



Valuation Services, PLLC

Commercial Real Estate Appraisals

December 21, 2017
Addendum Letter
AM File No. 2017-00177

Mr. Jeff Teplitsky
Appraisal Supervisor
Pima County Real Property Services
201 N. Stone Avenue, 6th Floor
Tucson, Arizona 85701

RE: The 3.227 acres of vacant land located at the northwest corner of Sahuarita Road and Salome Loop, Sahuarita, Pima County, Arizona 85629.

Dear Mr. Teplitsky:

This letter serves as an addendum to the original appraisal, AM File No. 2017-0177, with an effective date of appraisal of September 11, 2017. The original appraisal reported a site size of 2.872 acres based on a legal description dated August 10, 2017. A new legal description has been provided by Pima County with the date December 5, 2017. The new legal description is considered to be accurate and reports a site area of 3.227 acres or 140,568 square feet.

The value conclusion reported in the appraisal was \$4/SF, which currently applies for the subject as a 3.227 acre parcel. This is only a slight difference in size, that would not have an impact on the per square foot value of the subject. Using the \$4/SF figure and multiplying it by the site size of 140,568 square feet, results in a value of \$562,272, rounded to \$560,000.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Ajay Madhvani', written over a light blue circular stamp.

AJAY S. MADHVANI, MAI
Certified General Real Estate Appraiser,
Arizona Certificate #31501

AM Valuation Services, PLLC

Commercial Real Estate Appraisals

APPRAISAL REPORT
OF THE 2.872 ACRES OF VACANT LAND

LOCATED AT THE NORTHWEST CORNER OF SAHUARITA ROAD AND
SALOME LOOP, SAHUARITA, PIMA COUNTY, ARIZONA 85629



PREPARED FOR
PIMA COUNTY PUBLIC WORKS REAL PROPERTY SERVICES
MR. TEPLITSKY, APPRAISAL SUPERVISOR

PREPARED BY
AJAY S. MADHVANI, MAI

AM FILE NO. 2017-0177

EFFECTIVE DATE OF THE APPRAISAL: SEPTEMBER 8, 2017
DATE OF REPORT: SEPTEMBER 11, 2017

PROPERTY OWNER: SAHUARITA SCHOOL DISTRICT NO. 30
ASSESSOR PARCEL NO. 303-33-008A (PORTION OF),
SECTION 11, TOWNSHIP 17 SOUTH, RANGE 13 EAST

September 11, 2017
AM File No. 2017-0177

Mr. Jeff Teplitsky
Appraisal Supervisor
Pima County Real Property Services
201 N. Stone Avenue, 6th Floor
Tucson, Arizona 85701

RE: The 2.872 acres of vacant land located at the northwest corner of Sahuarita Road and Salome Loop, Sahuarita, Pima County, Arizona 85629.

Dear Mr. Teplitsky:

In accordance with your request, I have inspected and appraised the above-identified property, which is the subject of the attached report. The *purpose* of this appraisal is estimating the fee simple market value as vacant. The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject's underlying land value. The interest to be appraised is *fee simple*. The *intended use* of this report is for basis for potential acquisition of the subject property. The *effective date of the appraisal* is September 8, 2017, the most recent date of my inspection. The *date of report* is September 11, 2017. The ownership and legal description of this property are set forth in the following report.

This report has been prepared for Pima County, and is not intended to be used, transferred, or relied upon by any person other than the client. The *intended users* of this appraisal are Pima County and/or designated users. I assume no responsibility to any party, other than the client and other intended users, who uses or relies on any information in this report.

This report has been prepared in conformance the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, and Arizona Revised Statutes. Excluded valuation approaches, if any, are explained and supported. This appraisal report is considered to contain sufficient detail that the client and intended users of the report should understand it, and that they should deem the data, analysis and conclusions contained herein to be credible. Any additional information is contained within my file and is available to the client.

The *Scope of Work* for this report includes completing an appraisal inspection of the subject, analyzing the Sahuarita and Green Valley area for trends that impact real estate values, and searching the local market for comparable data. For this analysis I have completed one of the three approaches to market value: the Sales Comparison Approach. The market value conclusion resulting from the implementation of this methodology is considered sufficient to provide credible assignment results. Additional details regarding the scope of work can be found within the scope of work section of this report.

Based upon the data and discussions contained within the following report, it is my opinion that the value of the market value of the fee simple interest of the subject, as of September 8, 2017 is as follows:

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY
AS OF SEPTEMBER 8, 2017\$500,000**

The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject’s underlying land value.

I hereby certify that Ajay S. Madhvani, inspected the subject property; that my fee was not contingent upon the value opinion contained herein; and that I have no interest, present or prospective, in the property appraised. Furthermore, I certify that, to the best of my knowledge and belief, all statements, and opinions contained in this letter are correct, subject to the assumptions, conditions, special limiting conditions, and certification that are made as part of this letter.

Respectfully submitted,

AJAY S. MADHVANI, MAI
Certified General Real Estate Appraiser,
Arizona Certificate: 31501

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PURPOSE, INTENDED USE, AND INTENDED USERS

The *purpose* of this appraisal is estimating the fee simple market value land as vacant. The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject's underlying land value. The *intended use* of this report is to establish a basis for potential acquisition of the subject property. The *intended users* of this appraisal are Pima County and/or designated users.

EFFECTIVE DATE OF THE APPRAISAL

The *effective date of the appraisal* is September 8, 2017, the most recent date of inspection. The date of report is September 11, 2017.

DEFINITION OF MARKET VALUE

Pursuant to Arizona Revised Statute 12-1122(c), market value is defined as follows:

“Value shall be determined by ascertaining the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”

OWNERSHIP HISTORY

The subject reflects tax parcels identified by the Pima County Assessor's Office as 303-33-008A (Portion Of). The subject parcel is currently vested in the name Sahuarita School District No. 30, per Sequence No., recorded on 20163540075. The subject has been under the same ownership for several years.

The subject parcel is currently not listed for sale and there are no known offers to purchase.

DATE OF INSPECTION & OWNER CONTACT

The subject property was formally inspected on September 8, 2017. Ajay Madhvani documented and photographed the physical characteristics of the subject property and surrounding neighborhood. Ajay also spoke with the Appraisal Coordinator, Jeff Teplitzky, but he was unable to join for inspection.

INTEREST TO BE APPRAISED

The interest appraised is that interest arising from fee simple ownership. Fee simple ownership can be defined as “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”¹.

EXPOSURE PERIOD

According to the Statement on Appraisal Standards No. 6 (SMT-6), from the Uniform Standards of Appraisal Practice and the Appraisal Standards Board, exposure time may be defined as follows:

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

The exposure period for the marketing of the subject depends on many factors including current market conditions and the factors of supply and demand. Pricing and competent professional marketing are two very important factors. When every effort is made to market the property in earnest, the exposure period for this type of property could be twelve months or less. Thus, the opinion of market value assumes that the subject property has been exposed to the market or offered for sale for 12 months or less priced at no more or less than 10 percent of the appraised value.

SCOPE OF THE APPRAISAL

I have been asked by Pima County to establish the market value of the fee simple interest in the subject property.

In order to evaluate the subject, relevant data has been gathered and analyzed. Data gathered for appraisals are of two types: general and property specific. General data include information on social, economic, governmental, and environmental trends and conditions affecting the subject property. Each of these items has an impact on property value and the study of these forces enables the appraiser to identify the underlying causes of change in property values and what future market expectations might be. The geographic extent of my search for general market information included the areas surrounding the subject property. Property specific information includes data about the subject site, tax information and zoning classifications.

Property specific information was obtained from the Pima County Assessor's Office as well as inspections and discussions with parties familiar with the subject site and the surrounding neighborhood. Additionally, I performed an appraisal inspection of the property as well as reviewed aerial photographs. The general and specific data form the basis for the conclusions with respect to the highest and best use of the subject.

Comparable information was obtained from sources including the Pima County Assessor's Office, discussions with other appraisers, "Costar/Comps" of Arizona, the Tucson Multiple

¹ The Dictionary of Real Estate Appraisal, 5th Edition, published by the Appraisal Institute

Listing Service (MLS), and interviews with knowledgeable real estate brokers and other market participants. The information contained in this report is considered to provide a well-supported conclusion as to the subject's market value as of the date of value.

Sources of general market information included government publications, census data, local newspapers, and other public and private organizations. Real estate oriented market information was abstracted from knowledgeable real estate agents, brokers, developers, and public officials in the area.

The subject reflects vacant land. Therefore, the Cost and Income Approaches to value were not applicable as these approaches are primarily utilized for improved properties. The Sales Comparison Approach was considered to represent the most applicable valuation approach. The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject's underlying land value.

Sales Comparison Approach – The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties, based on relevant, market-derived elements of comparison. The principal of substitution is fundamental to this approach.

The Sales Comparison Approach utilizes sales of similar properties to indicate a probable value for the subject property. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sales. The unit of comparison chosen for the subject is then used to determine a total value. Economic units of comparison are not generally adjusted, but rather analyzed as to relevant differences with the final opinion derived based on the general comparisons. The reliability of this approach is dependent upon (a) the availability of comparable sales data; (b) the verification of the sales data; (c) the degree of comparability; and (d) the absence of atypical conditions affecting the sales price.

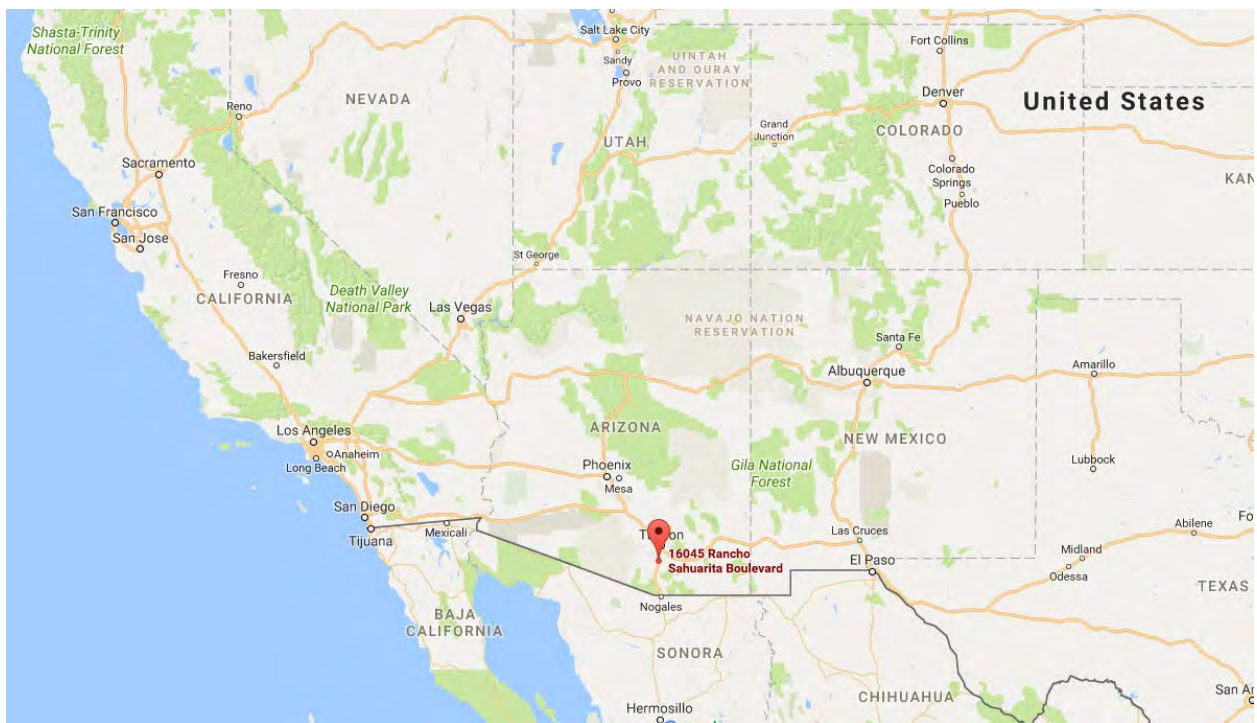
For this appraisal assignment, an adequate quality and quantity of sales were available to provide reasonable support for the value for the land component of the subject. This scope of work is sufficient to develop credible assignment results.

AREA DATA

The subject reflects commercial land and the most important area influences are its location in the City of Tucson and its neighborhood. However, state and regional economic trends also influence demand for such a property. The State of Arizona is reviewed first. After this Tucson and Pima County are reviewed. The subject's district and immediate surroundings are then analyzed. Proceeding this is a discussion of retail market conditions. This section of the report then provides a conclusion for these area influences.

