson, AZ 85756 United States
Government Tax Agency	Pima
Govt./Tax ID	140-44-002E, -002F, 002G

Site/Government Regulations

	Acres	Square feet
Land Area Net	35.447	1,544,052
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	N/A
Topography	N/A
Utilities	N/A
Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	1,250 ft	Los Reales
Frontage Distance/Street	1,228 ft	Swan Road

General Plan	N/A
Specific Plan	N/A
Zoning	CI-2, Heavy Industrial (Pima County)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	DLJ Properties Tucson, LLC	Marketing Time	N/A
True Buyer	Jensen Precast	Buyer Type	End User
Recorded Seller	Burris Hennessy and Company	Seller Type	Private Investor
True Seller	N/A	Primary Verification	N/A
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	9/15/2022
Proposed Use	N/A	Sale Price	$2,700,000
Listing Broker	Affadavit, CoStar	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	$2,700,000
Doc #	20222580534	Capital Adjustment	$0
		Adjusted Price	$2,700,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	DLJ Properties Tucson, LLC	Burris Hennessy and Company	$2,700,000	$76,171 / $1.75

Sale | Land - Industrial | No. 12

Units of Comparison

$1.75	/ sf	N/A	/ Unit
$76,170.92	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments

This comparable represents the sale of 35.45 acres of undeveloped land located at the southwest corner of Los Reales Road and Swan Road, in Tucson, Arizona. The site is zoned CI-2, Heavy Industrial, has generally level topography, and is not situated within a floodplain. Electric is to the site but sewer is about a 1/4 miles north. Water is in the area but not known if it is to the site. The buyer is the largest independently owned precast concrete manufacturing company in the United States with corporate headquarters in Sparks, Nevada, the family owned and operated company has production facilities throughout Nevada, Arizona, California and Hawaii. Jensen Precast designs and manufacturers standard and custom precast concrete products to meet small to large-scale infrastructure demands. The site sold in ASeptember 2022 for $2,700,000 or $1.75 per square foot. No atypical conditions of sale were noted.

Sale	Land - Industrial	No. 13

Property Name	Vacant industrial land
Address	4300 East Los Reales Road Tucson, AZ 85756 United States
Government Tax Agency	Pima
Govt./Tax ID	140-44-003A

Site/Government Regulations

	Acres	Square feet
Land Area Net	98.650	4,297,194
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Irregular
Topography	Generally Level
Utilities	All to Site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	N/A	Los Reales Road

General Plan	N/A
Specific Plan	N/A
Zoning	CI-2, General Industrial (Pima County)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Schnitzer Properties, LLC	Marketing Time	12 Month(s)
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Raceway Partners, LLC	Seller Type	End User
True Seller	N/A	Primary Verification	Broker, CoStar, Affadavit

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Closed raceway	Date	9/22/2022
Proposed Use	Spec development	Sale Price	$7,600,000
Listing Broker	Jesse Blum, PICOR	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	$7,600,000
Doc #	202222650906	Capital Adjustment	$0
		Adjusted Price	$7,600,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2022	Sale	Schnitzer Properties, LLC	Raceway Partners, LLC	$7,600,000	$77,040 / $1.77

Sale | Land - Industrial | No. 13

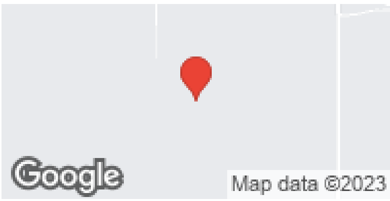
Units of Comparison

$1.77	/ sf	N/A	/ Unit
$77,040.04	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the listing of a 98.65-acre tract of vacant industrial zoned land located at 4300 East Los Reales Road in Tucson, Arizona. The site is the former raceway and is partially improved. The site has frontage along Los Reales Road, an east/west arterial and is near the Tucson International Airport and has generally level topography. According to the listing broker, the site sold in September 2022 for $7,600,000 or $1.77 per square foot. The site has city water and a well and 3 phase power. The intent of the buyer is to hold for future industrial manufacturing development, as demand warrants. No other conditions of sale were noted.

