AN APPRAISAL REPORT

OF

276 ACRES OF VACANT LAND

LOCATED ON THE NORTH AND SOUTH SIDES OF 36TH STREET, EAST OF TUCSON MOUNTAIN PARK

FOR

MS. CHRISTINE F. GLASS
C/O MR. JAMES MARIAN, CHAPMAN LINDSEY COMMERCIAL REAL ESTATE SERVICES, LLC
7411 E. TANQUE VERDE ROAD
TUCSON, AZ 85175

OWNERSHIP: WILLIAM B. FRICK AND CHRISTINE F. GLASS
TAX PARCEL NUMBERS: 118-02-0040, 118-03-3340, 118-03-3390, AND 119-28-1510

SECTIONS 20, 21, AND 28, TOWNSHIP 13 SOUTH, RANGE 15 EAST

EFFECTIVE DATE OF APPRAISAL

MARCH 16, 2016

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

BAKER, PETERSON, BAKER & ASSOCIATES, INC.
REAL ESTATE APPRAISERS - CONSULTANTS
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March 24, 2016

Ms. Christine Glass
c/o Mr. James Marian
Chapman Linsdey Commercial Real Estate Services, LLC
7411 E. Tanque Verde Road
Tucson, AZ 85715

RE: An appraisal report of 276 acres of vacant land located on the north and south sides of 36th Street, east of Tucson Mountain Park, in Tucson, Pima County, Arizona.

Ownership:	William B. Frick and Christine F. Glass
Tax Parcel No.:	118-02-0040, 118-03-3340, 118-03-3390, and 119-28-1510
Effective Date of Appraisal:	March 16, 2016
Date of Report:	March 24, 2016

Dear Ms. Glass:

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.

This report is intended for use only by the intended users, Ms. Christine F. Glass and Pima County public government entity. Use of this report by others is not intended by the appraiser. This report is intended only for users in assisting the intended user in the determination of the market value of the subject property for potential disposition purposes. It is not intended for any other use.

I have formed the opinion that, as of the effective date of the appraisal, March 16, 2016, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve month marketing period, the market value of the fee simple interest of the subject property is as follows:

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
"AS IS", AS OF MARCH 16, 2016:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
($2,550,000)

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

Respectfully submitted,

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

C167236B

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GENERAL INFORMATION - PART I

CLIENT:
Ms. Christine F. Glass
c/o Mr. James Marian

APPRAISER:
Thomas A. Baker, MAI, SRA

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

SUBJECT PROPERTY:
Vacant land containing approximately 276 acres of vacant land located on the north and south sides of 36th Street, east of Tucson Mountain Park, in Tucson, Pima County, Arizona.

LAND AREA:
Approximately 276 acres (per Pima County Assessor)

ZONING:
MH-1 (City of Tucson) - Approximately 156 acres
SR (City of Tucson) - Approximately 120 acres

TAX PARCEL NUMBERS:
118-02-0040, 118-03-3340, 118-03-3390, and 118-28-1510

FULL CASH VALUE:

118-02-0040	
$720,120 (2016)	$720,120 (2017)
118-03-3340	
$153,672 (2016)	$153,675 (2017)
118-03-3390	
$110,476 (2016)	$110,476 (2017)
119-28-1510	
$825,488 (2016)	$825,488 (2017)
Total	
$1,809,756 (2016)	$1,809,759 (2017)

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:

118-02-0040	
$720,120 (2016)	$720,120 (2017)
118-03-3340	
$153,672 (2016)	$153,675 (2017)
118-03-3390	
$110,476 (2016)	$110,476 (2017)
119-28-1510	
$825,488 (2016)	$818,974 (2017)
Total	
$1,809,756 (2016)	$1,803,245 (2017)

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:

118-02-0040
$22,805.52 (2015)
118-03-3340
$5,363.27 (2015)
118-03-3390
$3,855.72 (2015)
119-28-1510
$20,164.62 (2015)

Total
$52,189.13 (2015)

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 users, Ms. Christine F. Glass and Pima County public government entity. Use of this report by others is not intended by the appraiser. This report is intended only for users in assisting the intended user in the determination of the market value of the subject property for potential disposition purposes. It is not intended for any other use.

INTEREST APPRAISED:
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."

PURPOSE:
To estimate the market value of the fee simple interest in the subject property as of the effective date of the appraisal, March 16, 2016.

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

> The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress.

LEGAL DESCRIPTION:
Parcel 1
The Southeast quarter of Southwest quarter; and the South half of the South east quarter of Section 10, Township 14 South, Range 13 East, G&SRB&M, Pima County, Arizona.

Parcel 2
Lots 5 and 6 of Section 21, Township 14 South, Range 13 East, G&SRB&M, Pima County, Arizona.

Parcel 3
Lots 2 and South half of the Northwest quarter of Section 28, Township 14 South, Range 13 East, G&SRB&M, Pima County, Arizona.

OWNERSHIP:
According to public records of the Pima County Assessor, title to the subject property is in the name of William B. Frick and Christine F. Glass., according to a Recording Number: 2013-0140249, 2013-0140247, and 2013,0140245, dated January 14, 2013. These were Disclaimer Deeds and a Quitclaim Deed giving ownership to the above named parties. These were not market sales involving the subject property, but were internal transfers.

SALES HISTORY:
No known sales of the subject property have occurred within the last five years. In 2013, the subject property was deeded to the current owners, and not a market sale of the subject property, but internal transfers.. The subject property is currently listed on the market at approximately $15,000 per acre, or $4,175,250. Pima County has shown interest in the property but has not reached an agreed upon price with the seller. The subject property was formally in escrow, with DR Horton as a potential buyer at approximately $15,000 per acre, or $4,175,250. However, this sale fell through during escrow period in the beginning of 2015 due to the reported high development costs of the site. On August 8, 2015, the subject property was placed back on the market, including a listing a listing on MLS, at a listing price of approximately $15,000 per acre, or $4,175,250. According to the listing agent, the property has not been aggressively marketed towards builders, and the sellers have been in negotiations with Pima County to purchase the subject property since shortly after the listing.

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 VI.

EFFECTIVE DATE OF APPRAISAL:
March 16, 2016

DATE OF INSPECTION:
March 16, 2016

SCOPE OF THE APPRAISAL - PART II

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

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

This appraisal assignment has been completed in response to authorization by Ms. Christine Glass, in an agreement with Mr. Thomas A. 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 users, Ms. Christine F. Glass and Pima County public government entity. Use of this report by others is not intended by the appraiser. This report is intended only for users in assisting the intended user in the determination of the market value of the subject property for potential disposition purposes. 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, Tucson Multiple Listing Service (MLS), Swango Land Sales, Metropolitan Tucson Land Use Study (MTLUS), and the Pima County Real Estate Research Council), the neighborhood and the site.

An opinion of the "highest and best use" of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements,

environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.

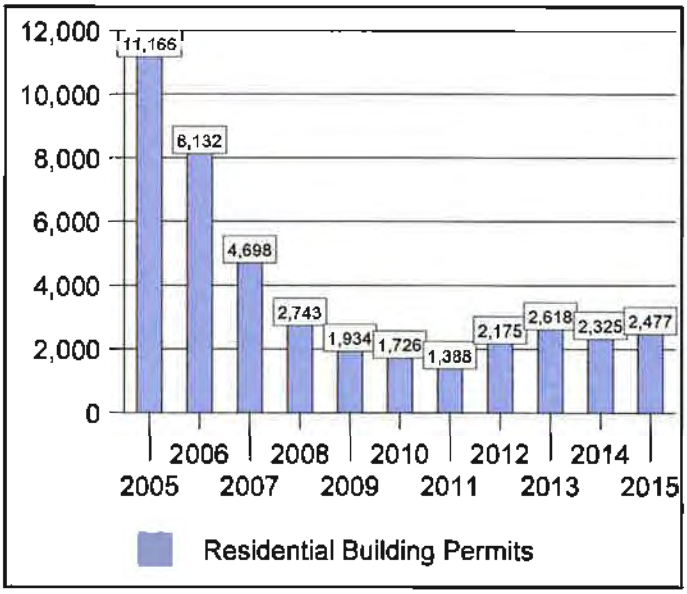
In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor.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

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

DESCRIPTION OF REAL ESTATE APPRAISED - PART III

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

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



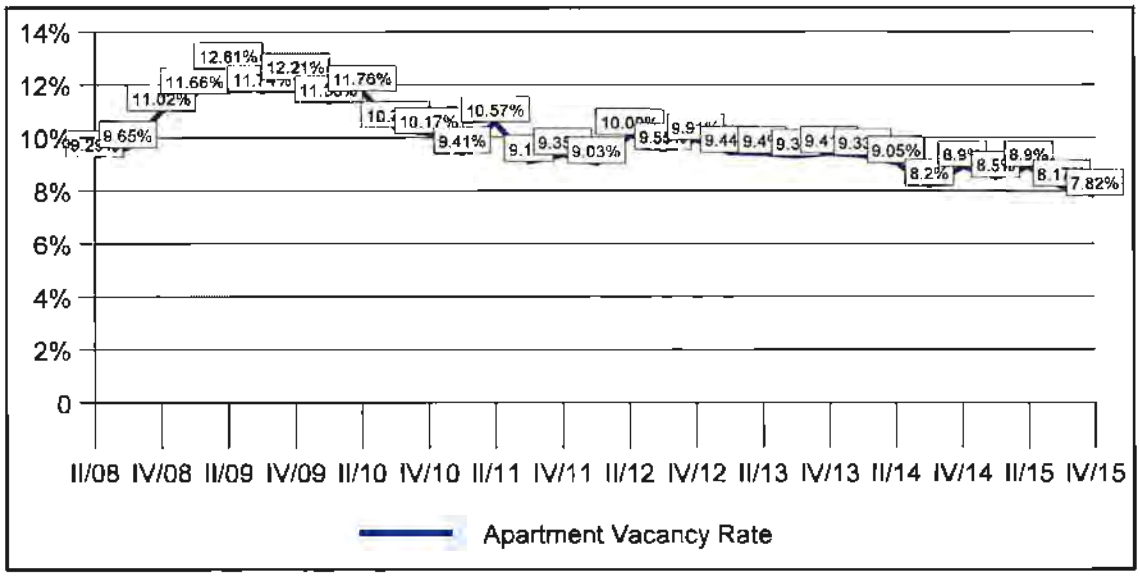
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The slow down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from

the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, with indications of a slight decline in 2014. Although there was a slight increase in 2015, permit numbers in 2015 remained below 2013 levels. New home sales are still well below peak or stabilized levels seen in the past.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area continued to remain high into 2011. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Fourth Quarter 2015, according to Apartment Insights' *Statistics/Trends Summary*.

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

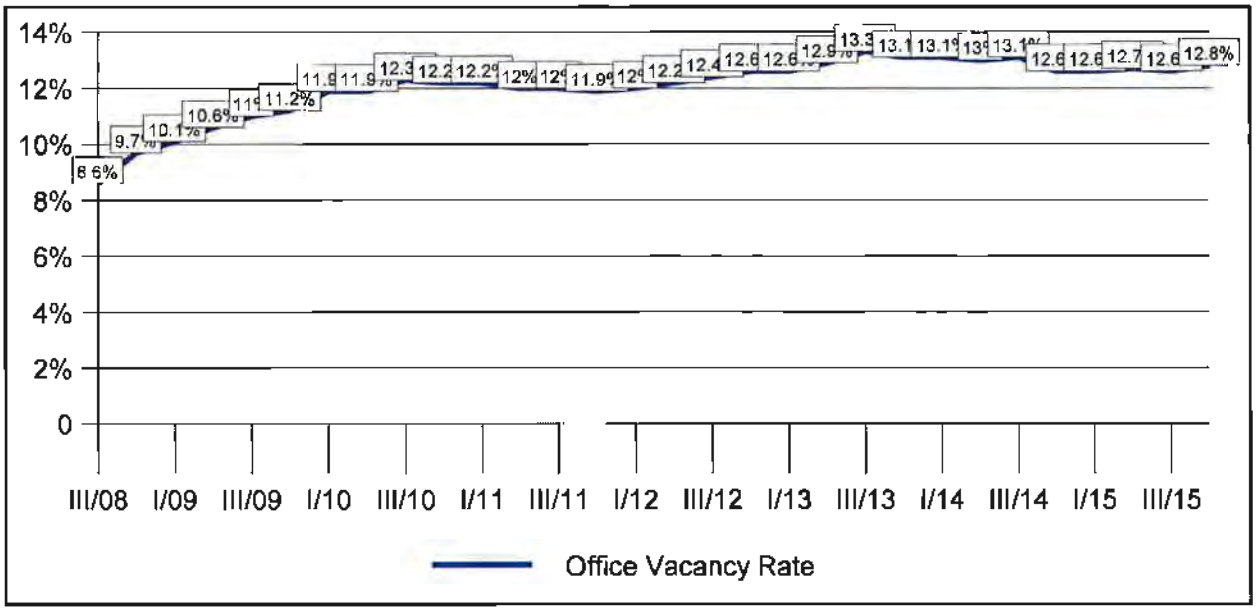


Office Market

Overall, the leasable *office market* experienced net positive absorption of 143,173 square feet in the Fourth Quarter of 2015, according to *The CoStar Office Report, Tucson Office Market, Year-End 2015.* This compares to net positive absorption of 31,023 square feet in the Third Quarter 2015, negative absorption of 16,993 square feet in the Second Quarter 2015, net positive absorption of 33,336 square feet in the First Quarter 2015, and net positive absorption of 210,277 square feet in the Fourth Quarter 2014.

Three new office buildings containing a total of 228,263 square feet were completed in the Fourth Quarter 2015. No new office buildings were completed in Third Quarter 2015. One new office buildings containing 19,761 square feet was completed in Second Quarter 2015, three new buildings containing 37,179 square feet were completed in First Quarter 2015, and two new office buildings containing 107,525 square feet were completed in Fourth Quarter 2014.

The following figure shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Fourth Quarter 2015. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid 2012. The vacancy rate increased from late 2012 through late 2013 and has remained mostly stable since late 2013.



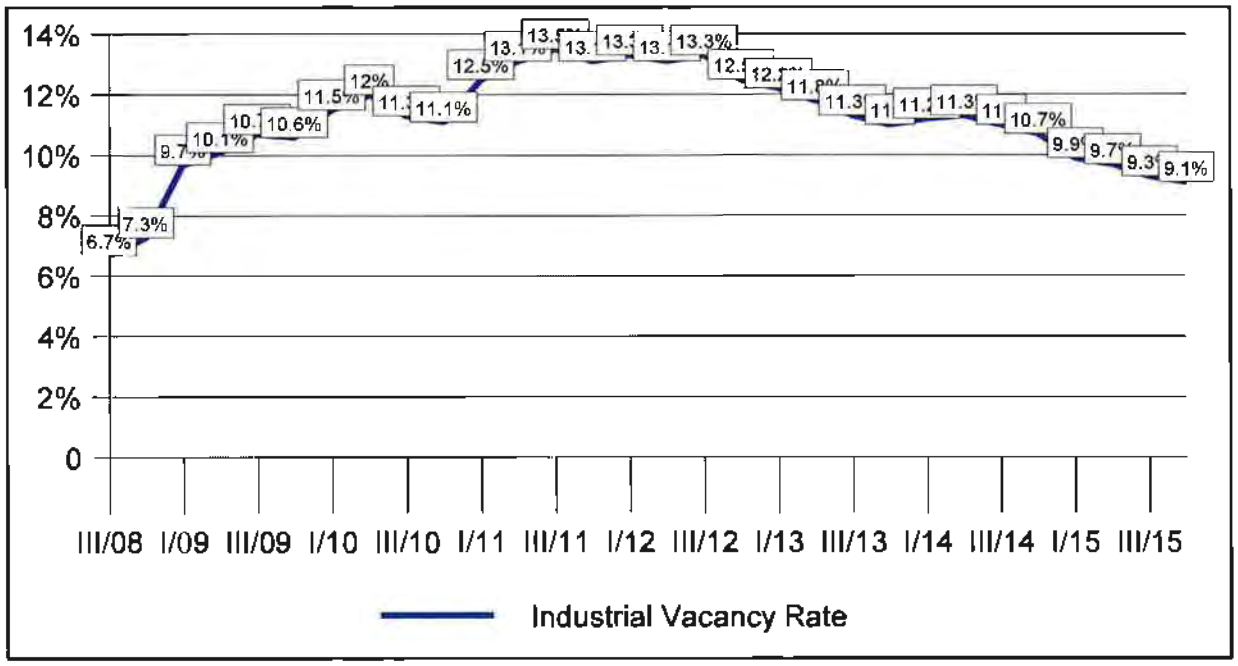
The stable but increased overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized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

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80's. There has been limited new industrial space constructed recently in Tucson, with no new buildings completed in Fourth Quarter 2015, two buildings containing 270,000 square feet completed in Third Quarter 2015, no new buildings completed in Second Quarter 2015 or First Quarter 2015, one new building containing 49,751 square feet completed in Fourth Quarter 2014, and one new building containing 10,000 square feet completed in Third Quarter 2014, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End Quarter 2015.*

There was net positive absorption of 99,439 square in the Fourth Quarter 2015. This compares to 411,940 square feet of industrial space in the Third Quarter 2015, net positive absorption of 73,146 square feet of industrial space in the Second Quarter 2015, net positive absorption of 309,037 square feet of industrial space in the First Quarter 2015, and net positive absorption of 166,034 square feet in the Fourth Quarter 2014.

The following figure shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Fourth Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2015.*



Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties increased slightly in early 2014 but has slowly declined since mid 2014. The industrial market has stabilized but there are not yet signs of increased prices. There continues to be a large supply of fully zoned and improved industrial

lots available in the Tucson market with limited demand in the current market. The overall decline in the economy is affecting many potential industrial users and there remains a slow demand for industrial zoned land.

