

AN APPRAISAL REPORT

OF

350,000 SQUARE FEET OF LAND AS VACANT

**LOCATED ON THE WEST SIDE OF CAMINO DE LA TIERRA,
SOUTH OF RIVER ROAD, TUCSON, PIMA COUNTY, ARIZONA**

FOR

**PIMA COUNTY PUBLIC WORKS
REAL PROPERTY SERVICES
MR. JEFFREY TEPLITSKY**

**OWNERSHIP: PIMA COUNTY FLOOD CONTROL DISTRICT
TAX PARCEL NUMBER: 101-07-108B (PORTION);
101-07-111A (PORTION); 101-07-1120; 101-07-1130
SECTION 8, TOWNSHIP 13 SOUTH, RANGE 13 EAST**

EFFECTIVE DATE OF APPRAISAL

NOVEMBER 18, 2021

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

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

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January 26, 2022

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

RE: An appraisal report of land as vacant (350,000 square feet), located on the west side of Camino de la Tierra, south of River Road, Tucson, Pima County, Arizona

<i>Ownership:</i>	Pima County Flood Control District
<i>Tax Parcel No.:</i>	101-07-108B (portion); 101-07-111A (portion); 101-07-1120; and 101-07-1130
<i>Effective Date of Appraisal:</i>	November 18, 2021
<i>Date of Report:</i>	January 26, 2022

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property, both before and after the acquisition of a parcel of land and any improvements for construction of road improvements as part of the Sunset Road project, and the estimated damages which may accrue to the remainder property not being acquired.

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the compensation due for a partial acquisition of the subject property. It is not intended for any other use.

The identified subject larger parcel contains approximately 350,000 square feet of land area, per appraiser estimate. This is based upon common ownership and highest and best use, with this land able to be utilized for a development, per the highest and best use. While the property owner does own additional adjacent land, this land is not included as part of the subject larger parcel.

Larger Parcel, as defined in the Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 127, is "In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use."

I have formed the opinion that, as of the effective date of appraisal, November 18, 2021, and subject to the assumptions and limiting conditions set forth herein, based on a twelve to twenty-four month marketing period, the market value of the fee simple and easement interest of the part acquired and any severance damages is:

Market Value of Land, Before	\$577,500
Market Value of Land Acquired	\$412,500
Market Value of Improvements Acquired	\$9,700
Market Value of Remainder Land, Before	\$165,000
Market Value of Remainder Land, After	\$165,000
Severance Damages	-0-
TOTAL COMPENSATION	\$422,200
Market Value of Land To Be Acquired	\$412,500
Market Value of Improvements To Be Acquired	\$9,700
Severance Damages	-0-
TOTAL COMPENSATION	\$422,200

The subject property is currently improved with a commercial building and related site improvements. Because the improvements are not impacted by the proposed acquisition, this is only an appraisal of the physical segment of land only of the subject property. Only improvements located in the area to be acquired have been valued in order to determine the just compensation to the property owner.

Hypothetical Condition - This appraisal report includes the appraisal of the market value of the remainder property, as if the Sunset Road project was complete and all improvements were in place. As the road widening project is not complete as of the effective date of value, the appraisal of the market value of the remainder property, after, is based upon the hypothetical condition that the improvements were completed based upon the plans provided to the appraiser by Pima County. If the project is not completed as indicated by Pima County to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Extraordinary Assumption – The subject property contains improvements used by Pima County. There is some fencing located within the acquisition area. Pima County has indicated that this fencing will be replaced as part of this project. Therefore, the fencing is not included within this analysis of improvements acquired. If this fencing is not replaced by Pima County, then the value ascribed in this report is subject to change. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.

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

Respectfully submitted,



Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

C218069D

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PART I - GENERAL INFORMATION

CLIENT

Pima County Real Property Services

APPRAISER:

Sara R. Baker, MAI, SRA

SUBJECT PROPERTY:

The subject property is located on the west side of Camino de la Tierra, south of River Road, Tucson, Pima County, Arizona. The subject of this appraisal is vacant land estimated to contain 350,000 square feet. The subject property is currently improved with commercial buildings with related site improvements. Because the improvements are not impacted by the proposed acquisition, this is only an appraisal of the physical segment of land only of the subject property. Only improvements located in the area to be acquired have been valued in order to determine just compensation to the property owner.

LAND AREA

350,000 square feet, or 8.03 acres, based on appraiser's estimate from GIS. See scope of work for discussion on larger parcel.

ZONING

MU, SH, City of Tucson

TAX PARCEL NUMBER

Parcels 101-07-108B (portion); 101-07-111A (portion); 101-07-1120, and 101-07-1130

FULL CASH VALUE

101-07-108B: \$147,000 (2021, entire parcel)

101-07-111A: \$122,992 (2021, entire parcel)

101-07-1120: \$51,000 (2021)

101-07-1130: \$500 (2021)

101-07-108B: \$147,000 (2022, entire parcel)

101-07-111A: \$123,431 (2022, entire parcel)

101-07-1120: \$51,000 (2022)

101-07-1130: \$500 (2022)

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

LIMITED CASH VALUE

101-07-108B: \$145,861 (2021, entire parcel)

101-07-111A: \$90,365 (2021, entire parcel)

101-07-1120: \$48,463 (2021)

101-07-1130: \$500 (2021)

101-07-108B: \$147,000 (2022, entire parcel)

101-07-111A: \$94,883 (2022, entire parcel)

101-07-1120: \$50,886 (2022)

101-07-1130: \$500 (2022)

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

REAL ESTATE TAXES

There are currently no property taxes as the property owner is a government entity

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

DELINQUENT TAXES

None

INTENDED USE OF REPORT

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the compensation due for a partial acquisition of the subject property. It is not intended for any other use.

INTEREST APPRAISED

Fee simple interest in the land before the acquisition, in the land to be acquired, and in the remainder land after the acquisition.

Fee Simple Interest, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, is "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

MARKET VALUE DEFINITION

Market value, as utilized in this appraisal, and pursuant to Arizona Revised Statutes Sec. 3, Section 12-1122, C, 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."

The terms "market value" and "value", as used in this report, refer to market value as described herein.

PROJECT INFLUENCE

In determining the fair market value of the property being acquired (and any remaining property), you must disregard any decrease or increase in market value to the property before the acquisition which was caused by the Sunset Road project, or by the likelihood that the property (or part of) would be acquired for the Sunset Road project.

State Bar of Arizona, RAJI (Civil) 5th, Eminent Domain 8; citing: State v. Hollis, 93 Ariz. 200 (1963); Udovich v. Ariz. Bd. Of Regents, 9 Ariz. App. 400 (1969).

In ADOT cases, this principle has been codified at ARS 28-7097, which provides:

In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property before the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded.

All steps in the appraisal process, including the selection of comparables and analysis of market data, were completed disregarding any influence from the project for which this appraisal is being completed.

LEGAL DESCRIPTION

A portion of the Southwest Quarter of Section 8, Township 13 South, Range 13 East, G&SRB&M, Pima County, Arizona. The client will provide a full legal description of the property.

OWNERSHIP

According to public records of the Pima County Assessor, title to parcels 101-07-108B, 101-07-1020, and 101-07-1130 is in the name of Pima County Flood Control District, according to a quit claim deed recorded in Recording Number 20172770450, dated October 4, 2017. This was a quit claim deed from Pima County to Pima County Flood Control District and is not a market transaction. Title to parcel 101-07-106R101-07-111A is in the name of Pima County Flood Control District, according to a deed recorded in Docket 8387, at Page 1907, dated October 6, 1988.

SALES HISTORY

No known sales of the subject property have occurred within the last three years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

ASSUMPTIONS AND LIMITING CONDITIONS:

Subject to those assumptions and limiting conditions contained in the Assumptions and Limiting Conditions section of this report.

CERTIFICATION

See Part V.

EFFECTIVE DATE OF APPRAISAL

November 18, 2021

DATE OF INSPECTION

November 18, 2021

HYPOTHETICAL CONDITION

This appraisal report includes the appraisal of the market value of the remainder property, as if the Sunset Road project was complete and all improvements were in place. As the road widening project is not complete as of the effective date of value, the appraisal of the market value of the remainder property, after, is based upon the hypothetical condition that the improvements were completed based upon the plans provided to the appraiser by Pima County. If the project is not completed as indicated by Pima County to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

EXTRAORDINARY ASSUMPTION

The subject property contains improvements used by Pima County. There is some fencing located within the acquisition area. Pima County has indicated that this fencing will be replaced as part of this project. Therefore, the fencing is not included within this analysis. If this fencing is not replaced by Pima County, then the value ascribed in this report is subject to change. Per USPAP, the use of this extraordinary assumption might have affected the assignment results.

PART II - SCOPE OF THE APPRAISAL

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

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

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

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the intended user in the determination of the compensation due for a partial acquisition of the subject property. It is not intended for any other use. The purpose of the appraisal is to estimate the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

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

The identified subject larger parcel contains approximately 350,000 square feet of land area, per appraiser estimate. This is based upon common ownership and highest and best use, with this land able to be utilized for a development, per the highest and best use. While the property owner does own additional vacant land, this land is not included as part of the subject larger parcel.

Larger Parcel, as defined in the Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 127, is "In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use."

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

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

The property is being appraised as if vacant. Therefore, the cost approach is not applicable as the residential improvements are not included in this analysis. The income approach is not applicable as vacant land of this type is not typically leased.

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

Hypothetical Condition - This appraisal report includes the appraisal of the market value of the remainder property, as if the Sunset Road project was complete and all improvements were in place. As the road widening project is not complete as of the effective date of value, the appraisal of the market value of the remainder property, after, is based upon the hypothetical condition that the improvements were completed based upon the plans provided to the appraiser by Pima County. If the project is not completed as indicated by Pima County to the appraiser, then the value indicated in this report is subject to change. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

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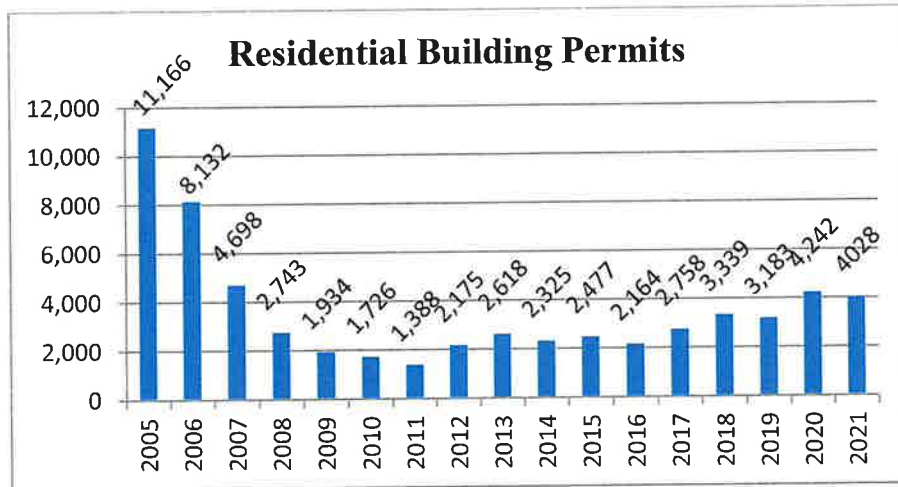
PART III - DESCRIPTION OF REAL ESTATE APPRAISED

SECTION A - THE LAND BEFORE ACQUISITION

TUCSON OVERVIEW:

Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the MAP AZ dashboard, in 2020, the estimated population of the Tucson metropolitan area was 1,044,675 persons, while the 2020 US Census indicated the population of the City of Tucson was 542,629.

Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020. The 2021 data is through September 2021. There is currently strong demand for residential properties due to low interest rates and low inventory.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The number of housing permits increased slightly in 2012

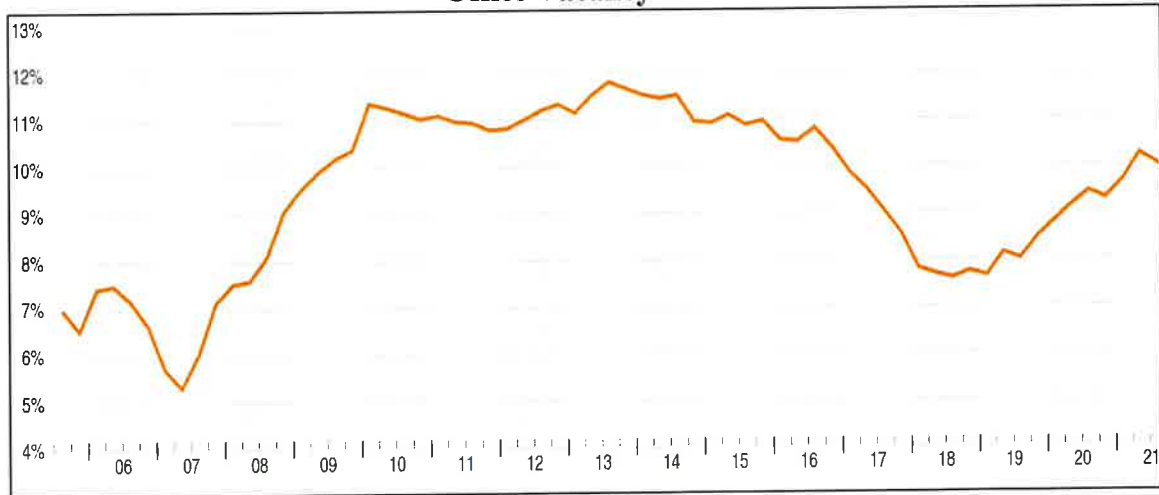
and 2013 and then remained relatively stable. In recent years, the number of permits has remained mostly stable with a slight increase in 2017 and 2018 and was mostly stable in 2019. Most recently, there was an increase in 2020. There is currently strong demand for residential houses due to low interest rates and low inventory.

Office Market

Overall, the Pima County *office market* experienced net positive absorption of 44,199 square feet in the Third Quarter of 2021, according to *CoStar*. This compares to net negative absorption of 100,481 square feet in the Second Quarter of 2021, net negative absorption of 290 square feet in the First Quarter 2021, net positive absorption of 82,836 square feet in the Fourth Quarter of 2020, net negative absorption of 37,761 square feet in the Third Quarter of 2020, net negative absorption of 53,862 square feet in the Second Quarter of 2020, net negative absorption of 65,459 square feet in the First Quarter of 2020, net negative absorption of 93,213 square feet in the Fourth Quarter of 2019, net positive absorption of 226,846 square feet in the Third Quarter of 2019, net positive absorption of 105,528 in the Second Quarter of 2019, net positive absorption of 243,022 in the First Quarter of 2019, net negative absorption of 29,745 square feet in the Fourth Quarter of 2018, and net positive absorption of 78,529 square feet in the Third Quarter of 2018.