ARIZONA

Regional Map



Overview

Arizona is located in the southwestern portion of the continental United States. It is bordered by Utah to the north, New Mexico to the east, Mexico to the south, and portions of California and Nevada to the west. The state's climate is dry with much of the state consisting of arid deserts. Annual temperature ranges can be extreme, especially during the summer months. The northern portion of the state is either mountainous or consists of high plateaus. The southern portion of the state is largely the arid desert region. Phoenix and Tucson lie in the desert areas. Two of the states defining characteristics include the Grand Canyon and the Colorado River. The Colorado river forms the state's western boundary.

Population Growth

The Phoenix area and Maricopa County are the largest population centers and are located in the central portion of Arizona. Tucson is a smaller metropolitan area and is in the southeastern area of the state. The table below provides the recent historical population growth figures for the State of Arizona and for Pima County. As indicated, Arizona had a 2016 population of 6,835,518. Historically, the state had high population growth rates, especially during the period from the 1980s through the early 2000s. However, the now large population base and the lingering effects of the recession of the mid 2000s have resulted in slower population growth. More specifically, population growth rates from 2011 through 2016 ranged from 0.94% to 1.37%.

Population Estimates

Year	Arizona			Tucson Metropolitan Area		
	Total Population	Numerical Increase	Annual Growth	Total Population	Numerical Increase	Annual Growth
2011	6,438,178	Not Applic.	Not Applic.	986,081	Not Applic.	Not Applic.
2012	6,498,569	60,391	0.94%	990,380	4,299	0.44%
2013	6,581,054	82,485	1.27%	996,046	5,666	0.57%
2014	6,667,241	86,187	1.31%	1,007,162	11,116	1.12%
2015	6,758,251	91,010	1.37%	1,009,371	2,209	0.22%
2016	6,835,518	77,267	1.14%	1,013,103	3,732	0.37%

Source: July 1st estimates, US Bureau of the Census, Sep 2017.

Gross Domestic Product

An important indicator of economic growth or decline is regional gross domestic product. Annual figures for Arizona and Pima County are provided in the table below. Arizona has had continued improvements in economic conditions since 2010. More specifically, from 2010 through 2016 annual gross domestic product increased annually ranging from 2.18% to 4.13% per year. Growth during the most recent year for which full statistics are available, or in 2016, was 3.95%.

Gross Domestic Product - (In Millions)

Year	Arizona			Tucson Metropolitan Area		
	Total GDP	Numerical Increase	Annual Growth	Total GDP	Numerical Increase	Annual Growth
2010	\$245,668	Not Applic.	Not Applic.	\$33,110	Not Applic.	Not Applic.
2011	\$254,192	8,524	3.47%	\$33,271	161	0.49%
2012	\$264,693	10,501	4.13%	\$34,385	1,114	3.35%
2013	\$270,469	5,776	2.18%	\$34,898	513	1.49%
2014	\$280,790	10,321	3.82%	\$36,184	1,286	3.69%
2015	\$291,448	10,658	3.80%	\$36,193	9	0.02%
2016	\$302,952	11,504	3.95%			

Employment and Unemployment

Further evidence of economic growth is provided by review of employment and unemployment levels. These figures for both the State of Arizona and for Pima County are provided in the following two tables. Employment in Arizona has been improving for six straight years. The growth rate during 2017 is reported at 2.32%. Unemployment has improved during the past six years also, with a steady decline, statewide, to the 2017 unemployment rate of 5.1%.

Employment Estimates

Year	Arizona			Tucson Metropolitan Area		
	Total Employed	Numerical Increase	Annual Growth	Total Employed	Numerical Increase	Annual Growth
2010	2,751,386	Not Applic.	Not Applic.	430,197	Not Applic.	Not Applic.
2011	2,731,115	-20,271	-0.74%	419,126	-11,071	-2.57%
2012	2,771,669	40,554	1.48%	419,882	756	0.18%
2013	2,802,422	30,753	1.11%	421,602	1,720	0.41%
2014	2,887,937	85,515	3.05%	429,971	8,369	1.99%
2015	2,976,897	88,960	3.08%	431,748	1,777	0.41%
2016	3,067,668	90,771	3.05%	442,512	10,764	2.49%
2017	3,138,754	71,086	2.32%	449,429	6,917	1.56%

Source: U.S. Bureau of Labor Statistics, Sep 2017.

Unemployment Rates

Year	Arizona	Pima County
	Percent Unemployed	Percent Unemployed
2013	7.5%	7.3%
2014	6.6%	6.5%
2015	5.9%	5.9%
2016	5.2%	5.3%
2017	5.1%	4.9%

Source: U.S. Bureau of Labor Statistics, Sep 2017.

TUCSON AND PIMA COUNTY

Overview

Tucson is within Pima County and is the largest city in the Pima County Metropolitan Statistical Area (MSA). Tucson is located in southeastern Arizona and is about 100 miles south of Phoenix and 60 miles north of Mexico. Other cities in Pima County include Marana, Oro Valley, Sahuarita, and South Tucson. Tucson is within an area known as the Sonora Desert. This is one of the more unique eco-systems in the World, and it is the only area in the World where the Saguaro cactus grows naturally. The city occupies a valley surrounded by the Catalina, Rincon, Santa Rita, and Tucson mountain ranges. Elevations within these ranges climb to over 9,000

feet. The climate is dry and hot during the summer.

The University of Arizona is one of the more prominent institutions in the City. It is a nationally recognized undergraduate and graduate school with prominent sports teams and research capabilities. Davis-Monthan Air-Force Base is in the southeast portion of the city and is an important defense installation. Due to its clear night skies, the Tucson area is home to a number of prominent observatories including the Kitt Peak National Observatory. Old Tucson is a well-known movie production studio and is one of the city's more popular tourist destinations.

Growth Indicators

Population, gross domestic product, and employment data are detailed in the previous tables provided within the Arizona discussion and are incorporated here. Pima County has a current population of 1,013,103 and this is an increase over the past five years from the 2011 population of 986,081. The City of Tucson has a current (July 2016) population of 530,706. This essentially matches the 2006 population of 530,349, indicating most of the county growth is not in the city.

Similar to the State of Arizona, Tucson has experienced positive economic growth for the past five years. Pima County's annual GDP increased each year from 2010 through 2015 ranging from 0.02% to 3.69%. Employment growth during the past five years has been positive, although a minor correction occurred in 2013. Employment growth during the most recent full calendar year, or 2016, was 2.49%. Unemployment has steadily declined for five years, with a July 2017 (latest available) unemployment rate of 4.9%.

Major Employers

Although employment growth in Tucson has been positive, the city has a limited private sector employment base as most major employers are government related. The ten largest employers in Southern Arizona are noted in the following table. There are three private sector employers, Raytheon (defense), Freeport-McMoRan (mining) and Walmart (retail) noted. The other seven remaining employers are each government related. Further, Raytheon is largely reliant upon defense related contracts.

Ten Largest Southern Arizona Employers

Company Name	Employees	Industry
University of Arizona	11,251	Education
Raytheon Missile Systems	9,600	Defense
State of Arizona	8,580	Government
Davis-Monthan Air Force Base	8,406	Defense
Pima County	7,060	Government
Tucson Unified School District	6,770	Education
Banner — University Medical Center	6,272	Health Care
U.S. Customs and Border Protection	5,739	Government
Freeport-McMoRan Inc.	5,530	Mining
Walmart	5,500	Retail

Source: Arizona Daily Star, 2017.

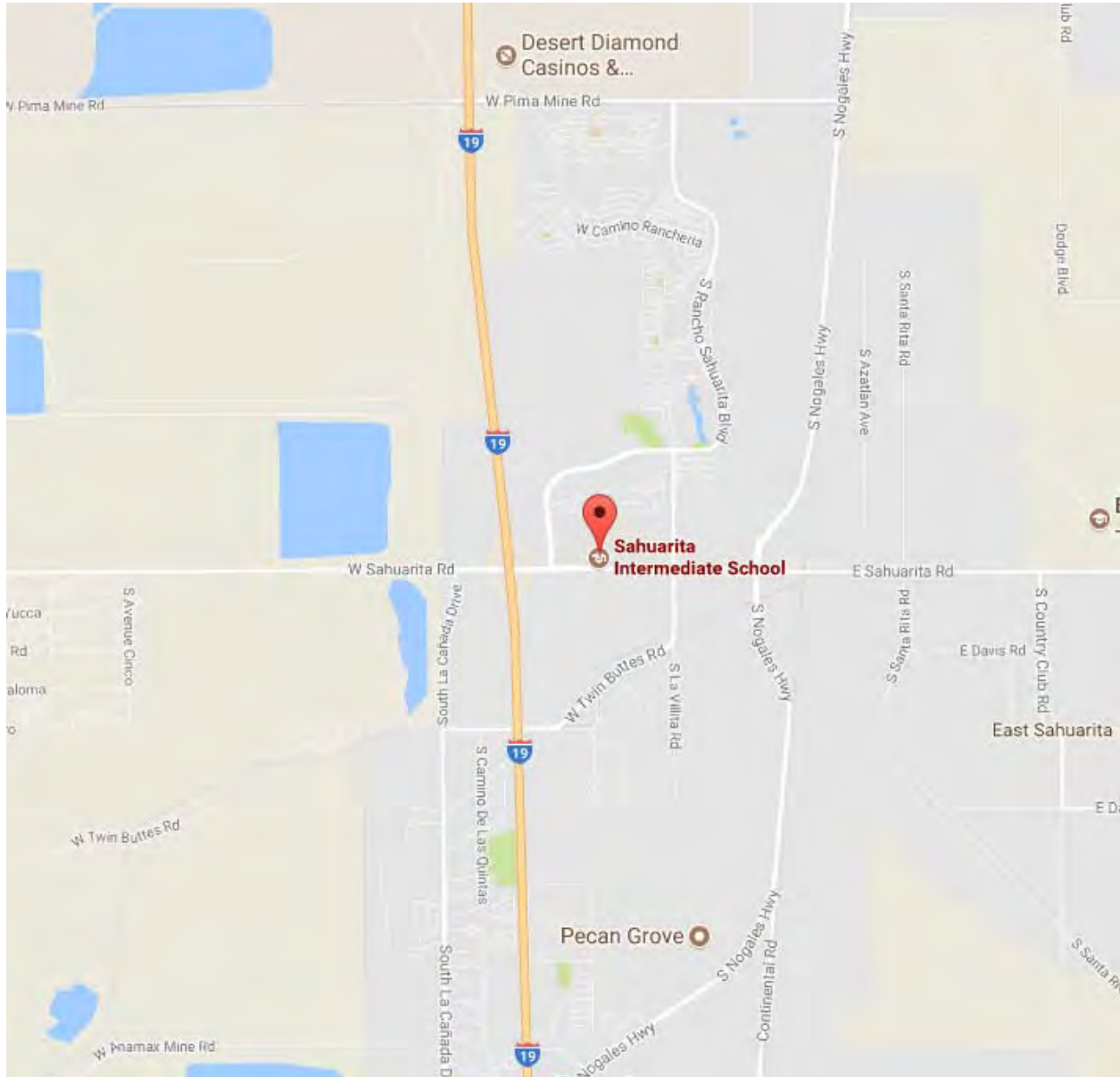
Transportation

Tucson is adequately served by all major modes of transportation. Tucson International Airport provides domestic and international air service. Interstate 10 connects Tucson with Phoenix and California to the north and west and with New Mexico and Texas to the east. Greyhound provides local and national bus line service. Union Pacific provides freight rail service. There are ongoing discussions about development of a new passenger rail line between Tucson and Phoenix but when this will occur and whether funding will be available are uncertain.

NEIGHBORHOOD

The subject is situated in the very southwestern portion of the Town of Sahuarita, about 20 miles south of downtown Tucson and the central business district (CBD). General neighborhood boundaries are Sahuarita Road to the north, Old Nogales Highway on the east, Continental Road on the south, and Duval Mine Road on the west.

Neighborhood Map



Neighborhood Summary

The subject property is located on Sahuarita Road, east off of Interstate 19 in the central part of Sahuarita. The subject property is right on Sahuarita Road, the primary street in the Town of Sahuarita. The subject property is located approximately 20 miles south of the Central Business District of the City of Tucson. The subject area is considered to be part of greater metropolitan Tucson known as the Green Valley-Sahuarita community. The boundaries for the subject neighborhood are identified as Pima Mine Road to the north, the Freeport-McMoran mine to the west, the Santa Cruz County line on the south, and to the east is the Coronado National Forest.