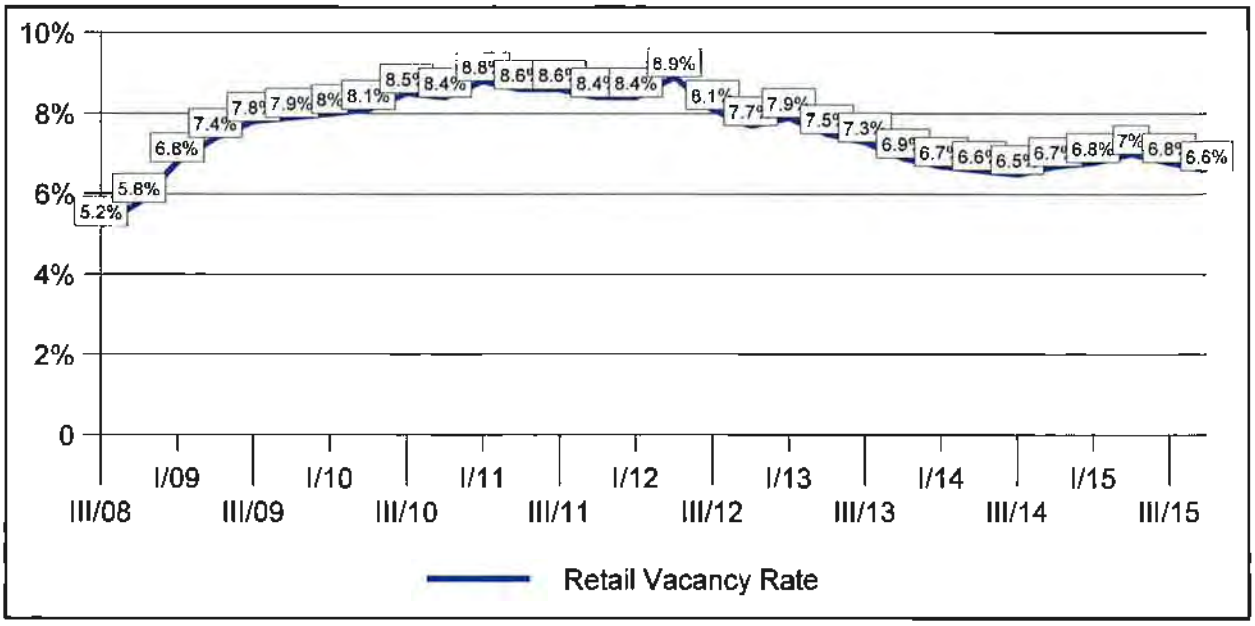
Retail Market

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

There was net positive absorption of 30,689 square feet in the Fourth Quarter 2015, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2015.* This compares to net positive absorption of 476,426 square feet in Third Quarter 2015, net negative absorption of 75,375 square feet in the Second Quarter 2015, net negative absorption of 36,072 square feet in the First Quarter 2015, net negative absorption of 63,842 square feet in the Fourth Quarter 2014, and net positive absorption of 65,129 square feet in the Third Quarter 2014.

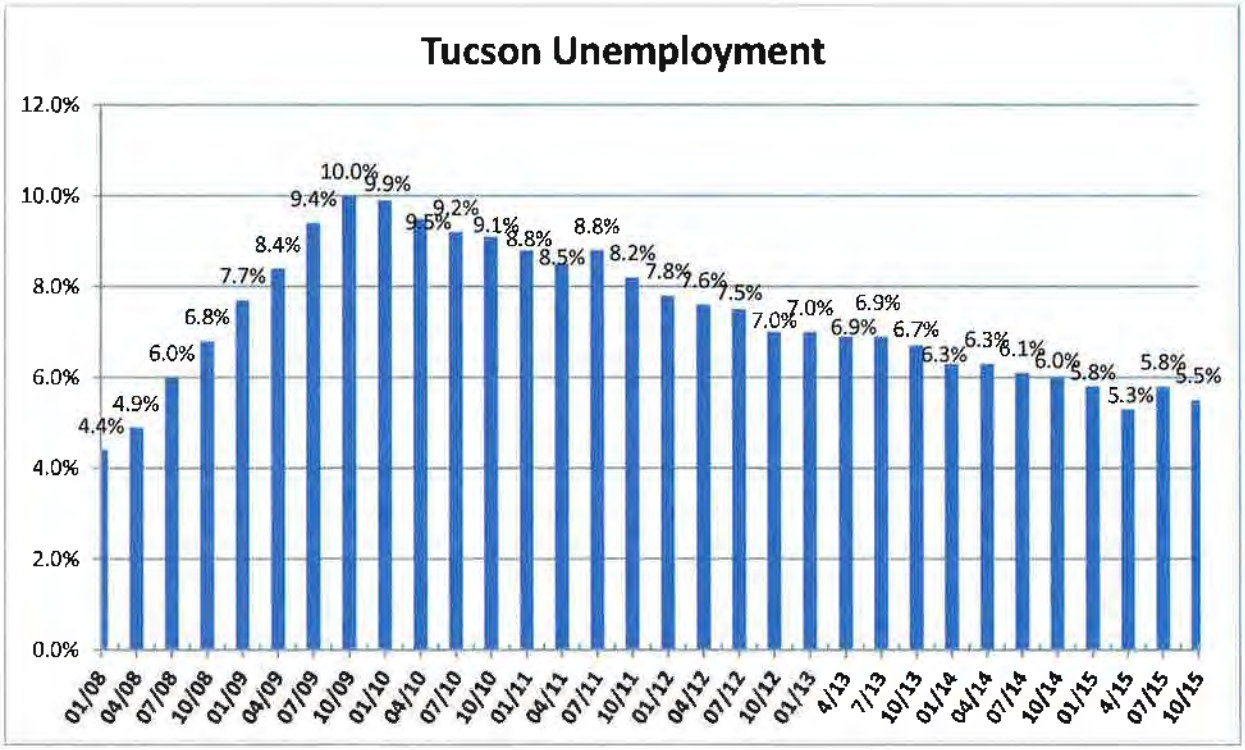
In the Fourth Quarter 2015, eight new buildings containing 130,584 square feet were completed. This compares to seven new buildings containing 411,794 square feet in Third Quarter 2015, three new buildings containing 30,757 square feet in Second Quarter 2015, three new buildings containing 18,764 square feet in First Quarter 2015, and six new buildings containing 71,962 square feet in Fourth Quarter 2014.

The following shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Fourth Quarter 2015, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2015.*



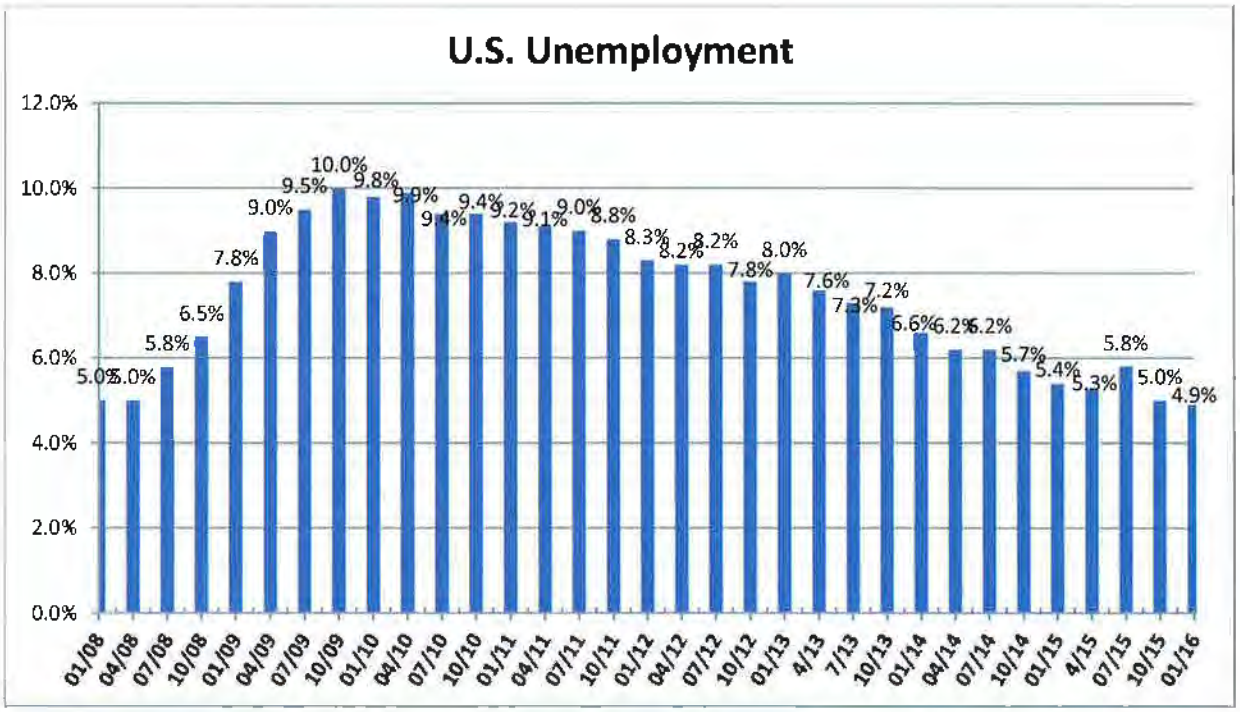
The vacancy rate for retail properties increased through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with a slight increase in late 2014 followed by a slight decline in 2015. The retail market has stabilized and is starting to improve slightly in high demand areas, although there remains for little demand for older retail properties in low demand areas.

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



The previous data shows that the unemployment rate in the Tucson metropolitan area increased and peaked in early 2010. The unemployment rate has slowly been declining since early 2010 and remained mostly stable from mid 2012 through 2013. There has been a small decline in 2014.

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



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

MARKET AREA DESCRIPTION:
The subject market area is that area located south of Ina Road, north of Ajo Highway, west of I-10/I-19, and east of Tucson Mountain Park. The northwest area of the market area consists of mainly low density residential uses on large lot with the central and southern portions of the market area consisting of medium density residential uses. The western portion of the market area is an area of large restricted peaks and ridges, with homes on larger lots. The market area has limited commercial properties and multi-family properties in the immediate area. Shopping is mostly located to the eastern portion of the market area, along Silverbell and the Interstate, with some commercial uses located along the along major arterial roadways. There is limited public transportation in the area, with some public transportation located in the southeastern portion of the market area where there is higher density residential development. The luxury resort, Starr Pass Resort, with a golf course and housing located in the central-west portion of the market area. Other uses in the market area include multi-family residential apartment complexes, and the main campus of Pima Community College. Development on larger lots, particularly in the west portion of the neighborhood, is in an area of high peaks and ridges, with good views towards the valley to the east and the mountains to the north and west. Most development in the neighborhood has been on unsubdivided lot splits on 1 to 5 acres parcels. The price range of most of these homes ranges from $400,000 to $1,000,000 plus. Homes on smaller lots, located mainly on the eastern and southeastern portions of the market area are typically in the $125,000 to $300,000 price range, with a mix of single-family residences and manufactured homes.

SITE DESCRIPTION:
The site consists of three non-contiguous land areas (Northwestern, Southern, and Northeastern) - see Exhibits. The Northwestern and Southern land portions of the subject property are separated by 36th Street which runs in an east/west direction. The Northwestern portion of the site is separated from the Northeastern portion of the site by vacant land owned by Pima County utilized as open space land area. The total land area of the subject property contains approximately 276 acres per the Pima County Assessor.

The Northwestern portion of the subject property is somewhat rectangular in shape and has approximately 3,500 feet of frontage on 36th Street along the southern border. The Northwestern portion of the subject property has a depth of approximately 1,300 feet along the western border, and a depth of approximately 1,100 feet along the eastern border, and a length of approximately 4,200 feet along the northern border. The Northwestern portion of the subject property contains approximately 142 acres of land area. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. Direct access to this portion of the subject property is from 36th Street. The topography of this northwestern portion of the subject property is steeply sloping in the western half of the site, with some protected peaks and ridges. The eastern land area of the Northwestern portion of the subject property is more level, sloping slightly in a easterly direction. The Northwestern portion of the subject property has good city and mountain views with superior views in the SR zoned portion of the site. Of the 120 acres of SR zoned land area, approximately 40 acres of this land area is developable due to the more level topography in this 40 acres and the more steeply sloping terrain in the western 80 acres of this

SR zoned land area. The eastern portion of this area of the subject property is zoned MH-1, containing approximately 22 acres per the Pima County Assessor, allows for with higher density development. The San Juan Wash runs along the eastern portion of the site, in a southwest/northeasterly direction and the area around the wash is identified as an Environmental Resource Zone (ERZ), even though the wash in this area is minimal in size and flow. There are some smaller local washes which traverse this Northwestern portion of the subject property. The western half of this land area, which includes some protected peaks and ridges, is severely impacted by the steeply sloping terrain and any development in this area would fall under the Hillside Development Zone (HDZ). The western portion of this land area of the subject property is located within the Buffer Overlay Zone of the Tucson Mountain Park. The views of the majority of the Northwestern portion of the subject property are good, with excellent views from the SR zoned land area, with Tucson Mountain views, some city view, and distant Catalina and Rincon Mountain views.

The Southern portion of the subject property is "L" shaped and wraps around the existing Paradise Mountain Estates subdivision. The Southern portion of the subject property has approximately 1,350 feet of frontage on 36th Street along the northern border, a depth of approximately 2,580 along the western border, a depth of approximately 1,300 feet along the eastern border, and a length of approximately 2,650 feet along the southern border. This Southern portion of the site contains approximately 118 acres, according to the Pima County Assessor. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. Direct access to this portion of the subject property is from 36th Street. There are several local washes which traverse this portion of the property, including the Enchanted Hills Wash, which is a major wash located in the southern portion of the site. The Enchanted Hills Wash has a 100 foot erosion hazard setback from the bank of the Wash. Due to the size of the wash as well as the cost to construct a bridge to span the wash, the land area to the south of the wash is not developable land area and would be utilized as open space for any potential development for this portion of the subject property. The topography of the Southern portion of the site is rolling, sloping generally in a southeasterly direction. There is steeper land area located in the western portion of the site, just to the north of the Enchanted Hills Wash, and this area also likely would be utilized as open space land area. The views of the southern portion of the property are good, with Tucson Mountain views and distant Catalina or Rincon Mountain views from the higher elevation lots.

The Northeastern portion of the site is separated from the Northwestern potion of the subject property by land owned by Pima County and utilized as open space. The Northeastern portion of the subject property is irregular in shape and has approximately 580 feet of frontage on 36th Street along the southern border, a depth of approximately 1,275 feet along the eastern border, and a width of approximately 980 feet along the northern border. The Northeastern portion of the subject property has a total land area of approximately 16 acres. The site has direct access from 36th Street or Greasewood Road alignment along the eastern border of the site. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. The topography of this Northeastern portion of the subject property is rolling, sloping in a southeasterly direction. There are

above average views from this portion of the subject property, with the higher elevation areas along the western portion of this land area having superior views than the remainder of this land area. The San Juan Wash runs along the northern portion of the site and it is unlikely any development would occur on the land area to the north of the wash due to the cost to cross the wash. There are also smaller local washes that traverse this portion of the subject property.

Utilities available to the subject property include electric (Tucson Electric Power Company), telephone (CenturyLink), and water (City of Tucson Water Company) located to the property line. The public water line runs along the 36th Street alignment, coming from the east and terminates to the west of the border of the SR zoned land area of the Northwestern portion of the subject property. The nearest public sewer line to Northeastern portion of the site is located close to the northern property line, along the Greasewood Road alignment. This sewer line would service the Northeastern portion of the site. The nearest public sewer line to the Northwestern portion of the subject property is along the Shannon Road alignment, approximately 1,200 feet to the north of the property line. This public sewer line, would likely service the Northwestern portion of the property and the Southern portion of the subject property, along with public sewer line located to the east of the Southern portion along the 44th Street alignment. Due to the topography and large washes on the subject property, the use of pump stations and forced mains would likely be required and would increase the overall development costs of the site. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

Properties bordering the subject property include a mix of vacant land and residential uses to the north, vacant land owned by Pima County to the south, residential uses to the east, and the Tucson Mountain Park to the west.

According to FEMA Flood Insurance Rate Maps 04019C2260L and 04019C2270L, dated June 16, 2011 (see Exhibits), the subject property is identified as being located mostly out of the floodplain, with a very small portion of the Northwest land area near the San Juan Wash being located in a Special Flood Hazard Area Zone AE; with areas of base flood elevations determined. Additionally, there is a small area of the Southern portion of the subject property located in Special Flood Hazard Zone AH; with flood depths of 1 to 3 feet., usually areas of ponding, with base flood elevations determined (see Exhibits). However, the San Juan Wash, as well as several smaller local washes traverse this portion of the subject property and have various erosion hazard setback areas. The property is in a seismic zone which is considered to have a low probability of seismic activity. The San Juan Wash runs along the eastern portion of the site, in a southwest/northeasterly direction and the area around the wash is identified as an Environmental Resource Zone (ERZ), even though the wash in this area is minimal in size and flow. The western half of the site, with some protected peaks and ridges and the majority of the land impacted by the Hillside Development Zone (HDZ) due to the steeply sloping terrain. The western portion of this land area of the subject property is located within the Buffer Overlay Zone of the Tucson Mountain Park. Furthermore, large areas in west Tucson, in the areas near the subject property, have radon in the soil. The appraiser received a soils report indicating that there is radon in the soil on portions of the

subject property. Based on the surrounding development, specifically to the north in the Starr Pass community, it does not appear that the potential for radon would have a major impact on the development potential of the subject property. Market participants indicated that radon in the soil would not be an issue with marketing the property.

The potential buyer of the subject property, who previously was in escrow to the purchase the subject property, completed a concept plan for the MH-1 zoned land area of the subject, with no planning on the SR zoned portion of the subject property (see Exhibits). The concept plan contained 325 single-family residential lots on the land areas of the subject property with an MH-1 zoning. The concept plan did not include the 120 acres of SR zoned land area of the subject property. In discussion with Mr. Trac Paulette of Canterra Realty, the broker who represented DR Horton as the potential purchase of the subject property, Mr. Paulette confirmed that the potential buyer planned to develop on the SR portion of the site up to the maximum lots allowed of 30 lots. In review of the concept plan, it appears that the 325 lots planned is higher than would likely be possible on the site. The concept plan contains 15 planned lots south of the Enchanted Hills Wash near the souther border of the site. It would not be financially feasible to construct a crossing over such a large wash to develop these 15 potential lots. Additionally, the area plan appears to restrict development south of the wash. Additionally, the concept plan contains approximately 30 lots in the area within and to the north of the San Juan wash, which also would not be financially feasible to develop and also appears to be in conflict with the area plan. When taking into account these site constraints, as well as the restrictions of the area plan, the amount of potential lots located on the MH-1 portion of the property would likely not exceed 280 lots. There would be an additional 30 lots which could potentially be developed on the SR portion of the site. These lots would be developed under the FLD and would likely be 1 acre estate lots, located within the 40 developable acres of the SR zoned land area. Therefore, the subject property would likely be developed with 310 lots, consisting of production type lots of approximately 7,000 square feet on the MH-1 zoned land area, with 30 one-acre estate lots located in the SR zoned portion of the subject property. Given the 276 acre size of the subject property, this would give a potential density of approximately 1.12 residences per acre over the entire land area.

CURRENT USE:
Vacant Land

ZONING:

The Southern portion of the subject property, Northeastern portion of the subject property, and western 22 acres of the Northwestern portion of the subject property is zoned MH-1, according to the City of Tucson Zoning Code (see Exhibits). The purpose of this zone is to provide for low to medium density residential development primarily in mobile home structures on individual lots and within mobile home parks. Civic, educational, recreational and religious uses are also permitted to provide for an urban residential environment. Mobile home dwellings are allowed in this zone under two different possible densities - Low-Density and Medium-Density Matrixes. Each matrix has unique development standards, however the minimum lot size under this zone for each matrix is 7,000 square feet, or a density of up to 6.22 residences per acre.

The western 120 acres of the Northwestern portion of the subject property is zoned SR, according to the City of Tucson zoning code. The purpose of this zone is to provide for very low density, large lot, single family residential development and suburban ranch uses. Uses which would adversely affect the open space, agricultural or natural characteristics of this zone are not permitted. Permitted land uses include certain residential, agricultural, civic, commercial and recreation uses. The minimum lot size is 144,000 square feet, with one unit 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. Due to the steeply sloping nature of the west 80 acre portion of the SR portion of the subject property, approximately 40 acres is developable with residential home sites. This 40 acre portion of the SR zoned land area is not impacted bu Hillside Development Ordinance, with the average cross slope in this area being less than 15 percent. This portion of the site could be developed utilizing the Flexible Development Option (FLD). This option allows for lot sizes to be a minimum of 18,000 square feet, with a overall density of 0.25 residences per acre. This would permit developments of 30 lots in the SR portion of the land. Since development of the 30 lots would occur on 40 acres of land area, the development could occur on 1 acres lots and with full acres lots, sewer would not be required, but instead septic could be utilized.