The following figure shows trends in the vacancy rates for office properties in Pima County through the Third Quarter 2021. The vacancy rate increased until late 2013 and then declined through 2017. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through the third quarter of 2020. The vacancy rate increased slightly in the first half of 2021 and decreased slightly in the third quarter of 2021.

Office Vacancy Rate



No new buildings were completed in the Third Quarter of 2021. This compares to three new buildings containing 64,037 square feet in the Second Quarter 2021, three new buildings containing 120,000 square feet in the First Quarter 2021, one new building containing 50,000 square feet in the Fourth Quarter 2020, two new buildings containing 58,500 square feet in

the Third Quarter 2020, two new buildings containing 42,000 square feet in the Second Quarter 2020, three new buildings containing 45,085 square feet in the First Quarter 2020, three new buildings containing 38,802 square feet in the Fourth Quarter 2019, two new buildings containing 206,737 in the Third Quarter 2019, one new buildings containing 266,300 square feet in the Second Quarter 2019, four new buildings totalling 235,300 square feet in the First Quarter 2019, one new building containing 14,952 square feet in the Fourth Quarter 2018, and four new buildings containing 57,516 square feet in the Third Quarter 2018.

The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was a decline in demand for owner/user office buildings, which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings. It is uncertain if there will be long-term effects from the Covid-19 pandemic on the office market. It is not yet known if work from home will remain in demand, permanently impacting office trends and demand.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some signs for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. After pausing in the immediate emergence of Covid-19, demand has again increased for many retail property types but continues to be stable for certain uses and areas of less demand.

There was net positive absorption of 156,241 in the Third Quarter 2021, according to CoStar. This compares to net negative absorption of 117,165 in the Second Quarter 2021, net positive absorption of 123,296 square feet in the First Quarter 2021, net positive absorption of 22,013 in the Fourth Quarter 2020, net negative absorption of 291,825 in the Third Quarter 2020, net positive absorption of 124,234 square feet in the Second Quarter 2020, net negative absorption of 21,517 square feet in the First Quarter 2020, net positive absorption of 96,722 square feet in the Fourth Quarter 2019, net negative absorption of 36,116 square feet in the Third Quarter 2019, net positive absorption of 79,816 square feet in the Second Quarter 2019, and net negative absorption of 178,587 square feet in the First Quarter 2019.

In the Third Quarter 2021, five new buildings containing 167,960 square feet were completed. This compares to five new buildings containing 14,931 square feet in the Second Quarter of 2021, ten new buildings containing 51,429 square feet in the First Quarter 2021,

three new buildings containing 30,591 square feet in the Fourth Quarter 2020, eight new buildings containing 33,731 square feet in the Third Quarter 2020, eleven new buildings containing 75,681 square feet in the Second Quarter 2020, 13 new buildings containing 69,437 square feet in the First Quarter of 2020, nine new buildings containing 44,781 square feet in the Fourth Quarter of 2019, 14 new buildings containing 73,436 square feet in the Third Quarter of 2019, eight new buildings containing 27,078 square feet in the Second Quarter of 2019, nine new buildings containing 83,949 square feet in the First Quarter of 2019, nine new buildings containing 114,424 square feet in the Fourth Quarter of 2018, and fifteen new buildings containing 188,995 square feet in the Third Quarter 2018. The following shows trends in the vacancy rate for retail properties in the Tucson market through the Third Quarter 2021, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. Most recently, there was a decline though 2018, with a slight increase in the vacancy rate from late 2018 through the first quarter of 2020. The retail vacancy rate declined slightly in late 2020 and first quarter 2021. The vacancy rate has remained generally stable, with slight variations, in the first three quarters of 2021. The retail market has stabilized from the uncertainty of the early Covid-19 pandemic. Prices and rents are stable or increasing in high demand areas or for high demand property types, although there remains little demand for older retail properties in low demand areas.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial/flex space constructed recently in Tucson, with one new building containing 30,000 square feet in the Third Quarter of 2021, no new buildings completed in Second Quarter 2021, one new building containing 12,237 square feet completed in the First Quarter 2021, one new building containing 5,473 square feet completed in the Fourth Quarter 2020, no new buildings completed in the Third Quarter 2020, one new building containing 32,000 square feet completed in the Second Quarter 2020, no new buildings in the First Quarter 2020, one new building containing 157,000 square feet completed in the Fourth Quarter 2019, four new buildings containing 286,434 square feet in the Third Quarter 2019,

two new buildings containing 906,900 square feet in the Second Quarter 2019, and no new buildings completed in the First Quarter 2019, the Fourth Quarter 2018, or the Third Quarter 2018, according to *CoStar*. Many of the recently constructed buildings are larger buildings constructed for a specific user.

There was net positive absorption of 506,526 square feet in the Third Quarter 2021. This compares to net positive absorption of 146,353 square feet in the Second Quarter 2021, net positive absorption of 255,635 square feet in the First Quarter 2021, net positive absorption of 439,022 square feet in the Fourth Quarter 2020, net negative absorption of 254,361 square feet in the Third Quarter 2020, net negative absorption of 188,517 square feet in the Second Quarter 2020, net negative absorption of 92,259 square feet in the First Quarter 2020, net negative absorption of 32,808 square feet in the Fourth Quarter 2019, net negative absorption of 325,976 square feet in the Third Quarter 2019, net positive absorption of 1,190,498 square feet in the Second Quarter 2019, net negative absorption of 25,972 square feet in the First Quarter 2019, net positive absorption of 5,240 square feet in the Fourth Quarter 2018, and net positive absorption of 315,455 square feet in the Third Quarter 2018, according to *CoStar*.

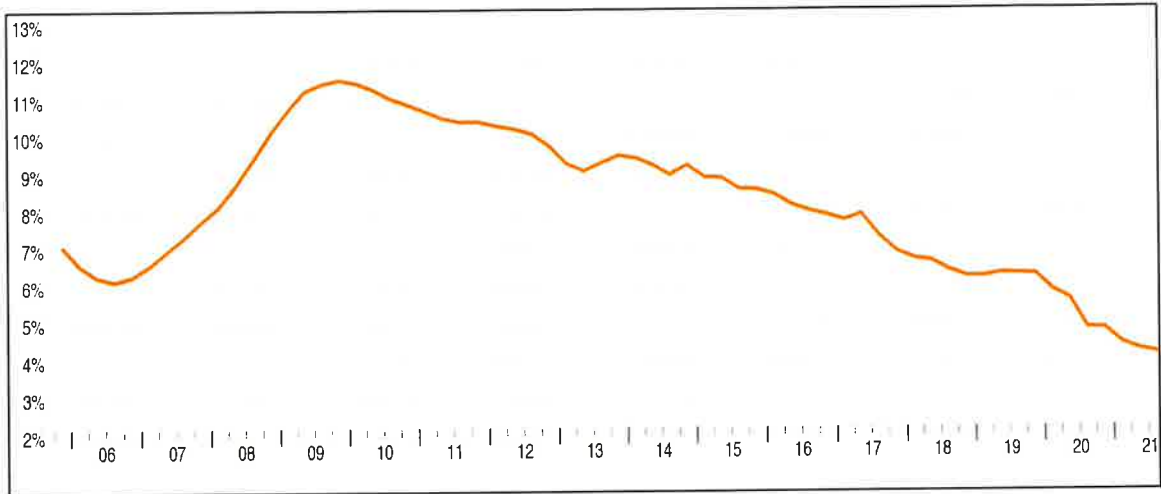
The following chart shows trends in the industrial/flex vacancy rate in Tucson from 2006 through Third Quarter 2021, according to *CoStar*.



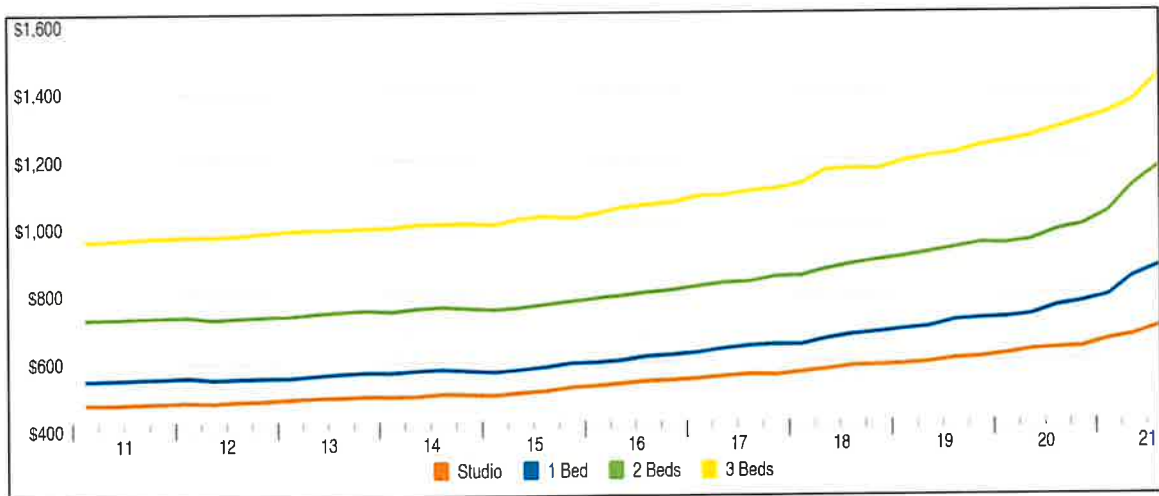
Overall, the industrial vacancy rate increased through mid-2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing somewhat through mid-2020 before declining again through mid-2021. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. In March 2020, the Covid-19 pandemic led to a shutdown of many businesses; however, the industrial market has not been significantly impacted and demand for many industrial uses has increased in the last year since that time. There may potentially be long-term impacts due to changing demand for warehouses and cold storage due to potential changes in supply chains and delivery and storage models.

Multi-Family Market

The following is the stabilized vacancy rate for apartments in Tucson from 2006 through the Third Quarter 2021. Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining, with that decline continuing in the first three quarters of 2021.

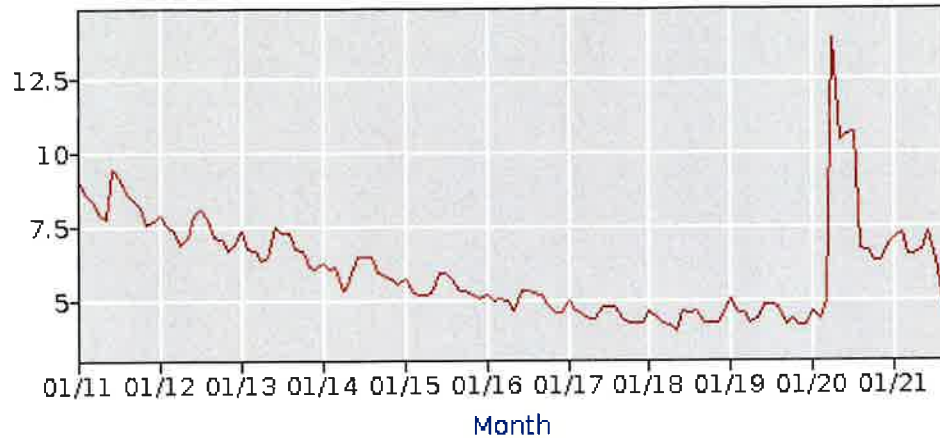


The following is the average market rental rate per unit type for properties in the Tucson market, according to CoStar. There has been a significant increase in rents for all unit types in the first three quarters of 2021.



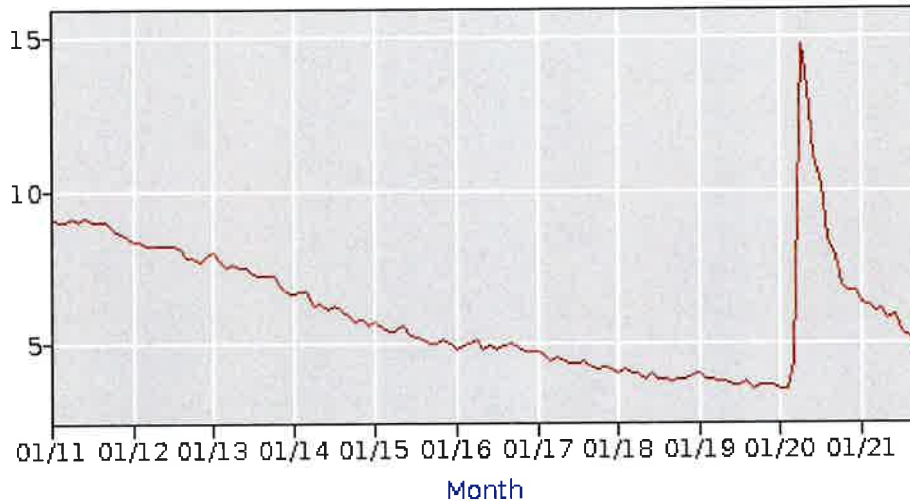
There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. Market conditions for multi-family properties has increased significantly since mid-2020, with increasing rents, decreasing vacancy rates, and increased sales prices.

According to the Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rate for metropolitan Tucson was as follows:



This data shows that the unemployment rate in the Tucson metropolitan area had slowly been declining since early 2011. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unadjusted unemployment rate peaked at 13.9% in April 2020 and declined to 10.4% in May 2020. After another increase to 10.7% in July 2020, there was a decline to 6.8% in August 2020. In October 2020 the unemployment rate was 6.4%. The unemployment rate was 7.1% in January 2021 and then declined to 6.6% in April 2021 with a slight increase to 6.7% in May 2021. The unemployment rate was 5.2% in August 2021. The unemployment rate has been generally stable with some variations since that time. Areas with significant increases in unemployment include hospitality, restaurant, and retail jobs, although many job categories have seen increases in unemployment. It is uncertain how long it will take employment in these sectors to fully recover.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.8% in April 2020, then declined slightly to 13.3% in May 2020 and 10.2% in July 2020. The unemployment rate declined to 8.4% in August 2020 and 6.9% in October 2020. The unemployment rate declined to 6.3% in January 2021, 6.1% in April 2021, 5.4% in July 2021, and 4.8% in September 2021.