These boundaries are considered appropriate due to physical divisions and social characteristics of the area.

The Town of Sahuarita has experienced a lot of growth since 2000. The 2010 Census reported a total population for Sahuarita of 25,259 and 21,391 for Green Valley. The population in Green Valley is predominantly retirement-aged. Fairfield Communities pioneered retirement communities in Green Valley in 1964, and continues to develop the area. Persons of retirement age are drawn to Green Valley by its climate, its six golf courses (five championship caliber) and numerous other amenities that make Green Valley a popular retirement community.

Sahuarita is primarily focused around Rancho Sahuarita, a large master-planned community. The master-planned community is focused around a family lifestyle and includes schools, parks, pools, a man-made lake, health care facilities and a shopping center. The community has entitlements for over 11,000 homes and includes over 3,000 acres. Residential uses within Rancho Sahuarita are single-family homes within subdivisions.

The population for the Town of Sahuarita was reported at 3,242, according to the 2000 census, representative of the tremendous growth and annexed land. The town has a total area of about 30 square miles.

The population of Green Valley was reported at 17,283, according to the 2000 census. This reflects an annual growth rate of 2.4%, annually. The town has a total area of about 26 square miles.

Given the physical amenities offered by the area, coupled with a large inventory of residential vacant land available for development and approvals for additional residential development, this trend is anticipated to continue into the foreseeable future.

Immediate Surroundings

The subject property reflects part of the Sahuarita School Campus at the northeast side of Sahuarita Road and Rancho Sahuarita Boulevard. The immediate area is improved with a high school, middle school, and intermediate school. To the north, east and west is the Sahuarita School Campus. To the south is Sahuarita Road followed by the Sahuarita Post Office and vacant land.

Other uses in the area are primary commercial. There is a Fry's Marketplace to the west of the subject with retail uses, Dunkin Donuts, Chase Bank, and several other restaurants. The area is growing with retailers and commercial uses including a McDonald's, Panda Express, Fry's Gas Station, and Giant Gas Station.

CONCLUSION

Economic conditions in Sahuarita are presently favorable and have been moderately improving for several years now.

SITE DESCRIPTION

The following information was obtained from physical inspections of the parcel, available public records, information provided by the client and the property owner's representative, and from interviews with representatives from applicable utility suppliers and municipal departments. All of the information derived from the above noted sources is believed to be correct and reliable. Where available, supporting documentation and exhibits are included.

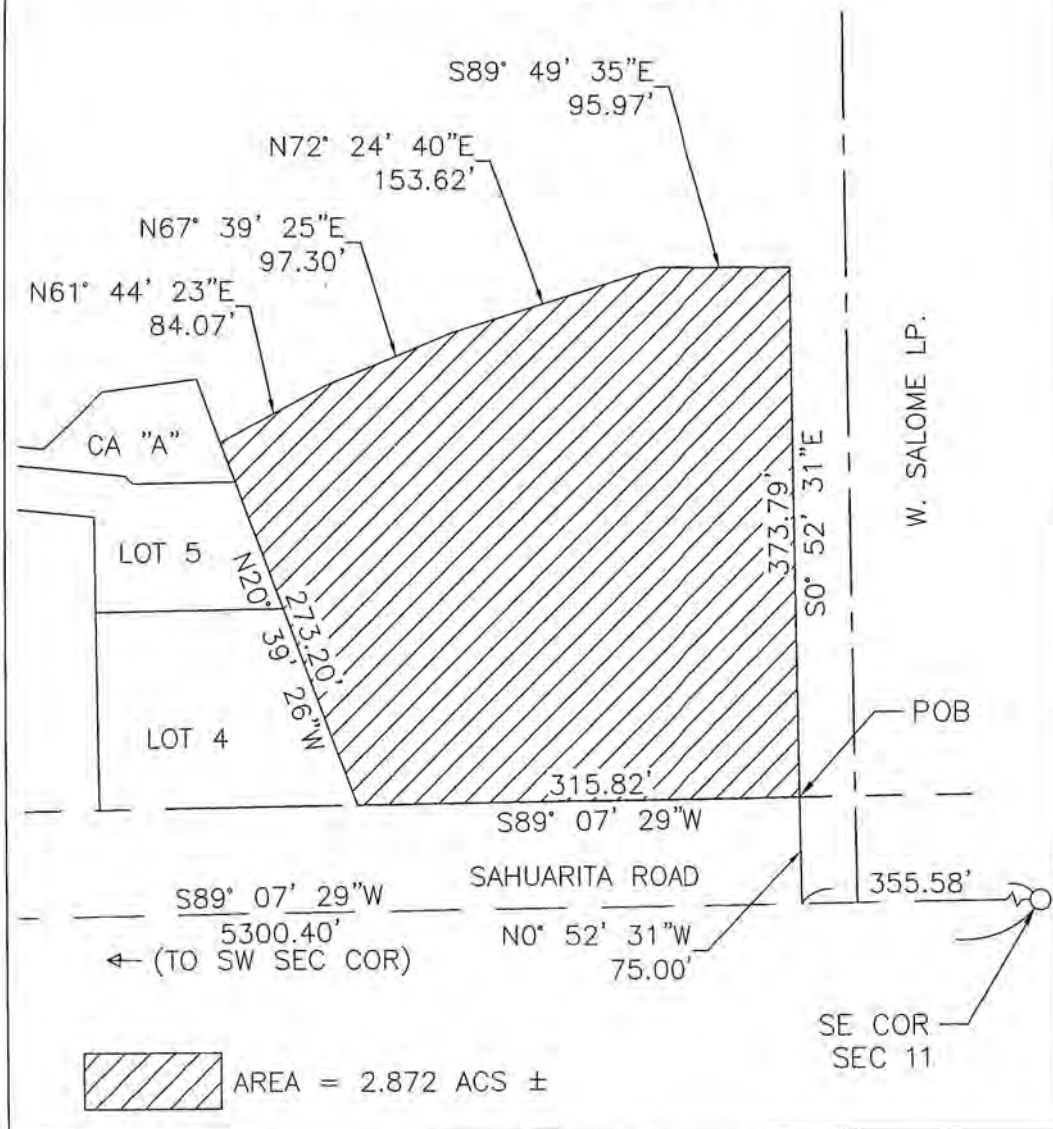
Location: The subject property is located at northwest corner of Sahuarita Road and Salome Loop, Tucson, Pima County, Arizona 85629.



Legal Descriptions: In the Addenda, due to lengthy metes and bounds.

Site Size/Shape: The subject is irregular in shape but is conducive for development. The parcel is 125,104 square feet or about 2.872 acres.

DEPICTION OF EXHIBIT "A"



PIMA COUNTY SURVEY

A PORTION OF THE SE ¼ OF SECTION 11,
 TOWNSHIP 17 SOUTH, RANGE 13 EAST,
 GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

Scale: 1" = 100' Date: 10 AUGUST 2017 Drawn By: DRT Sheet 2 of 2



1. LAND EXCHANGE 3 YEAR
 2. LONG TERM LEASE TIME FRAME



COMMUNITY BRANCH LIBRARY 20,000 SQFT BDC
@ W. SAHUARITA RD. & W. SALOME LOOP RD.

Census Tract: 4305

Seismic Zone: The subject is situated in Seismic Zone 2A, reflecting a low to moderate risk of seismic activity that could realistically impact the subject improvements.

**Site Condition/
Topography:** The subject site is above grade with Salome Loop and Sahuarita Road but is at grade with the properties to the west and north. The subject reflects a former baseball field and has level topography. The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject's underlying land value.

Utilities: All utilities are available to the subject's lot line.

Access: The site is provided access via Sahuarita Road and Salome Loop. The intersection of Sahuarita Road and Salome Loop is traffic lit. Sahuarita Road is a four lane east-west arterial with two travel lanes in each direction and is median divided. Salome Loop is a paved north-south road with a travel lane in each direction that ends at a T-intersection at the subject.

Traffic Count: The average daily traffic count along Sahuarita is about 9,000 vehicles per a 2013 survey, the most recent available.

Flood Condition: According to the most recent flood insurance rate map (FIRM), the site is located within an area identified as Zone X, an area outside of the 100-year chance floodplain,. The subject is depicted on the FEMA FIRM 040137-04019C3455L, dated June 16, 2011.

Flood Zone Code	Flood Zone Panel	Panel Date
X	040137 - 04019C3455L	06/16/2011
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	SAHUARITA

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Soils/Subsoils:

A soil survey was not provided. During the inspection, no conditions indicative of a potential soil or subsoil problem was apparent. This appraisal assumes soil conditions suitable for development. Should

any questions arise as to the suitability of the soil, a soils sample analysis can be obtained by a qualified company.

Environmental:

There are no known specific environmental problems within the subject's immediate area, or the subject parcels. I was not provided with an environmental analysis of the subject sites. This report assumes that no environmental concerns are present that would prevent the sites from being put to their Highest and Best Use. If this remains an area of concern for the client, a Phase I environmental study by a qualified firm is recommended.

Easements:

Physical inspection did not reveal any easements other than typical easements for utilities. These easements are considered typical of similar parcels and do not limit the subject from being developed to its highest and best use.

Surrounding Land Uses:

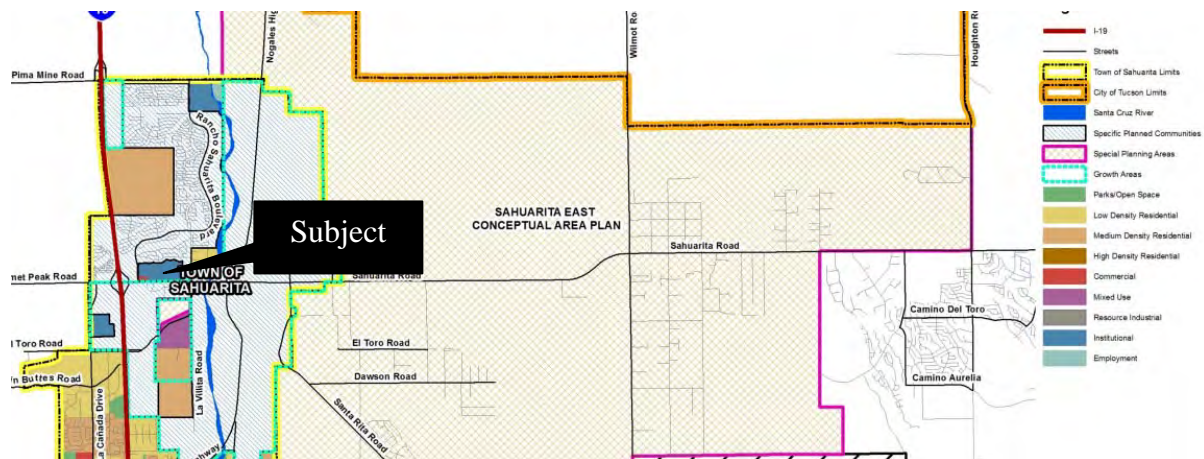
The subject property reflects part of the Sahuarita School Campus at the northeast side of Sahuarita Road and Rancho Sahuarita Boulevard. The immediate area is improved with a high school, middle school, and intermediate school. To the north, east and west is the Sahuarita School Campus. To the south is Sahuarita Road followed by the Sahuarita Post Office and vacant land.

Municipal Services:

The property is located within the Town of Sahuarita. Police protection is provided by the Town of Sahuarita and fire protection is provided by Rural Metro. Trash removal is provided by multiple private companies.

General Plan:

The subject is general planned for Institutional uses. The Institutional uses include public and quasi-public uses such as government services, schools, and religious institutions.



Zoning:

The subject is zoned RH, Rural Homestead by the Town of Sahuarita Zoning Code. The RH zone provides for low-density residential development, agricultural, and civic uses. The zoning also allows for medical clinics and conditionally for retail uses and professional office uses. The setback for an office building is 100' from the property line.

Discussion with Anna Casadei, Planner and Zoning Manager indicated that the subject would likely allow for medical and professional office uses. However, she said the least intensive commercial zone is B-1, which allows for less intensive retail, office and medical office uses. Anna believed the likelihood of being able to rezone the subject to B-1 was pretty good, considering the surrounding uses.