Sale | Land - Industrial | No. 14

Property Name	Vacant Industrial Land
Address	8500 South Rita Road Tucson, AZ 85747 United States
Government Tax Agency	N/A
Govt./Tax ID	141-22-004X, 141-22-0300

Site/Government Regulations

	Acres	Square feet
Land Area Net	38.916	1,695,195
Land Area Gross	N/A	N/A

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All to site

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	855 ft	Rita Road

General Plan	N/A
Specific Plan	N/A
Zoning	I-2, Heavy Industrial (Tucson)
Entitlement Status	N/A

Sale Summary

Recorded Buyer	8500 South Rita Road, LLC
True Buyer	Chrome Real Estate Holdings, LLC
Recorded Seller	Arizona Glass Properties, LLC
True Seller	N/A
Interest Transferred	Fee Simple/Freehold
Current Use	Vacant land
Proposed Use	Future R&D development
Listing Broker	PICOR
Selling Broker	PICOR
Doc #	20223110316

Marketing Time	12 Month(s)
Buyer Type	End User
Seller Type	End User
Primary Verification	Buyer, purchase contract
Type	Sale
Date	11/7/2022
Sale Price	$2,500,000
Financing	All Cash
Cash Equivalent	$2,500,000
Capital Adjustment	$0
Adjusted Price	$2,500,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
11/2022	Sale	8500 South Rita Road, LLC	Arizona Glass Properties, LLC	$2,500,000	$64,240 / $1.47

Sale	Land - Industrial	No. 14

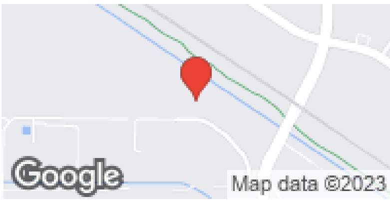
Units of Comparison

$1.47	/ sf	N/A	/ Unit
$64,240.43	/ ac	N/A	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 38.92-acre tract of industrial zoned vacant land that is located along the west side of Rita Road, just south of the Union Pacific railroad in Tucson, Pima County, Arizona. The site is vacant desert land.
The property is within the U of A Tech Park and was purchased along (separately) with an adjacent manufacturing building. Both purchases were considered arms length. The site benefits from being within the park but also has easy access to the freeway, other than having a railroad crossing near its entrance which impedes access at times. The site has generally level topography and was used in the past as a future solar farm expansion. All utility lines are to the site. The site sold in November 2022 for $2,500,000 or $1.47 per square foot of land area. No conditions of sale were noted.

Addendum B

LEGAL DESCRIPTION

Per Pima County Assessor website:
PTN SE4 NW4 SELY INTERSECTION OLD
VAIL RD & RITA RD 11.64 AC SEC 27-15-15

Addendum C

CLIENT CONTRACT INFORMATION

VALUATION & ADVISORY SERVICES

Proposal and Contract for Services

CBRE

CBRE, Inc.
3719 N. Campbell Avenue
Tucson, AZ 85719
www.cbre.us/valuation

Byron Bridges, MAI, MRICS
Director

March 17, 2023

Jeff Teplitsky
Director
Pima County Real Property Services
201 North Stone Avenue, Sixth Floor
Tucson, AZ 85701
Phone: 520-724-6306
Email: jeffrey.teplitsky@pima.gov

RE: Assignment Agreement
Vacant Land
9020 East Old Vail Road
Tucson, AZ 85747

Dear Mr. Teplitsky:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is, and under ADC-2 Restrictions (based on scope outlined in email dated 3/17/2023)
Rights Appraised:	Fee Simple
Intended Use:	Internal Decisions/Other
Intended Use Comments:	Acquisition purposes
Intended User:	The intended user is Pima County Real Property Services ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

Scope of Inspection:	An inspection of the property and surrounding areas will be performed by CBRE Valuations.
Valuation Approaches:	Only the Sales Comparison Approach will be completed.
Report Type:	Appraisal Report
Appraisal Standards:	USPAP
Appraisal Fee:	$6,500.00. If cancelled by either party before a completion, the fee will be based on CBRE's hourly rates for the time expended; plus actual expenses.
Expenses:	Fee includes all associated expenses
Retainer:	A retainer is not required for this assignment.
Payment Terms:	Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The full appraisal fee is considered earned upon delivery of the draft report. We will invoice you for the assignment in its entirety at the completion of the assignment.
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. An Adobe PDF file via email will be delivered to jeffrey.teplitsky@pima.gov. The client has requested 0 bound final copy (ies).
Delivery Schedule:	
Preliminary Value:	Not Required
Draft Report:	Not Required
Final Report:	20 business days after the Start Date
Start Date:	The appraisal process will start upon receipt of your signed agreement and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within 5 business days from the date of this letter.