Overall, the commercial real estate markets reveal that in early to mid-2020, most investors held a cautionary outlook due to the uncertainty of the government conditions and Covid-19. Market conditions have improved for many property types since that time, starting as early as mid-2020. Market conditions were uncertain for some commercial property types, while demand remained for other property types that are less impacted by Covid-19. Market conditions for single-family and multi-family properties has increased significantly in that time frame, while demand for many commercial uses, particularly those most impacted by Covid-19, were uncertain and stable for longer. In the short term, market conditions for some property types remained uncertain. Demand still remains slow for commercial uses in areas of less demand and with certain older properties, while many commercial uses have been seeing increased demand. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA

The subject's market area is located northwest of the core downtown Tucson area. The market boundaries are Wetmore Road to the south, River Road to the north, I-10 to the west, and La Canada Drive to the east. Major east-west arterials include River Road, Curtis Road, Ruthrauff Road, and Wetmore Road. Major north-south arterials include Interstate-10, La Cholla, and La Canada. The market area contains a mix of uses including residential uses,

multifamily uses, and low-density industrial/commercial uses. There are some commercial uses primarily located along major roadways with some industrial uses in the area. Residential uses include single-family residences and some manufactured homes, primarily on smaller lots and with many older established subdivisions. The market area is well-established with some limited vacant land available for development. There is availability of public services and transportation within the market area. Demand for residential uses has increased since mid-2020 in the market area as well as the overall housing market. Long-term trends are predicted to be balanced.

SITE DESCRIPTION

The site is irregular in shape with approximately 140 feet of frontage on Camino de la Tierra on the western property line (see Exhibits). The property has a width of approximately 900 feet on the northern property line and approximately 1,050 feet on the southern property line and a depth of approximately 550 feet on the western property line. It contains a total area of 350,000 square feet (8.03 acres). Access is from Camino de la Tierra. Camino de la Tierra is a two-lane, asphalt-paved street with no sidewalks and curbing in a portion of the south side in the area of the subject property. The topography is sloping slightly in a westerly direction. Properties bordering the subject property include residential, low density industrial, and vacant lots to the south, the Rillito River to the north, the railroad and I-10 to the west, and the Rillito River to the east.

Utilities available in the general vicinity include electric, public water, and public sewer. Any development would require a study on the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1666L, dated June 16, 2011, the western portion of the land is in a floodplain with a designation of Zone AE. The eastern and central portions of the property are in Shaded Zone X in an area of 500-year flood. Based upon conversations with Pima County Flood Control, the northwest portion of the property most likely has a flood depth of up to a foot with greater depths in the westernmost portion of the property. Therefore, with some site work, there is a potential for development in the northwest portion of the property. A hydrology study would be needed to determine flow depths and development potential of the western portion of the property. The property is in a seismic zone which is considered to have a low probability of seismic activity.

ZONING

Zoning of the eastern and northwest portions of the site is MU (Mixed Use) according to the City of Tucson Zoning Code. This zone is solely to provide for comparable zoning for areas annexed into the City limits and is not intended for rezoning. Residential and select other agriculture, civic, commercial, industrial, recreational, retail, storage, utility, and wholesaling uses may also be permitted that provide reasonable compatibility with adjoining residential uses.

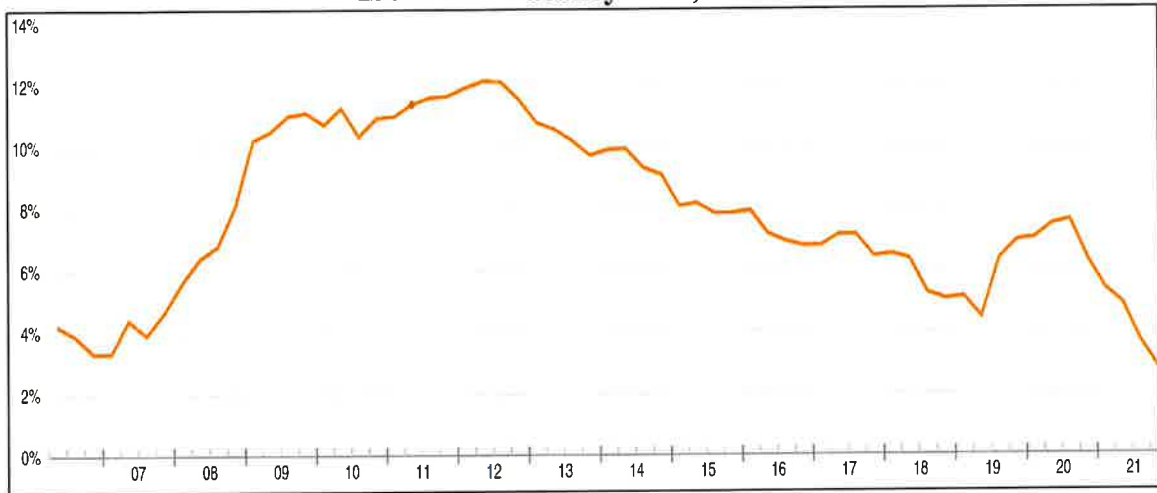
The southwest portion of the subject site is zoned SH (Suburban Homestead), according to the City of Tucson zoning code. This zone provides for low density, large lot, single-family residential development and suburban ranch uses, including agriculture uses. This zone is solely to provide comparable zoning for annexed areas and is not intended for rezoning.

Permitted land uses include certain residential, agricultural, civic, and recreation uses. The minimum lot size is 36,000 square feet, with two units allowed per lot, and a maximum building height of 30 feet. Specific building setbacks for the subject vary depending on the type of uses allowed on adjacent sites.

MARKET PROFILE - INDUSTRIAL

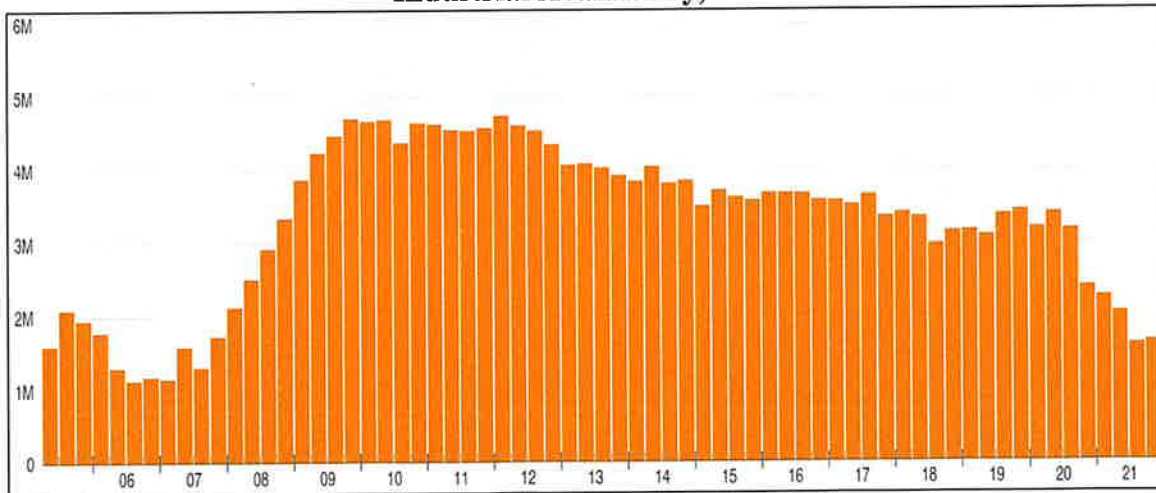
The following is the vacancy rate for industrial properties in the Tucson Market, according to CoStar. This data indicates that the vacancy rate for industrial properties increased from 2007 before peaking in mid-2012. From the peak level, the vacancy rate for industrial properties had trended downward continuing through the first half of 2019. From mid-2019, the industrial vacancy rate increased again through mid-2020, before declining again through the fourth quarter of 2021.

Industrial Vacancy Rate, Tucson



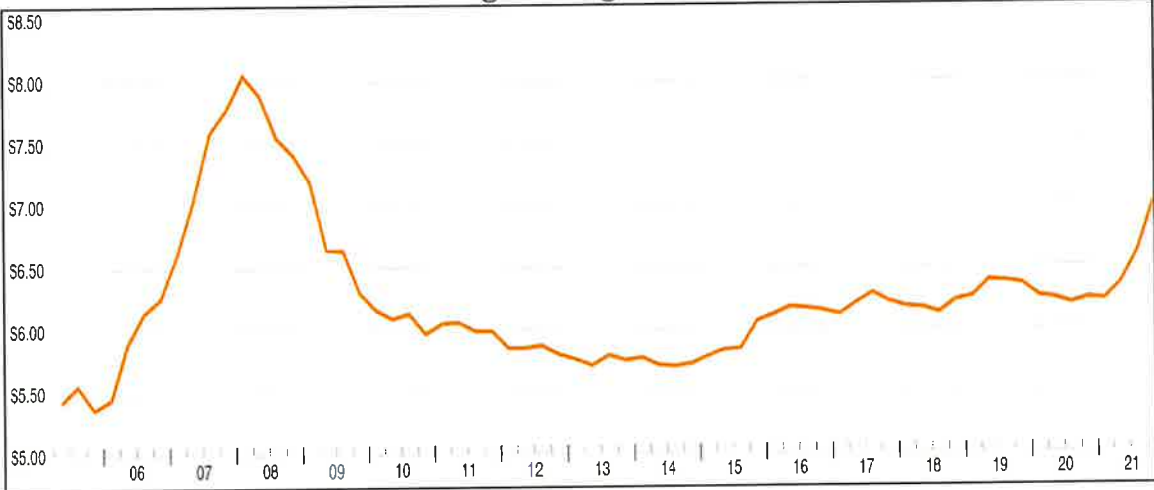
The following is the amount of available industrial space in the Tucson market, according to CoStar. This data indicates that the amount of available industrial space peaked in the end of 2009 and remained somewhat stable through 2011. From 2013 through the first half of 2020, the available industrial space saw slight and steady decline. Available industrial space in the Tucson market experienced a sharp decline in the second half of 2020 and again in mid-2021 through the fourth quarter.

Industrial Availability, Tucson



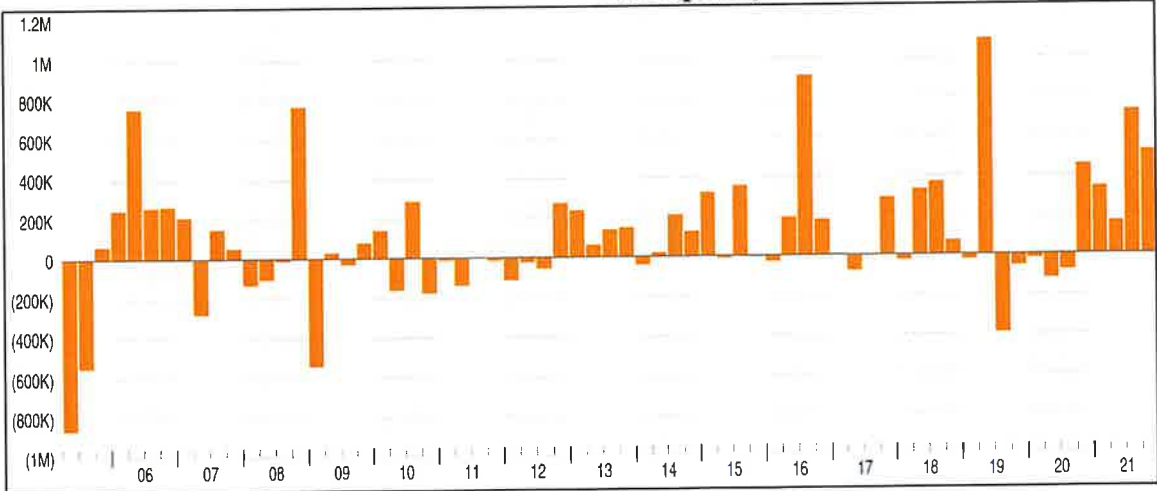
The following is the average asking rental rate for industrial properties in the Tucson market, according to CoStar. The average asking rental increased from 2006 to a peak level in early 2008. The asking rental rate for industrial properties then declined through mid-2013. After remaining generally stable through 2014, there was a slow but gradual increase in the average asking rental rate. After a slight decline in the first half of 2020, the average asking rental rate increased significantly from early 2021 through the fourth quarter of 2021. It is noted that CoStar may not always have access to rental data for smaller properties that may potentially lease for less.

Industrial Average Asking Rental Rate, Tucson



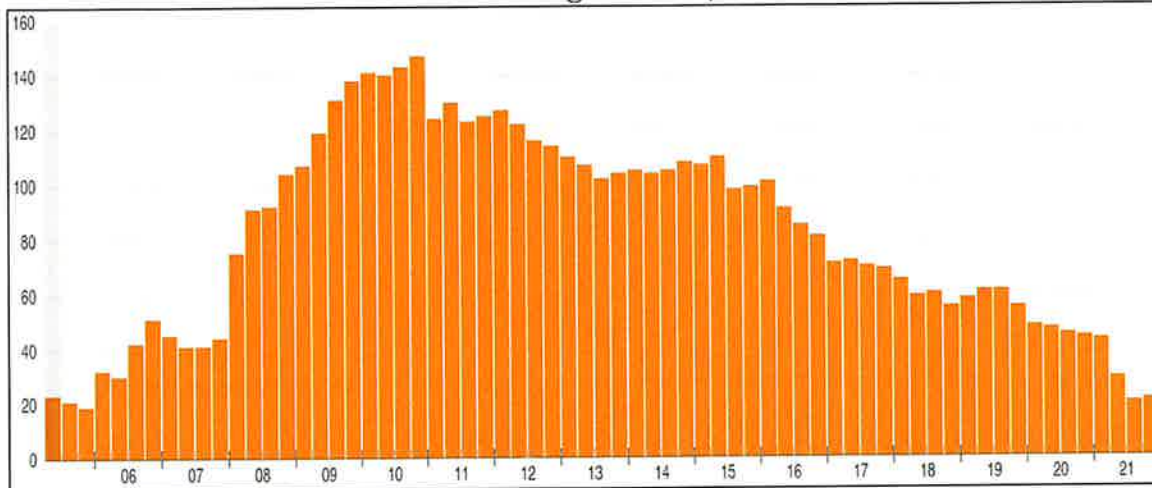
The following is the industrial annual net absorption rate in the Tucson Market, according to CoStar. There has been a mix of net positive and net negative absorption for industrial properties in the Tucson market since 2005. Most recently, there was net positive absorption in all four quarters of 2021.