CITY OF TUCSON NEIGHBORHOOD PLAN:

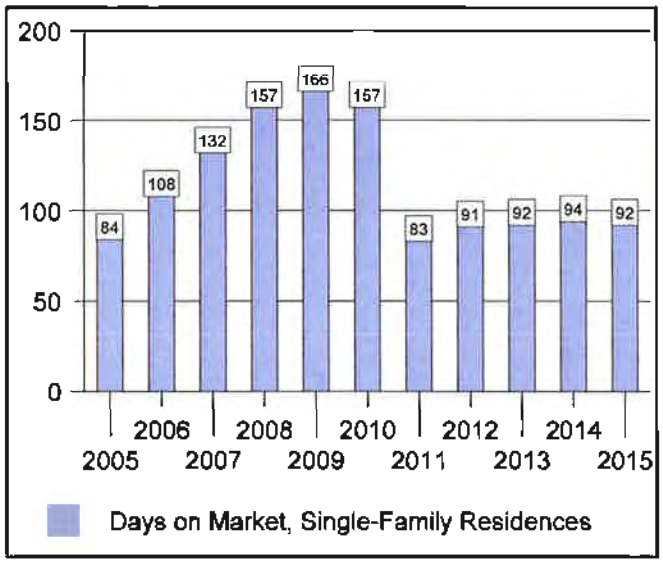
The subject property falls within the Tumamoc Area plan. The SR zoned portion of this property, consisting of 120 acres in the western land area of the Northwestern portion of the subject property, falls within Area 13 of the Tumamoc Area Plan, and is designated for low density development and therefore can not be rezoned to a higher density. Additionally, according to Mr. John Beall, Principle Planner with the city of Tucson, the area plan states that new development should occur in the land area South of the San Juan Wash in this portion of the subject property.

MARKET PROFILE - RESIDENTIAL:

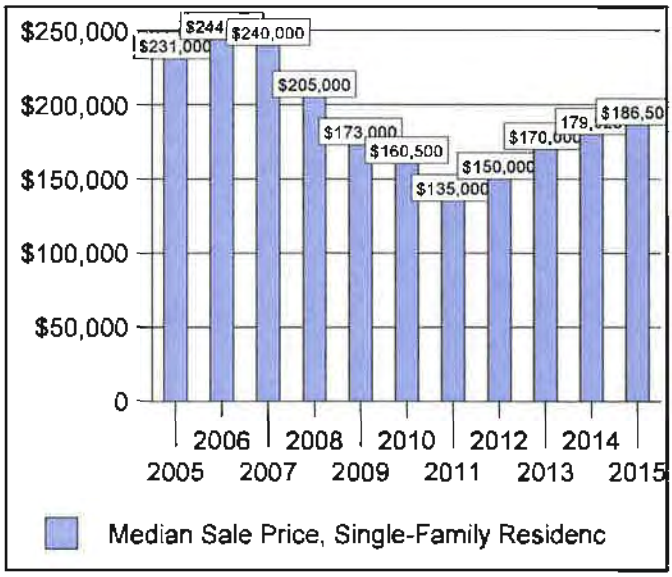
The residential market conditions in the Tucson area improved dramatically starting in 2004, with market prices for single family residences and residential lots increasing at a rapid rate. This trend continued throughout 2005 and into the start of 2006, with prices increasing most rapidly in 2005. This increase in sales activity and property values led to an increase in the demand for large parcels of land for development of subdivisions, with prices of land increasing rapidly, and the planning of many new subdivisions throughout the Tucson area and Pima County. Purchases of large parcels of land for large scale subdivisions were especially common in Marana and in the area southeast of Tucson. The number of permits issued in Pima County increased as an increasing number of subdivisions provided more lots and residential homes for the growing market. In 2005, properties were sold quickly, and the time spent on the market for a residential home or lot decreased.

Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. Over the past year there has been the beginning of a market recovery.

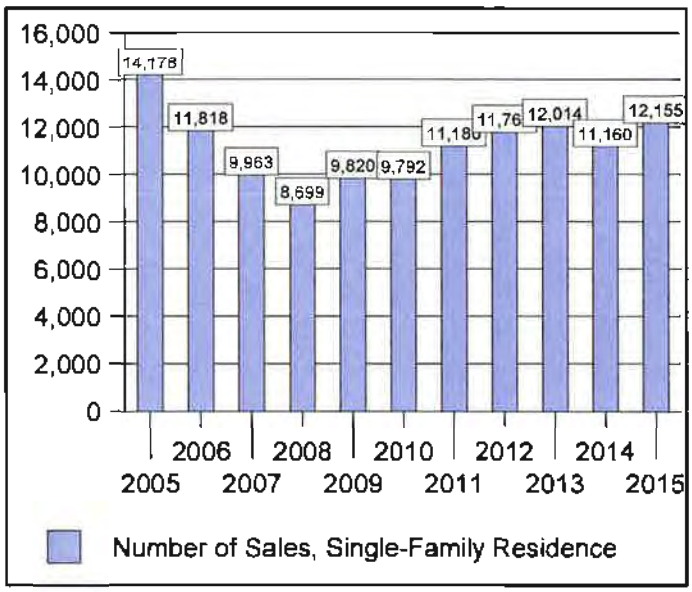
According to Multiple Listing Service (MLS), the days on market for sales of single-family residences in the Tucson area had increased as properties have taken longer to sell. This data indicates that the days on market for single-family increased significantly from 2005, peaking in 2009. The days on market remained mostly stable in 2010. Beginning in 2011, the days on market dropped significantly with results remaining stable from 2011 through 2015.



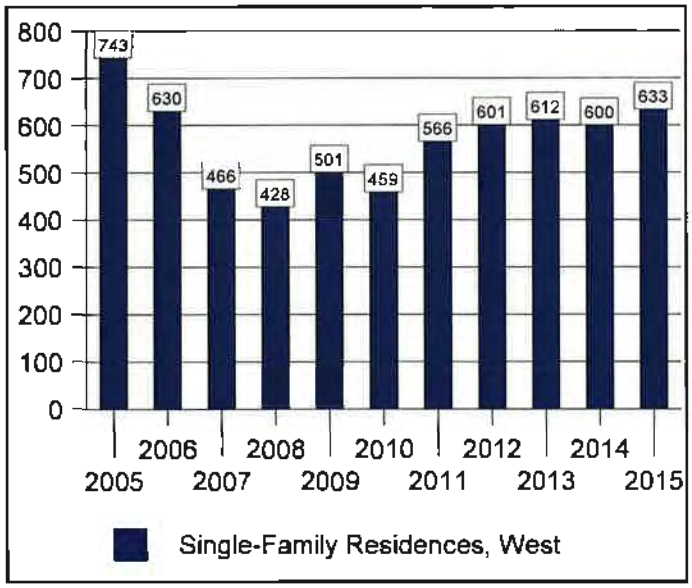
The following is the median sale price for single-family residences for the Tucson area through 2015, according to MLS. There was a significant decline in the median sale price for single-family residences starting in 2007. The median sale price declined through 2011. The median sales price began to slowly increase starting in 2012, continuing in 2015. The median sales price still remains well below peak market levels.



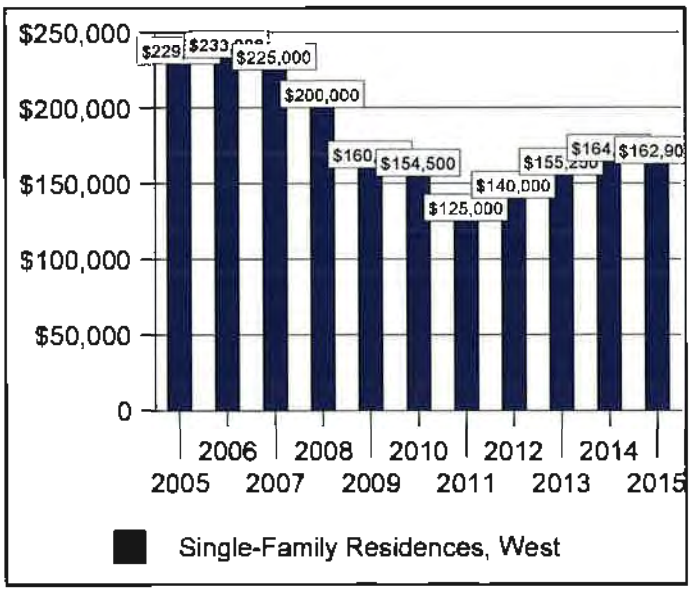
The following is the number of sales of single-family residences for the Tucson area, according to MLS. The number of sales of single-family residences in the Tucson area has also declined as fewer homes are purchased. The number of sales declined through 2008 and has gradually increased through 2013. From 2013 through 2015, the number of sales has remained mostly stable. The number of sales remains lower compared to the peak market level.



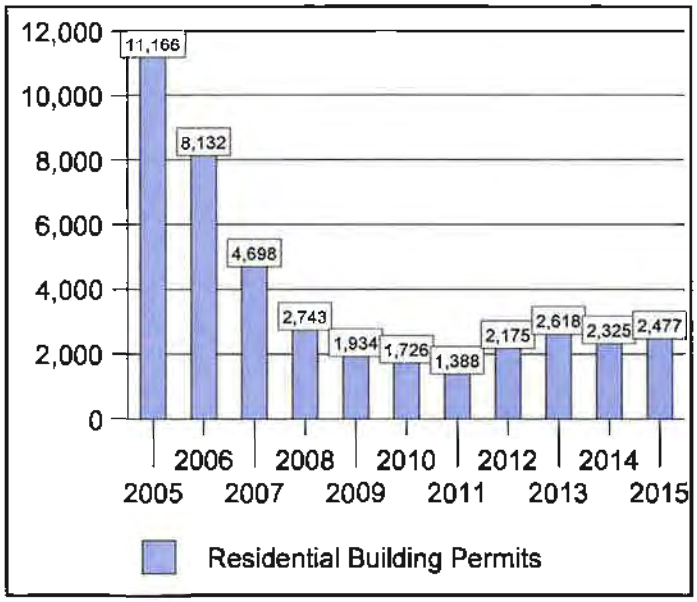
The following is the number of sales of single-family residences in the subject sector, West, according to MLS. This data indicates that the number of sales of homes in the sector declined through 2008, with the number of sales increasing again starting in 2011. The number of sales of single-family residences in the sector has remained mostly stable from 2012 through 2015, but remains well below peak market levels.



The following is the median sale price for single-family residences in the subject sector, West, according to MLS. This data indicates that the median sale price peaked in 2006 and declined significantly through 2011. The median sale price in the sector has increased slightly since that time, with the increase continuing through 2014 and remaining stable through 2015. However, the median sales price in the subject sector remains well below peak market levels.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 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 slow down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been an increase in residential permits in 2012 and 2013 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover, with the number of residential building permits remaining stable between 2013 through 2015.



Residential market conditions have stabilized. While it appeared that the number of sold homes for some types of homes, specifically in homes priced below $250,000, had increased slightly in 2013 they have since declined slightly and are now similar to late 2013 levels. There is an oversupply of single-family residences that exceed $250,000, particularly those over $500,000, causing values for this type of product to remain mostly stable. In the short term, limited growth is projected for Tucson over the next one to two years, with market conditions expected to remain stabile and slowly start to improve during this time. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development.

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

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

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

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

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

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

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

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

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

2. Ibid, p. 83

Highest and Best Use as Vacant

Legal Considerations

The Southern portion of the subject property, Northeastern portion of the subject property, and western 22 acres of the Northwestern portion of the subject property is zoned MH-1, according to the City of Tucson Zoning Code. The purpose of this zone is to provide for low to medium density residential development primarily in mobile home structures on individual lots and within mobile home parks. Civic, educational, recreational and religious uses are also permitted to provide for an urban residential environment. Mobile home dwellings are allowed in this zone under two different possible densities - Low-Density and Medium-Density Matrixes. Each matrix has unique development standards, however the minimum lot size under this zone for each matrix is 7,000 square feet, or a density of up to 6.22 residences per acre.

The western 120 acres of the Northwestern portion of the subject property is zoned SR, according to the City of Tucson zoning code. The purpose of this zone is to provide for very low density, large lot, single family residential development and suburban ranch uses. Uses which would adversely affect the open space, agricultural or natural characteristics of this zone are not permitted. Permitted land uses include certain residential, agricultural, civic, commercial and recreation uses. The minimum lot size is 144,000 square feet, with one unit 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. Due to the steeply sloping nature of the west 80 acre portion of the SR portion of the subject property, approximately 40 acres is developable with residential home sites. This 40 acre portion of the SR zoned land area is not impacted bu Hillside Development Ordinance, with the average cross slope in this area being less than 15 percent. This portion of the site could be developed utilizing the Flexible Development Option (FLD). This option allows for lot sizes to be a minimum of 18,000 square feet, with a overall density of 0.25 residences per acre. This would permit developments of 30 lots in the SR portion of the land. Since development of the 30 lots would occur on 40 acres of land area, the development could occur on 1 acres lots and with full acres lots, sewer would not be required, but instead septic could be utilized.

In addition, any development would have to occur in accordance with the Hillside Development Zone (HDZ) in the land areas with a 15 percent or greater average cross slope. The areas impacted by the HDZ are mostly located on the western area of the Northwestern portion of the subject property (western 80 acres of SR zoned land), and a small portion of the western areas of the Southern portion of the subject property. The purpose of this zone is to provide for the reasonable use of hillside areas and related lands while protecting the public health, safety, and general welfare. Dominant peaks and ridges should be protected in order to preserve the city's unique visual setting, promote its economic well-being, and encourage tourism. Regulating the intensity of development according to the natural characteristics of hillside terrain, such as degree of slope, significant vegetation and land-forms, and soil stability and existing drainage patterns, will allow for development in hillside areas while minimizing the physical impacts of such development.

Additionally, the areas around the San Juan Wash and the Enchanted Hills wash are identified as being within an Environmental Resource Zone. The areas within these washes and immediately adjacent to these washes would be maintained in their natural state and no development would occur in this ERZ area.

Physical Considerations

The site consists of three non-contiguous land areas (Northwestern, Southern, and Northeastern). The Northwestern and Southern land portions of the subject property are separated by 36th Street which runs in an east/west direction. The Northwestern portion of the site is separated from the Northeastern portion of the site by vacant land owned by Pima County utilized as open space land area. The total land area of the subject property contains approximately 276 acres per the Pima County Assessor.

The Northwestern portion of the subject property is somewhat rectangular in shape and has approximately 3,500 feet of frontage on 36th Street along the southern border. The Northwestern portion of the subject property has a depth of approximately 1,300 feet along the western border, and a depth of approximately 1,100 feet along the eastern border, and a length of approximately 4,200 feet along the northern border. The Northwestern portion of the subject property contains approximately 142 acres of land area. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. Direct access to this portion of the subject property is from 36th Street. The topography of this northwestern portion of the subject property is steeply sloping in the western half of the site, with some protected peaks and ridges. The eastern land area of the Northwestern portion of the subject property is more level, sloping slightly in a easterly direction. The Northwestern portion of the subject property has good city and mountain views with superior views in the SR zoned portion of the site. Of the 120 acres of SR zoned land area, approximately 40 acres of this land area is developable due to the more level topography in this 40 acres and the more steeply sloping terrain in the western 80 acres of this SR zoned land area. The eastern portion of this area of the subject property is zoned MH-1, containing approximately 22 acres per the Pima County Assessor, allows for with higher density development. The San Juan Wash runs along the eastern portion of the site, in a southwest/northeasterly direction and the area around the wash is identified as an Environmental Resource Zone (ERZ), even though the wash in this area is minimal in size and flow. There are some smaller local washes which traverse this Northwestern portion of the subject property. The western half of this land area, which includes some protected peaks and ridges, is severely impacted by the steeply sloping terrain and any development in this area would fall under the Hillside Development Zone (HDZ). The western portion of this land area of the subject property is located within the Buffer Overlay Zone of the Tucson Mountain Park. The views of the majority of the Northwestern portion of the subject property are good, with excellent views from the SR zoned land area, with Tucson Mountain views, some city view, and distant Catalina and Rincon Mountain views.

The Southern portion of the subject property is "L" shaped and wraps around the existing Paradise Mountain Estates subdivision. The Southern portion of the subject property has approximately 1,350 feet of frontage on 36th Street along the northern border, a depth of

approximately 2,580 along the western border, a depth of approximately 1,300 feet along the eastern border, and a length of approximately 2,650 feet along the southern border. This Southern portion of the site contains approximately 118 acres, according to the Pima County Assessor. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. Direct access to this portion of the subject property is from 36th Street. There are several local washes which traverse this portion of the property, including the Enchanted Hills Wash, which is a major wash located in the southern portion of the site. The Enchanted Hills Wash has a 100 foot erosion hazard setback from the bank of the Wash. Due to the size of the wash as well as the cost to construct a bridge to span the wash, the land area to the south of the wash is not developable land area and would be utilized as open space for any potential development for this portion of the subject property. The topography of the Southern portion of the site is rolling, sloping generally in a southeasterly direction. There is steeper land area located in the western portion of the site, just to the north of the Enchanted Hills Wash, and this area also likely would be utilized as open space land area. The views of the southern portion of the property are good, with Tucson Mountain views and distant Catalina or Rincon Mountain views from the higher elevation lots.

The Northeastern portion of the site is separated from the Northwestern potion of the subject property by land owned by Pima County and utilized as open space. The Northeastern portion of the subject property is irregular in shape and has approximately 580 feet of frontage on 36th Street along the southern border, a depth of approximately 1,275 feet along the eastern border, and a width of approximately 980 feet along the northern border. The Northeastern portion of the subject property has a total land area of approximately 16 acres. The site has direct access from 36th Street or Greasewood Road alignment along the eastern border of the site. 36th Street is a two-lane asphalt paved roadway with no concrete curbs, sidewalks, or streetlights in the area of the property. The topography of this Northeastern portion of the subject property is rolling, sloping in a southeasterly direction. There are above average views from this portion of the subject property, with the higher elevation areas along the western portion of this land area having superior views than the remainder of this land area. The San Juan Wash runs along the northern portion of the site and it is unlikely any development would occur on the land area to the north of the wash due to the cost to cross the wash. There are also smaller local washes that traverse this portion of the subject property.

Utilities available to the subject property include electric (Tucson Electric Power Company), telephone (CenturyLink), and water (City of Tucson Water Company) located to the property line. The public water line runs along the 36th Street alignment, coming from the east and terminates to the west of the border of the SR zoned land area of the Northwestern portion of the subject property. The nearest public sewer line to Northeastern portion of the site is located close to the northern property line, along the Greasewood Road alignment. This sewer line would service the Northeastern portion of the site. The nearest public sewer line to the Northwestern portion of the subject property is along the Shannon Road alignment, approximately 1,200 feet to the north of the property line. This public sewer line, would likely service the Northwestern portion of the property and the Southern portion of the

subject property, along with public sewer line located to the east of the Southern portion along the 44th Street alignment. Due to the topography and large washes on the subject property, the use of pump stations and forced mains would likely be required and would increase the overall development costs of the site. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

Properties bordering the subject property include a mix of vacant land and residential uses to the north, vacant land owned by Pima County to the south, residential uses to the east, and the Tucson Mountain Park to the west.