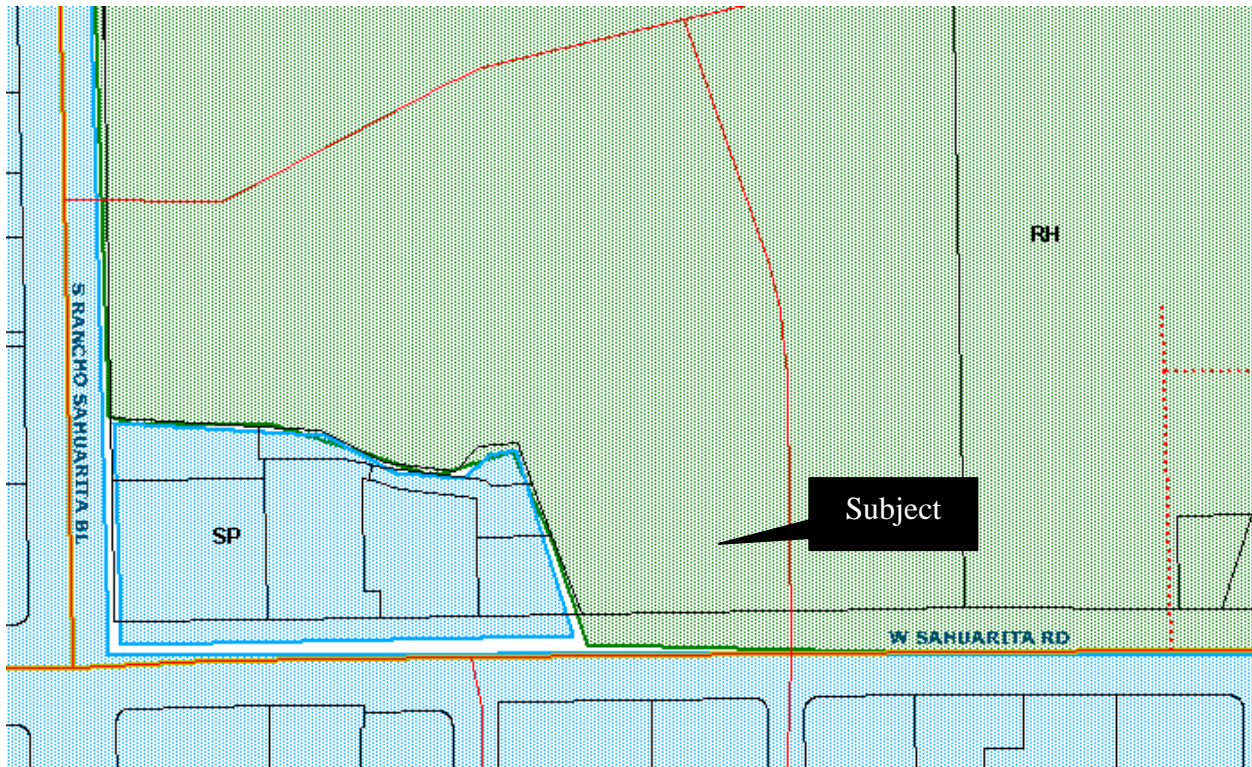
To rezone the property would entail a general plan amendment, and rezoning. A general plan amendment is done annually between January and March and takes about 7 months. If the general plan is amended, then it would take about 3 months to rezone. The general plan amendment costs about \$2,600 + \$225 public notice + \$40/AC or \$2,940, with the town. The rezoning costs an additional \$2,150, \$2000 + \$150 public notice, with the town. There are additional consulting and engineering fees with private companies as well.

The link to the subject's zoning code is below.

<http://sahuaritaaz.gov/Index.aspx?NID=273>

A major consideration is that the subject abuts a school campus. Discussion with Scott Downs, Assistant Superintendent for Administrative Services with Sahuarita Unified School District provided some additional information about the subject. Scott said that it would ultimately be up to the school's board and the Town of Sahuarita to rezone the property. Generally speaking, he said the board would support a public use such as a library but he said they would probably allow for medical or professional office uses. He said the board does not want retail uses, primarily because they do not want loitering around the school.

Based on the aforementioned discussions, zoning code and general plan, this analysis assumes the site is legally permissible for public and religious uses. This analysis also assumes that the subject conditionally allows for medical and professional office uses.



Tax Data: Taxes are exempt for this parcel since it is owned by Sahuarita School District. After the parcel is split off for a public library, taxes will continue to be exempt.

Improvements: None – former baseball field but is being assessed as unimproved land.

Conclusion: The subject is 2.872 acres as part of a school but is in a commercial area along a high traffic road. The subject is legally restricted to public and office uses given the zoning and location adjacent to a school. Otherwise, the subject has good site utility, location attributes, and is well positioned for office or public uses.

SUBJECT PHOTOGRAPHS

Top photo: View of Salome Loop looking south, subject to the right.
Bottom photo: View of Sahuarita Road looking west, subject to the right.



SUBJECT PHOTOGRAPHS

Top photo: View of the subject looking west.
Bottom photo: View of the subject looking north.



SUBJECT PHOTOGRAPHS

Top photo: View of the subject looking east.

Bottom photo: View of the subject's northern boundary, looking west.



HIGHEST AND BEST USE

Highest and Best Use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. The subject is comprised of both the site and improvements. As the use of land can be limited by the presence of improvements, highest and best use is typically analyzed individually, for the land as though vacant and the property as improved.

According to *The Appraisal of Real Estate*; Fourteenth Edition, published by the Appraisal Institute, highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.

The purpose of estimating the highest and best use of the subject site, as though vacant, is to identify the uses that cause the site to have value. The use of the subject site found to be legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest present land value is considered to be the highest and best use of the site, as if vacant. The purpose of estimating the highest and best use of the property, as improved, is to identify the use of the property that is expected to produce the highest overall return per dollar invested.

Highest and Best Use and Market Analysis, and Highest and Best Use and Feasibility Analysis are interrelated. Market and Feasibility Analyses are tools utilized in determining the highest and best use of a specific property.

In estimating the highest and best use of land, as if vacant, or a property as improved, there are essentially four stages of analysis:

- 1) Legally permissible uses - the uses of the subject that are permitted by zoning, existing leases, and/or deed restrictions;
- 2) Physically possible uses - the uses of the subject that are physically possible;
- 3) Financially feasible uses - the uses of the subject that are possible and permissible and that will produce a net return to the owner of the land; and
- 4) Maximally productive use - the use of the subject site among the feasible uses that produces the highest net return to the subject. This use is essentially the Highest and Best Use of the subject.

The stages of Highest and Best Use analysis have been applied to the subject parcels. Following is a discussion of the estimated Highest and Best Use of the subject sites, as though vacant.

Legally Permissible: The subject parcel is zoned for RH, Rural Homestead by the Town of Sahuarita Zoning Code. The subject is also adjacent to a school campus which restricts the property to public and office uses. As previously mentioned, there are many zoning and general plan considerations for the subject. In summary, the subject effectively allows for public uses and conditionally allows for medical and office uses.

Physically Possible: The subject site reflects vacant land that physically allows for a variety of uses. The site is irregular in shape and contains 2.872 acres or 125,104 square feet. The site shape is conducive for development. The property has access from Sahuarita Road and Salome Loop. The subject is outside of the flood hazard area and has level topography. All utilities are to the subject. The physical characteristics allow for the legally permissible uses.

Financially Feasible/Maximally Productive: Therefore, as the property is legally and physically restricted to public and office uses. The subject is proposed for a public library but this analysis is considering the most economically viable use of the subject. As discussed below, there is demand for the site as an office complex, either medically or professionally. The office vacancy according to the 2nd Quarter 2017 CoStar survey is 11.5%. However, the inventory includes older functionally obsolete space in Green Valley. In conclusion, the maximally productive and highest and best use of the subject property would be for near-term office development.

Market Discussions

Lengthy discussion with Ted Herman, Vice-President, Land and Commercial Assets with Rancho Sahuarita provided much insight for the subject property. Ted said that Rancho Sahuarita was interested in the subject at one point in time and actually bought about 5.5 acres from the school district along Sahuarita Road. Ted said the subject site could likely be rezoned to allow for some office uses or a church or limited retail uses. He said the school would not allow for a pawn shop, automotive repair shop, gas stations, drug store, liquor store, and other uses that are noisy and/or not compatible with a school campus. Ted said the property might also have additional requirements such as a perimeter sound wall.

Mr. Herman also indicated that the site would require rezoning, entitlements, and on-site improvements. Ted said the on-site improvements for the property they purchased from the school cost about \$7/SF. Ted also said that a church sounds ideal for the property but that churches don't pay much for land. He said an ideal end user would be medical or professional office. He did say an urgent care would probably not buy this property and would like something closer to I-19.

Discussion with Scott Downs, Assistant Superintendent for Administrative Services with Sahuarita Unified School District provided some additional information about the subject. Scott said that it would ultimately be up to the school's board and the Town of Sahuarita to rezone the property. Generally speaking, he said the board would support a public use such as a library but he said they would probably allow for medical or professional office uses. He said the board does not want retail uses, primarily because they do not want loitering around the school.

SALES COMPARISON APPROACH

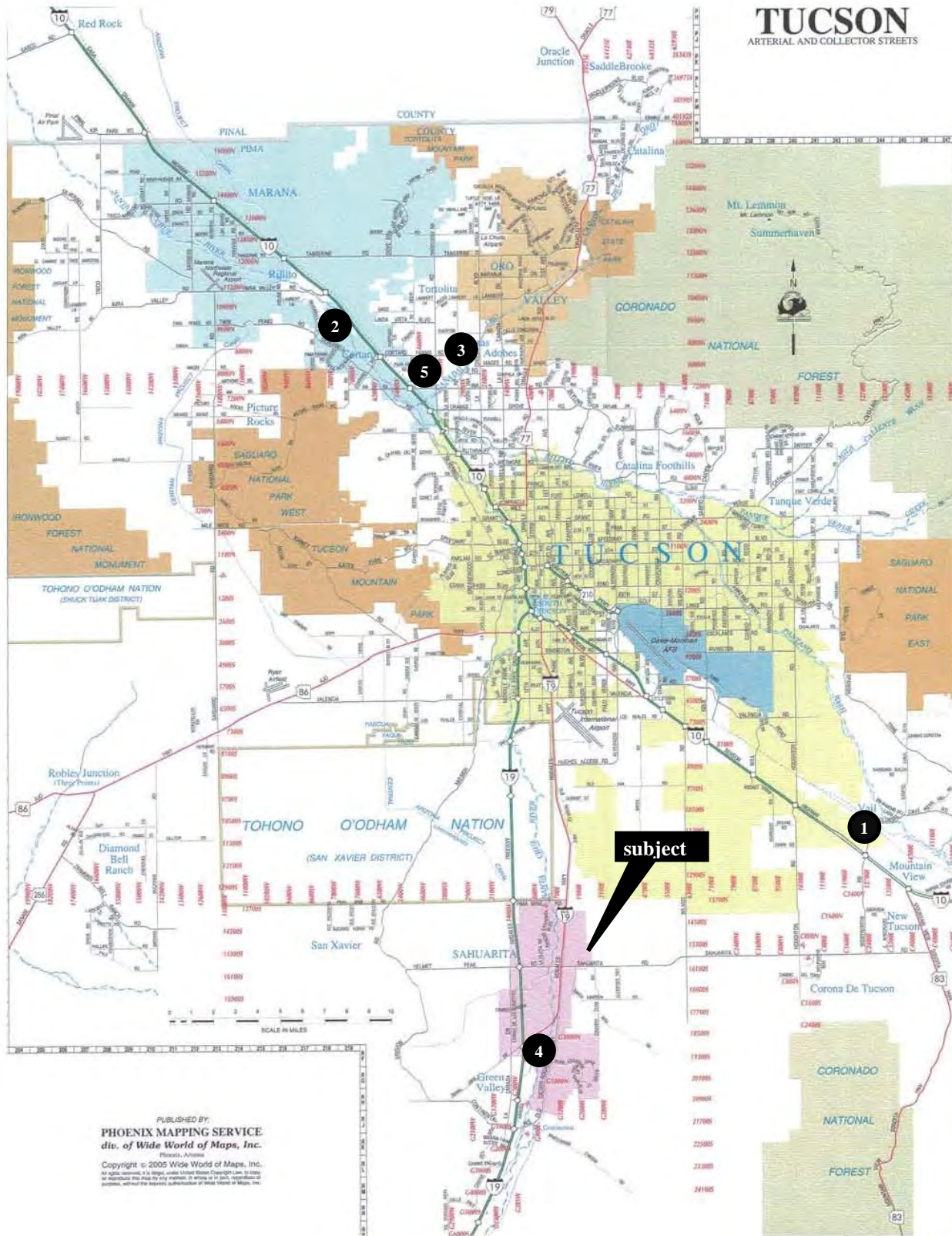
As noted in the Scope of the Appraisal section of this report, a great deal of research of land sales that may be considered similar as compared to the subject has been conducted in the course of this assignment. Of those sales, the sales data contained herein are considered to reflect the best available information with which to derive a reliable opinion of value for the subject land. The following tabulation, map, and data sheets summarize the transactions analyzed.