Industrial Annual Net Absorption, Tucson



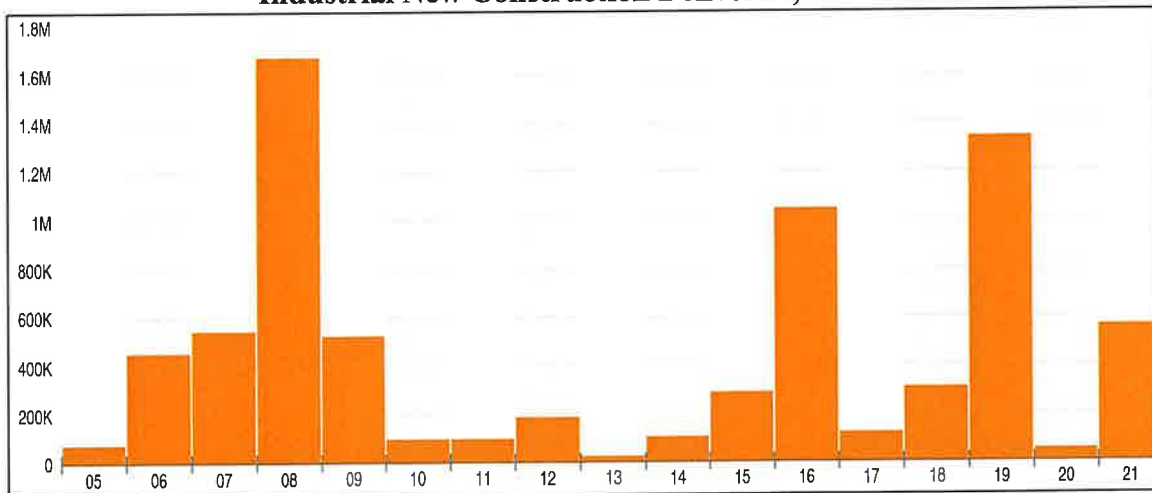
The following is the number of industrial properties listed for sale in the Tucson market, according to CoStar. The number of listings increased from 2005 to a peak level in late 2010. From 2010 through the second half of 2021, the number of listings for industrial properties has been on a gradual downward trend, with a further decline in 2021.

Industrial Listings for Sale, Tucson



The following is the amount of new construction delivery of industrial space in the Tucson Market, according to CoStar. There has been limited new construction from 2010 through the second half of 2021 for industrial properties in the overall Tucson market. In 2016 and 2019 the majority of this new construction was located in one or two large buildings with few buildings constructed in these years. As market conditions improve and the oversupply of existing properties is absorbed, it is expected that the number of buildings constructed will increase.

Industrial New Construction Deliveries, Tucson



Overall, the Tucson commercial real estate market reveals that most investors had held a cautionary but improving outlook due to continued oversupply of available space in many markets which adversely affects tenants, owners and investors, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals had resulted in slowly improving values until mid-2020. In early to mid-2020, market conditions were static and uncertain during the early months of the Covid-19 pandemic. However, market conditions for this type of property started to improve again in mid-2020. There was strong demand for industrial properties with limited inventory, decreasing vacancy rates, increasing prices and rents, and increased net positive absorption. Demand has remained strong for industrial properties. The long-term result should be a more balanced level of supply and demand - more conducive to steady long term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME

Marketing time, as utilized in this appraisal, is defined as:

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

1

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

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

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

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

2. Ibid, p. 83

HIGHEST AND BEST USE

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

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

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

Highest and Best Use as Vacant

Legal Considerations

Zoning of the eastern and northwest portions of the site is MU (Mixed Use) according to the City of Tucson Zoning Code. This zone is solely to provide for comparable zoning for areas annexed into the City limits and is not intended for rezoning. Residential and select other agriculture, civic, commercial, industrial, recreational, retail, storage, utility, and wholesaling uses may also be permitted that provide reasonable compatibility with adjoining residential uses.

The southwest portion of the subject site is zoned SH (Suburban Homestead), according to the City of Tucson zoning code. This zone provides for low density, large lot, single-family residential development and suburban ranch uses, including agriculture uses. This zone is solely to provide comparable zoning for annexed areas and is not intended for rezoning. Permitted land uses include certain residential, agricultural, civic, and recreation uses. The minimum lot size is 36,000 square feet, with two units allowed per lot, and a maximum building height of 30 feet. Specific building setbacks for the subject vary depending on the type of uses allowed on adjacent sites.

The southwest portion of the property could be developed with a residential use and the eastern and northwest portions of the property could be potentially developed with a residential or certain industrial commercial uses under the existing zonings.

Physical Considerations

The site is irregular in shape with approximately 140 feet of frontage on Camino de la Tierra on the western property line. The property has a width of approximately 900 feet on the northern property line and approximately 1,050 feet on the southern property line and a depth of approximately 550 feet on the western property line. It contains a total area of 350,000 square feet (8.03 acres). Access is from Camino de la Tierra. Camino de la Tierra is a two-lane, asphalt-paved street with no sidewalks and curbing in a portion of the south side in the area of the subject property. The topography is sloping slightly in a westerly direction. Properties bordering the subject property include residential, low density industrial, and vacant lots to the south, the Rillito River to the north, the railroad and I-10 to the west, and the Rillito River to the east.

Utilities available in the general vicinity include electric, public water, and public sewer. Any development would require a study on the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1666L, dated June 16, 2011, the western portion of the land is in a floodplain with a designation of Zone AE. The eastern and central portions of the property are in Shaded Zone X in an area of 500-year flood. Based upon conversations with Pima County Flood Control, the northwest portion of the property most likely has a flood depth of up to a foot with greater depths in the westernmost portion of the property. Therefore, with some site work, there is a potential for development in the northwest portion of the property. A hydrology study would be needed to determine flow depths and development potential of the western portion of the property. The property is in a seismic zone which is considered to have a low probability of seismic activity.

The physical characteristics would allow for development of some industrial uses.

Financial Feasibility

The property would likely not be developed under the SH zoning. Instead, the property would most likely be developed with an industrial use. However, due to the below average to average utility of the property, the property would likely be held for investment until a user is found. At that time, the property would be developed with an industrial use. Some of the improvements could be utilized as part of any development; however, it is most likely that the improvements would be removed as part of any new development. However, some of the improvements would likely be utilized as an interim use until any new development occurs.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for investment with eventual industrial development.

SECTION B - VALUATION OF PROPERTY, BEFORE

SALES COMPARISON APPROACH

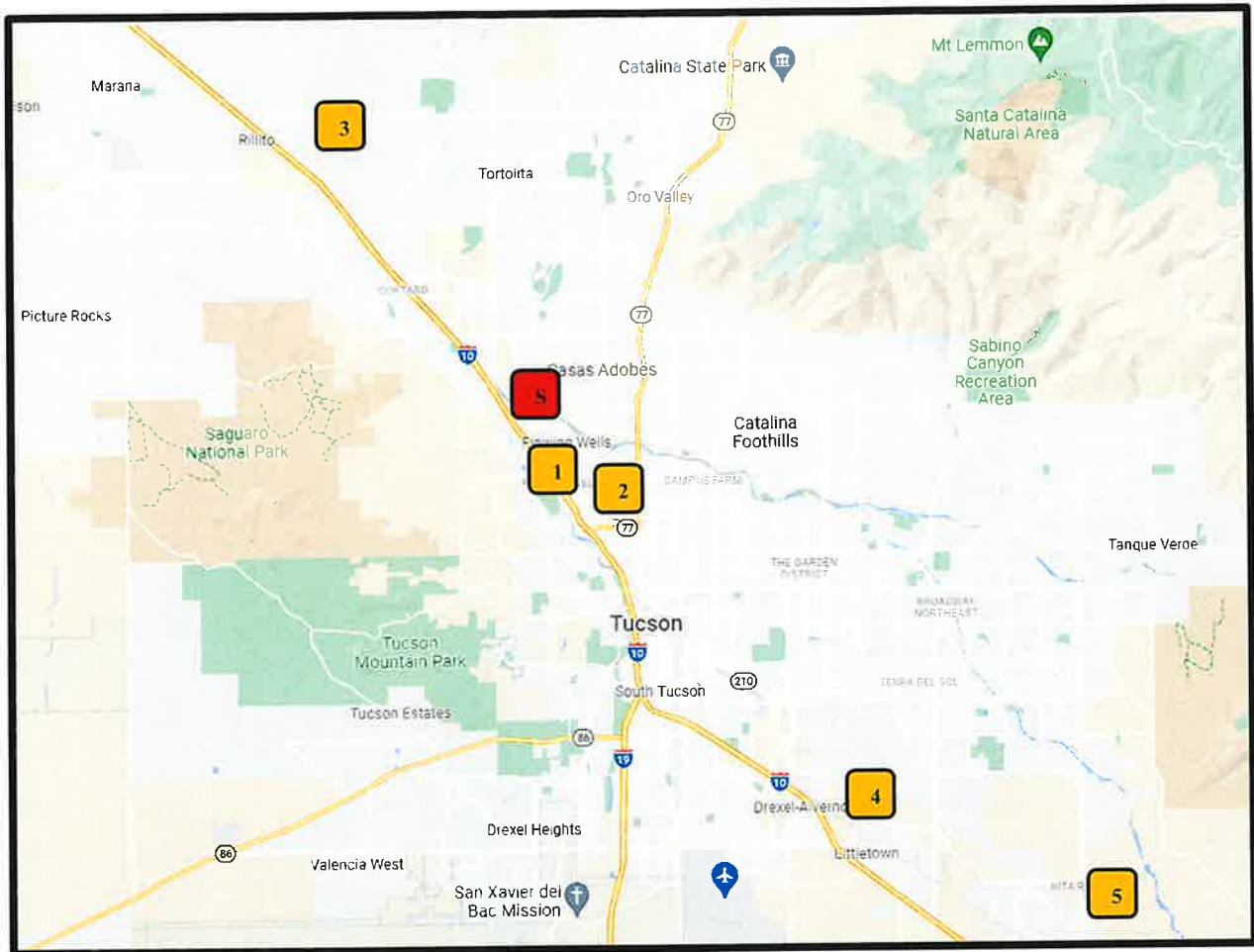
The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to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

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

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Sq. Ft.)	Price/ Sq. Ft.	Zoning
1.	03/19	West side of La Cholla Boulevard, south of Prince Road	\$950,000	655,578	\$1.45	R-1
2.	08/19	East side of Runway Drive, south of Gardner Lane	\$534,916	250,117	\$2.14	I-1
3.	02/21	West side of the Tangerine Business Loop, south of Tangerine Road	\$210,000	91,126	\$2.30	F
4.	03/21	North side of Nebraska Street, east of Arcadia Avenue	\$277,500	201,247	\$1.38	CI-2
5.	03/21	East side of Houghton Road, south of Valencia Road	\$275,000	132,630	\$2.07	I-2
		Subject		350,000		MU, SH

COMPARABLE LAND SALES LOCATION MAP



- Subject:** West side of Camino de la Tierra, south of River Road
- Sale 1: West side of La Cholla Boulevard, south of Prince Road
- Sale 2: East side of Runway Drive, south of Gardner Lane
- Sale 3: West side of the Tangerine Business Loop, South of Tangerine Road
- Sale 4: North side of Nebraska Street, east of Arcadia Avenue
- Sale 5: East side of Houghton Road, south of Valencia Road

COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: R-1 0196 7927

LOCATION: West side of La Cholla Boulevard, south of Prince Road

LEGAL DESCRIPTION: A portion of the East Half of the Southeast Quarter of Section 28, Township 13 South, Range 13 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 103-08-001V

RECORD DATA: Fee number 20190790474

DATE OF SALE: March 20, 2019

SELLER: City of Tucson

BUYER: Prince Interstate Commerce Campus LLP

CONFIRMED BY: Thomas Kral, City of Tucson (520-837-6708)
Garry Brav, buyer (520-882-4800)
SRB; November, 2020

LAND DESCRIPTION: This site is an irregular but somewhat triangular shaped property with 1,046.50 feet of frontage on La Cholla Boulevard on the eastern property line. The site has a depth of approximately 637 feet on the northern property line and a length of approximately 1,720 feet on the western property line. The property has a total length of approximately 1,485 feet on the eastern property line. The property has a total area of 15.05 acres, or approximately 655,578 square feet. The property has access from La Cholla Boulevard. La Cholla Boulevard is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. No traffic count is available for La Cholla Boulevard in the area of the subject property. This property is located southwest of the I-10 and Prince Road interchange but does not have visibility from Interstate-10. The topography is sloping slightly in a westerly direction. Electric, phone, and water are available in the area, with most utilities located in La Cholla. Although sewer is located in the area, due to a sewer line that is located west of La

Cholla that cannot be crossed, public sewer cannot be brought to the property from this line. The owner will need to develop the property with a lift station and private sewer line. According to FEMA Flood Insurance Rate Map 04019C1669L, dated June 16, 2011, with a LOMR dated November 28, 2011, approximately 85% of the property is located in a floodplain with a designation of Zone AE. The remainder of the property is designated as light-shaded Zone X, in an area of 500-year flood. Some drainage and flood control work will be required as part of any development. There is a 30-foot-wide pipeline easement and a 20-foot-wide sewer easement in the eastern portion of the property.

LAND SIZE: 15.05 acres, or 655,578 square feet

ZONING: R-1, City of Tucson. The buyer planned to rezone.

REPORTED SALE PRICE: \$950,000

PRICE PER SQ. FT.: \$1.45

MARKETING TIME: Not available

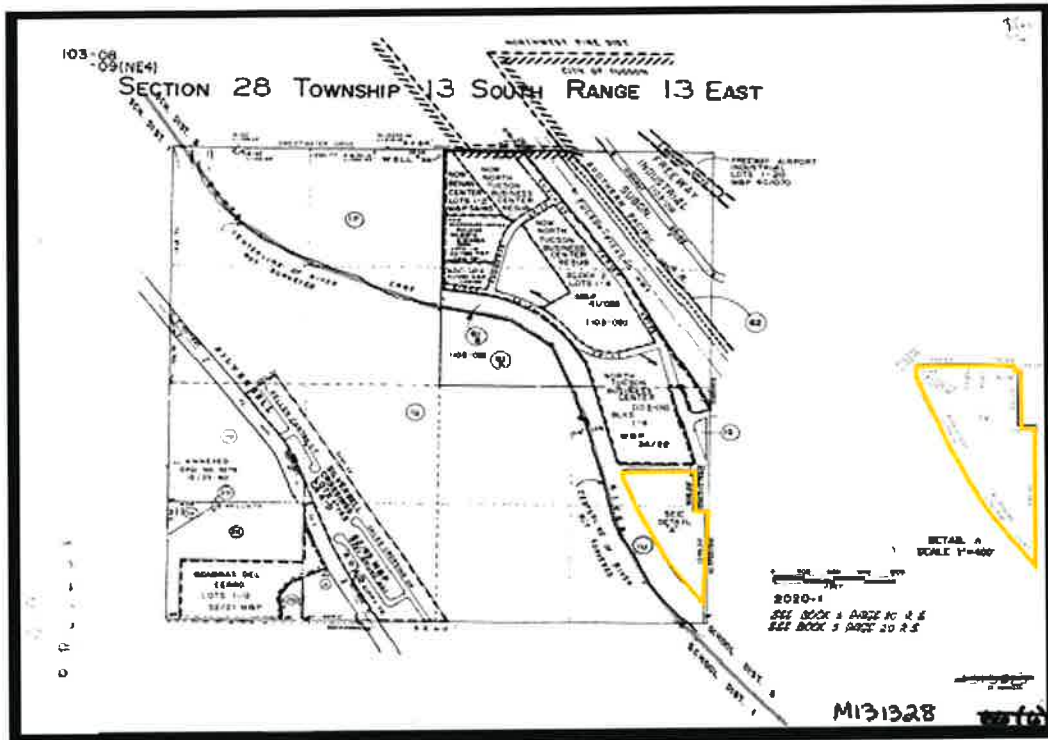
TERMS OF SALE: This was an all cash to the seller transaction or equivalent.