According to FEMA Flood Insurance Rate Maps 04019C2260L and 04019C2270L, dated June 16, 2011 (see Exhibits), the subject property is identified as being located mostly out of the floodplain, with a very small portion of the Northwest land area near the San Juan Wash being located in a Special Flood Hazard Area Zone AE; with areas of base flood elevations determined. Additionally, there is a small area of the Southern portion of the subject property located in Special Flood Hazard Zone AH; with flood depths of 1 to 3 feet., usually areas of ponding, with base flood elevations determined. However, the San Juan Wash, as well as several smaller local washes traverse this portion of the subject property and have various erosion hazard setback areas. The property is in a seismic zone which is considered to have a low probability of seismic activity. The San Juan Wash runs along the eastern portion of the site, in a southwest/northeasterly direction and the area around the wash is identified as an Environmental Resource Zone (ERZ), even though the wash in this area is minimal in size and flow. The western half of the site, (western 80 acres of SR zoned land) with some protected peaks and ridges and the majority of the land impacted by the Hillside Development Zone (HDZ) due to the steeply sloping terrain. The western portion of this land area of the subject property is located within the Buffer Overlay Zone of the Tucson Mountain Park. Furthermore, large areas in west Tucson, in the areas near the subject property, have radon in the soil. The appraiser received a soils report indicating that there is radon in the soil on portions of the subject property. Based on the surrounding development, specifically to the north in the Starr Pass community, it does not appear that the potential for radon would have a major impact on the development potential of the subject property. Market participants indicated that radon in the soil would not be an issue with marketing the property.

The potential buyer of the subject property, who previously was in escrow to the purchase the subject property, completed a concept plan for the MH-1 zoned land area of the subject, with no planning on the SR zoned portion of the subject property (see Exhibits). The concept plan contained 325 single-family residential lots on the land areas of the subject property with an MH-1 zoning. The concept plan did not include the 120 acres of SR zoned land area of the subject property. In discussion with Mr. Trac Paulette of Canterra Realty, the broker who represented DR Horton as the potential purchase of the subject property, Mr. Paulette confirmed that the potential buyer planned to develop on the SR portion of the site up to the maximum lots allowed of 30 lots. In review of the concept plan, it appears that the 325 lots planned is higher than would likely be possible on the site. The concept plan contains 15 planned lots south of the Enchanted Hills Wash near the souther border of the site. It would

not be financially feasible to construct a crossing over such a large wash to develop these 15 potential lots. Additionally, the area plan appears to restrict development south of the wash. Additionally, the conecpt plan contains approximately 30 lots in the area within and to the north of the San Juan wash, which also would not be financially feasible to develop and also appears to be in conflict with the area plan. When taking into account these site constraints, as well as the restrictions of the area plan, the amount of potential lots located on the MH-1 portion of the property would likely not exceed 280 lots. There would be an additional 30 lots which could potentially be developed on the SR portion of the site. These lots would be developed under the FLD and would likely be 1 acre estate lots, located within the 40 developable acres of the SR zoned land area. Therefore, the subject property would likely be developed with 310 lots, consisting of production type lots of approximately 7,000 square feet on the MH-1 zoned land area, with 30 one-acre estate lots located in the SR zoned portion of the subject property. Given the 276 acre size of the subject property, this would give a potential density of approximately 1.12 residences per acre over the entire land area.

Therefore, the subject property would likely be developed with 310 lots, consisting of production type lots of approximately 7,000 square feet on the MH-1 zoned land area with 30 one-acre estate lots located in the eastern 40 acres of the SR zoned portion of the subject property. Given the 276 acre size of the subject property, this would give a potential density of approximately 1.12 residences per acre over the entire land area.

Financial Feasibility

The appraiser discussed the subject property with Mr. Thrac Paulette of Canterra Realty, Rick Sack of Long Realty, Mr. Mike Carlier of Carlier Company, and Mr. Aaron Mendenhall of Chapman Lindsey. These market participants were familiar with the subject property. These market participants felt that the positives for the subject property were the good views and the convenient location of the subject property, which is close to the freeway and the downtown area. The market participants all felt that the access to the property required traveling through lower income areas with unattractive development would be a negative for the site. This has been a perception of much of the development on Tucson's west side. The market participants did believe that once you get to the site, the immediate surrounding environment is attractive, with good views. The market participants all felt that the rocky nature of the site, cost to bring sewer utilities to the property, as well as the topography of the site would create high development costs for the site and would likely make development in the current market prohibitively expensive.

The market participants all agreed that the average price home that could be developed on the site would be between $225,000 to $230,000, with some of the market participants indicating that the subject property could potentially have an average home price as high as $250,000. The market participants felt that average retail lots on the subject property could sell in the range of $45,000 up to a $50,000, with one market participant indicating an average retail lot price up to $55,000.

Mr. Paulette Trac Paulette represented the potential buyer of the subject property, DR Horton, in a deal that fell out of escrow in early 2015, and confirmed that the development costs on a

per lot basis were estimated by the potential buyer to be between $40,000 to $50,000 per lot. The increased development costs were a result of the rolling topography of the site, the rocky terrain of the area which increases grading costs as well as, the cost to bring sewer utilities to the site.

The market participants consider the location of the subject property to be average to above average and all agreed that there is little competition in the immediate area for the type of product that would be developed on the subject property. Most of these market participants indicated that the type of home that would likely be built on the subject property lots would be homes that would sell on the market for an average to $225,000 to $230,000 based on today's market, with a few of the market participants indicating that the subject property could potentially have an average home price as high as $250,000. Based on a $225,000 to $230,000 product that the majority of the market participants felt would be developed on the site, finished lots on the subject property would indicate a retail price of $45,000 to $46,000 per lot on average, with the 30 larger lots priced much more. Lot premiums for many of the potential lots that could be developed on the site could be achieved because of the large open spaces. Given the nature of the higher than typical development costs and the higher than typical number of potential lots that would be developed based on the subject concept plan, most of these market participants indicated it would not currently be financially feasible to develop the subject property. Based upon the high development costs, most of the market participants felt that the property would be for investment purposes for the next several years until market conditions in the area improved to allow for a higher priced home to be sold on the subject property.

Maximally Productive

Therefore, due to the current market conditions where increasing development for single family residential homes is beginning to occur, but is not at sufficient levels to attract a user to the subject property, along with the high development costs for the subject property, the highest and best use of the subject site is for investment until market conditions improve further from current levels. At that time, the property would be developed with residential subdivisions containing 310 residences, with 280 homes on merchant build lots of approximately 7,000 square feet and 30 homes on one-acre lots clustered in the east 40 acres of the SR zoned land.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

SALES COMPARISON APPROACH.

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

The market would analyze the subject property based upon the price per lot that could be achieved for development on the subject property. Any potential purchaser of the subject property would estimate the number of potential lots that could be developed on the sjbect property. Any potential purchase would then base their purchase price decision on a price per lot that is reflective of similar properties in the market.

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 Land Comparables

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Acres)	No. Of Lots	Price/ Lot	Zoning
1.	02/2013	Northeast Maryann Cleveland Way, East of Houghton Road	$6,100,000	172	400	$15,250	R-1
2.	05/2013	East of Houghton Road, South of Camino Del Toro Road, West of the southern end of Melpomene Way	$2,700,000*	183	343	$7,872	SP
3.	07/2015	Between Speedway Boulevard and Anklam Road, East of Camino de Oeste	$7,500,000	287	260	$28,846	CR-1
4.	07/2015	North and South sides of Sycamore Leaf Road alignment, East side of Canyon Edge Trail	$4,162,500**	549	401	$10,380	SP
5.	12/2015	Wrapping around the Southeast corner of Sandy Desert Trail and Cortaro Farms Road	$1,380,000	31	69	$20,000	R-6
		Subject Property		276	310		MH-1 / SR

* Includes $1,000,000 offsite water costs
** based upon 100% ownership transfer

ADJUSTMENT SUMMARY OF COMPARABLE LAND SALES

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		02/2013	05/2013	9/2014	07/2015	12/2015
Site Size (Acres)	276	172	183	287	549	31
Number of Lots	310	400	343	260	401	69
Zoning	MH-1/SR	R-1	SP	CR-1	SP	R-6
Utility	Fair	Superior	Superior	Similar	Superior	Superior
Sale Price		$6,100,000	$2,700,000*	$7,500,000	$4,162,500**	$1,380,000
Price per Lot		$15,250	$7,872	$28,846	$10,380	$20,000

* Includes $1,000,000 offsite water costs

** based upon 100% ownership transfer

Summary of Adjustments

Unadjusted Price / Lot	$15,250	$7,872	$28,846	$10,380	$20,000
Property Rights	0%	0%	0%	0%	0%
Adjusted Price	$15,250	$7,872	$28,846	$10,380	$20,000
Financing	0%	0%	0%	0%	0%
Adjusted Price	$15,250	$7,872	$28,846	$10,380	$20,000
Conditions of Sale	0%	0%	-50%	5%	0%
Adjusted Price	$15,250	$7,872	$14,423	$10,899	$20,000
Date/Market Conditions	10%	10%	0%	0%	0%
Adjusted Price	$16,775	$8,659	$14,423	$10,899	$20,000
Physical Adjustments (%)					
Location/Views	-15	10	-25	-5	-15
Zoning	0	0	0	0	0
Number of Lots	5	0	-5	5	-20
Lot Size	5	5	5	0	5
Site Utility	-40	-35	0	-25	-20
Net Adjustment	-45%	-20%	-25%	-25%	-50%
Indicated Value / Lot	**$9,226**	**$6,927**	**$10,817**	**$8,174**	**$10,000**

This analysis compares five sales of similar vacant land parcels to the subject property on a price per lot basis. This is the sale price divided by the number of lots or potential lots of the site. Sales prices range from $7,872 to $28,846 per lot 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 indicates an upward adjustment for date/market conditions. Market data indicates that prices increased between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area with greater demand than the subject property with homes selling at a higher price point compared to the potential homes which would be developed on the subject property, however, this is partially offset by the inferior views of this property compared to the subject. This property requires an upward adjustment for number of lots as this property has more potential lots than the subject property. A property with a greater amount of potential lots tends to sell for less on a per lot basis compared to properties with fewer potential lots, all else being equal. This property requires an upward adjustment for lot size as this property contains lots with an average potential lot size smaller than the potential lots which would be developed on the subject property, with the subject having 30 one-acre lots. Smaller lots tend to sell for less than larger lots, all else being equal. This property requires a downward adjustment for site utility as this property has lower development costs compared to the subject property, as well as this property had a tentative plat completed at the time of sale, compared to the subject property which only had an initial concept plan completed. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

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

Physical adjustments include an upward adjustment for inferior views as this property is located in an area with not as good of views compared to the subject property. This property requires an upward adjustment for lot size as this property contains lots with an average potential lot size smaller than the potential lots which would be developed on the subject property, with the subject having 30 one-acre lots. Smaller lots tend to sell for less than larger lots, all else being equal. This property requires a downward adjustment for site utility as this property has lower development costs compared to the subject property, as well as this property had a tentative plat completed at the time of sale, compared to the subject property which only had an initial concept plan completed. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

Comparable Sale Three requires a downward adjustment as this sale sold for above market value due to the political nature of the sale as well as the buyer being motivated to purchase the property. There is no adjustment required for date/market conditions. Market data indicates there was no change in prices between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area with greater demand than the subject property with homes selling at a higher price point compared to the potential homes which would be developed on the subject property. This property requires an upward adjustment for number of lots as this property has more potential lots than the subject property. A property with a greater amount of potential lots tends to sell for less on a per lot basis compared to properties with fewer potential lots, all else being equal. This property requires an upward adjustment for lot size as this property contains lots with an average potential lot size smaller than the potential lots which would be developed on the subject property, with the subject having 30 one-acre lots. Smaller lots tend to sell for less than larger lots, all else being equal. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

Comparable Sale Four requires an upward adjustment as there were no brokers involved in the sale of this property and no commissions paid. The sale indicates no adjustment for date/market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area with greater demand than the subject property with homes selling at a higher price point compared to the potential homes which would be developed on the subject property. This is partially offset by the inferior views from this property. This property requires an upward adjustment for number of lots as this property has more potential lots than the subject property. A property with a greater amount of potential lots tends to sell for less on a per lot basis compared to properties with fewer potential lots, all else being equal. This property requires a downward adjustment for site utility as this property has lower development costs compared to the subject property, although the development costs are higher than typical, as well as this property had a recorded plat completed at the time of sale, compared to the subject property which only had an initial concept plan completed. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

Comparable Sale Five indicates no adjustment for date/market conditions. Market data indicates that there was no change in prices between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location as this property is located in an area with greater demand than the subject property with homes selling at a higher price point compared to the potential homes which would be developed on the subject property, however, this is partially offset by the inferior views of this property compared to the subject. This property requires a downward adjustment for number of lots as this property has fewer

potential lots than the subject property. A property with a fewer amount of potential lots tends to sell for more on a per lot basis compared to properties with a greater amount of potential lots, all else being equal. This property requires an upward adjustment for lot size as this property contains lots with an average potential lot size smaller than the potential lots which would be developed on the subject property, with the subject having 30 one-acre lots. Smaller lots tend to sell for less than larger lots, all else being equal. This property requires a downward adjustment for site utility as this property had a recorded plat completed at the time of sale, compared to the subject property which only had an initial concept plan completed. This property has higher development costs than typical, but lower costs than the subject. Overall, this sale indicates a downward adjustment on a price per lot basis in comparison to the subject property.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price/Lot	$9,226	$6,927	$10,817	$8,174	$10,000

These four comparable sales indicate a price range of $6,927 to $10,817 per lot after adjustment. All the sales received equal weight and provide a reliable range of value for the subject property. After analyzing the comparable sales, the conclusion of market value of the subject property, as of March 16, 2016, is $8,200 per lot, times 310 lot, equaling $2,542,000, rounded to $2,550,000. This equates to $9,239 per acre of land area.

To support ths value on a per acre basis, a vacant parcel of land in the area to the north of the subject property sold for $1,600,000 on March 31, 2011. This property contained approximately 187 acres of SR zoned land, and had a plat completed for 46 residential lots. This equates to a price of $8,548 per acre. This sale would require an upward adjustment for conditions of sale as the broker involved in this sale confirmed that the sale sold for below market value due the seller being motivated to divest from the property. This sale requires an upward adjustment for market conditions as prices have increased since the date of this sale. This sale requires a downward adjustment for superior location and smaller size. This sale requires an upward adjustment for lower density of development and inferior utility with this property having high onsite costs, but higher offsite costs than the subject. Overall, this sale, on a price per acre, would require an upward adjustment in comparison to the subject property, with an adjusted value of $10,343 per acre, which is similar to the concluded value of the subject property on a per acre basis.

Market Value Conclusion. Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, "as is", as of the effective date of the appraisal, March 16, 2016, is $2,550,000.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
"AS IS", AS OF MARCH 16, 2016:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
($2,550,000)

ASSUMPTIONS AND LIMITING CONDITIONS - PART V

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.

CERTIFICATION - PART VI

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 March 16, 2016.

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

14. It is noted that Dan F. Orlowski (Registered Trainee #T0025) assisted significantly with this report by performing the following tasks under the direction of the appraiser: Researched the subject and comparable sale information, assisted in comparable sale selection, inspected the subject property, provided analysis and value conclusion input based on research, and developed the report. The final analysis and value conclusion is that of Thomas A. Baker, MAI, SRA (Certificate Number 30139).

15. This firm has not appraised the subject property in the three years prior to this appraisal.

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

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

EXHIBITS - PART VII

Exhibit A	Legal Description
Exhibit B	Subject Survey
Exhibit C	Subject Property Map
Exhibit D	Concept Plan
Exhibit E	Aerial Photograph
Exhibit F	Zoning Map
Exhibit G	Floodplain Map
Exhibit H	Subject Pbotographs
Exhibit I	Comparable Land Sales Location Map
Exhibit J	Comparable Land Sales, Plat Maps and Aerial Photos
Exhibit K	Qualifications

EXHIBIT A - LEGAL DESCRIPTION

EXHIBIT A

PARCEL 1:

The Southeast quarter of the Southwest quarter; and the South half of the South east quarter of Section 20, Township 14 South of Range 13 East, Gila and Salt River Base and Meridian, Pima County Arizona.

PARCEL 2:

Lots 5 and 6 of Section 21, Township 14 South of Range 13 East, Gila and Salt River Base and Meridian, Pima County Arizona.

PARCEL 3:

Lot 2 and the South half of the Northwest quarter of Section 28, Township 14 South of Range 13 East, Gila and Salt River Base and Meridian, Pima County Arizona.

EXHIBIT B - SUBJECT SURVEY

SCHEDULE B - PART TWO

EXCEPTIONS FROM TITLE SECURITY AGENCY, LLC'S COMMITMENT FOR TITLE INSURANCE ORDER NO. 87-5038052 DATED OCTOBER 14, 2014 AT 7:30 A.M.

(4) ALL MATTERS AS SET FORTH IN RESOLUTION NO. 1242A8, RECORDED FEBRUARY 07, 1984 AS DOCKET 7012, PAGE 350

(AFFECTS LOT 8 OF PARCEL NO. 2)

5 ALL MATTERS AS SET FORTH IN ORDINANCE NUMBER 2007-33, RECORDED APRIL 26, 2007 AS DOCKET 13564, PAGE 790

(AFFECTS PARCEL NO. 1)

6 ALL MATTERS AS SET FORTH IN ORDINANCE NUMBER 2006-03, RECORDED OCTOBER 14, 2006 AS DOCKET 13063, PAGE 1211

(AFFECTS PARCEL NO. 1)

(7) AN EASEMENT FOR DOWNGUYS, ANCHORS AND INCIDENTAL PURPOSES RECORDED AS DOCKET 5564, PAGE 377

(AFFECTS PARCEL NO. 3)

(8) AN EASEMENT FOR ELECTRIC TRANSMISSION OR DISTRIBUTION LINES OR SYSTEM AND INCIDENTAL PURPOSES, RECORDED AS DOCKET 608, PAGE 499

(AFFECTS LOT 8 OF PARCEL NO. 2) (THIS EASEMENT ALSO AFFECTS PARCEL NO. 3)

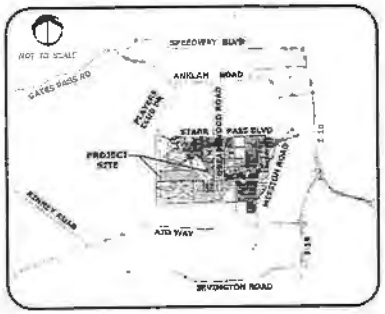
(9) AN EASEMENT FOR PUBLIC HIGHWAY, ROAD AND INCIDENTAL PURPOSES, RECORDED AS DOCKET 6852, PAGE 833

(10) AN EASEMENT FOR PUBLIC HIGHWAY, ROAD AND INCIDENTAL PURPOSES RECORDED AS DOCKET 5662, PAGE 824

(11) AN EASEMENT FOR PUBLIC HIGHWAY, ROAD AND INCIDENTAL PURPOSES, RECORDED AS DOCKET 5662, PAGE 827

(12) AN EASEMENT FOR UTILITY, WATER MAIN, MUNICIPAL SERVICES AND INCIDENTAL PURPOSES, RECORDED AS DOCKET 7215, PAGE 379

(AFFECTS LOT 5 OF PARCEL NO. 2)



VICINITY MAP

LEGAL DESCRIPTION

EXCEPTIONS FROM TITLE SECURITY AGENCY, LLC'S COMMITMENT FOR TITLE INSURANCE ORDER NO. 87-5038052, DATED OCTOBER 14, 2014 AT 7:30 A.M.