CBRE

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties, including all intended users, hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services

Byron Bridges, MAI, MRICS
Director
As Agent for CBRE, Inc.
T +1 520 3235163
Byron.Bridges@cbre.com

AGREED AND ACCEPTED

FOR PIMA COUNTY REAL PROPERTY SERVICES ("CLIENT"):

Jeff Teplitsky	March 28, 2023
Signature	Date
Jeff Teplitsky	Director
Name	Title
520-724-6306	jeffrey.teplitsky@pima.gov
Phone Number	E-Mail Address

ADDITIONAL OPTIONAL SERVICE

Assessment & Consulting Services: CBRE's Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence service (seismic risk analysis, zoning compliance service, construction risk management, annual inspections, etc.).

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at **ACSProposals@cbre.com**. We will route your request to the appropriate manager. For more information, please visit www.cbre.com/assessment.

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the hourly rate of the time and expenses incurred (including travel expenses to and from the job site), with a minimum charge of $500. Additional copies of the Appraisal Reports are available at a cost of $250 per original color copy and $100 per photocopy (black and white), plus shipping fees of $30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS ($10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report , in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.

18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.
2. Current title report and title holder name
3. Legal description
4. Survey and/or plat map
5. Site plan for proposed or entitled development, if applicable
6. Current county property tax assessment or tax bill
7. Details on any sale, contract, or listing of the property within the past three years
8. Engineering studies, soil tests or environmental assessments
9. Ground lease, if applicable
10. Planning/Zoning application or approval, if applicable
11. Any previous market/demand studies or appraisals
12. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
13. Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Byron Bridges, MAI, MRICS
Director
Byron.Bridges@cbre.com
CBRE, Inc.
Valuation & Advisory Services
3719 N. Campbell Avenue, Ste 500
Tucson, AZ 85719

Addendum D

QUALIFICATIONS

Byron Bridges, MAI, MRICS

Director, Tucson

CBRE

T + 520 323 5163
M +520 903 8962
Byron.bridges@cbre.com

3719 North Campbell Avenue
Tucson, Arizona 85719

Clients Represented

- Caliber Companies
- Capital Source Bank
- Cargill /CarVal Investors
- CEMEX
- Citibank
- Compass Bank
- Exclusive Resorts
- Freddie Mac
- Fortress Investment Group
- Four Seasons Resorts
- Goldman Sachs
- Grupo Presidente
- ING
- Kerzner International
- Lewis & Roca
- Merrill Lynch
- MIRA Companies
- Morgan Stanley
- Ohana Real Estate
- PriceWaterhouseCoopers
- Promecap
- Snell & Wilmer
- State Farm Insurance
- U.S. Army Corps of Engineers
- Walton Street Capital
- Western Alliance Bank

Experience

Mr. Bridges is the director of the Valuation & Advisory Services Group's Tucson office in the Intermountain Region and has over 22 years of real estate appraisal and consulting experience. Mr. Bridges is a designated the Member of the Appraisal Institute (MAI). Mr. Bridges primary geographical location is Southern Arizona. Mr. Bridges is also a member of CBRE's Latin America Valuation & Advisory Team and has performed numerous international valuation assignments.

His appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, demand and absorption studies, and feasibility studies for a variety of clients, including numerous financial institutions, government agencies, Fortune 500 corporations, insurance companies, and private organizations. Experience involves a wide variety of property types as well as conservation easements, special purpose real estate holdings, agriculture properties, among others. Mr. Bridges has considerable experience with litigation cases.