PRIOR SALE: Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Investment and eventual development of a commercial use.

COMMENTS: This property was sold by the City of Tucson and this was reported to be a market transaction. The buyer planned to rezone the property for eventual commercial development. Development costs would be higher than typical due to floodplain and utility issues, and development would have to avoid easements in the eastern portion of the property.



LOCATION: East side of Runway Drive, south of Gardner Lane

LEGAL DESCRIPTION: Lots 12 through 17, Freeway Airport Industrial, Pima County, Arizona

STATE TAX PARCEL: 106-10-1000; -1010; -1020; -1030; -1040; -1050

RECORD DATA: Fee Number 20192421321

DATE OF SALE: August 30, 2019

SELLER: Abrams Airborne Manufacturing Inc.

BUYER: LL&L Enterprises LLC

CONFIRMED BY: Lloyd Snoots, Buyer (520-301-6699)
TFH; March 2021

LAND DESCRIPTION: This site is a rectangular shaped property with 1,002 feet of frontage on Runway Drive along the western property line and a depth of about 250 feet along the north and south property line. Runway Drive is a two-lane, asphalt-paved roadway with a center turn lane, concrete curbs, but no sidewalks or streetlights in the vicinity of this site. There is no traffic count available for Runway Drive in the vicinity of this site. The topography is level and at the street grade. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C1669L, dated June 16, 2011, the majority of the land is located in Zone X (shaded) which are areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. A portion of the site at the southern end is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. A small portion at the northern end of the site is located in Zone AO (Depth 1 foot) which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with flood depths of 1 to 3

feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined. The site is within the Ruthrauff Basin local floodplain.

LAND SIZE: 250,117, or 5.74 acres

ZONING: I-1 (City of Tucson)

REPORTED SALE PRICE: \$534,916

PRICE PER SQ. FT.: \$2.14

TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.

CONDITIONS OF SALE: This was a direct sale between the buyer and the seller, with no brokers involved and no commissions paid.

INTENDED USE: A contractors yard with the potential for development.

COMMENTS: The buyers was leasing the space prior to purchasing the property. The buyer utilizes a portion of the property for their business and leases out other portions of the site.

LAND COMPARABLE NUMBER THREE (SALE)

ID: MAL F 0345 8026

LOCATION: West side of the Tangerine Business Loop, South of Tangerine Road

LEGAL DESCRIPTION: Block 3, Tangerine Business Park, Pima County, Arizona

STATE TAX PARCEL: 216-07-0060

RECORD DATA: Fee number 20210570717

DATE OF SALE: February 26, 2021

SELLER: Rancho Palomita Advisors LLC

BUYER: May Third LLC

CONFIRMED BY: Pat Welchert; listing broker (520-360-9394)
TFH; June, 2021

LAND DESCRIPTION: This site is an irregular shaped property with 217.02 feet of frontage on Tangerine Business Loop along the eastern property boundary. The site has a depth of 300.55 feet along the northern property boundary, a depth of about 340 feet along the southern property boundary and a length of 360.68 feet along the western property boundary. Tangerine Business Loop is a two-lane, asphalt-paved roadway with no concrete curbs, no sidewalks, and no streetlights in the vicinity of this property. There is no traffic count available for Tangerine Business Loop in the vicinity of this site. Electric and water are available to the site. Sewer is not available. And development of the site would require a septic system. According to FEMA Flood Insurance Rate Map 04019C1045L, dated June 16, 2011, the site is located in Zone AO (Depth 1 foot) which is a Special Flood Hazard Area subject to inundation by the 1% annual chance flood with flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.

LAND SIZE: 91,126 square feet or 2.09 acres

ZONING: F, Town of Marana

REPORTED SALE PRICE: \$210,000

PRICE PER SQ. FT.: \$2.30

MARKETING TIME: 2,683 days

TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Development of an industrial use.

COMMENTS: The listing broker indicated that development of the site would require more flood mitigation development at the western end of the site, and that the additional development had an impact on the sales price.

LOCATION: North side of Nebraska Street, east of Arcadia Avenue

LEGAL DESCRIPTION: The East half of the Southwest quarter of the Southeast quarter of the Northwest quarter of Section 2, Township 15 South, Range 14 East , G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 140-01-026A

RECORD DATA: Fee number 20210670985

DATE OF SALE: March 8, 2021

SELLER: Roy H. Rogers Foundation LLC

BUYER: Summer Enterprise LLC

CONFIRMED BY: Ron Zimmerman, listing broker (520-546-2755)
TFH; March, 2021

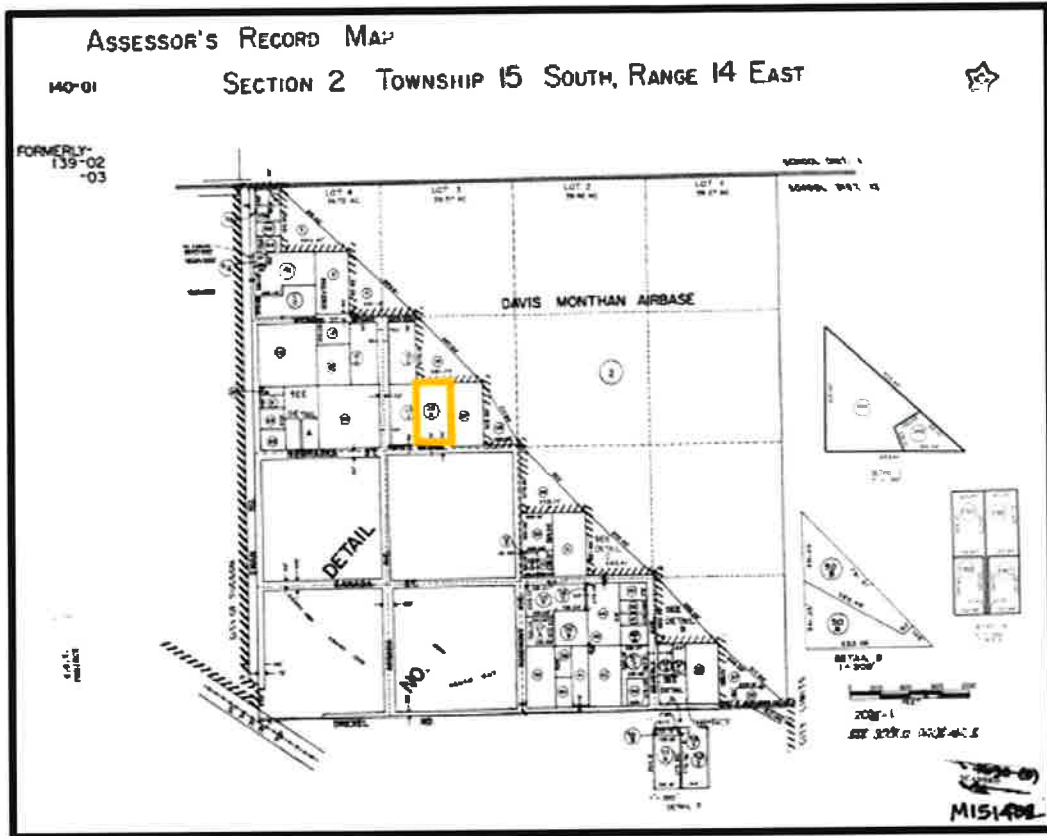
LAND DESCRIPTION: This site is a rectangular shaped property with about 325 feet of frontage on Nebraska Street along the southern property line and a depth of about 620 feet along the eastern and western property line. Nebraska Street is a two-lane, asphalt paved roadway. There is no traffic count available for Nebraska Street in the vicinity of this site. The topography is mostly level. Utilities available to the property include electric and water which are located at the southwest corner of the site. Sewer would be by a private septic system. According to FEMA Flood Insurance Rate Map 04019C2295L, dated June 16, 2011, the site is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. The site is located within the Davis-Monthan Air Force Base Environs Land Use Overlay Zone.

LAND SIZE: 201,247 square feet or 4.62 acres

ZONING: CI-2 (Pima County)

REPORTED SALE PRICE: \$277,500

PRICE PER SQ. FT.:	\$1.38
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction with the seller carrying back a loan at market terms.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal conditions.
INTENDED USE:	Contractors yard with the potential for future development.



LOCATION: East side of Houghton Road, south of Valencia Road

LEGAL DESCRIPTION: A portion of the Northwest quarter of Section 24, Township 15 South, Range 15 East, G&SRB&M, Pima County, Arizona.

STATE TAX PARCEL: 141-17-009F

RECORD DATA: Fee number 20210710573

DATE OF SALE: March 12, 2021

SELLER: South Houghton LLC

BUYER: Donald J Redmon

CONFIRMED BY: Rick Sack; listing agent (520-906-2801)
TFH; June, 2021

LAND DESCRIPTION: This site is an irregular shaped property with about 85 feet of frontage on Houghton Road along the western property boundary. The site has a depth of 729.65 feet along the southern property boundary, a length of approximately 780 feet along the northern property boundary, and a width of approximately 256.66 feet along the eastern property boundary. Houghton Road is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. Houghton Road has a 2020 traffic count of 20,182 vehicles per day in the vicinity of this site according to the Pima Association of Governments. The topography is mostly level. All utilities are available in the vicinity of this property. According to FEMA Flood Insurance Rate Map 04019C2925L, dated June 16, 2011, the property is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is a small unnamed wash that runs through the western portion of the property. This unnamed washed is determined to not have a negative impact on this property as any development of this property would be in the eastern portion. A portion of the property is located in a riparian area with a designation of Xeroriparian C.

LAND SIZE: 132,630 square feet

ZONING: I-2 (City of Tucson)

REPORTED SALE PRICE: \$275,000

PRICE PER SQ. FT.: \$2.07

MARKETING TIME: 529 days

TERMS OF SALE: This was an all cash to the seller transaction.

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation. Transaction dated October 9, 2020 is an affidavit of erroneous recording that indicates transaction dated September 29, 2020, which is an affidavit of property value, was recorded in error and was not a market sale. Transaction dated October 31, 2019 was a warranty deed involving a partial acquisition.

CONDITIONS OF SALE: This sale was reported to be a normal market transaction.

INTENDED USE: Hold for investment with plans for future development and expansion.

COMMENTS: The property had previously been in escrow but then fell out. The adjacent property owner decided to purchase the property with plans for expansion of their existing business sometime in the future.

COMPARABLE LAND SALES ADJUSTMENT GRID

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		03/2019	08/2019	02/2021	03/2021	03/2021
Site Size (Sq. Ft.)	350,000	655,578	250,117	91,126	201,247	132,630
Zoning	SH, MU	R-1	I-1	F	CI-2	I-2
Site Utility	Below Avg-Avg	Inferior	Superior	Superior	Superior	Similar
Sale Price		\$950,000	\$534,916	\$210,000	\$277,500	\$275,000
Price per Sq. Ft.		\$1.45	\$2.14	\$2.30	\$1.38	\$2.07

Summary of Adjustments

Unadjusted Price / Sq. Ft.	\$1.45	\$2.14	\$2.30	\$1.38	\$2.07
Property Rights	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$1.45	\$2.14	\$2.30	\$1.38	\$2.07
Financing	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$1.45	\$2.14	\$2.30	\$1.38	\$2.07
Conditions of Sale	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$1.45	\$2.14	\$2.30	\$1.38	\$2.07
Date/Market Conditions	<u>12%</u>	<u>10%</u>	<u>4%</u>	<u>4%</u>	<u>4%</u>
Adjusted Price	\$1.62	\$2.35	\$2.40	\$1.43	\$2.16
Physical Adjustments (%)					
Location	-20	-10	0	30	-5
Zoning	0	-10	-10	-10	-10
Site Size	10	0	-15	-5	-10
Site Utility	<u>20</u>	<u>-15</u>	<u>-5</u>	<u>-10</u>	<u>0</u>
Net Adjustment	10%	-35%	-30%	5%	-25%
Indicated Value / Sq. Ft.	\$1.79	\$1.53	\$1.68	\$1.51	\$1.62

This analysis compares five sales of similar vacant land to the subject property on a price per square foot basis. This is the sale price divided by the square footage of the site. Sales prices range from \$1.38 to \$2.30 per square foot before adjustment. The adjustment grid on the previous page reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants a downward adjustment location as this property is located in an area with stronger demand than the subject property. This sale warrants an upward adjustment for site size as this property is larger than the subject property. Larger properties tend to sell for less on a price per square foot basis than smaller properties, all else being equal. There is an upward adjustment for utility as this property has inferior utility with higher development costs and inferior access to utilities, as well as being slightly more floodprone. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject.

Comparable Sale Two requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants a downward adjustment location as this property is located in an area with stronger demand than the subject property. There is a downward adjustment for zoning as this property does not require rezoning while a portion of the subject property would need to be rezoned for industrial development. There is a downward adjustment for utility as this property has better utility with superior access to utilities, shape, and less floodprone. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject.

Comparable Sale Three requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value. There is a downward adjustment for zoning as this property does not require rezoning while a portion of the subject property would need to be rezoned for industrial development. This sale warrants a downward adjustment for site size as this property is smaller than the subject property. Smaller properties tend to sell for more on a price per square foot basis than larger properties, all else being equal. There is a downward adjustment for utility as this property has a better shape than the subject. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject.

Comparable Sale Four requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants an upward adjustment location as this property is located in an area with less demand than the subject property. There is a downward adjustment for zoning as this property does not require rezoning while a portion of the subject property would need to be rezoned for industrial development. This sale warrants a downward adjustment for site size as this property is smaller than the subject property. Smaller properties tend to sell for more on a price per square foot basis than larger properties, all else

being equal. There is a downward adjustment for utility as this property has better utility as this property is less floodprone and has a better shape. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject.