PARCEL NO. 1

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 14 SOUTH, RANGE 13 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA

PARCEL NO. 2

LOTS 5 AND 6 OF SECTION 21, TOWNSHIP 14 SOUTH, RANGE 13 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA

PARCEL NO. 3

LOT 2 AND THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 28, TOWNSHIP 14 SOUTH, RANGE 13 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS PROJECT IS SOUTH 00°14'00" EAST, BEING THE BEARING OF THE EAST LINE OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 21, TOWNSHIP 14 SOUTH, RANGE 13 EAST, GILA AND SALT RIVER, PIMA COUNTY, ARIZONA, AS SHOWN IN BOOK 9 OF RECORD OF SURVEYS AT PAGE 63.

NOTES

1. AREA PARCEL 1 = 118.843 ACRES ±
   AREA PARCEL 2 = 38.242 ACRES ±
   AREA PARCEL 3 = 121.270 ACRES ±
   TOTAL AREA = 278.355 ACRES ±
2. PARCEL 1 IS LOCATED WITHIN ZONE X AS SHOWN ON FLOOD INSURANCE RATE MAP (FIRM) PANEL 2280 OF 4750, MAP NUMBER 04019C2280L REVISED ON JUNE 16, 2011

   PARCEL 2 IS LOCATED WITHIN ZONE X AND ZONE AE AS SHOWN ON FLOOD INSURANCE RATE MAP (FIRM) PANEL 2280 OF 4750, MAP NUMBER 04019C2280L REVISED ON JUNE 16, 2011

   PARCEL 3 IS LOCATED WITHIN ZONE X AND ZONE AH AS SHOWN ON FLOOD INSURANCE RATE MAP (FIRM) PANELS 2280 AND 2270 OF 4750, MAP NUMBERS 04019C2280L AND 04019C2270L REVISED ON JUNE 16, 2011
3. ONLY THE MAJOR WASHES SHOWN HEREON. THESE WASHES WERE PLOTTED FROM INFORMATION OBTAINED FROM THE PIMA COUNTY WATERSHED WEBSITE
4. ONLY THE MAJOR DIRT ROADS ARE SHOWN HEREON. THESE ROADS WERE PLOTTED FROM INFORMATION OBTAINED FROM THE PIMA COUNTY WATERSHED WEBSITE. THERE IS GREATLY EVIDENCE THESE ROADS ARE BEING USED BY THE PUBLIC

REFERENCES

(R1) ORIGINAL SURVEY FOR T14S R13S APPROVED 3/30/1867
(R2) SUPPLEMENTAL PLAT OF SECTIONS 20, 21 & 28, T14S R13E APPROVED 6/21/1921
(R3) SUPPLEMENTAL PLAT OF SECTIONS 17, 18, 19 & 20 APPROVED 4/10/1924
(R4) SUBDIVISION OF SECTIONS 27 & 28 APPROVED 8/20/1925
(R5) MINERAL SURVEY NO. 4020 APPROVED 1/22/1929
(R6) BOOK 7 OF RECORD OF SURVEYS AT PAGE 53
(R7) BOOK 9 OF RECORD OF SURVEYS AT PAGE 63
(R8) BOOK 14 OF RECORD OF SURVEYS AT PAGE 47
(R9) BOOK 29 OF RECORD OF SURVEYS AT PAGE 1
(R10) BOOK 37 OF RECORD OF SURVEYS AT PAGE 11
(R11) BOOK 53 OF RECORD OF SURVEYS AT PAGE 81
(R12) BOOK 15 OF MAPS AND PLATS AT PAGE 56
(R13) BOOK 29 OF MAPS AND PLATS AT PAGE 30
(R14) BOOK 32 OF MAPS AND PLATS AT PAGE 93
(R15) BOOK 40 OF MAPS AND PLATS AT PAGE 67
(R16) BOOK 44 OF MAPS AND PLATS AT PAGE 65
(R17) BOOK 56 OF MAPS AND PLATS AT PAGE 41

CERTIFICATION OF SURVEY

TO: D.R. HORTON, INC., A DELAWARE CORPORATION AND TITLE SECURITY AGENCY, LLC

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2014 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS IN 2011, AND INCLUDES ITEMS 1, 2, 3, 4, 7(a), 13 AND 16 OF TABLE A THEREOF. THE FIELD WORK WAS COMPLETED ON NOVEMBER 12, 2014. DATE OF PLAT: DECEMBER 15, 2014

PATRICIA GALOR
R.L.S. NO. 36276

ESC 14052

REV	DATE	DESCRIPTION

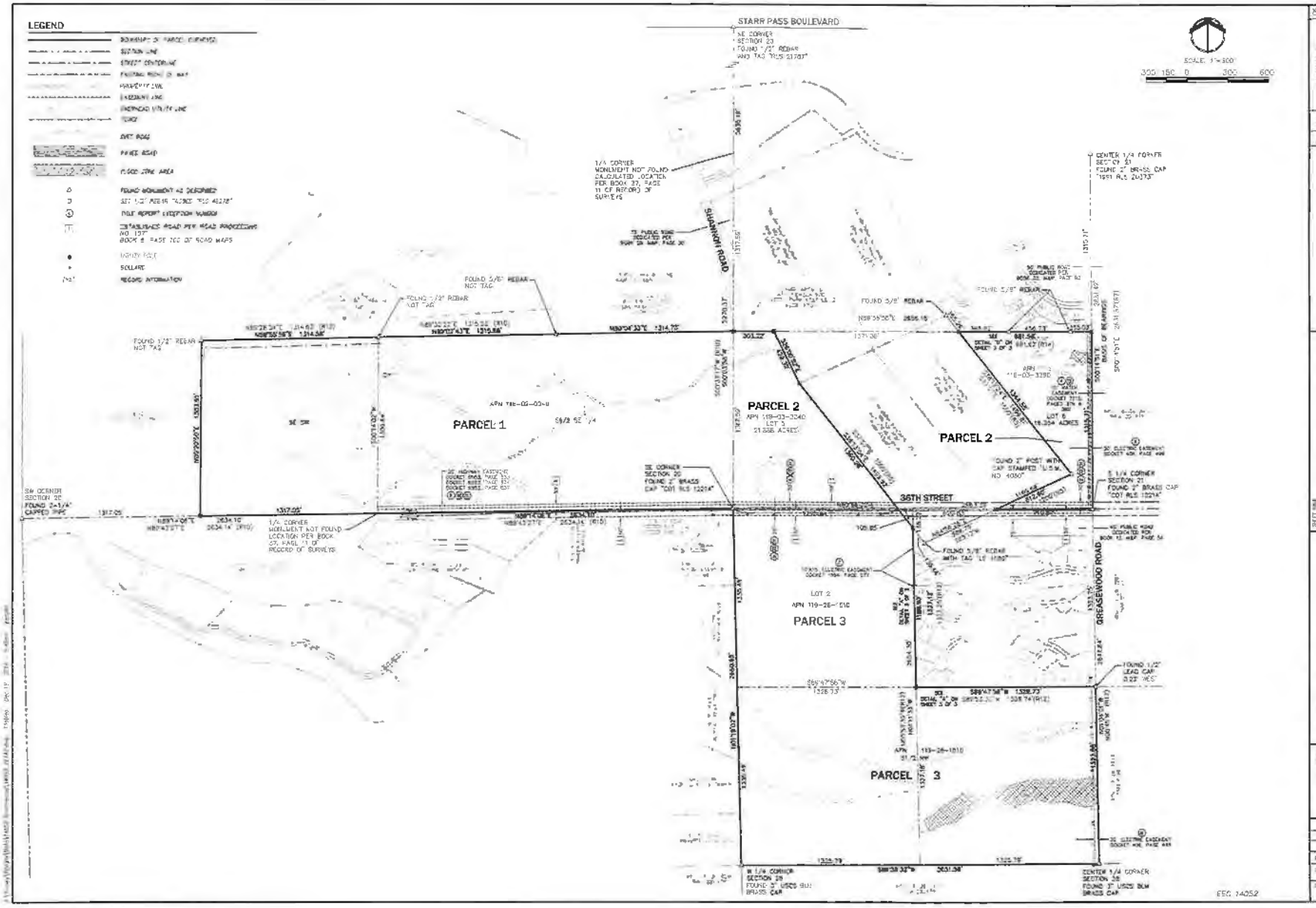
A PORTION OF SECTIONS 20, 21 & 28, T-14-S, R-13-E, G.&S.R.M. PIMA COUNTY, ARIZONA

ALTA/ACSM LAND TITLE SURVEY

GREASEWOOD/36TH STREET

eec

2014-1002
F-1002-STAKE-IT



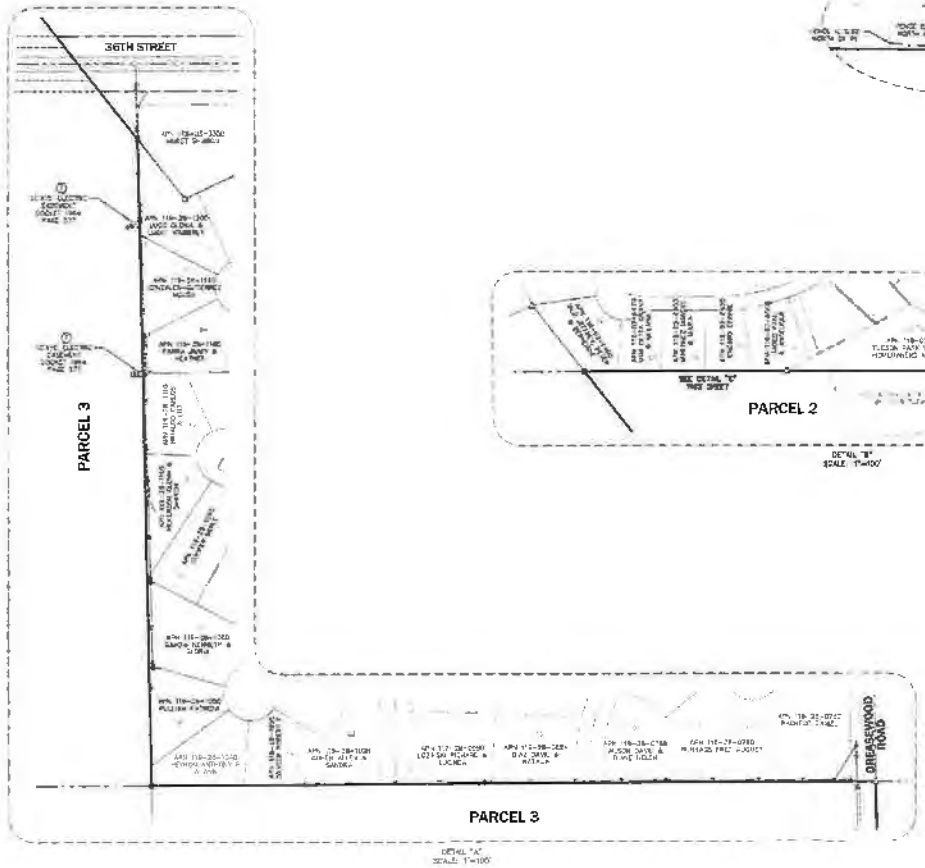
A PORTION OF SECTIONS 20, 21 & 28, T-14-S, R-13-E, G.&S.R.M. PIMA COUNTY, ARIZONA

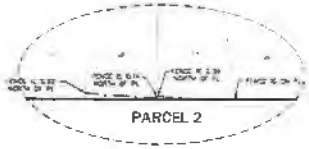
ALTA/ACSM LAND TITLE SURVEY

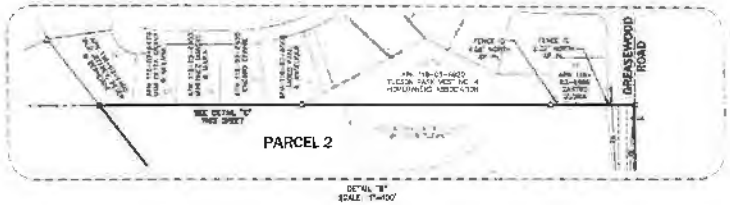
GREASEWOOD/36TH STREET

eec Engineering and Environmental Consultants, Inc.
4625 E. 6th Street, Tucson, Arizona 85712 520 321 4625

DATE 12/19/14
SCALE 1"=300'
DRAWING NO. 2 of 3







SCALE: AS SHOWN

EEC 14052

REV	DATE	DESCRIPTION
A	11/13/14	PRELIM. DISTRIBUTION

A PORTION OF
SECTIONS 20, 21 & 28,
T-14-S, R-13-E, G.& S.R.M.
PIMA COUNTY, ARIZONA

SHEET TITLE
ALTA/ACSM LAND TITLE SURVEY

PROJECT TITLE
GREASEWOOD/36TH STREET

eec
Engineering and Environmental Consultants, Inc.
6205 E. 1st STREET, SUITE
TUCSON, ARIZONA 85707 520-721-1867