Mr. Bridges has conducted many appraisals, market studies and feasibility analyses of master-planned communities, condominium projects, land, hospitality resort properties, residential properties, and commercial properties within and around the major beach front communities in Mexico, Costa Rica, and Belize. Mr. Bridges has extensive knowledge of the Mexico and Latin America real estate marketplace and since 2001 has performed valuation and consultation assignments in Latin America countries in excess of over 800 individual assignments.

Mr. Bridges areas of concentration include the oceanfront beach resorts of Mexico, Costa Rica, and Belize, and other Latin America countries. Within Baja California Sur resort areas, he has completed extensive valuation and consultation work in Los Cabos (Cabo San Lucas, San Jose del Cabo), East Cape, Todos Santos, the Pacific Ocean area, La Paz, and Loreto; in Quintana Roo, Riviera Maya, Playa del Carmen, Cancun, Tulum, Cozumel, Isla Mujeres, and Riviera Maya; in Jalisco and Nayarit, Puerto Vallarta, Punta Mita, Nuevo Vallarta, Sayulita, and the Riviera Vallarta; in Baja California, Rosarito, Ensenada, and San Felipe; in Sonora, Puerto Peñasco (Rocky Point) and San Carlos/Guaymas; in Costa Rica, Guanacaste, and Jaco.

The assignments prepared were done for various clients for many reasons such as financial transactions, business decisions, investment speculation, estates, litigation, partnership disputes, easements, and others.

Professional Affiliations / Accreditations

- State Certified General Real Estate Appraiser-State of Arizona, No. 31173
- Appraisal Institute, Designated Member (MAI), No. 534642
- Member of the Royal Institution of Chartered Surveyors (MRICS)

Education

- University of Arizona
- Bachelor of Science; Regional Development/Planning
- Bachelor of Science in Business Administration; Entrepreneurship
- Appraisal Institute and other appraisal-related coursework

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31173

This document is evidence that: **BYRON LLOYD BRIDGES** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

BYRON LLOYD BRIDGES

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **September 30, 2025**

Jo Dance, MAI, CCIM

Managing Director, Arizona

CBRE

+ 01 602-735-5686
M +01 602-361-6600
jo.dance@cbre.com

2575 East Camelback Road
Suite 500
Phoenix, AZ 85016

Clients Represented

- CBRE Capital Markets
- Western Alliance Bank
- Walker & Dunlop
- MidFirst Bank
- C-III Asset Management
- Opus Bank
- JLL
- HFF
- Bank of the West
- National Bank of AZ
- Bank of Oklahoma
- BBVA Compass
- PNC
- Citibank
- Washington Federal
- Blackstone
- StanCorp
- A10 Capital
- Starwood Capital
- VEREIT, Inc.
- CoBiz Bank
- First Bank
- East West Bank
- Bank OZK

Experience

Jo Dance serves as Managing Director of CBRE Valuation & Advisory Services, Pacific Southwest Division, where she leads a team of over 20 appraisal and consulting professionals in the Phoenix and Tucson offices. An accomplished 30-year real estate professional with extensive industry and management experience, she leads CBRE's efforts to provide exceptional outcomes for local, regional and global clients.

Working alongside a dedicated team of specialized experts, she works to elevate CBRE's best-in-class status by ensuring consistent, quality appraisal services. In her role as Managing Director, she coordinates all activities for Arizona, including overseeing new business development, client relations and appraisal quality control production.

She is licensed as a Certified General Appraiser in the states of Arizona, New Mexico and Nevada. Ms. Dance is a designated member of the Appraisal Institute (MAI and SRA) and holds a CCIM designation. Her appraisal experience spans a broad spectrum of real estate appraisals, rent analyses and market studies of commercial and multifamily residential properties. She has also provided litigation support and expert testimony in deposition and court in Arizona.

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI and SRA)
- CCIM Institute – CCIM designation
- Certified General Real Estate Appraiser, State of Arizona, No. 30249
- Certified General Real Estate Appraiser, State of New Mexico, No. 03242-G
- Certified General Real Estate Appraiser, State of Nevada, No. No. A.0206799-CG
- Licensed Real Estate Broker: State of Arizona (#BR505868000)

Education

- Arizona State University
  - Science in Business Administration, Production & Operations Management

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30249

This document is evidence that: **JOLENE U. DANCE** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

JOLENE U. DANCE

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**