Comparable Sale Five requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants a downward adjustment location as this property is located in an area with greater demand than the subject property. There is a downward adjustment for zoning as this property does not require rezoning while a portion of the subject property would need to be rezoned for industrial development. This sale warrants a downward adjustment for site size as this property is smaller than the subject property. Smaller properties tend to sell for more on a price per square foot basis than larger properties, all else being equal. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price/ Sq. Ft.	\$1.79	\$1.53	\$1.68	\$1.51	\$1.62

Land Value Before Acquisition. These five comparable sales indicate a price range of \$1.51 to \$1.79 per square foot after adjustment. All of the sales provide a reliable indicator of value range for the subject property. After analyzing the comparable sales, the conclusion of market value of the subject property, before the acquisition, as of November 18, 2021, is \$1.65 per square foot, times 350,000 square feet, equaling \$577,500.

SECTION C - THE LAND TO BE ACQUIRED

DESCRIPTION

Pima County is seeking to acquire a portion of the subject property as part of a roadway project. The Sunset Road project will connect Sunset Road from I-10 to River Road. As part of this project, Sunset Road will be elevated over I-10 and over the Rillito River and will connect to River Road. The land to be acquired will be part of the Sunset Road extension road from I-10 to River Road.

The property to be acquired includes a fee simple interest of a portion of the subject land. The fee simple acquisition includes is a long narrow strip located along the western and central portions of the subject property. It contains a total area of 249,971 square feet, or 5.74 acres, according to information provided by Pima County. Legal descriptions of this area to be acquired can be found in the exhibits section of this report.

The value of the part to be acquired on a fee simple basis is based on the "part of the whole" theory; therefore, the value per square foot applicable to the land before the acquisition is applicable to the land to be acquired. The estimated market value of the subject property before the acquisition is \$1.65 per square foot.

LAND VALUE, PART TO BE ACQUIRED

The following land to be acquired will be purchased in fee with all rights transferring to Pima County. Following is an estimate of the market value of the land to be acquired:

249,971 square feet x \$1.65 per square foot =		\$412,452
	Rounded to:	\$412,500

IMPROVEMENT VALUE, PART TO BE ACQUIRED

The property contains some improvements within the acquisition area that have interim value. This includes a metal storage building, adjacent canopy, and concrete. Cost new is based upon Marshall Swift valuation and local contractors. The depreciation is based upon the age-life method with an effective economic age of 18 out of 20 years. The fencing in the acquisition area is not included as this will be replaced by Pima County.

Total Cost New, Building Improvements:

Building	665	sq. ft.	@	\$25.00	per sq. ft.	\$16,625
Canopy	1,350	sq. ft.	@	\$15.00	per sq. ft.	\$20,250
Concrete	8,500	sq. ft.	@	\$6.00	per sq. ft.	\$51,000
Total Replacement Cost New, Building Improvements						\$87,875
Entrepreneurial Profit @ 10 Percent						\$8,788
Total Replacement Cost, Building Improvements						\$96,663
Less Total Depreciation From All Causes						90%
						(\$86,997)
Total Depreciated Cost, Improvements						\$9,665
Rounded to:						\$9,700

Therefore, the value of the improvements to be acquired is \$9,665, rounded to \$9,700.

TOTAL VALUE, PART TO BE ACQUIRED

Value of Land to be Acquired =	\$412,500
Value of Improvements to be Acquired =	<u>\$9,700</u>
Total	\$422,200

SECTION D - VALUATION OF THE REMAINDER PROPERTY, BEFORE

REMAINDER PROPERTY BEFORE

The market value of the remainder land before the acquisition is the difference between the value of the land before the acquisition less the value of the part to be acquired. This step reflects the value of the remainder property without recognizing any increase or decrease in value as the result of any special benefits or severance damages.

Value of Land Before Acquisition:	\$577,500
Value of Land To Be Acquired:	<u>(412,500)</u>
Value of Remainder Land Before:	\$165,000

SECTION E - THE REMAINDER LAND, AFTER ACQUISITION

DESCRIPTION

After the acquisition, the remainder land will consist of an irregular shaped parcel totaling 100,029 square feet. The property will continue to have access from Camino de la Tierra. The shape of the remaining land remains similar to that which existed before the acquisition. The land maintains the same long term developability. See the exhibits section of this report for an exhibit showing the proposed Sunset Road alignment and after condition.

Highest and Best Use, After, as Vacant. After the acquisition, the subject has a highest and best use that is the same as in the before condition. That use is for investment with eventual industrial development when a user is found.

LAND VALUE AFTER ACQUISITION

The remainder land is being appraised using the same comparable sales, the same adjustments, and the same value conclusion used to value the property in the before condition. After the acquisition, the shape of the parcel remains similar and the site size is reduced to 100,029 square feet. The highest and best use of the property is considered to be the same as in the before condition.

Based on the same highest and best use, the same comparable sales are utilized for the conclusion of land value after the acquisition. The sales indicate a value of \$1.65 per square foot.

Therefore, the estimated market value of the property after the acquisition is as follows:

100,029 square feet x \$1.65 per square foot =	\$165,050
	Rounded to: \$165,000

SECTION E - SEVERANCE DAMAGES

DESCRIPTION

Severance damages are a loss in value to the remainder property not acquired which arises as the result of a partial acquisition or construction of public improvements which have a negative impact on the remaining property. Severance damages are typically estimated by deducting the value of the remainder property after the acquisition from the value of the remainder property before the acquisition.

CONCLUSION

The market value of the land, before the acquisition is \$577,500. The market value of the land to be acquired of \$412,500 is deducted from the market value of \$577,500 to arrive at the market value of the remainder, before, of \$165,000. The market value of the remainder, after, is estimated at \$165,000. Therefore, there are no severance damages reflected to the subject property.

Value of Remainder Property, Before:	\$165,000
Value of Remainder Property, After:	<u>(165,000)</u>
Severance Damages:	-0-

SECTION F - SUMMARY OF VALUE CONCLUSIONS

Market Value of Land, Before Acquisition	\$577,500
Market Value of Land To Be Acquired	\$412,500
Market Value of Improvements To Be Acquired	\$9,700
Market Value of Remainder Land, Before	\$165,000
Market Value of Remainder Land, After	\$165,000
Severance Damages	-0-

TOTAL COMPENSATION:

Market Value of Land To Be Acquired	\$412,500
Market Value of Improvements To Be Acquired	\$9,700
Severance Damages	<u>-0-</u>
TOTAL COMPENSATION	\$422,200

PART IV - ASSUMPTIONS AND LIMITING CONDITIONS

1. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
2. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraisers responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
3. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
4. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraisers. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraisers assume no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.
5. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.

6. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraisers cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
7. **Adjustments.** The appraisers reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
8. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
9. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
10. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
11. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.
12. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraisers. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsoil which would render the subject more or less valuable by knowledge thereof.

13. ***Court Testimony.*** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
14. ***Exhibits.*** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
15. ***Statute, Regulation, and License.*** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
16. ***Hidden or Unapparent Conditions.*** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
17. ***Hazardous/Toxic Substances.*** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.
18. ***Americans with Disabilities Act of 1990.*** The ADA became effective on January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not

- in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
19. **Disclosure.** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
 20. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
 21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
 22. **Acceptance of Report.** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

PART V - CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. My reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, and any other specifications submitted by the Client, including Title XI, FIRREA.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
11. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
12. The effective date (date of valuation) of this appraisal is November 18, 2021.

13. I have made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. This firm has not appraised the subject property in the three years prior to this appraisal.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.

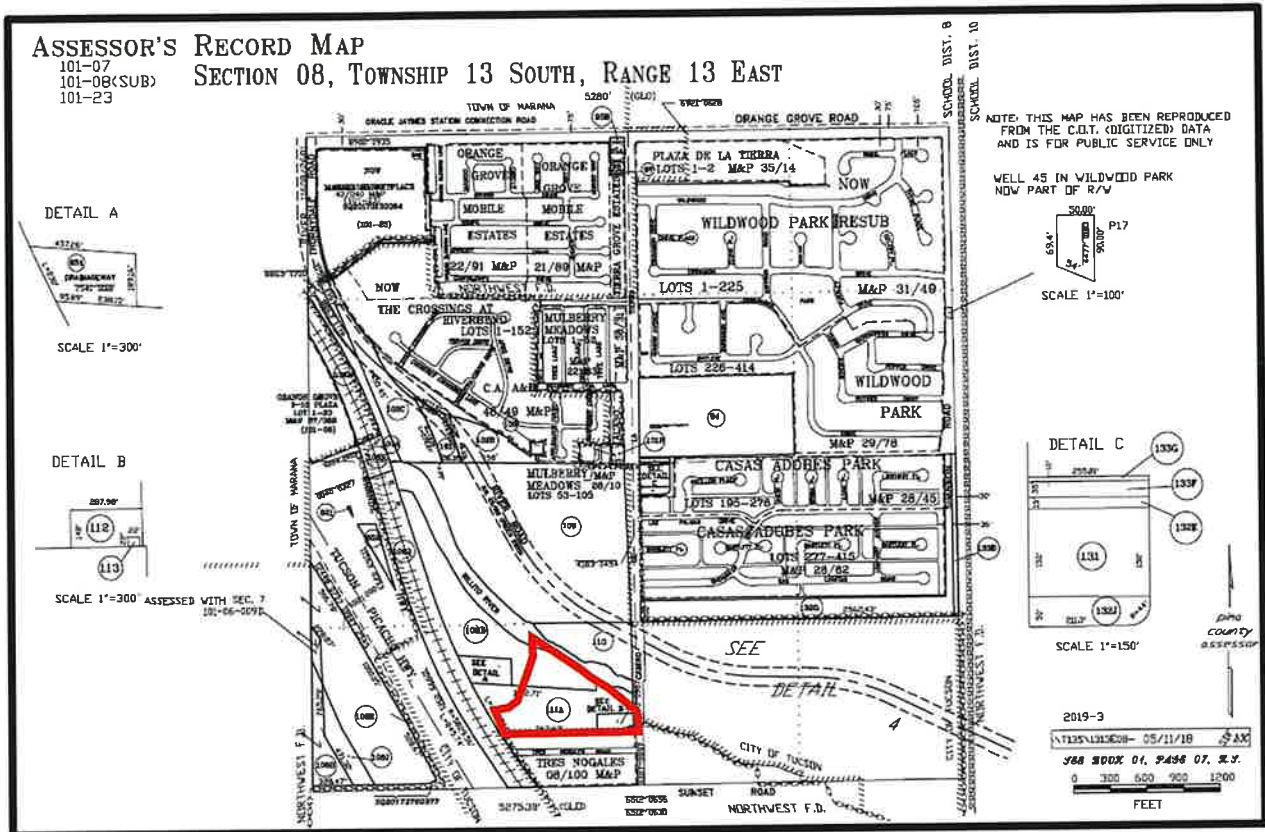


Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

PART VI - EXHIBITS

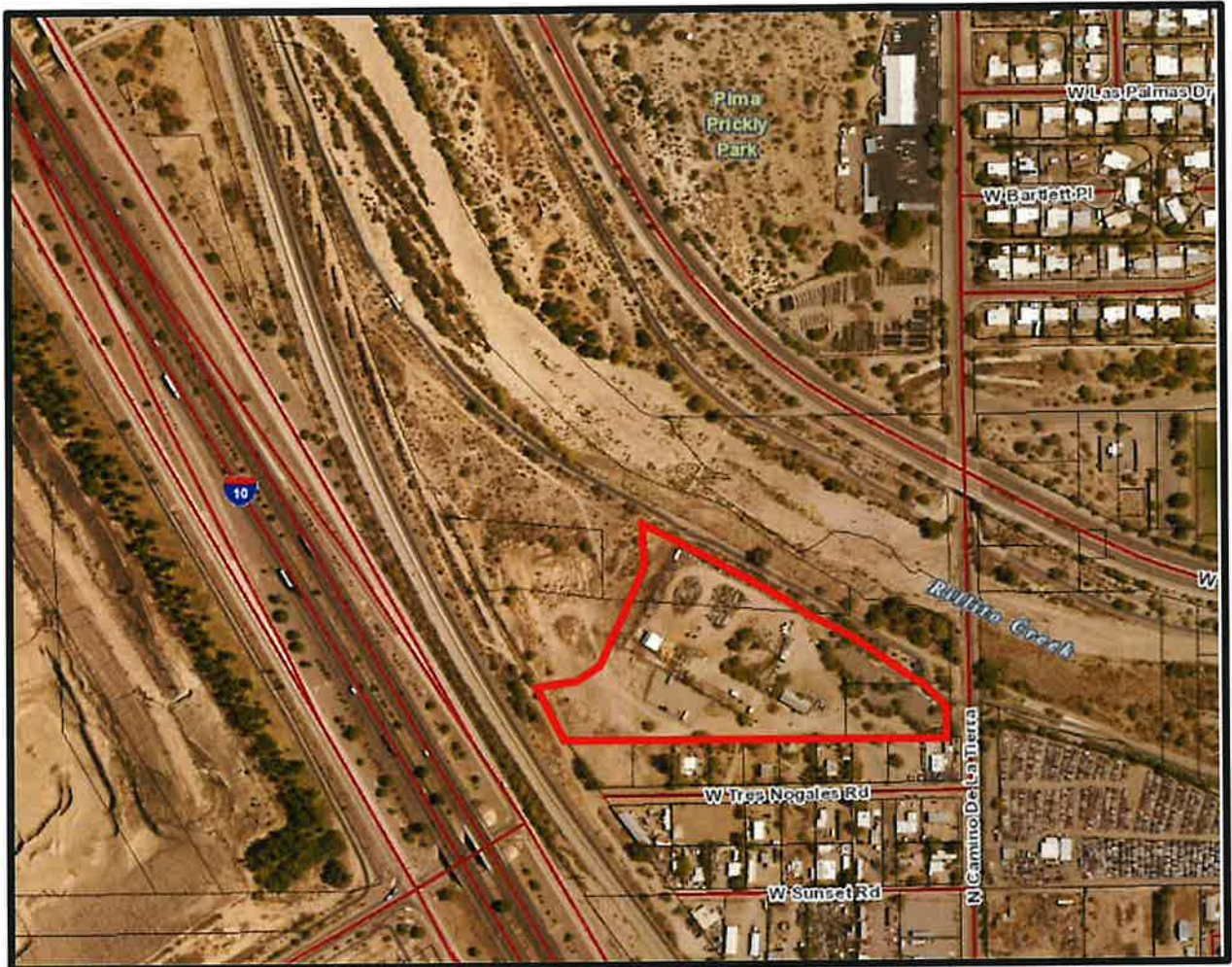
Exhibit A	Subject Plat Map
Exhibit B	Aerial Photograph
Exhibit C	Zoning Map
Exhibit D	FEMA Flood Plain Map
Exhibit E	Legal Descriptions and Maps of Acquisition
Exhibit F	Subject Photographs
Exhibit G	Acquisition Photographs
Exhibit H	Proposed After Condition and Roadway Alignment
Exhibit I	Qualifications