DATE 12/18/14
SCALE Hor. Vert.
DRAWN BY
SHEET 3 OF 3

EXHIBIT C - SUBJECT PROPERTY MAP

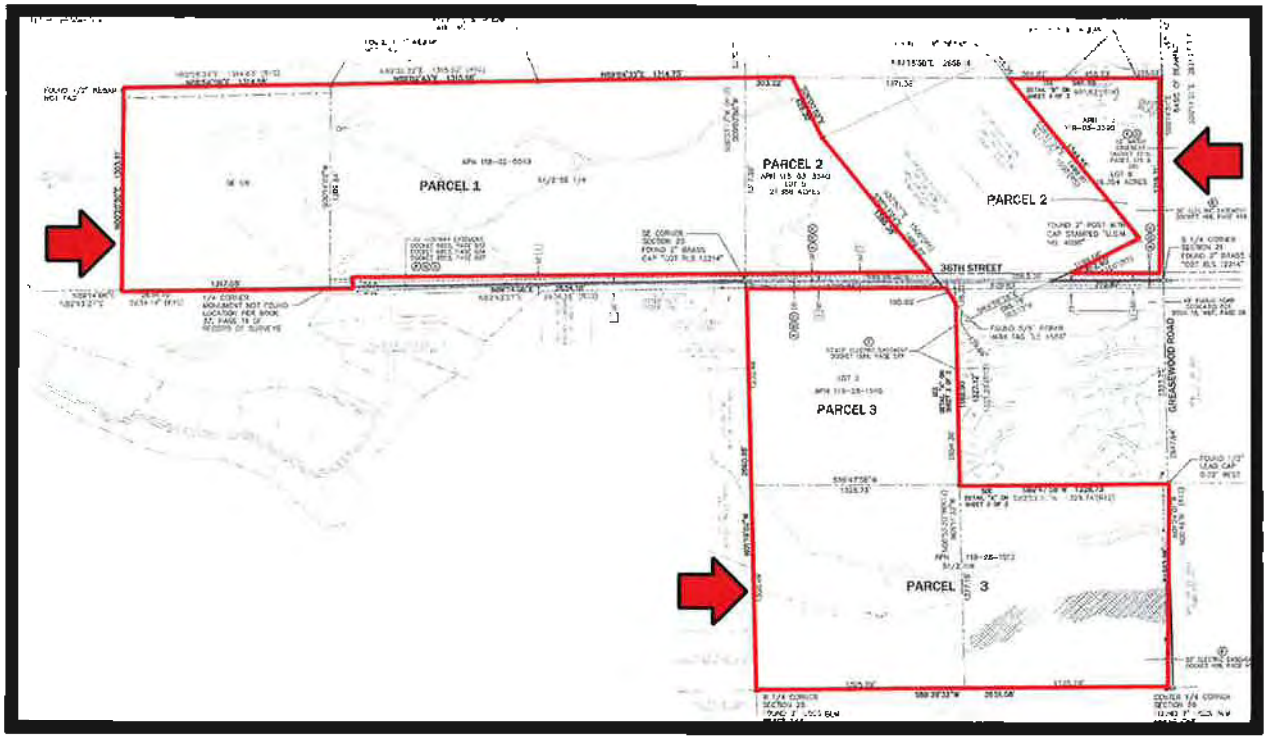


EXHIBIT D - CONCEPT PLAN

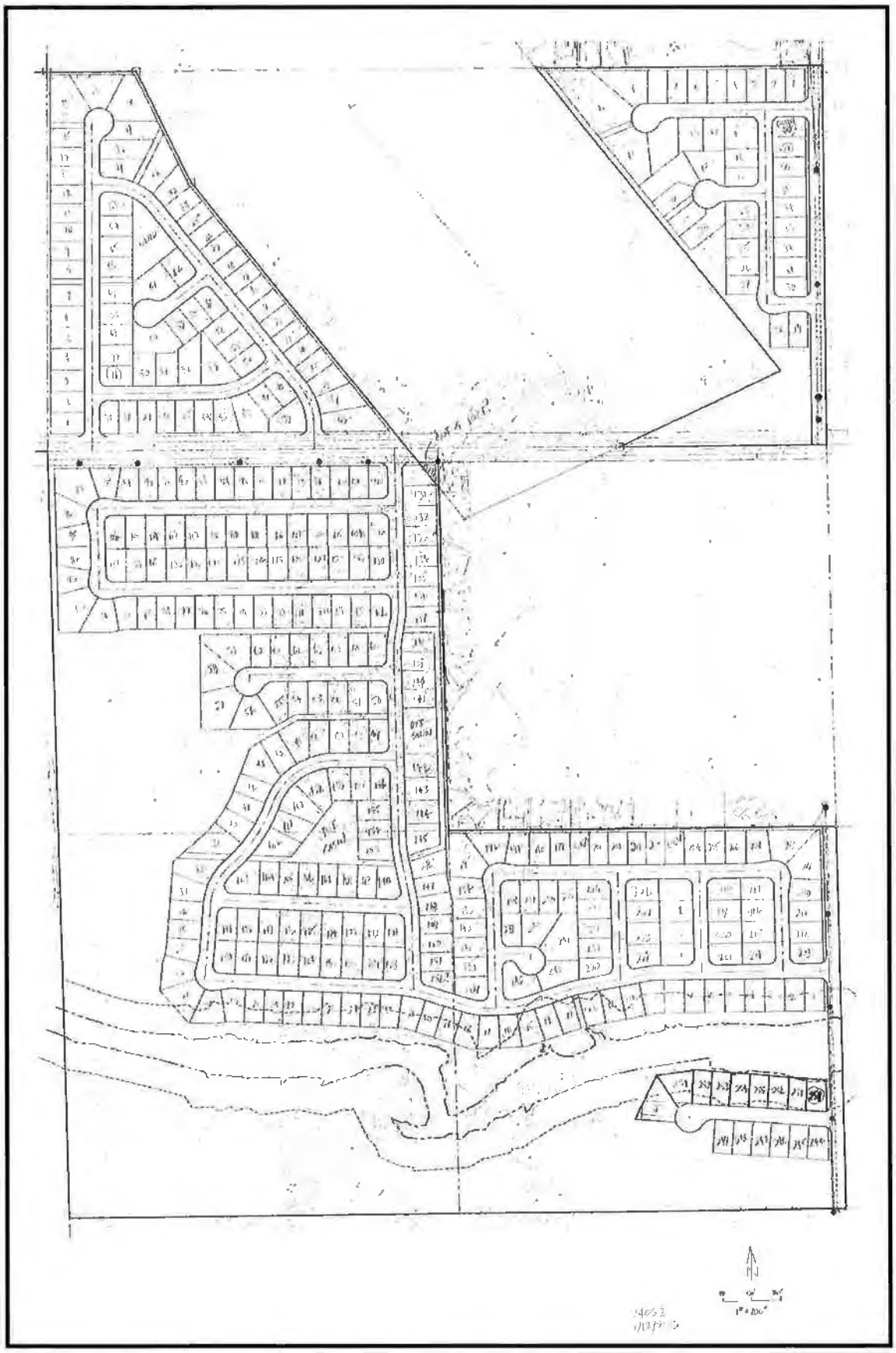


EXHIBIT E - AERIAL PHOTOGRAPH

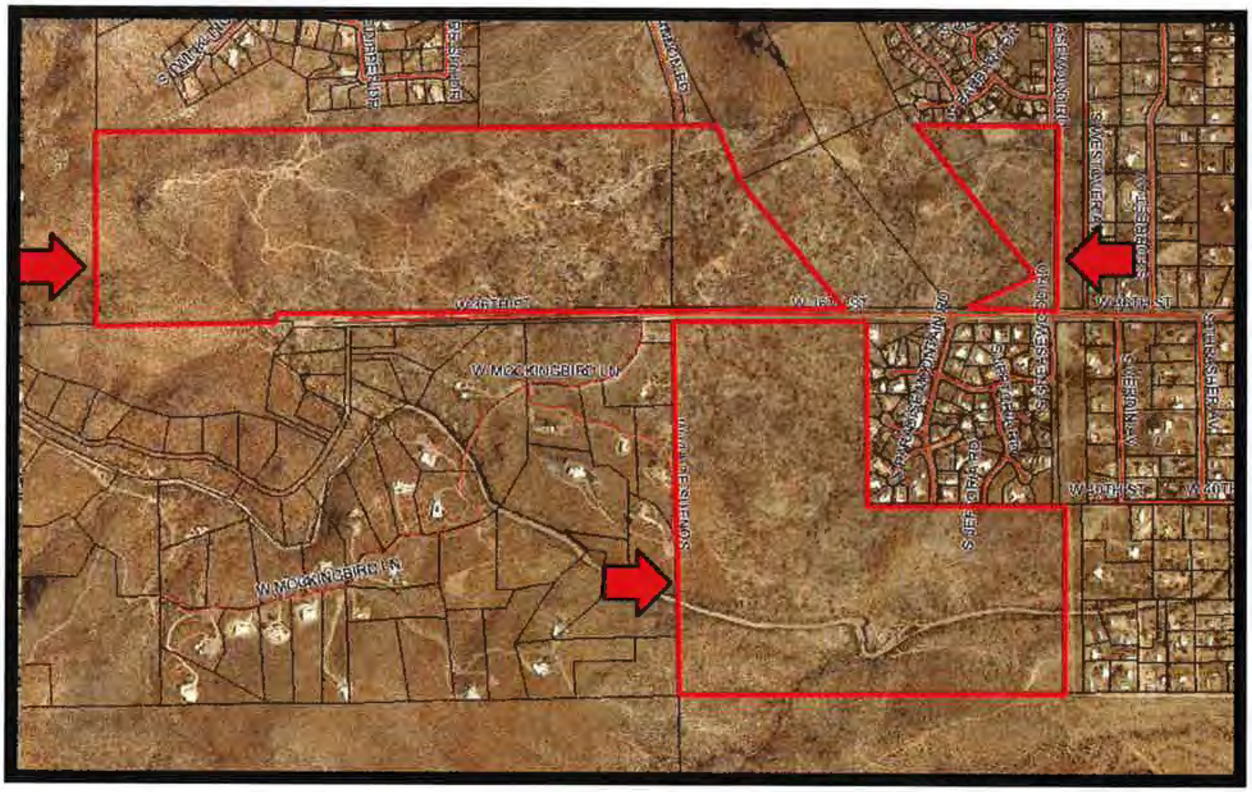
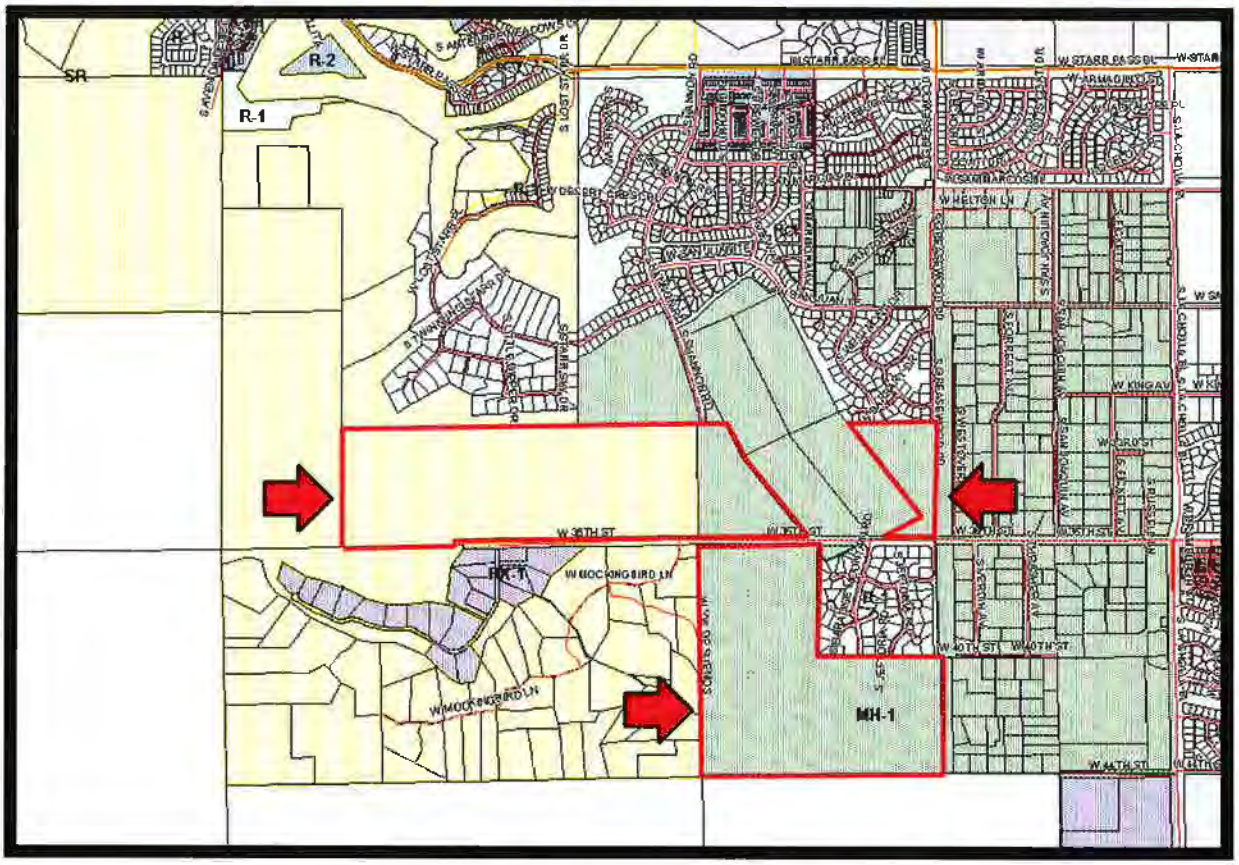
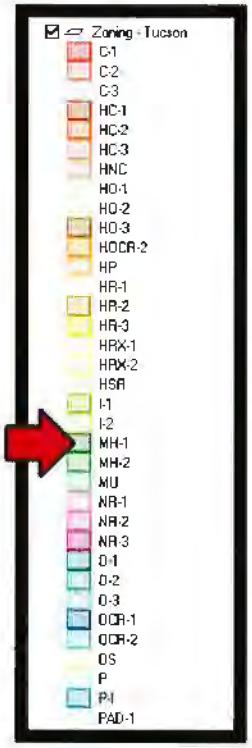


EXHIBIT F - ZONING MAP (CITY OF TUCSON)





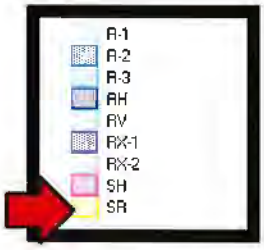
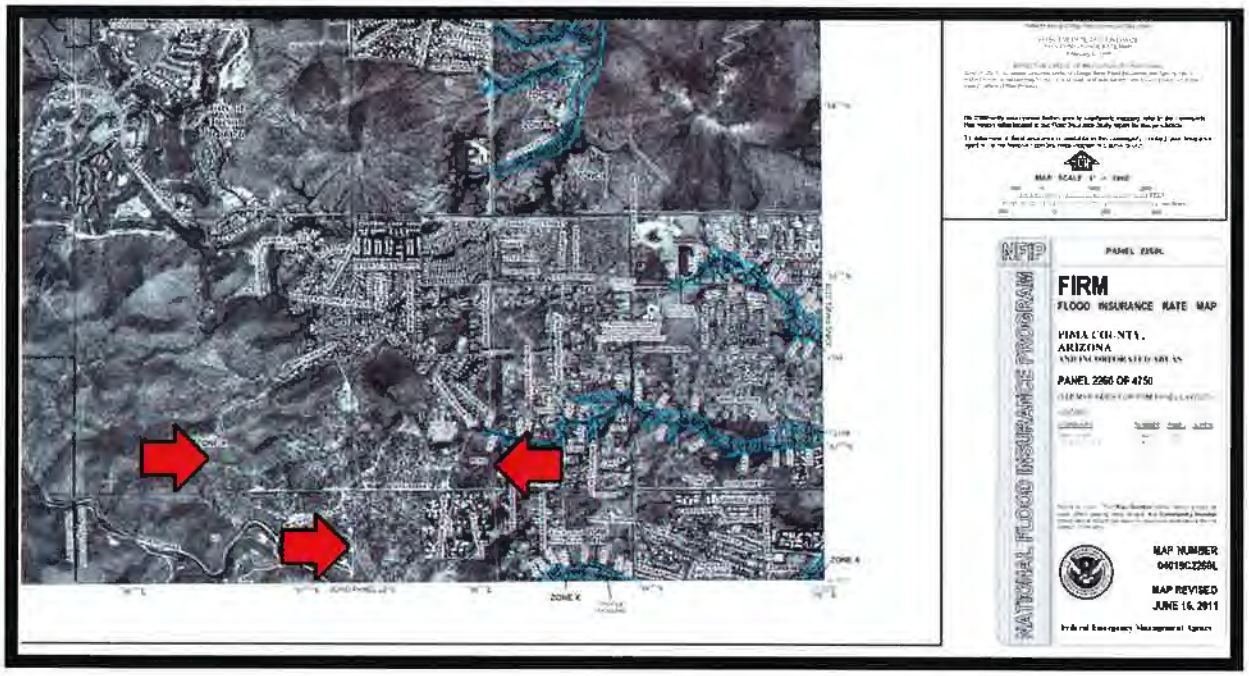


EXHIBIT G - FLOOD PLAIN MAPS



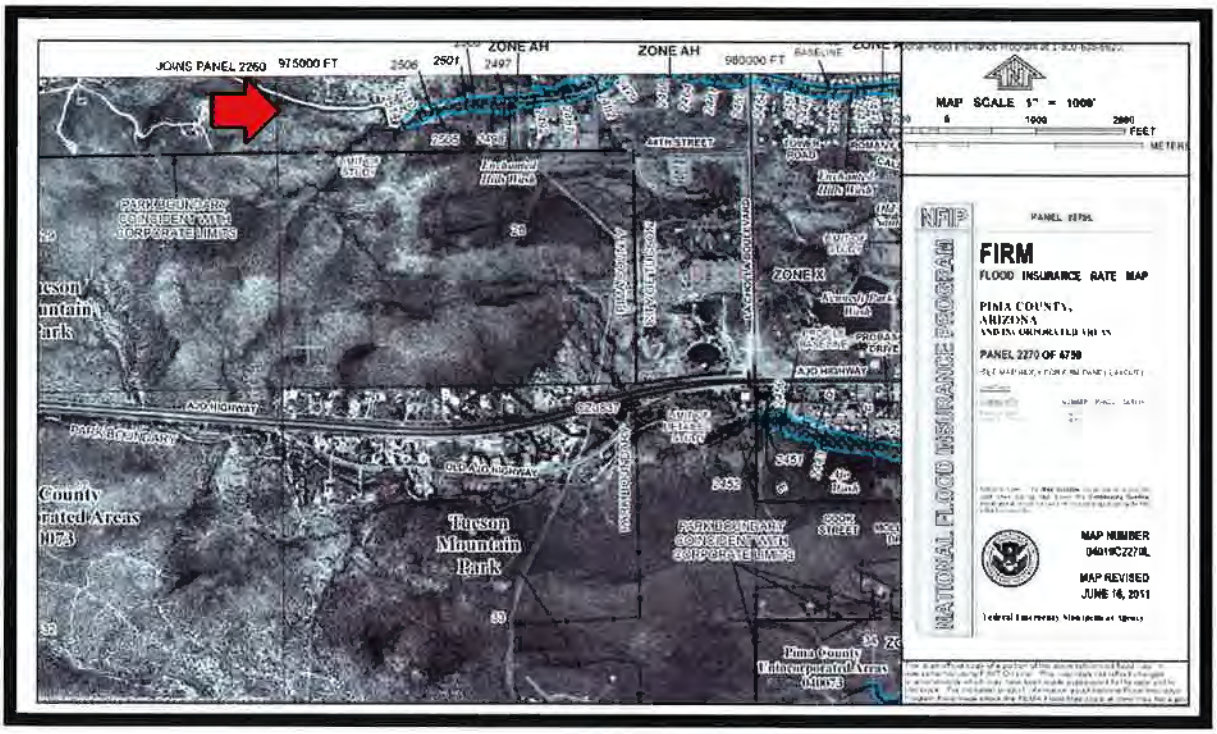


EXHIBIT H - SUBJECT PHOTOGRAPHS

PHOTO 1 - VIEW SOUTHWEST FROM NORTHEAST PORTION OF PARCEL 3390

PHOTO 2 - VIEW SOUTH FROM NORTH PORTION OF PARCEL 3390

PHOTO 3 - VIEW WEST FROM NORTH PORTION OF PARCEL 3390

PHOTO 4 - VIEW FROM 36TH STREET AND GREASEWOOD ALIGNMENT

PHOTO 5 - VIEW SOUTH FROM NORTHEAST PORTION OF PARCEL 1510

PHOTO 6 - VIEW WEST FROM NORTHEAST PORTION OF PARCEL 1510

PHOTO 7 - VIEW WEST ALONG WASH ALONG SOUTHEAST PORTION OF PARCEL 1510

PHOTO 8 - VIEW WEST FROM SOUTHEAST PORTION OF PARCEL 1510

PHOTO 9 - VIEW SOUTHWEST FROM 36TH STREET OF PARCEL 1510

PHOTO 10 - VIEW SOUTH FROM NORTH PORTION OF PARCEL 1510

PHOTO 11 - VIEW WEST FROM NORTH PORTION OF PARCEL 1510

PHOTO 12 - VIEW EAST FROM MIDDLE OF PARCEL 1510

PHOTO 13 - VIEW NORTHEAST FROM MIDDLE OF PARCEL 1510

PHOTO 14 - VIEW SOUTH FROM MIDDLE OF PARCEL 1510

PHOTO 15 - VIEW SOUTHEAST FROM NORTHWEST PORTION OF PARCEL 1510

PHOTO 16 - VIEW SOUTHWEST OF PARCEL 1510 FROM 36TH STREET

PHOTO 17 - VIEW NORTH OF PARCEL 3340 FROM 36TH STREET

PHOTO 18 - VIEW NORTHEAST FROM MIDDLE OF PARCEL 3340

PHOTO 19 - VIEW WEST FROM MIDDLE OF PARCEL 3340

PHOTO 20 - VIEW NORTHEAST FROM MIDDLE EAST BOUNDARY OF PARCEL 3340

PHOTO 21 - VIEW SOUTH FROM MIDDLE OF PARCEL 3340

PHOTO 22 - VIEW NORTHWEST OF PARCEL 3340 FROM 36TH STREET

PHOTO 23 - VIEW NORTH FROM EAST BOUNDARY OF SR ZONED LAND (PARCEL 0040)