Comparable Land Sales

Comparable Land Sales								
Comp No.	Sale Date	Location	Sales Price	Gross	Gross	\$/SF	Zoning	Proposed Use
				Land Size (Acres)	Land Area (SF)			
1	Apr-16	13105 E. Colossal Cave Rd, Vail	\$530,000	3.97	172,863	\$3.07	CB-2, County	School
2	Jun-16	9633 N. Tiffany Lp, Marana	\$570,000	2.47	107,557	\$5.30	F, Marana	Shuttle Service
3	Nov-16	NE Cortaro Farms Rd & Shannon Rd, Tucson	\$1,675,000	9.40	409,447	\$4.09	CB-1, County	Skilled Nursing Campus
4	Jan-17	SWC Nogales Hwy & Abrego Dr, Sahuarita	\$3,500,000	16.58	722,319	\$4.85	CB-1, County	Shopping Center
5	Apr-17	7417 N. Thomydale Rd, Tucson	\$1,250,000	5.95	259,182	\$4.82	TR, County	Medical Office
Subject		NWC Sahuarita Rd & Salome Lp, Sahuarita		2.8720	125,104		RH, County	Library

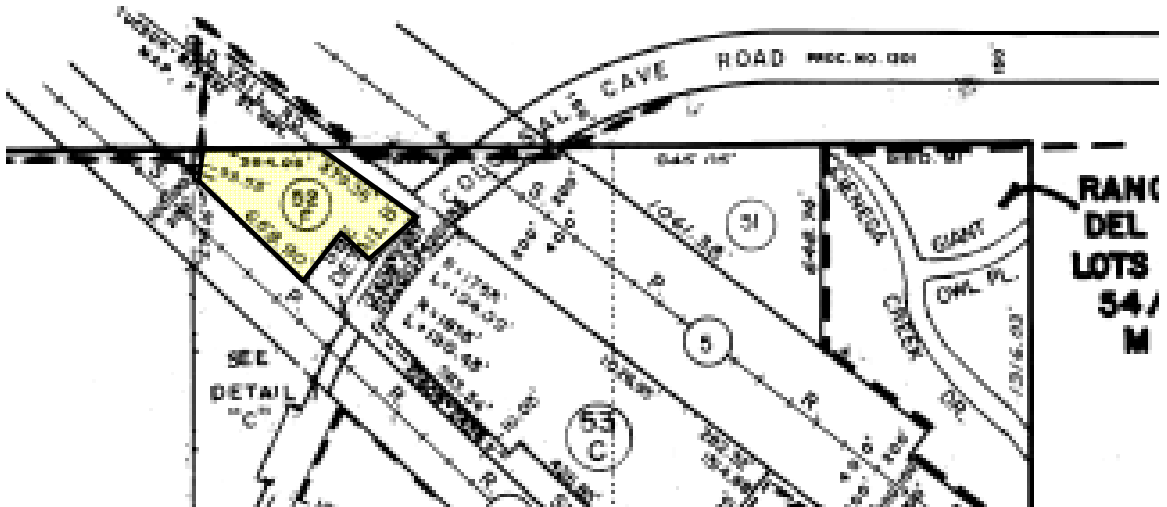
A difference in one of the numerous factors that can influence pricing may deem comparable sales superior, inferior, or similar to the subject site. The abstraction of specific adjustments using "matched paired" sales was considered, yet the comparables typically do not provide enough data to accurately complete this type of analysis. Instead, the comparables have been subjectively adjusted for those factors that are considered relevant in the current market. The adjustments are reflected as percentages that provide the reader insight into the weight given each of the adjustments. The price per square foot will be the base unit of comparison in this analysis. This is simply the sales price for the total property divided by the square footage of the site.

LAND SALES MAP



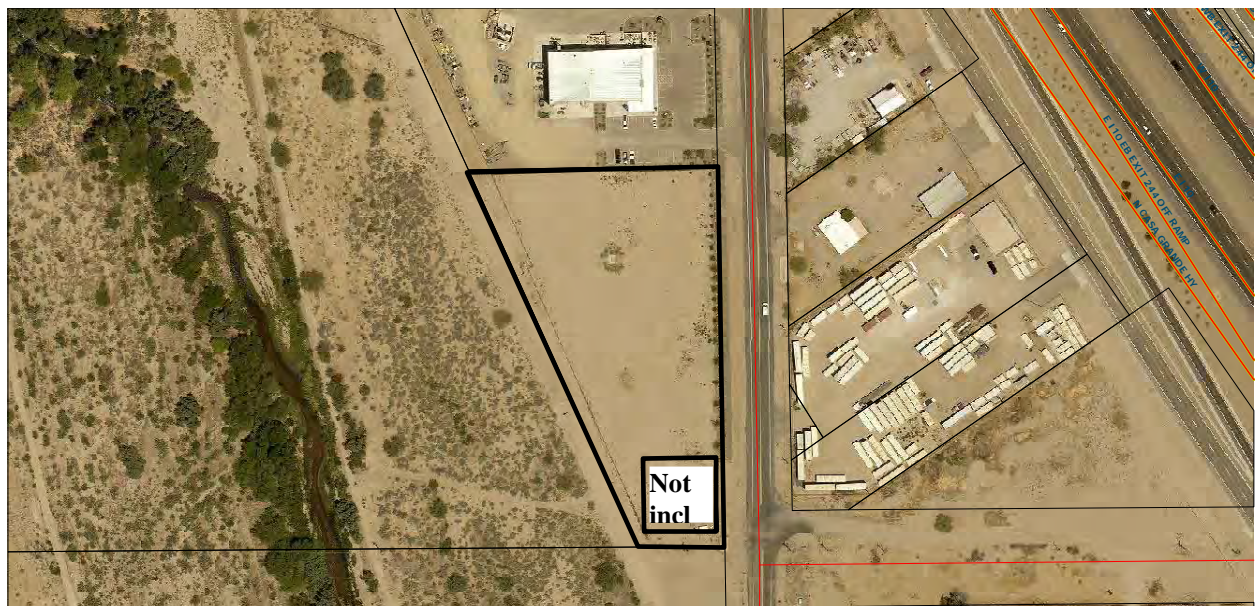
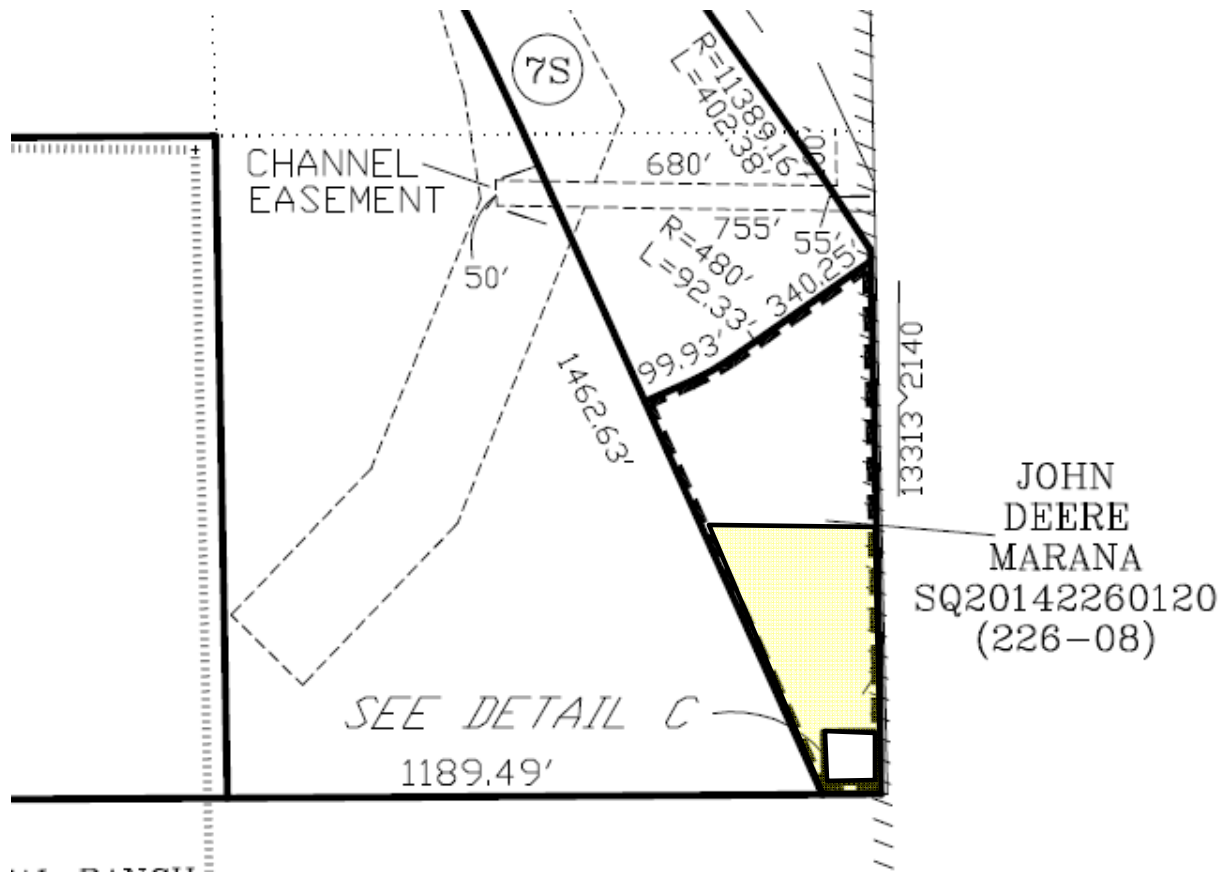
COMPARABLE LAND SALE ONE

LOCATION: 13105 E. Colossal Cave Road, Vail, Pima County, AZ
LEGAL DESCRIPTION: Lengthy metes and bounds, Pima County, AZ.
TAX CODE NUMBER: 305-13-052F
SALE DATE: April 22, 2016
RECORDS: Sequence 2016-1130521
OWNERSHIP HISTORY: Reportedly sold for \$430,000 on November 9, 2015, sales conditions are not known
GRANTOR (SELLER): WJH PSP Investments, LLC– W J Harrison & Associates PC
GRANTEE (BUYER): Vail Unified School District
SALES PRICE: \$530,000
SALES PRICE PER SF: \$3.07
SITE SIZE/CONFIGURATION: 3.97 acres or 172,863 square feet/Irregular
TERMS: Cash
SALES CONDITIONS: Assemblage-Market
MARKETING TIME: N/A
TOPOGRAPHY: Generally level.
ACCESS: Colossal Cave Road
FLOOD PLAIN: Outside of the 100-year flood hazard area
ZONING: CB-2, Pima County
CURRENT USE: Proposed for redevelopment of a school
HIGHEST AND BEST USE: Commercial
UTILITIES: All to the property
COMMENTS: The property sold with 8,404 square feet of improvements including a residence and retail store. The property is adjacent east to the railroad tracks. The property was purchased for the land value, only. The Vail School District has a fenced yard to the north of this property and a school just northeast of this property.
CONFIRMED WITH: CoStar & public records
CONFIRMED BY: Ajay Madhvani
DATE: September 8, 2017



COMPARABLE LAND SALE TWO

LOCATION: 9633 N. Tiffany Loop, Marana, Pima County, AZ
LEGAL DESCRIPTION: JOHN DEERE MARANA SQ20142260120 LOT 2, Pima County, AZ.
TAX CODE NUMBER: 226-08-0210
SALE DATE: June 7, 2016
RECORDS: Sequence 2016-1590414
OWNERSHIP HISTORY: A 6.30 acre parcel including this site, sold for \$576,099 on November 27, 2013. A portion of the property was developed with a John Deere Dealership and sold the remaining 2.47 acres.
GRANTOR (SELLER): K.O.P.E. Real Estate II, LLC
GRANTEE (BUYER): Groome Properties IV, LLC
SALES PRICE: \$570,000
SALES PRICE PER SF: \$5.30
SITE SIZE/CONFIGURATION: 2.47 acres or 107,557 square feet/Irregular
TERMS: Cash
SALES CONDITIONS: Arm's length
MARKETING TIME: 8 months and 2 days
TOPOGRAPHY: Generally level.
ACCESS: Tiffany Loop
FLOOD PLAIN: Outside of the 100-year flood hazard area. The Santa Cruz River is to the west of this site but this comparable is outside of the 100-year flood hazard area.
ZONING: F, Marana
CURRENT USE: Shuttle Service from Tucson and Phoenix
HIGHEST AND BEST USE: Commercial
UTILITIES: All to the property
COMMENTS: The site was graded and had some landscaping at the time of sale. The utilities were at the street.
CONFIRMED WITH: Gary Emerson, listing broker, CoStar & public records
CONFIRMED BY: Ajay Madhvani
DATE: September 8, 2017



COMPARABLE LAND SALE THREE

LOCATION: Northeast side of Cortaro Farms Road and Shannon Road, Tucson, Pima County, AZ

LEGAL DESCRIPTION: Lengthy metes and bounds, Pima County, AZ.