EXHIBIT A - SUBJECT PLAT MAP



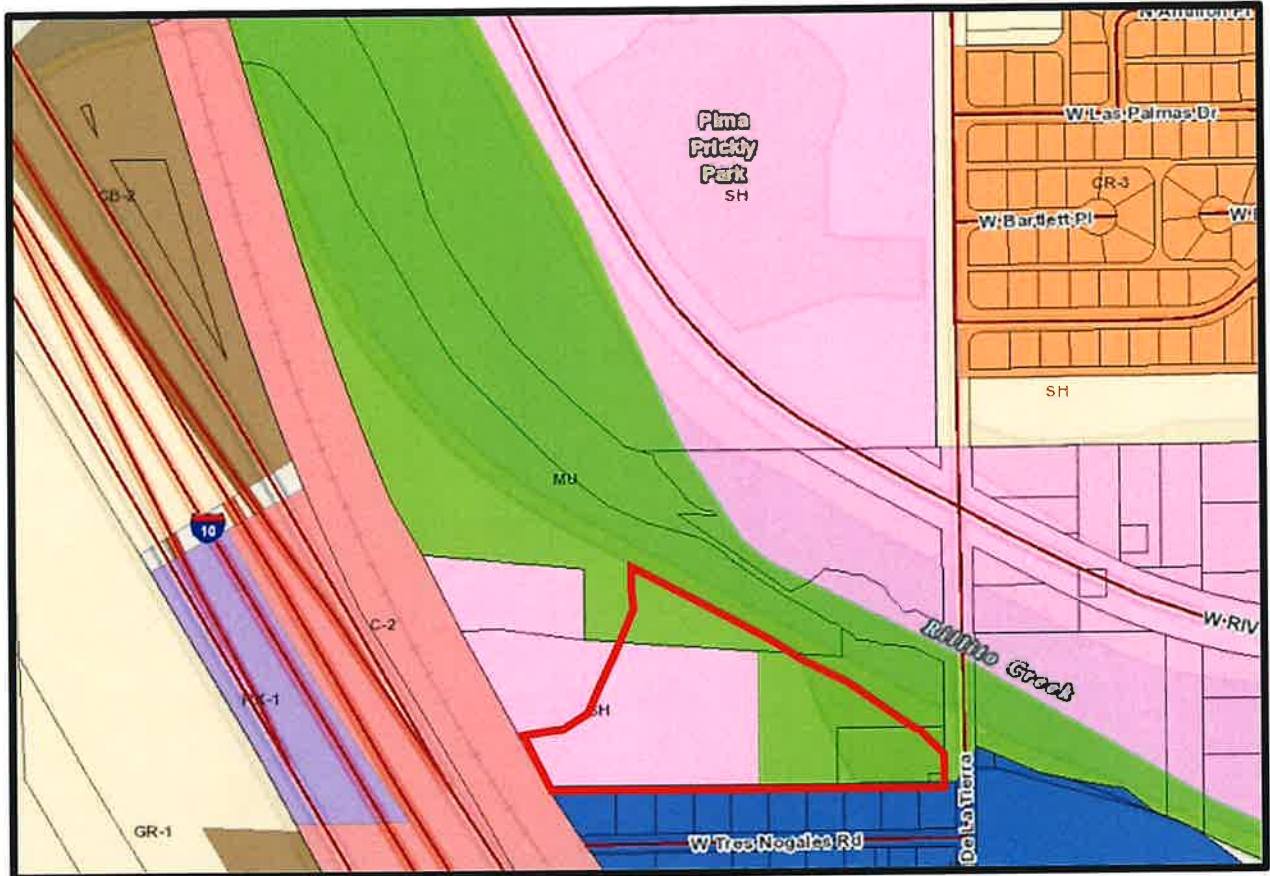
(property lines are approximate)

EXHIBIT B - AERIAL PHOTOGRAPH



(property lines are approximate)

EXHIBIT C - ZONING MAP (City of Tucson)



(property lines are approximate)

Zoning - Tucson	
	C-1
	C-2
	C-3
	HC-1
	HC-2
	HC-3
	HNC
	HO-1
	HO-2
	HO-3
	HOCR-2
	HP
	HR-1
	HR-2
	HR-3
	HRX-1
	HRX-2
	HSR
	I-1
	I-2
	MH-1

	MH-2
	MU
	NR-1
	NR-2
	NR-3
	O-1
	O-2
	O-3
	DCR-1
	DCR-2
	OS
	P
	PI
	PAD-1
	PAD-2
	PAD-3
	PAD-4
	PAD-5
	PAD-7
	PAD-8
	PAD-9

	PAD-10
	PAD-11
	PAD-12
	PAD-13
	PAD-14
	PAD-15
	PAD-16
	PAD-17
	PAD-18
	PAD-19
	PAD-20
	R-1
	R-2
	R-3
	RH
	RV
	RX-1
	RX-2
	SH
	SR

EXHIBIT D - FEMA FLOOD PLAIN

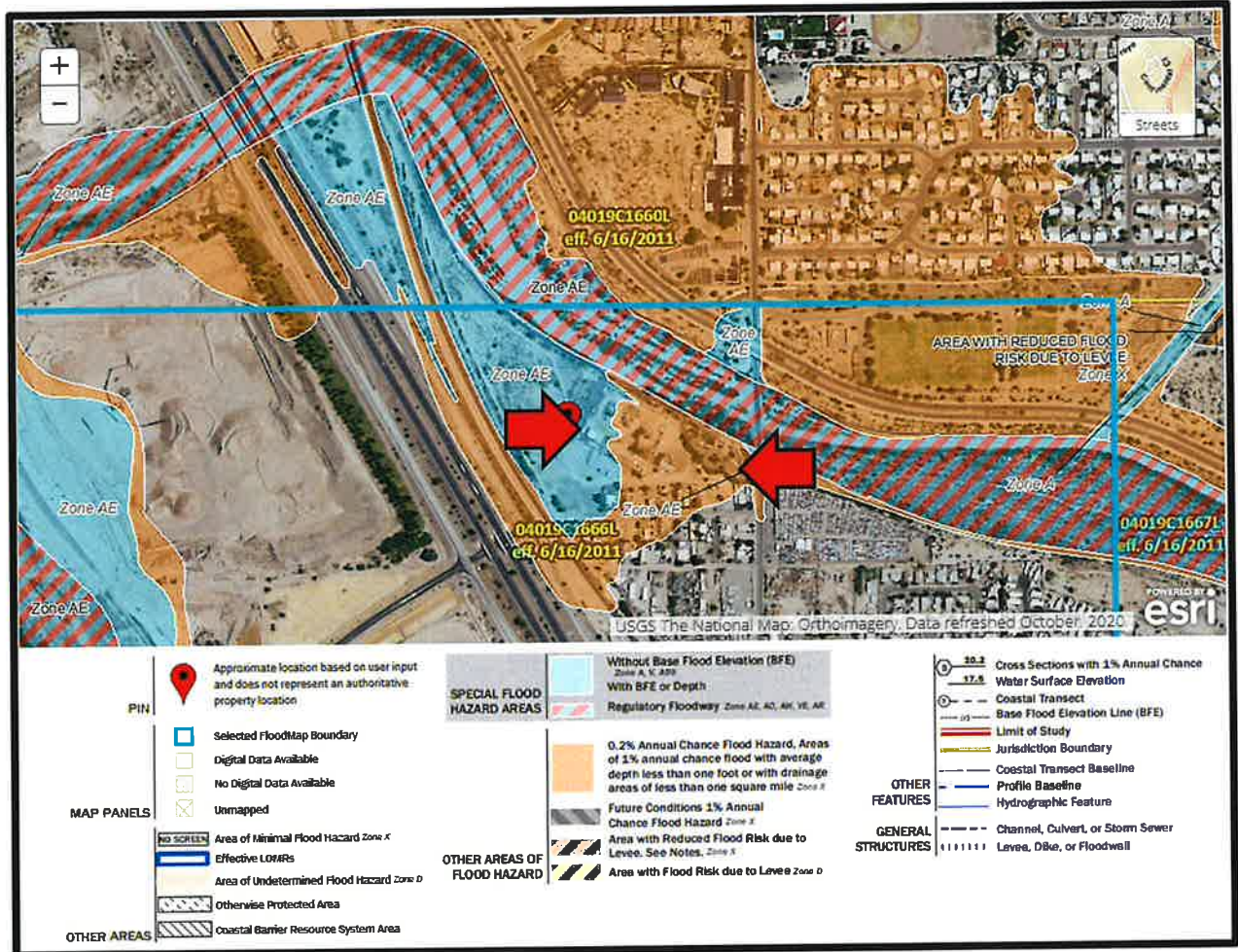


EXHIBIT E - LEGAL DESCRIPTION AND MAP OF ACQUISITION

(see following pages)



12/21/2021

EEC No. 19099.17

Parcel 101-07-111A take Legal

Page 1 of 3

EXHIBIT "A"
LEGAL DESCRIPTION

THAT PORTION OF LAND WITHIN THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 13 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3 INCH BRASS CAP MONUMENT MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 8 FROM WHICH A ½ INCH REBAR MARKING THE CENTER QUARTER CORNER OF SAID SECTION 8 BEARS NORTH 00 DEGREES 10 MINUTES 37 SECONDS WEST A DISTANCE OF 2651.47 FEET;

THENCE UPON THE SOUTH SECTION LINE OF SAID SECTION 8 SOUTH 89 DEGREES 17 MINUTES 42 SECONDS WEST A DISTANCE OF 805.09 FEET TO A POINT ON THE NORTHEAST RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD;

THENCE UPON SAID RIGHT-OF-WAY LINE NORTH 35 DEGREES 46 MINUTES 03 SECONDS WEST A DISTANCE OF 345.92 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE WHOSE RADIUS BEARS NORTH 55 DEGREES 19 MINUTES 12 SECONDS EAST A DISTANCE OF 5622.64 FEET;

THENCE UPON THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 01 DEGREES 43 MINUTES 33 SECONDS A DISTANCE OF 169.36 FEET TO THE **POINT OF BEGINNING**;

THENCE NORTH 89 DEGREES 17 MINUTES 40 SECONDS EAST A DISTANCE OF 573.43 FEET;

THENCE NORTH 00 DEGREES 42 MINUTES 18 SECONDS WEST A DISTANCE OF 110.05 FEET;

THENCE NORTH 27 DEGREES 57 MINUTES 34 SECONDS EAST A DISTANCE OF 264.22 FEET;

THENCE NORTH 61 DEGREES 41 MINUTES 04 SECONDS WEST A DISTANCE OF 19.66 FEET;

THENCE NORTH 86 DEGREES 50 MINUTES 32 SECONDS WEST A DISTANCE OF 465.75 FEET;

THENCE SOUTH 36 DEGREES 52 MINUTES 33 SECONDS WEST A DISTANCE OF 141.96 FEET TO THE BEGINNING OF A CURVE WHOSE RADIUS BEARS NORTH 53 DEGREES 07 MINUTES 27 SECONDS WEST A DISTANCE OF 500.00 FEET;

THENCE UPON THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 22 DEGREES 35 MINUTES 48 SECONDS A DISTANCE OF 197.19 FEET;

THENCE SOUTH 59 DEGREES 28 MINUTES 21 SECONDS WEST A DISTANCE OF 60.59 FEET TO A POINT ON THE NORTHEAST RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD AND THE BEGINNING OF A CURVE WHOSE RADIUS BEARS NORTH 58 DEGREES 22 MINUTES 39 SECONDS EAST A DISTANCE OF 5622.64 FEET;

THENCE UPON SAID RIGHT-OF-WAY LINE AND THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01 DEGREES 19 MINUTES 54 SECONDS A DISTANCE OF 130.69 FEET TO THE **POINT OF BEGINNING**.

Prepared by:
ENGINEERING AND ENVIRONMENTAL CONSULTANTS, INC.
BRUCE BROWN, RLS





1" = 300'

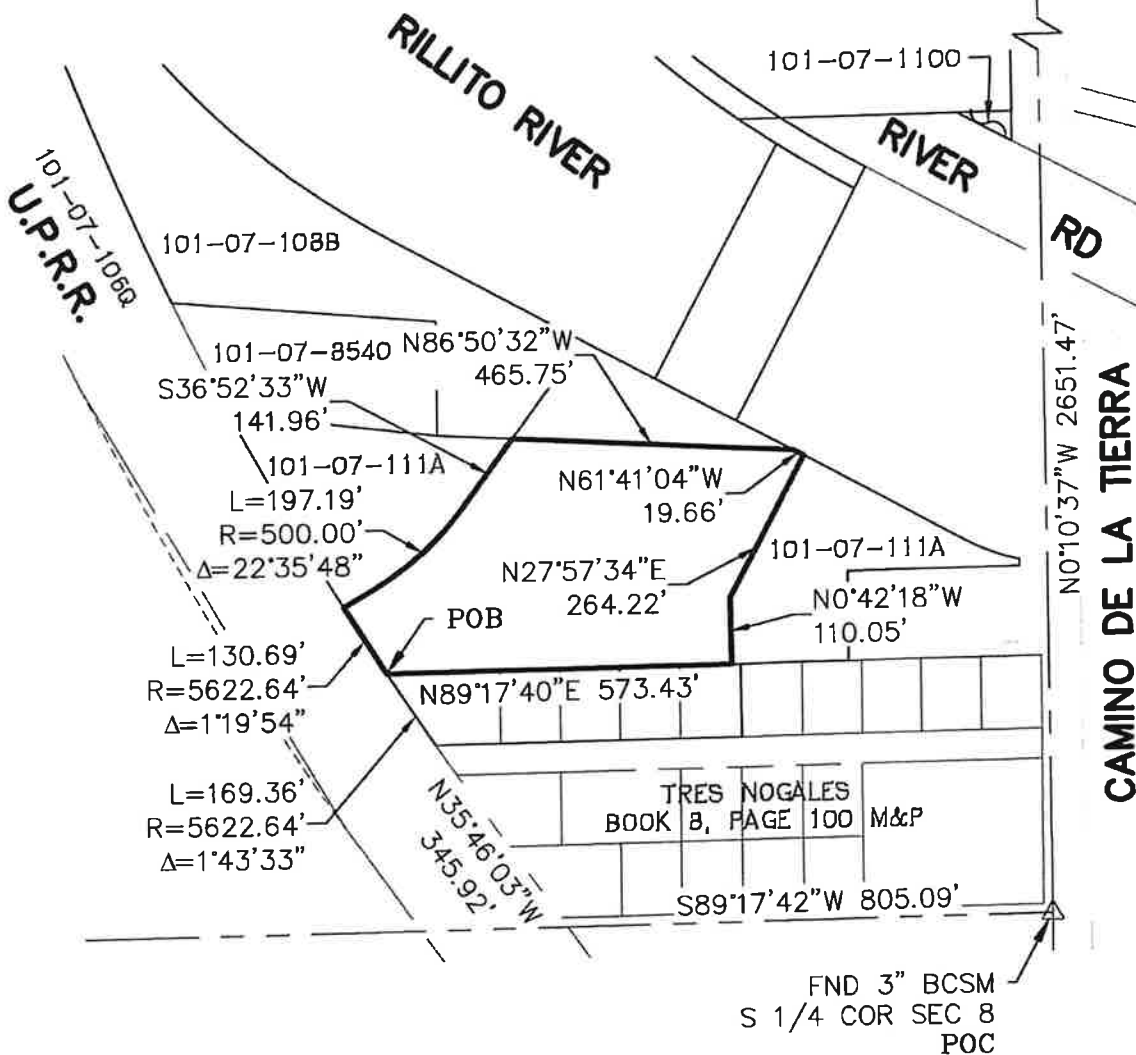
DEPICTION OF EXHIBIT "A" PARCEL 101-07-111A TAKE