PHOTO 24 - VIEW WEST FROM SOUTHEAST PORTION OF SR ZONED LAND

PHOTO 25 - VIEW WEST FROM MIDDLE EAST BOUNDARY OF SR LAND

PHOTO 26 - VIEW EAST FROM MIDDLE EAST BOUNDARY OF SR LAND

PHOTO 27 - VIEW NORTHEAST FROM EAST PORTION OF SR LAND

PHOTO 28 - VIEW NORTHEAST FROM EAST PORTION OF SR LAND

PHOTO 29 - VIEW NORTHEAST ACROSS SR LAND FROM END OF PAVED 36TH STREET

PHOTO 30 - VIEW NORTH OF SR LAND IN AREA AT END OF PAVED 36TH STREET

PHOTO 31 - VIEW EAST ACROSS SR LAND IN AREA AT END OF PAVED 36TH STREET

PHOTO 32 - VIEW WEST ACROSS SR LAND IN AREA AT END OF PAVED 36TH STREET

PHOTO 33 - VIEW SOUTH ALONG GREASEWOOD ALIGNMENT FROM NORTHEAST PORTION OF PARCEL 3390

PHOTO 34 - VIEW WEST ALONG 36TH STREET FROM AREA OF PARCEL 3390

PHOTO 35 - VIEW EAST ALONG 36TH STREET FROM AREA OF PARCEL 1510

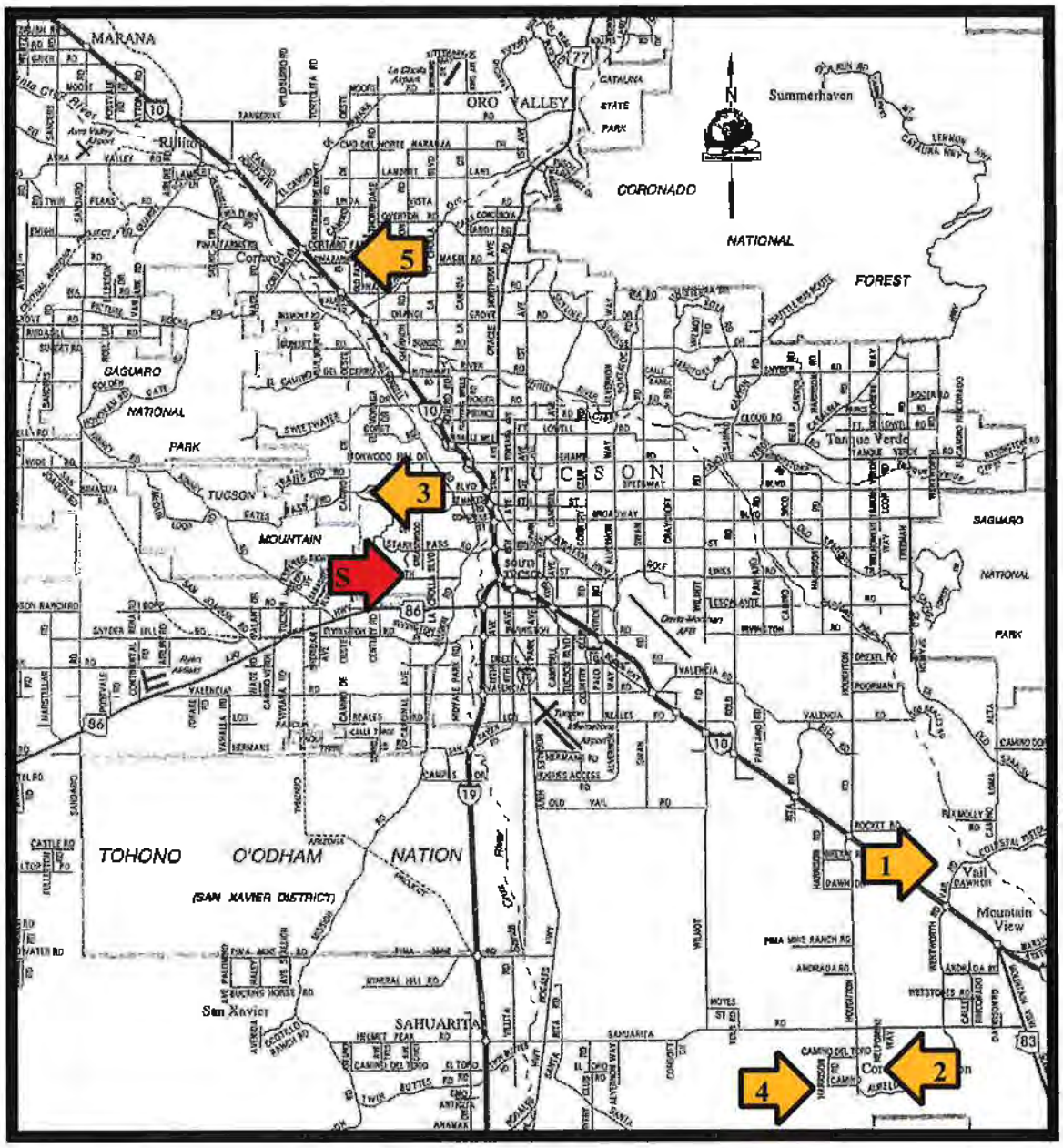
PHOTO 36 - VIEW WEST ALONG 36TH STREET FROM AREA OF PARCEL 1510

PHOTO 37 - VIEW EAST ALONG 36TH STREET FROM AREA OF PARCEL 3340

PHOTO 38 - VIEW WEST ALONG 36TH STREET FROM EAST BOUNDARY OF SR LAND

PHOTO 39 - VIEW EAST FROM END OF PAVED 36TH STREET

EXHIBIT I - COMPARABLE LAND SALES LOCATION MAP



Subject: **On tbe north and south sides of 36th Street, east of Tucson Mountain Park**

Sale 1: Northeast of Mary Ann Cleveland Way, east of Houghton Road

Sale 2: East of Houghton Road, south of Camino del Toro Road, west of the southern end of Melpomene Way

Sale 3: Between Speedway Boulevard and Anklam Road, east of Camino de Oeste

Sale 4: North and South sides of Sycamore Leaf Road alignment, East side of Canyon Edge Trail

Sale 5: Wrapping around the Southeast corner of Sandy Desert Trail and Cortaro Farms Road

EXHIBIT J - COMPARABLE LAND SALES, PLAT MAPS AND AERIAL PHOTOS

LAND COMPARABLE NUMBER ONE (SALE) ID: R1 0158 6687

LOCATION:	Northeast of Mary Ann Cleveland Way, East of Houghton Road
LEGAL DESCRIPTION:	Rincon Knolls Phase I-IV, Lots 1-502 and Common Areas, Pima County, Arizona
STATE TAX PARCEL:	305-97-0010 through 305-97-0970 and various other tax parcel numbers.
RECORD DATA:	Fee Number 2013-0460344
DATE OF SALE:	February 15, 2013
SELLER:	First American Title
BUYER:	TTLC Rincon Knolls LLC
CONFIRMED BY:	Affidavit
LAND DESCRIPTION:	This site is an irregular shaped property located northeast of Maryann Cleveland Way, east of Houghton Road. The sale is raw desert land. The property has a length of approximately 4,600 feet along the western boundary and a width of approximately 1,300 feet along the northern boundary. According to the tentative plat, access to the site will be from Red Iron Trail, which is a two-lane asphalt paved residential roadway, with rolled concrete curbs, sidewalks, but no streetlights in the vicinity of the area. This subdivision street (Red Iron Trail) is in place and provides paved access with all utilities to the boundary. The nearest major roadway providing access to the providing indirect access to the property is Maryann Cleveland Way located to the southeast, approximately 700 feet from the proposed access point to the planned subdivision. Maryann Cleveland Way is a two-lane asphalt paved roadway with no curbs, sidewalks, or streetlights in the vicinity of the subject. Maryann Cleveland Way has a 2010 traffic count of 8,000 vehicles per day in the vicinity of the property. The topography is mostly level, sloping in a northwesterly direction. There areas to along the

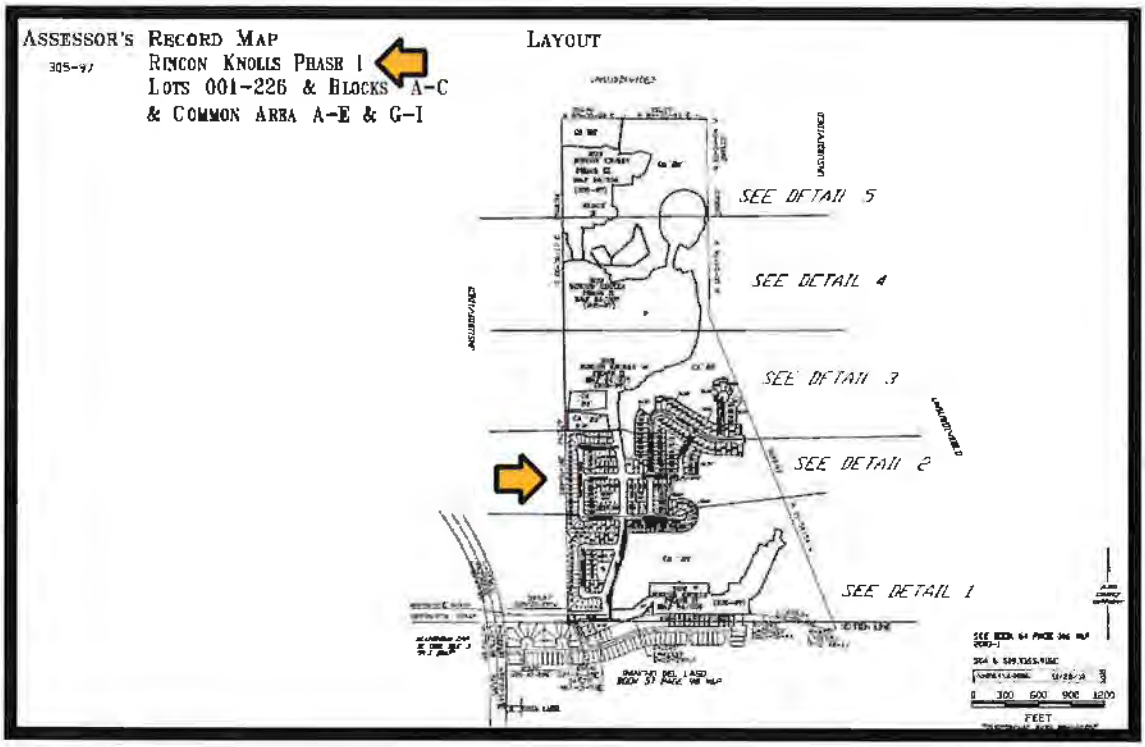
	western boundary are more steeply sloping towards the Pantano Wash. All utilities are available to the property. According to FEMA Flood Insurance Rate Maps 04019C2940L and 04019C2930L, dated June 16, 2011, the land is identified as being mostly located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There are portions of the property designated as open space on the tentative plat that are located within Special Flood Hazard Area zone A. All utilities are available to the southern property line.
LAND SIZE:	172 acres
ZONING:	R-1 (City of Tucson)
REPORTED SALE PRICE:	$6,100,000
PRICE PER LOT:	$15,250 (400 lots)
PRICE PER ACRE:	$35,465
MARKETING TIME:	N/A
TERMS OF SALE:	This was reported to be a seller carryback with a down payment of 1,220,000. The terms of the seller financing are not known.
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:	To develop with single family residences.
COMMENTS:	The breakdown of the platted lot sized are: 40 feet by 110 feet - 267 lots 40 feet by 115 feet - 22 lot 45 feet by 110 feet - 73 lots 45 feet by 115 feet - 20 lots 50 feet by 110 feet - 94 lots 50 feet by 120 feet - 14 lots 55 feet by 110 feet - 12 lots

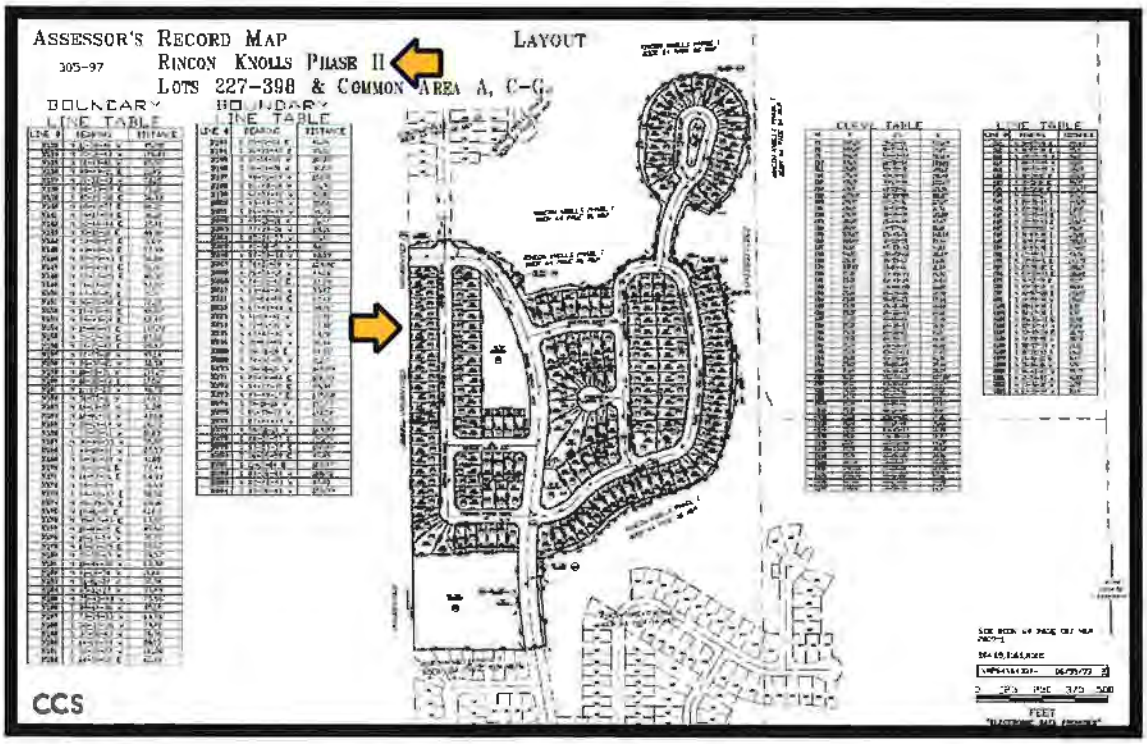
The area has a tentative plat known as Rincon Knolls Lots 1-502, Phase I to IV. The tentative plat is reported to be revised to 400 lots. According to an article published in the Arizona Daily Independent (February 26, 2013) states that the plat revision is to "lower the density and create more desirable lots for today's real estate market."

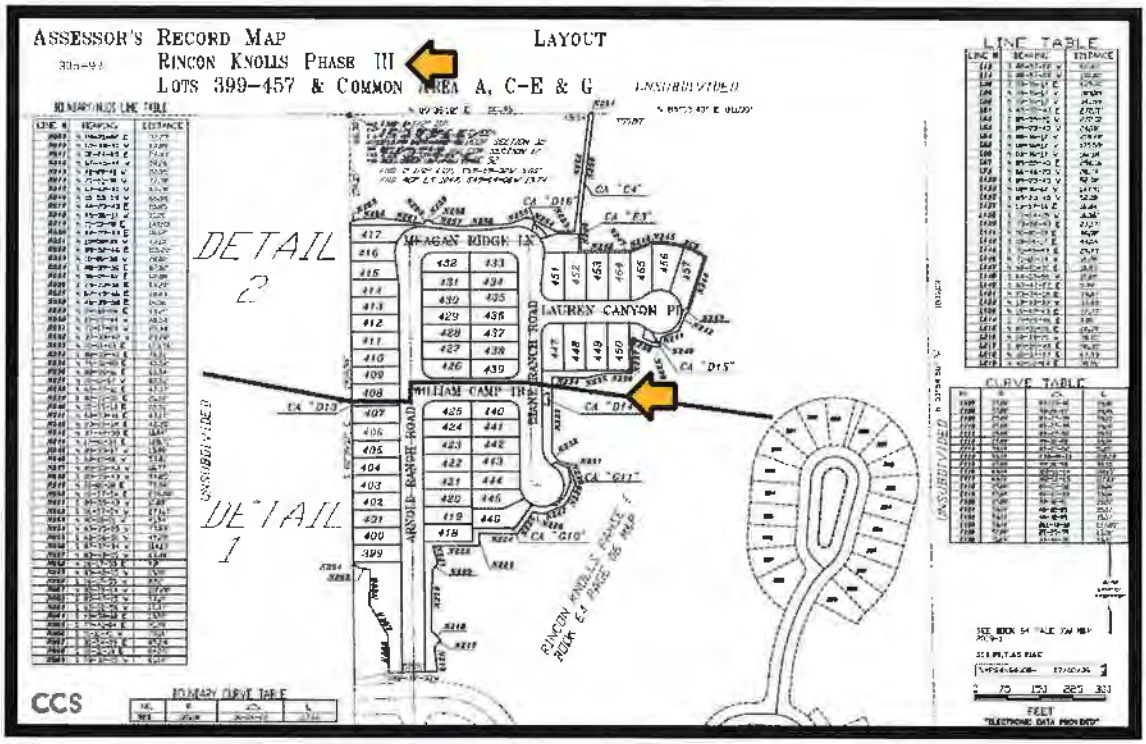
Many of the lots on the tentative plat back up to open space.

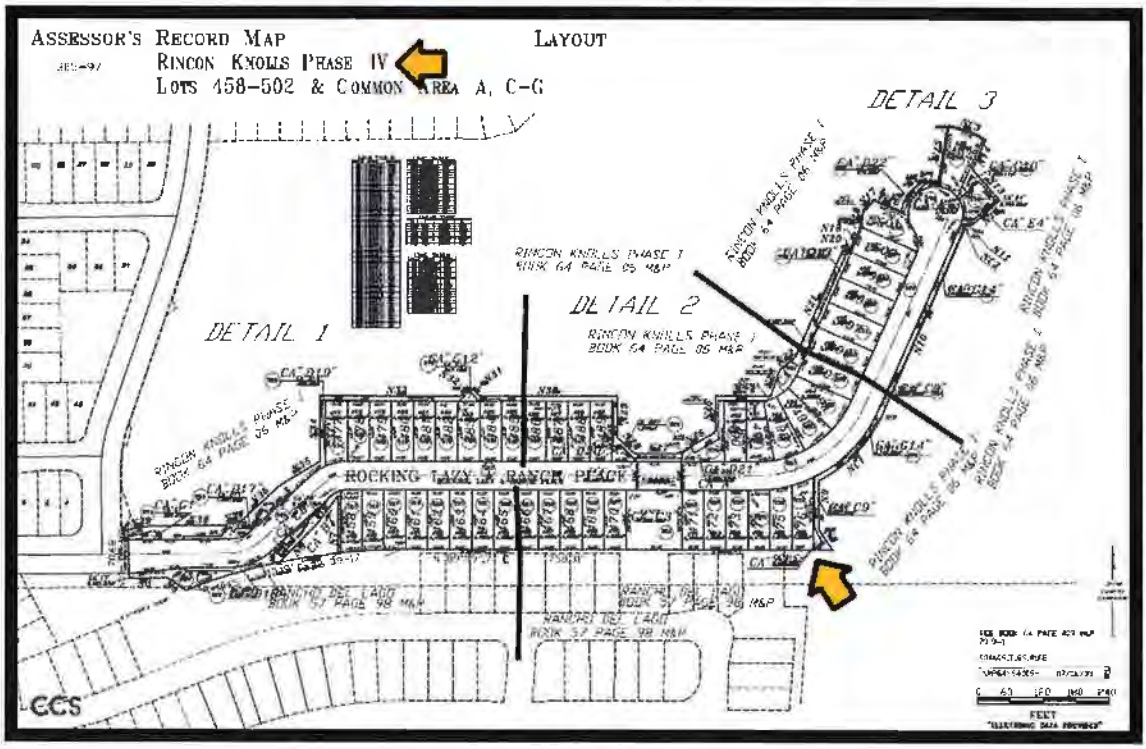
There are common areas located around the local washes that traverse the property.