TAX CODE NUMBER: 225-32-002F

SALE DATE: November 28, 2016

RECORDS: Sequence 2016-3270690

OWNERSHIP HISTORY: No known sales in the previous 10 years

GRANTOR (SELLER): Stonesfair Financial Corporation

GRANTEE (BUYER): Cortaro Farms Holdings I, LLC

SALES PRICE: \$1,675,000

SALES PRICE PER SF: \$4.09

SITE SIZE/CONFIGURATION: 9.40 acres or 409,447 square feet/Irregular

TERMS: Private Lender

SALES CONDITIONS: Arm's length

MARKETING TIME: 73 months

TOPOGRAPHY: Steep slopes along Cortaro Farms Road and Shannon Road.
The top part is level.

ACCESS: Cortaro Farms Road

FLOOD PLAIN: Outside of the 100-year flood hazard area.

ZONING: CB-1, Pima County

CURRENT USE: Proposed for skilled nursing campus

HIGHEST AND BEST USE: Commercial

UTILITIES: All to the property

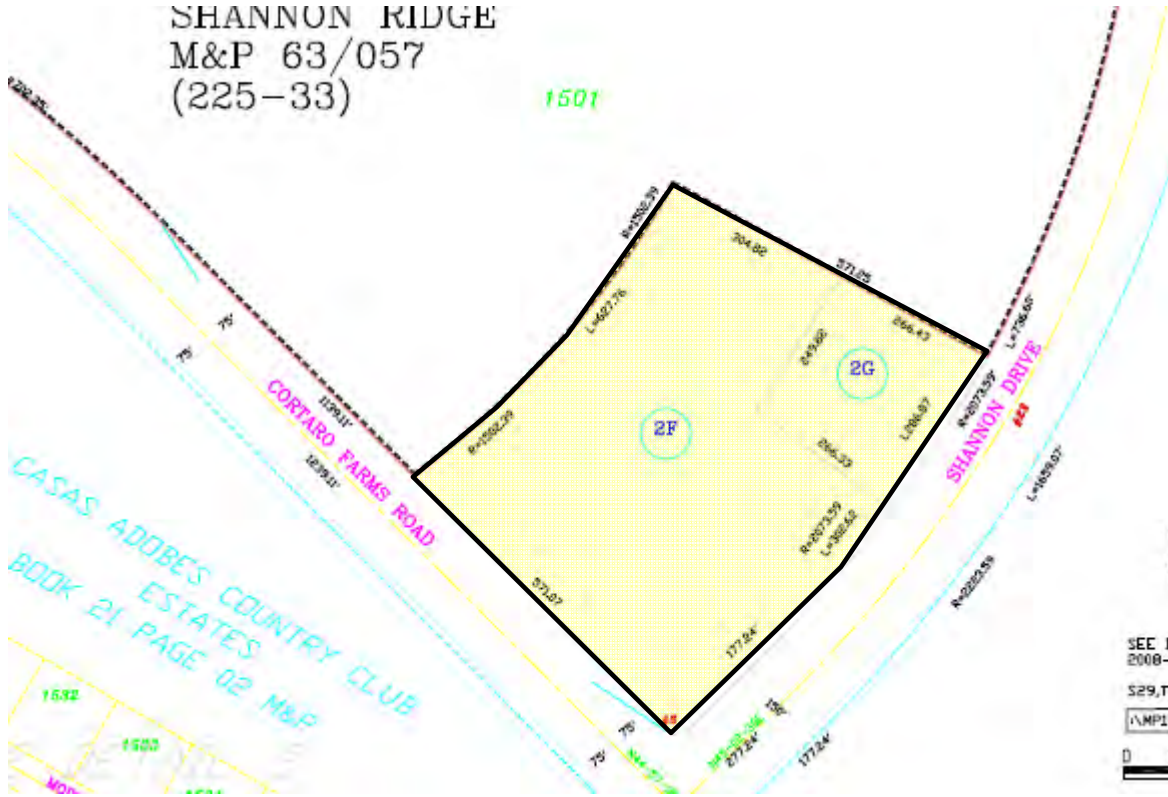
COMMENTS: The site has steep slopes along the frontage streets.

CONFIRMED WITH: Charles Eckert, buyer's broker, CoStar & public records

CONFIRMED BY: Ajay Madhvani

DATE: September 8, 2017

SHANNON RIDGE
M&P 63/057
(225-33)



COMPARABLE LAND SALE FOUR

LOCATION: Southwest corner of Nogales Highway and Abrego Drive, Sahuarita, Pima County, AZ

LEGAL DESCRIPTION: LA JOYA VERDE BLOCK F EXC NWLY 285' X220' PTN, Pima County, AZ.

TAX CODE NUMBER: 303-33-647A

SALE DATE: January 23, 2017

RECORDS: Sequence 2017-0230730

OWNERSHIP HISTORY: No known sales in the previous three years

GRANTOR (SELLER): La Jolla Verde Land Holdings, LLC

GRANTEE (BUYER): FAE Holdings 46135R, LLC

SALES PRICE: \$3,500,000

SALES PRICE PER SF: \$4.85

SITE SIZE/CONFIGURATION: 16.58 acres or 722,319 square feet/Irregular

TERMS: Cash

SALES CONDITIONS: Arm's length

MARKETING TIME: N/A

TOPOGRAPHY: Level, partially graded.

ACCESS: Nogales Highway

FLOOD PLAIN: Outside of the 100-year flood hazard area.

ZONING: CB-1, Pima County

CURRENT USE: Proposed for grocery store anchored shopping center

HIGHEST AND BEST USE: Retail

UTILITIES: All to the property

COMMENTS: The property was acquired by partial owner-user for development of a Sprouts-anchored shopping center (Crossing at Sahuarita) located directly opposite Super Walmart along Nogales Highway. Site work ongoing as of June 2017.

CONFIRMED WITH: Appraisal data sheet confirmed with Brenna Lacey, listing broker, CoStar & public records

CONFIRMED BY: Ajay Madhvani

DATE: September 8, 2017

COMPARABLE LAND SALE FIVE

LOCATION: 7417 N. Thornydale Road, Tucson, Pima County, AZ
LEGAL DESCRIPTION: Lengthy metes and bounds, Pima County, AZ.
TAX CODE NUMBER: 225-36-038A
SALE DATE: April 18, 2017
RECORDS: Sequence 2017-1080388
OWNERSHIP HISTORY: No known sales in the previous three years
GRANTOR (SELLER): DAZ9-Ina Overlook, LLC
GRANTEE (BUYER): Ocean WH Medical Solutions, LLC
SALES PRICE: \$1,250,000
SALES PRICE PER SF: \$4.82
SITE SIZE/CONFIGURATION: 5.95 acres or 259,182 square feet/Irregular
TERMS: Cash
SALES CONDITIONS: Arm's length
MARKETING TIME: N/A
TOPOGRAPHY: There is a more level area on the southern portion of the lot and northern portion. There is a hill that travels east-west through the middle of the site.

ACCESS: Thornydale Road
FLOOD PLAIN: Outside of the 100-year flood hazard area.
ZONING: TR, Pima County
CURRENT USE: Proposed for medical office
HIGHEST AND BEST USE: Office
UTILITIES: All to the property
COMMENTS: The property was purchased for office development in 2008 by a developer and was purchased right before the economy fell into a deep recession. The recent sale is reportedly sold for medical office.

CONFIRMED WITH: James Hardman, seller, CoStar & public records
CONFIRMED BY: Tony Abram
DATE: August, 2017

Discussion of Adjustments

In order to develop an opinion of the market value of the subject, the comparable sales have been analyzed on a price per square acre basis. Adjustments to the comparables' price per acre unit of comparison have been considered for differences in property rights, terms of sale (cash equivalency), market conditions (time), location, size, zoning/use, utility availability, and shape/site utility. Here follows a discussion of each of the adjustments.

Property Rights

All the sales analyzed involved a transfer of the fee simple estate; therefore, no adjustment is warranted for property rights.

Terms of Sale

Adjustments for terms of sale have been considered in this analysis. The analysis assumes a cash equivalent purchase. Cash equivalent sales imply those transactions, which are financed by third-party lenders such as savings and loan associations, insurance companies, or commercial banks. Transactions, which are financed by sellers, may provide advantages not available from third-party lenders. Typically, seller carry back financing includes a lower down payment than what would be available via third-party financing. However, in some cases, sellers consider a carry back either the same as or preferable to cash, depending upon the tax status of the sale or desire to defer sale proceeds.

All of the comparables essentially sold for cash to seller terms, warranting no adjustment for this factor.

Sale Conditions

The comparable sales were analyzed to determine if the transaction differed from the definition of a true market sale.

All of the comparables reflect arm's length transactions with typical buyer and seller motivations, with no adjustment necessary.

Market Conditions (Time)

Market conditions may have changed between the time of the sale of the comparable property and the date of the appraisal. Under such circumstances, the price of the comparable property would require an adjustment to reflect current prices. Changes in pricing may result from various effects such as inflation, deflation, changing demand, and changing supply.

The comparables are more recent sales and do not warrant an adjustment for market conditions.

Location

Adjustments for location have been considered in this analysis. The location adjustments are based on the relative proximity of the comparable properties to the more developed areas in the area and site specific characteristics such as views and vicinity to metropolitan areas.

The subject is located at the northwest corner of Sahuarita Road and Salome Loop, in Sahuarita. This is a busy intersection that is well positioned for commercial uses.

Comparable One is located along the north side of Colossal Cave Road adjacent east of the railroad tracks. This location receives less traffic and being next the railroad tracks is a negative factor. Overall, Comparable One is considered inferior to the subject, warranting an upward adjustment for location.

Comparable Two is on Tiffany Loop, west of the I-10 frontage road in Marana. There are retailers in the area including a heavy equipment dealership, water tank dealership, and feed lot. This is a less intensive commercial area with inferior exposure, warranting an upward adjustment for location.

Comparable Three is located at the northeast side of Cortaro Farms Road and Shannon Road in northwest Tucson. This is a similar location to the subject with no adjustment necessary.

Comparable Four is located at the southwest corner of Nogales Highway and Abrego Drive in Sahuarita. This property receives a high amount of traffic, is across the street from a Super Walmart and is just east of the Interstate 19 interchange. This location is ideal from retail uses and is considered superior to the subject with a downward adjustment applied.

Comparable Five is located along the west side of Thornydale Road, north of Ina Road in northwest Tucson. This property is mid-block but receives good traffic and is behind a shopping center anchored by a Big Lots and Big 5 Sporting Goods. This location is generally considered similar to the subject's with no adjustment applied.

Site Size

Such an adjustment is based on market evidence that suggests that larger parcels will sell for less on a "per square foot/acre" basis than smaller parcels, all else being equal. Justification for this adjustment is often attributed to the notion that larger parcels inherently carry more perceived risk relative to smaller parcels.

The subject is comprised of 2.872 acres. The comparables range from 2.47 to 16.58 acres. Comparables One and Two are generally considered similar to the subject with regards to size, with no adjustment for this factor. Comparables Three, Four, and Five are considered sufficiently larger to warrant an upward adjustment.

Planning/Zoning

Zoning regulations can limit the use or the development potential of a property, thereby affecting market value. As mentioned in the Site Description, this analysis assumes the site is legally permissible for public and religious uses. This analysis also assumes that the subject conditionally allows for medical and professional office uses. The subject very limited, legally. Comparables One through Four allow for a wide variety of commercial uses, warranting a significant downward adjustment for zoning. Comparable Five is zoned TR, which allows for medium to high density residential, office, and lodging uses. Comparable Five has superior zoning to the subject with a downward adjustment applied.

Utility Availability

Factors such as electricity, gas, sewer, water/waste, and phone/cable service could influence the value of such lands. The subject is provided with all utilities to the lot line. The comparables are served with all utilities to the lot line with no adjustment for this factor.