SEC. 8, T-13-S, R-13-E, G&SRM
PIMA COUNTY, ARIZONA



FND 1/2" REBAR
CEN 1/4 COR SEC 8

TOTAL AREA
4.779 ACRES ±



FND 3" BCSM
S 1/4 COR SEC 8
POC



12/21/21
EEC No. 19099.17
SHT 3 OF 3

N:\19099 Survey\19099.17 Sunset II ROW\500 Engineering, Design & Survey\590-Survey\594-C3D\101-07-111A TAKE-EXHB.dwg Plotted: Dec 22, 2021 - 12:52pm crichardson



EXHIBIT "A"
LEGAL DESCRIPTION

THAT PORTION OF LAND WITHIN THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 13 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3 INCH BRASS CAP MONUMENT MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 8 FROM WHICH A ½ INCH REBAR MARKING THE CENTER QUARTER CORNER OF SAID SECTION 8 BEARS NORTH 00 DEGREES 10 MINUTES 37 SECONDS WEST A DISTANCE OF 2651.47 FEET;

THENCE UPON THE CENTER QUARTER SECTION LINE OF SAID SECTION 8, NORTH 00 DEGREES 03 MINUTES 37 SECONDS WEST A DISTANCE OF 772.59 FEET;

THENCE DEPARTING SAID QUARTER SECTION LINE SOUTH 89 DEGREES 49 MINUTES 23 SECONDS WEST A DISTANCE OF 420.48 FEET TO THE **POINT OF BEGINNING**;

THENCE NORTH 86 DEGREES 50 MINUTES 32 SECONDS WEST A DISTANCE OF 465.75 FEET;

THENCE NORTH 36 DEGREES 52 MINUTES 33 SECONDS EAST A DISTANCE OF 153.50 FEET;

THENCE NORTH 62 DEGREES 02 MINUTES 26 SECONDS WEST A DISTANCE OF 61.34 FEET;

THENCE NORTH 27 DEGREES 57 MINUTES 34 SECONDS EAST A DISTANCE OF 46.59 FEET;

THENCE SOUTH 61 DEGREES 41 MINUTES 04 SECONDS EAST A DISTANCE OF 460.35 FEET TO THE **POINT OF BEGINNING**.

Prepared by:
ENGINEERING AND ENVIRONMENTAL CONSULTANTS, INC.

BRUCE BROWN, RLS

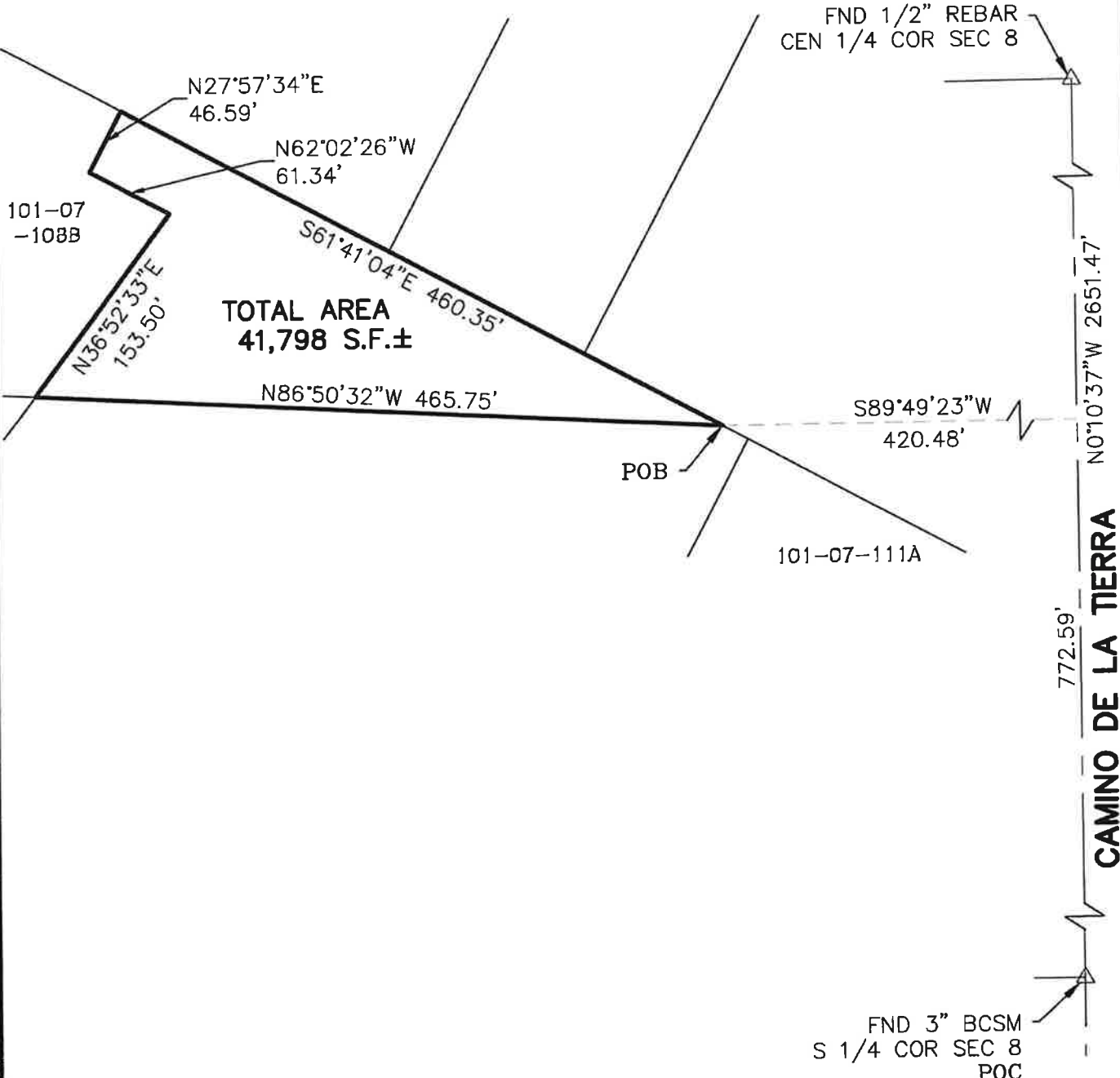


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1"=100'

DEPICTION OF
EXHIBIT "A"
PARCEL 101-07-108B TAKE
SEC. 8, T-13-S, R-13-E, G&SRM
PIMA COUNTY, ARIZONA



TOTAL AREA
41,798 S.F.±



12/21/21
EEC No. 19099.17
SHT 2 OF 2

EXHIBIT F - SUBJECT PHOTOGRAPHS

PHOTO 1 – VIEW NORTHEAST OF PROPERTY



PHOTO 2 – VIEW NORTHWEST OF PROPERTY



PHOTO 3 – VIEW WEST OF PROPERTY



PHOTO 4 – VIEW EAST OF PROPERTY



PHOTO 5 – VIEW NORTHEAST OF SUBJECT PROPERTY



PHOTO 6 – VIEW OF STORAGE BUILDING



PHOTO 7 – VIEW NORTH OF ACQUISITION



PHOTO 8 – VIEW OF STORAGE BUILDING



PHOTO 9 – VIEW OF STORAGE BUILDING

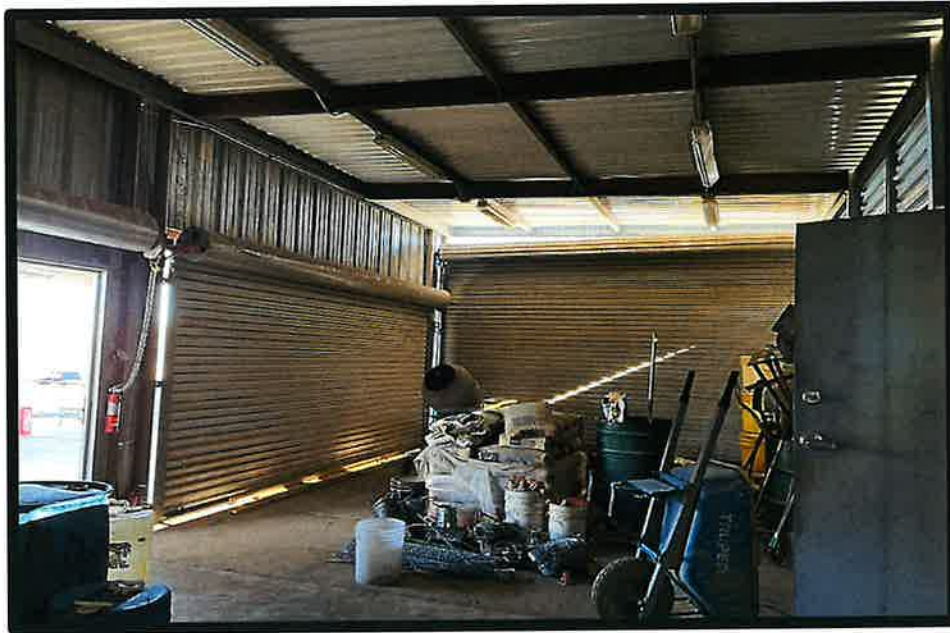


PHOTO 10 – VIEW SOUTH ON CAMINO DE LA TIERRA



PHOTO 11 – VIEW NORTH ON CAMINO DE LA TIERRA



EXHIBIT G - ACQUISITION PHOTOGRAPHS

PHOTO 1 – VIEW SOUTH OF ACQUISITION AREA



PHOTO 2 – VIEW SOUTHWEST OF ACQUISITION AREA



PHOTO 3 – VIEW SOUTHEAST OF ACQUISITION AREA



PHOTO 4 – VIEW OF ACQUISITION AREA



PHOTO 5 – VIEW OF ACQUISITION AREA

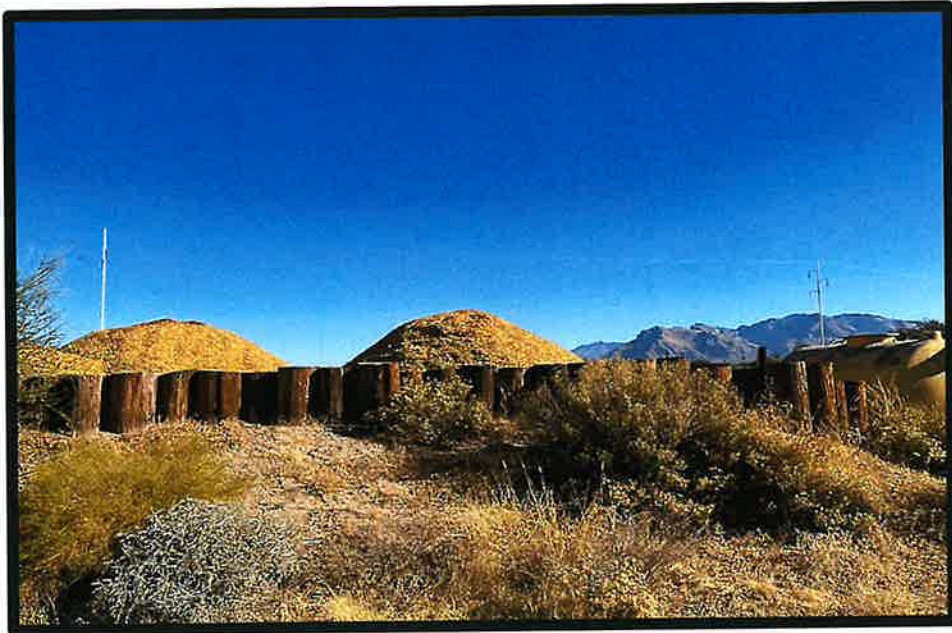


PHOTO 6 – VIEW OF ACQUISITION AREA



EXHIBIT H - PROPOSED AFTER CONDITION AND ROADWAY ALIGNMENT



EXHIBIT I - QUALIFICATIONS

BAKER, PETERSON, BAKER & ASSOCIATES, INC. serves a wide variety of clients in Arizona, providing real estate appraisal and consultation services relating both to commercial and to residential properties. We also provide a wide variety of appraisal services relating to right of way acquisitions for multiple government agencies across Arizona. These clients include governmental agencies, utility companies, right of way companies, attorneys, CPA's, banks, credit unions, developers, real estate brokers, corporate and legal professionals, and numerous individuals. More than forty years of such services are represented by those presently associated with the firm, which was founded in 1974.

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

SARA R. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. She is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 31679). She holds the MAI and SRA Designations of the Appraisal Institute. She qualifies as an expert witness in the Superior Court of Pima County. She is a Past President of the Appraisal Institute, Southern Arizona Chapter. She graduated from Washington University in St. Louis with a Bachelor's Degree in Comparative Literature and earned a Master's Degree at the University of California at Los Angeles.

DAN F. ORLOWSKI is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 32195). He graduated from San Diego State University with a Bachelor's Degree in Business Administration and also received a Master's Degree from the University of Phoenix in Accountancy.

TIM HALE is an appraiser trainee in commercial valuation. He graduated from Arizona State University with a Bachelor's Degree in Justice Studies.

ROBERT PARKER and **JOSHUA BAKER** are production coordinators and support technicians.