Site Utility/Flood Zone

Adjustments for site utility/flood zone take into consideration the shape, flood condition, and overall developability of the comparable sales as compared to the subject. The subject has good site utility. Comparable One has site improvements that will need to be demolished and removed, warranting an upward adjustment for this factor. Comparable Two was graded and was partially landscaped, warranting a downward adjustment for this factor. Comparable Three has steep slopes along the frontage streets that will require additional excavation and engineering to warrant an upward adjustment. Comparable Four has good site utility with no adjustment necessary. Comparable Five has rolling topography including a hill, warranting an upward adjustment for site utility.

Summary and Final Value Conclusion

The factors noted above can influence market price. Adjustments to the comparable sales utilized in this analysis for the various differences result in an indication of the market value range for the subject's parcel. The following adjustment grid provides a summary of the adjustments considered warranted for each of the comparables.

Comparable Land Sales Adjustment Grid

Comparable Number:	1	2	3	4	5
Sale Date:	Apr-16	Jun-16	Nov-16	Jan-17	Apr-17
Location:	13105 E. Colossal Cave Rd, Vail	9633 N. Tiffany Lp, Marana	NE Cortaro Farms Rd & Shannon Rd, Tucson	SWC Nogales Hwy & Abrego Dr, Sahuarita	7417 N. Thomydale Rd, Tucson
Terms of Sale:	Cash	Cash	Seller- Short Term	Cash	Cash
No. of SF:	172,863	107,557	409,447	722,319	259,182
Sales Price Per SF	\$3.07	\$5.30	\$4.09	\$4.85	\$4.82
<i>Transactional Adjustments:</i>					
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Adjusted Price/SF	\$3.07	\$5.30	\$4.09	\$4.85	\$4.82
Terms of Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Adjusted Price/SF	\$3.07	\$5.30	\$4.09	\$4.85	\$4.82
Sale Conditions	0.0%	0.0%	0.0%	0.0%	0.0%
	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted Price/SF	\$3.07	\$5.30	\$4.09	\$4.85	\$4.82
Market Conditions	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Adjusted Price/SF	\$3.07	\$5.30	\$4.09	\$4.85	\$4.82
<i>Physical Adjustments:</i>					
Location	20.0%	10.0%	0.0%	-10.0%	0.0%
	Inferior	Inferior	Similar	Superior	Similar
Site Size	0.0%	0.0%	5.0%	5.0%	5.0%
	Similar	Similar	Larger	Larger	Larger
Zoning/Density	-15.0%	-15.0%	-15.0%	-15.0%	-10.0%
	Superior	Superior	Superior	Superior	Superior
Utility Availability	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Flood Prone/Site Utility	5.0%	-5.0%	10.0%	10.0%	10.0%
	Inferior	Superior	Inferior	Similar	Inferior
Gross Additional Adjustments	40.0%	30.0%	30.0%	30.0%	25.0%
Net Additional Adjustments	10.0%	-10.0%	0.0%	-20.0%	5.0%
Adjusted Price Per SF	\$3.37	\$4.77	\$4.09	\$3.88	\$5.06

The preceding transactions were analyzed in order to develop an opinion of the market value of the subject site. The prior tabulation reflects the physical adjustments that are considered appropriate for each of the comparable properties in comparison to the subject. While the comparables vary somewhat in comparison to the subject, they are considered to provide the best indication of value for the subject as of the date of valuation. Although support for specific quantifiable adjustments could not be abstracted from the market for each of the adjustments, the adjustments shown reflect subjective observations of the current market and are considered reasonable.

Nearby Listings and Sale

There are three listings at the northeast side of Sahuarita Road and Rancho Sahuarita, near the subject. These listings do not have a price but can be improved with retail uses and do not have a listing price. There is an August 2017 sale at the northeast corner of Sahuarita Road and Rancho Sahuarita of a 1.15 acre site for \$19/SF. This property is proposed for a Panda Express, a different highest and best use than the subject. Overall, the nearby listings and sale were given minimal consideration within this analysis.

Adjustments

Prior to adjustment, the comparables demonstrate a range of \$3.07 to \$5.30 per square foot. After adjustments are applied, the range is refined to \$3.37 to \$5.06 per square foot. All of the

comparables required some degree of adjustments. The comparables were generally applied equal weight in this analysis. Comparable One is the most inferior sale location wise, and suggests a price at the lower of the range. Comparable Five is a high end outlier at \$5.06/SF and sold to an owner/user, possibly accounting for the higher price per square foot. Comparable Two was graded and partially landscaped, accounting for the higher price per square foot. Comparables Three and Four support pricing around \$4/SF, near the middle of the range. The comparables generally suggest a tight range from about \$3.50/SF to \$4.50/SF, reconciled to \$4/SF. Therefore, the value of the subject is calculated by multiplying 125,104 acres by \$4/SF, equal to a total value of \$500,416, rounded to \$500,000.

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY
VIA THE SALES COMPARISON APPROACH.....\$500,000**

The subject includes recreational improvements but per the Scope of this appraisal, the analysis is for the land component, only. Furthermore, the improvements are minimal and do not add or subtract from the subject's underlying land value.

APPRAISERS' CERTIFICATION

I HEREBY WARRANT AND CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF,

The statements of fact contained in this appraisal report, which are used as the basis of my analyses, opinions, and conclusions, are true and correct. I have no responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering, or other technical matters. Any sketches prepared by me and contained in this report are included solely to aid the user of the report in visualizing the property and its location, and are not necessarily to scale.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

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

My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.

Ajay S. Madhvani, MAI inspected the subject property on the effective date of value. Mr. Madhvani has not performed any valuation services for the subject property in the past three years. Mr. Madhvani has the appropriate knowledge and experience required to complete the assignment competently. Furthermore, Ajay S. Madhvani, MAI is current on continuing his education with the Appraisal Institute.

No one provided significant professional assistance to the signer of this report unless noted. Further, no one other than the undersigned formed the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.


APPRAISERS' CERTIFICATION (CONTINUED):

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur. I assume that there are no conditions that are not apparent relating to the real estate, subsoil conditions, or structures located on the real estate, which would affect my analyses, opinions, or conclusions with respect to the real estate.

The data gathered in this appraisal process (except data furnished by the client) and the appraisal report itself remain my property. With respect to data provided by the client, I shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to me. I am, however, authorized by the client to disclose all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute, if such disclosure is required, to enable me to comply with the bylaws and regulations of said Institute now or hereafter in effect.

This appraisal report shall not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without my prior written consent. Neither all nor any part of the contents of this report (especially the conclusions as to value, the identity of the appraisers or references to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or other public means of communication without my prior written consent and approval.



AJAY S. MADHVANI, MAI
Certified General Real Estate Appraiser,
Arizona Certificate: 31501

QUALIFICATIONS OF AJAY S. MADHVANI, MAI

State of Arizona Certified General Real Estate Appraiser, Certificate #31501
State of New Mexico Certified General Real Estate Appraiser, Certificate #02802-G
State of Utah Certified General Real Estate Appraiser, Certificate #6561803-CG00

PROFESSIONAL EXPERIENCE

2011 - Current AM Valuation Services, Owner

2004 - 2011 AXIA Real Estate Appraisers (formerly KB), as Commercial Staff
Appraiser

PROFESSIONAL AFFILIATIONS AND MEMBERSHIPS

Member of the Appraisal Institute (MAI)

Licensed Real Estate Agent, State of Arizona

FORMAL EDUCATION

Bachelor of Science in Business Administration with double major in Finance and Business Management, University of Arizona, Tucson, Arizona, 2003

RECENT PROFESSIONAL EDUCATION

- 2017 • Appraisal of Assisted Living Facilities by McKissock
- 2016 • 7-hour National USPAP by the Appraisal Institute
 - Business Practices and Ethics by the Appraisal Institute
 - Supervisor-Trainee Course by McKissock
 - Marshall & Swift Commercial Cost Approach Certification by CoreLogic
- 2015 • Small Hotel/Motel Valuation by the Appraisal Institute
 - Rates and Ratios: Making Sense of GIMs, OARs, and DCF by the Appraisal Institute
 - Subdivision Valuation by the Appraisal Institute
- 2014 • Introduction to Green Buildings: Principles & Concepts by the Appraisal Institute
 - Comparative Analysis by the Appraisal Institute
 - 7-hour National USPAP by the Appraisal Institute
- 2013 • Forecasting Revenue by the Appraisal Institute
- 2012 • Appraising the Appraisal: Appraisal Review-General by the Appraisal Institute
 - 7-hour National USPAP Update by the Appraisal Institute

- 2010
- 7-hour National USPAP Update by the Appraisal Institute
 - 15-hour Federal Agency Update by the International Right of Way Association and Appraisal Institute
 - Condemnation Appraising: Principles and Applications by the Appraisal Institute

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.
- Appraisal assignments include business site leases, vacant land, subdivisions, office buildings, retail buildings, service stations, industrial buildings, mobile home parks, as well as numerous special use properties.
- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.
- Appraisal assignments have been completed in Apache, Cochise, Pima, Coconino, Maricopa, Navajo, Pinal, Santa Cruz, and Yavapai Counties within the state of Arizona, as well as McKinley, Cibola, San Juan, Sandoval and Socorro Counties in the state of New Mexico.

COMPLETED WORK AND APPRAISED FOR

Acquisition Sciences, Ltd
 Allstate Appraisal, L.P.
 Amphi Unified School District
 BDFC
 Canyon Community Bank
 City of Tucson
 Colliers International
 Community Food Bank
 Commerce Bank of Arizona
 Consultant Engineering, Inc.
 Grand Point Bank
 Great Western Bank
 LookingGlass Appraisal Management Systems
 National Bank of Arizona
 Navajo Nation Shopping Centers, Inc.
 Navajo Nation, Division of Economic Dev.
 Ocwen Financial Corporation
 PCV/Murcor Real Estate Services
 Property Sciences Group, Inc.
 Rusing LopeZ & Lizardi, PLLC
 Salt River Pima-Maricopa Indian Community
 Salt River Materials Group
 Snell & Wilmer L.L.P.
 US Dept of the Interior Off. of Special Trustee
 Washington Federal Savings
 Wells Fargo Bank
 Zions First National Bank

ADDENDA

- 1) Engagement Letter
- 2) Request for Fee Quote
- 3) Legal Description
- 4) Assumptions and Limitations
- 5) Appraiser's Certificate

ENGAGEMENT LETTER

AM Valuation Services, PLLC
Commercial Real Estate Appraisals

Appraisal Request
September 6, 2017

Jeff Teplitsky
Appraisal Supervisor
Pima County Real Property Services
201 N. Stone Avenue, Sixth Floor,
Tucson, Arizona 85701-1215

RE: The vacant land proposed for community library as part of APN 303-33-008A.

Dear Mr. Teplitsky:

I was contacted by the Pima County Real Property Services on September 6, 2017 to prepare a bid for appraisal services for the vacant land as a portion of APN 303-33-008A. I am interested in pursuing this contract and prepared to appraise the requested property for Pima County Real Property Services.

The property to be appraised is vacant land for basis for acquisition for proposed community library. The Scope of Work is to estimate the fee simple market value as vacant land. For comparable land sales, I will search for sales in the general vicinity with similar zoning, highest and best use, and physical attributes.

An "as is" valuation will be prepared in conformance with Uniform Standards of Professional Appraisal Practices (USPAP) and the Pima County Real Property requirements.

The proposed fee is \$1,800, and will be completed in 2 weeks upon receiving the engagement letter or contract and all the necessary items to complete the appraisal.

2030 E. Speedway Boulevard, Suite 114 ♦ Tucson, Arizona 85719 ♦ Ph: 520-441-9030 ♦ ajaym1999@gmail.com

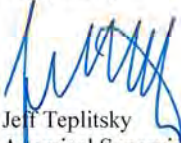
I am pleased to serve the needs of the Pima County Real Property Services, if any questions arise please don't hesitate to contact me.

Respectfully submitted,



AJAY S. MADHVANI, MAI
Certified General Real Estate Appraiser
Arizona Certificate #31501

Accepted by,



Jeff Teplitsky
Appraisal Supervisor
Pima County Real Property Services

Date:

9/6/17

REQUEST FOR FEE QUOTE



REAL PROPERTY SERVICES
201 N. Stone Avenue, Sixth Floor,
Tucson, Arizona 85701-1215
(520) 724-6306
jeffrey.leplitsky@pima.gov

**PIMA COUNTY REAL PROPERTY
REQUEST FOR FEE QUOTE
September 6, 2017**

Project Identification: Vacant Land – Proposed Community Library
Property Owners: Sahuarita School District

APN: 303-33-008A (portion of)

Zoning: RH/Sahuarita

Intended Use: Basis for potential acquisition of subject property
Intended User: Pima County and/or designated users

Type of Opinion: Fee Simple
Effective Date of Value: Date of inspection

Relevant Characteristics: The subject property is a portion of a larger parcel. The acquisition is for a 2.872 acre parcel of land adjacent to Sahuarita Road.

Scope of Work: Appraisal report estimating the fee simple market value land as vacant.

Appraisal Requirement: Appraisals completed per USPAP. Appraiser must contact Pima County prior to property inspection.

Assignment Conditions: *Appraiser* herein understands and agrees to the following conditions pertaining to the appraisal assignment

- *Appraiser* shall determine specific date of delivery;
- Any request for additional time to complete the appraisal shall be made in writing;
- Draft appraisal shall be sent to Pima County Real Property via email/PDF and clearly marked as "DRAFT";
- Invoice for appraisal may be submitted with draft appraisal report;
- Appraiser herein understands that payment of invoice shall be approximately 30 days from submittal of invoice to Pima County Real Property;
- Draft appraisal shall be reviewed for quality control by Pima County Real Property appraisal staff;
- Quality control review of draft appraisal shall be completed in a timely manner from the date of submittal;
- Comments/Corrections generated by the quality control review shall be submitted to *Appraiser* in written format for review/comment by *Appraiser*;
- Any corrections/changes to be made to the appraisal shall be completed in a timely manner by *Appraiser* after receiving the comments/corrections;
- Completed appraisal shall be sent via email/PDF with one original paper version delivered to Pima County Real Property;
- If the *Appraiser* determines for any reason that they will not be able to complete the appraisal assignment for Pima County Real Property per the terms of this Scope of Work Pima County shall not be obligated to pay the full fee agreed upon for the completed appraisal.

LEGAL DESCRIPTION

EXHIBIT "A"
LEGAL DESCRIPTION

A portion of the Southeast Quarter of the Southeast Quarter of Section 11, Township 17 South, Range 13 East, Gila & Salt River Meridian, Pima County, Arizona, as described in Docket 1178 at Page 497, more particularly described as follows:

COMMENCING at the southeast corner of said Section 11, a brass cap survey monument stamped "RLS37400, 11,12,13,14, T17S, R13E", to which the southwest corner of said Section 11, a brass cap survey monument stamped "PSOMAS, 10,11,14,15, RLS27739" bears South 89°07'29" West a distance of 5300.40 feet;

THENCE along the south line of said Section 11, South 89°07'29" West a distance of 355.58 feet;

THENCE North 00°52'31" West a distance of 75.00 feet to the north right of way line of Sahuarita Road and the **POINT OF BEGINNING**;

THENCE along said right of way line South 89°07'29" West a distance of 315.82 feet to the southeast corner of "The Corner At Rancho Sahuarita", a subdivision plat recorded in Sequence #20163540075 in the office of the Pima County Recorder;

THENCE along the east line of said subdivision North 20°39'26" West a distance of 273.20 feet;

THENCE North 61°44'23" East a distance of 84.07 feet;

THENCE North 67°39'25" East a distance of 97.30 feet;

THENCE North 72°24'40" East a distance of 153.62 feet;

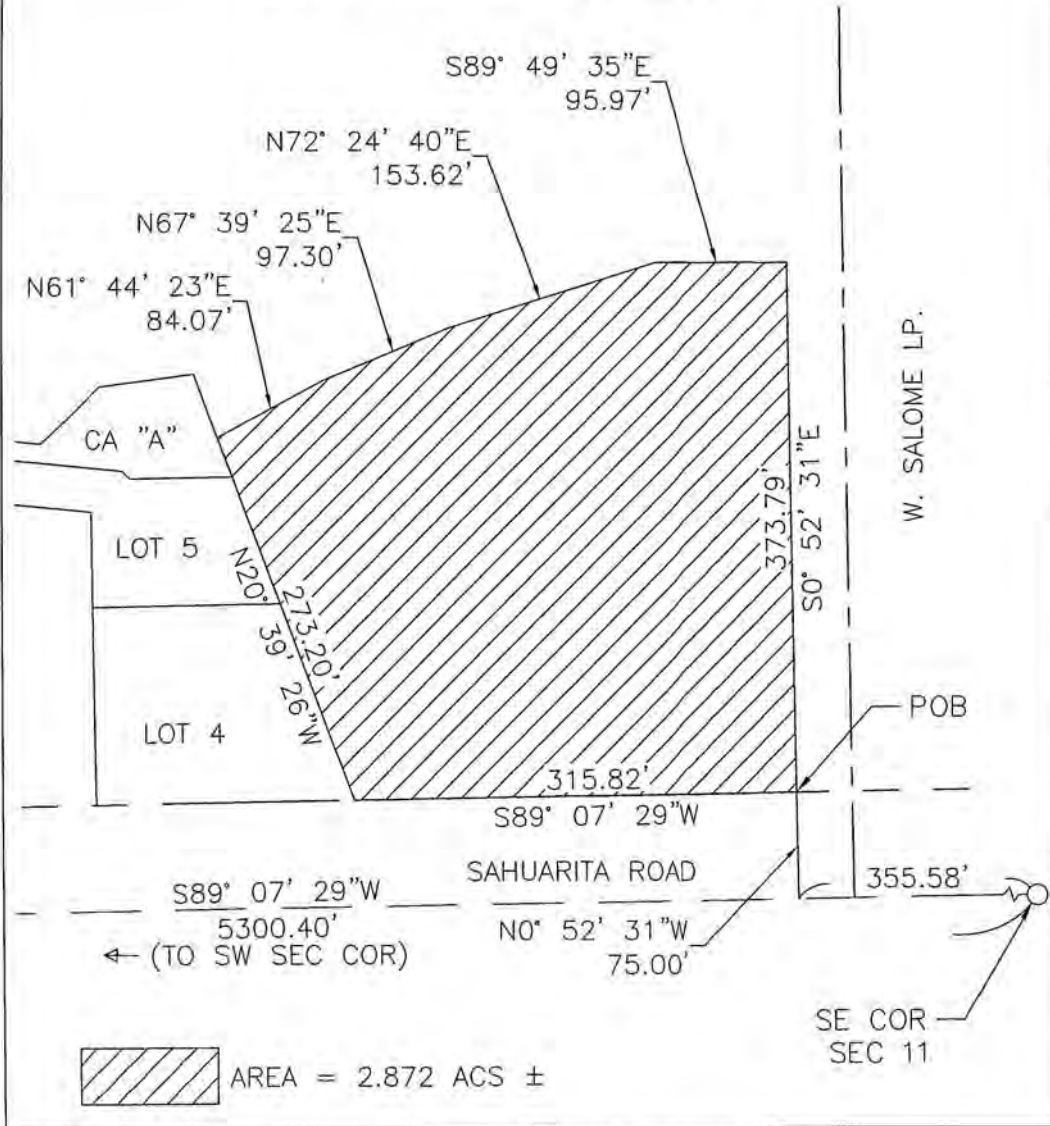
THENCE South 89°49'35" East a distance of 95.97 feet;

THENCE South 00°52'31" East a distance of 373.79 feet to the **POINT OF BEGINNING**.



Expires 31 March 2018

DEPICTION OF EXHIBIT "A"



PIMA COUNTY SURVEY

A PORTION OF THE SE ¼ OF SECTION 11,
 TOWNSHIP 17 SOUTH, RANGE 13 EAST,
 GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

Scale: 1" = 100'

Date: 10 AUGUST 2017

Drawn By: DRT

Sheet 2 of 2

ASSUMPTIONS AND LIMITATIONS

STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

This appraisal is not a survey.

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless otherwise noted.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern regarding boundaries, setbacks, encroachments or other survey matters.

This appraisal is not a legal opinion.

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value opinion is given without regard to any questions of title, boundaries, encumbrances or encroachments. I am not usually provided an abstract of the property being appraised and, in any event, I neither made a detailed examination of it nor do I give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject property.

This appraisal is not an engineering or property inspection report.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

For properties in which the conditions of foundations, roofs, exterior walls, interior walls, floors, heating systems, plumbing, insulation, electrical service and all mechanical and construction items are described, these descriptions are based on a casual inspection only and no detailed inspection was made. For instance, I am not an expert on heating systems and no attempt was made to inspect the interior of a given property's furnace. Structures are not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items, such as conditions behind walls, above ceilings, behind locked doors or under the ground, are not exposed to casual view and, therefore, are typically not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not normally exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Unless stated otherwise in the report, wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use of the property.

I am not an environmental expert, and do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If I know of any problems of this nature that I believe would create a significant problem, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further

assumed that the subject site does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. I am not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. I therefore rely on circumstantial evidence that may come into my possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel or others. Parties interested in knowing the exact age of improvements on the land should contact me to ascertain the source of my data and then make a decision as to whether they wish to pursue additional investigation.

Because no detailed construction, engineering, environmental or legal inspection was made and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of a given property's foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation or any other detailed construction matters. If any interested party is concerned about the existence, condition or adequacy of any particular item, I would strongly suggest that a construction expert be hired for a detailed investigation.

This appraisal is made under conditions of uncertainty with limited data.

As can be seen from limitations presented above, the appraisal is based on an analysis of many sources of data. Every attempt has been made to confirm the data as reliable and factual, however, there are a number of limitations with respect to data including: a lack of certain areas of expertise beyond real estate appraisal methodology and techniques; the inability of the appraiser to view certain portions of the property; and the inherent limitations of relying upon information provided by others such as: income and expense data; comparable sales data; and engineering analyses.

This appraisal is an opinion of value based on an analysis of information known to me at the time the appraisal was made. All values shown in the appraisal report are projections based on my analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. I take no responsibility for events, conditions or circumstances affecting the property's market value that take place subsequent to either the effective date of value contained in this report or the date of my field inspection, whichever occurs first.

Opinions and estimates expressed herein represent my best judgment but should not be construed as advice or recommendation to act. Before relying on any statement made in this appraisal report, interested parties should contact me for the exact extent of my data collection on any point that they believe to be important to their decision making. This will enable such interested parties to determine whether they believe the extent of my data gathering process was adequate for their needs.

Appraisal report limitations

Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information I have concerning the subject property or the real estate market. While no factors I believe to be significant but unknown to the client have been knowingly withheld, it is always possible that I have information of significance that may be important to others but which, with my limited acquaintance with the property and in light of the limitations of my expertise (as outlined in this document), does not seem to be important.

Appraisal reports are technical documents, with their reporting formats guided by both the Uniform Standards of Appraisal Practice and specific technical requirements of a given client. Casual readers are cautioned about their limitations and are warned against possible misinterpretation of the information contained in these reports.

AM Valuation Services is not accountable, obligated or liable to any third party. The appraiser(s) should be contacted with any questions before this report is relied on for decision making.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at my regular rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of the client and possession of this report or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

It is suggested that those who possess this appraisal report should not give copies to others. Certainly, legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact my office.

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any

purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

In the case of limited partnerships, syndication offerings or stock offerings in real estate, the Client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other party), the Client and all parties will completely hold harmless this firm, its employees and/or agents.

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in valuing the property.

Arizona-specific considerations

Special consideration must be given to properties located in Arizona with respect to seismicity/subsidence. Seismic activity in Central Arizona is rare but does occasionally occur. A more common geotechnical manifestation has been the development of subsidence cones caused by pumping of groundwater. A geologist should be consulted if there is any concern regarding these matters.

Due to the historic nature of the American Southwest, properties within Arizona may be impacted by the presence of archaeological features, such as Native American remains or artifacts (specifically the ancient Hohokam and Anasazi settlements). The presence of such features may require mitigation on the part of the property owner or developer and could involve significant costs or time delays. It is an assumption of this report that no such archeological issues impact the subject property, unless otherwise noted in the appraisal report. Should a competent archeologist specifically identify significant archeology and quantify the cost of data recovery, I reserve the right to alter the valuation opinion contained in this report.

Extraordinary Assumptions and Hypothetical Conditions

N/A

APPRAISER'S CERTIFICATE

STATE OF ARIZONA

**Department of Financial Institutions
Real Estate Appraisal Division**

BE IT KNOWN THAT

AJAY S. MADHVANI

HAS MET ALL THE REQUIREMENTS AS A

Certified General Real Estate Appraiser

This certificate shall remain evidence thereof unless or until the same is suspended, revoked or expires in accordance with provisions of law.

CERTIFICATE NUMBER

31501

EXPIRATION DATE

January 31, 2019

In witness whereof the Real Estate Appraisal Division of the Department of Financial Institutions caused to be signed by the Division Manager on behalf of the Superintendent on the 16th day of November, 2016.



Debra Rudd