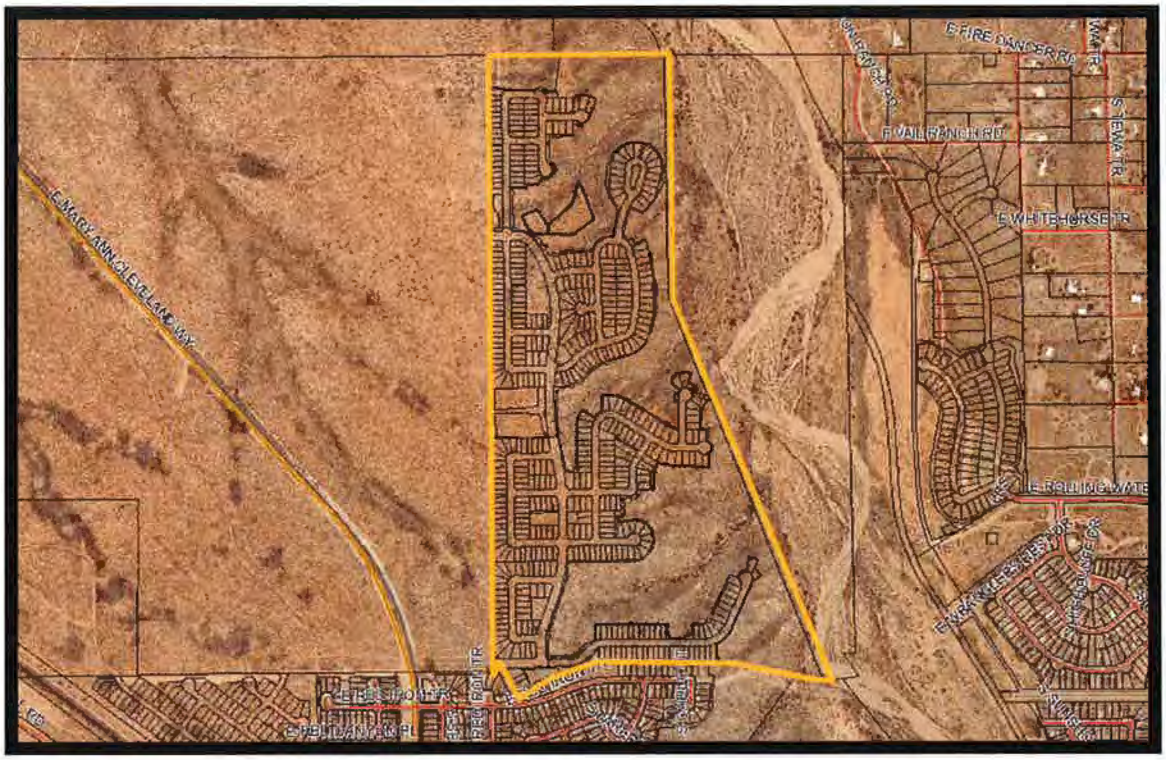
COMPARABLE LAND SALE ONE - PLAT MAPS & AERIAL PHOTO






ASSESSOR'S RECORD MAP
RINCON KNOLLS PHASE III
LOTS 399-457 & COMMON AREA A, C-E & G
LAYOUT
DETAIL 2
DETAIL 1
MEAGAN RIDGE LN
LAUREN CANYON PL
WILLIAM CAMP TR
ARNOLD RANCH ROAD
LINE TABLE
CURVE TABLE
CCS
FEET


ASSESSOR'S RECORD MAP
RINCON KNOLLS PHASE IV
LOTS 458-502 & COMMON AREA A, C-G
LAYOUT
DETAIL 1
DETAIL 2
DETAIL 3
ROCKING LAZY A RANCH PLACE
CCS
FEET

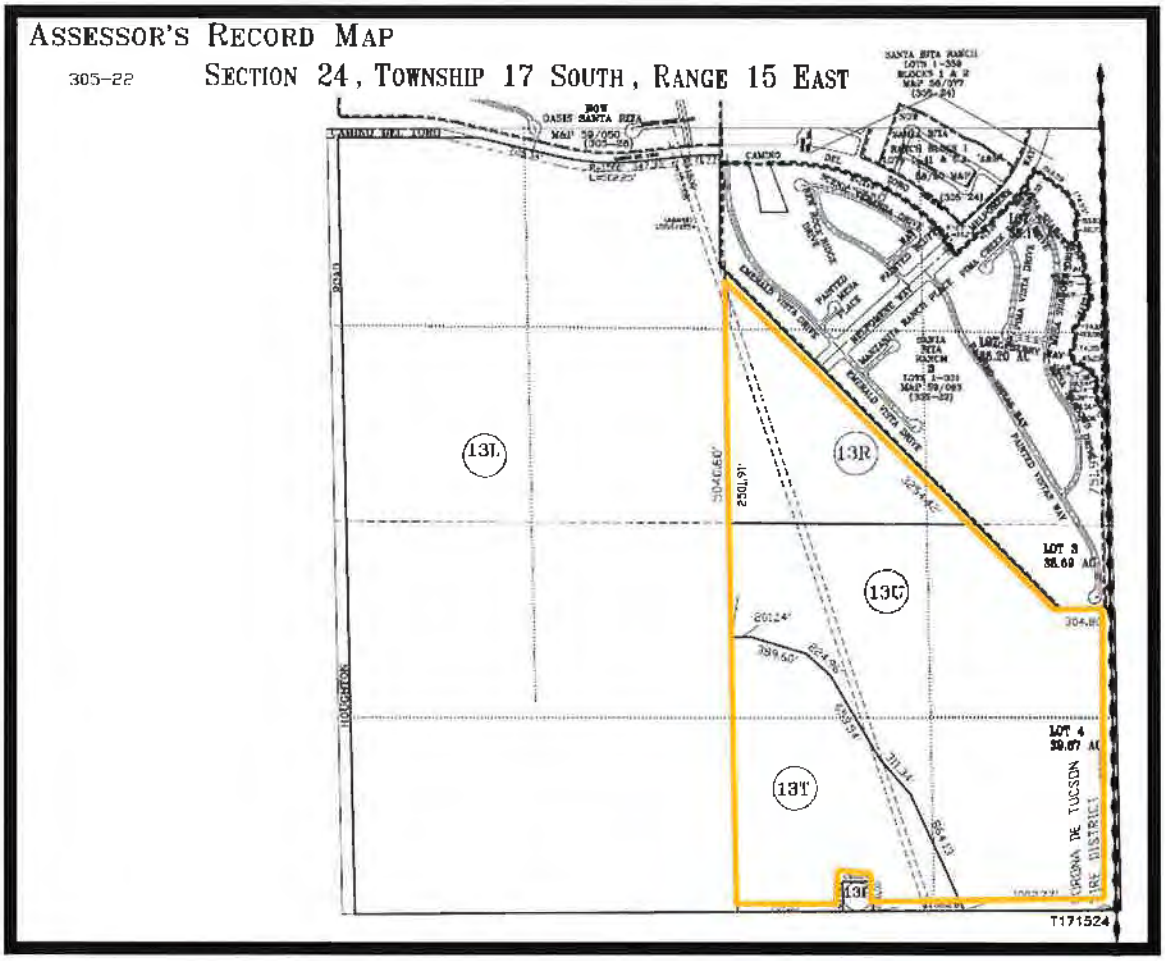

E FIRE DANCER RD
E VAIL RANCH RD
E WHITEHORSE TR
S TEWA TR
E MARY ANN CLEVELAND WAY

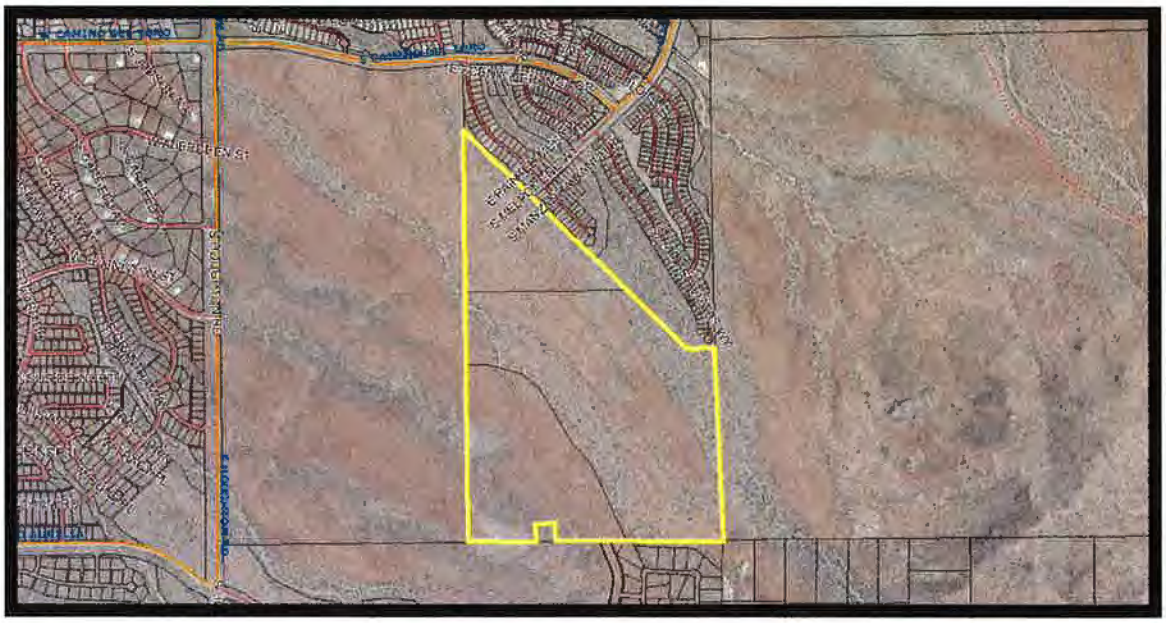
LAND COMPARABLE NUMBER TWO (SALE) ID: SP 0051 6679A

LOCATION:	East of Houghton Road, South of Camino del Toro Road, west of the southern end of Melpomene Way
LEGAL DESCRIPTION:	A portion of the Section 24, Township 17 South, Range 15 East, G&SRB&M, Pima County, Arizona
STATE TAX PARCEL:	305-22-013R, 305-22-013T, 305-22-013U
RECORD DATA:	Docket 2013-1280224
DATE OF SALE:	May 8, 2013
SELLER:	Arizona Equity II, LLC
BUYER:	Santa Rita Ranch III, LLC
CONFIRMED BY:	Eric Abrahams, Seller, (520-269-8031) DFO; July 25, 2013
LAND DESCRIPTION:	This site is an irregular shaped sale of vacant desert land located east of Houghton Road, south of Camino del Toro Road. The site has a maximum length of approximately 4,300 feet along the western boundary and a length of approximately 2,000 feet along the eastern boundary. The property had a width of approximately 2,450 feet along the southern boundary. There is currently a tentative plat known as Santa Rita Ranch III with a proposed 343 lots on the property. The typical lot sizes are reported to be 50 to 60 feet by 100 feet and larger lots of 70 feet by 110 feet. All weather paved access to the site is proposed from Melpomene Way, which currently dead-ends approximately 500 feet to the northeast of the property. Melpomene Way is an asphalt paved two-lane residential road with concrete curbs, sidewalks, but no streetlights in the vicinity of this property. There is no traffic count available for Melpomene Way in the vicinity of this site. All utilities are near the property in Melpomene and continued development will bring Melpomene and all utilities to the boundary of the property. The topography is somewhat level, sloping in

	a northwesterly direction with more steeply sloping sections located in the southwest corner of the sale. There are several local washes which traverse the property. All utilities except water currently available to the property. The buyer agreed to pay approximately $1,000,000 in offsite water upgrade system costs, shared with the surrounding developments, to bring sufficient water to the property and surrounding developments. According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the property is not located within a Special Flood Hazard Area.
LAND SIZE:	183.43 acres or 7,990,211 square feet
ZONING:	SP (Pima County)
REPORTED SALE PRICE:	$2,700,000 (including $1,000,000 offsite water costs)
PRICE PER ACRE:	$14,720 per acre (including $1,000,000 offsite water costs)
PRICE PER LOT:	$7,872 per lot (including $1,000,000 offsite water costs)
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that the property sold the same day for $850,000 as an REO sale to the seller, which included another parcel, and this property was split off and sold separately to the buyer.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions and included an option to purchase an adjacent 50 acre parcel to the south of the subject.
INTENDED USE:	Residential development for a 343 lot subdivision known as Santa Rita Ranch III.
COMMENTS:	The development costs were reported by the seller to be approximately $25,000 - $30,000 per lot.

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTOGRAPH





LAND COMPARABLE NUMBER THREE (SALE) ID: CR-1 0291 7236B

LOCATION:	Between Speedway Boulevard and Anklam Road, east of Camino de Oeste
LEGAL DESCRIPTION:	Portion of the southern half of the southeast quarter of Section 6, Township 14 South, Range 13 East, and portion of the northeast quarter of the northeast quarter Section 7, Township 14 South, Range 13 East, and portion of the western half of the northeast quarter of Section 7, Township 14 South, Range 13 East, G&SRB&M, Pima County, Arizona
STATE TAX PARCELS:	116-04-164A, 116-04 164B, 116-07-1250, 116-08-001C, 116-09-0060
RECORD DATA:	Fee Number 2014-2600094
DATE OF SALE:	September 17, 2014
SELLER:	P&F Tucson Group, LLC
BUYER:	Pima County
CONFIRMED BY:	Doug Laney, buyer's representative (520-724-6313) TAB; October, 2014
LAND DESCRIPTION:	The property is irregular in shape and contains a total area of 286.57 acres per survey as part of a tentative plat by Kimley-Horn and Associates. The property has approximately 4,342 feet of frontage on Speedway Boulevard and approximately 5,643 feet of frontage on Anklam Road. Speedway Boulevard is a two-lane, asphalt-paved roadway with no curbs, sidewalks or streetlights in the vicinity of this site. Speedway Boulevard has a 2010 traffic count of 12,000 vehicles per day according to the Pima Association of Governments. Anklam Road is a two-lane, asphalt-paved roadway with no curbs, sidewalks, or streetlights at the site. Anklam Road has a 2010 traffic count of 1,000 vehicles per day at the site. Both Speedway Boulevard and Anklam Road are designated as scenic routes by the Pima County Major Streets and Routes plan. The topography ranges from steeply sloping terrain to more level areas along Speedway Boulevard

and Anklam Road. Portions of the property consist of rocky terrain including areas adjacent to the roadways. There are protected peaks and ridges located on the property. Development of the site would be to the Hillside Development Zone and Protected Peak Ordinance, with restrictions as to conditions of development, including grading, cut and fill allowed, and cross slope considerations.

Properties bordering the property include single family residences and vacant residential lots to the north; single family residences and vacant land followed by the Tucson Mountain Park to the south; single family residences and vacant land to the east, and single family residences and vacant land followed by the Tucson Mountain Park to the west.

Utilities available to the property include electric (Tucson Electric Power Company), natural gas (Southwest Gas Corporation), telephone (CenturyLink), and sewer (Pima County Wastewater Management) and are available to some portions of the site. There is a sewer line (Pima County Wastewater Management) in Speedway Boulevard in front of the property that could potentially provide service to a portion of the property; however, this is a smaller sewer line. It is not known if this sewer line would have capacity to provide any service to the property. Sewer is located in Anklam Road approximately one-half mile from the southeast corner of the property. Development of the property would require the sewer line to be extended to the property and would require the development of lift station(s). Tucson Water has water lines in Anklam Road and Speedway Road at the property. However, the property is not located within the Tucson Water obligated service area. In order to access these water lines, the property would have to be annexed into the City of Tucson and Tucson Water's service area.

According to FEMA Flood Insurance Rate Map 04019C2260L, dated June 16, 2011, the property is not identified as being located in a Special Flood Hazard Area. However, the property has several local washes on the property that are locally regulated within local 100-year floodplain areas and with local erosion hazard setback areas. The property is not in a known seismic

zone. There are no known easements or encumbrances that adversely affect the property. Approximately 6.91 acres of the site are identified as areas within a Class C Xeroriparian Habitat. The amount of disturbed habitat onsite is 0.84 acres, which would require a riparian habitat mitigation plan for development to occur. The entire site is identified as being located in a Multiple Use Management area according to the Conservation Land Systems plan.

The property owner had a tentative plat for the property for a 260 lot residential cluster lot subdivision known as Painted Hills. The potential lots outlined in this tentative plat are located in some of the more level areas and on hillsides in order to develop the property in more level areas in conformance with the Hillside Development Zone ordinance. The more steeply sloping terrain would be set aside as open space. Most of the potential lots are 60 feet wide by 120 to 125 feet deep, with the smaller lots located in the less sloping areas of the site. Approximately 15 percent of the potential lots are larger and tend to be located in some of the more sloping areas of the site. These larger lots located in the more sloping areas and in rocky areas would require more cut and fill work, have grading limits, and would therefore incur higher development costs. The average lot size in the overall development is calculated to be 10,979 square feet. The total lot area in the development is to be on 65.53 acres out of the entire 286.57 acres.

The southeastern portion of the property along Anklam Road and the northeastern portion along Speedway Boulevard and the western portion of the property are more level areas where many of the potential lots are located. The lots along Speedway Boulevard would incur higher development costs due to the rocky nature of the terrain in this area. The lots along Anklam Road in the southeastern part of the site have views of the surrounding hillsides and some limited city views. Some of the lots along Speedway in the northeast part of the site have city views and Catalina Mountain views. The potential lots in the western portion of the development have hillside and Tucson Mountain views.

Some of the potential lots in the central portions of the site are situated on more elevated, sloping terrain which

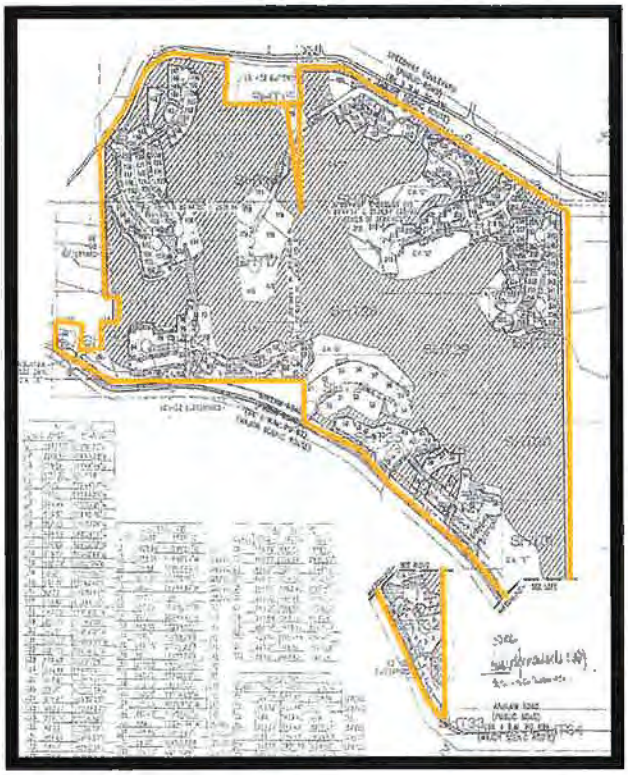
would increase the onsite development costs of these lots due to the cut and fill work that would be necessary to develop these lots. While some of these lots are larger in size, there are grading limits on these lots. The potential lots in the central portion of the site have good views of the surrounding hillsides and/or of the city valley.

All weather access roadways will need to be developed as part of a subdivision development, and utilities will need to be brought to each of the lots. The development of the road will require more cut and fill work in the more sloping areas due to the steeper slopes and in the more rocky areas. The development costs for the project will exceed development costs in more level areas without the constraints on the land and will be higher than typical subdivision development costs.

LAND SIZE:	286.57 Acres
ZONING:	CR-1
REPORTED SALE PRICE:	$7,500,000
NUMBER POTENTIAL LOTS:	260
PRICE PER LOT:	$28,846
MARKETING TIME:	N/A
TERMS OF SALE:	Pima County agreed to purchase the property for $7,500,000. The terms of the purchase are to include an initial payment of $3,000,000 in the fiscal year of 2014/2015, with five equal payments made annually of $1,061,028.62 with interest accruing, for a total cost of $8,305,143.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of sale.
CONDITIONS OF SALE:	This purchase is being made for open space and is not based upon a market-driven economic basis for development of a single family subdivision. The purchase of the property was political in nature with the buyer motivated to purchase the property and sold for above the market value.

INTENDED USE:	Open Space
COMMENTS:	The development costs of the site are well above typical development costs and are estimated to be over $58,000 per lot due to the topography of the site, rocky terrain, and need to extend utilities, which includes the use of lift stations for sewer.

COMPARABLE LAND SALE THREE - PLAT MAP AND AERIAL PHOTO

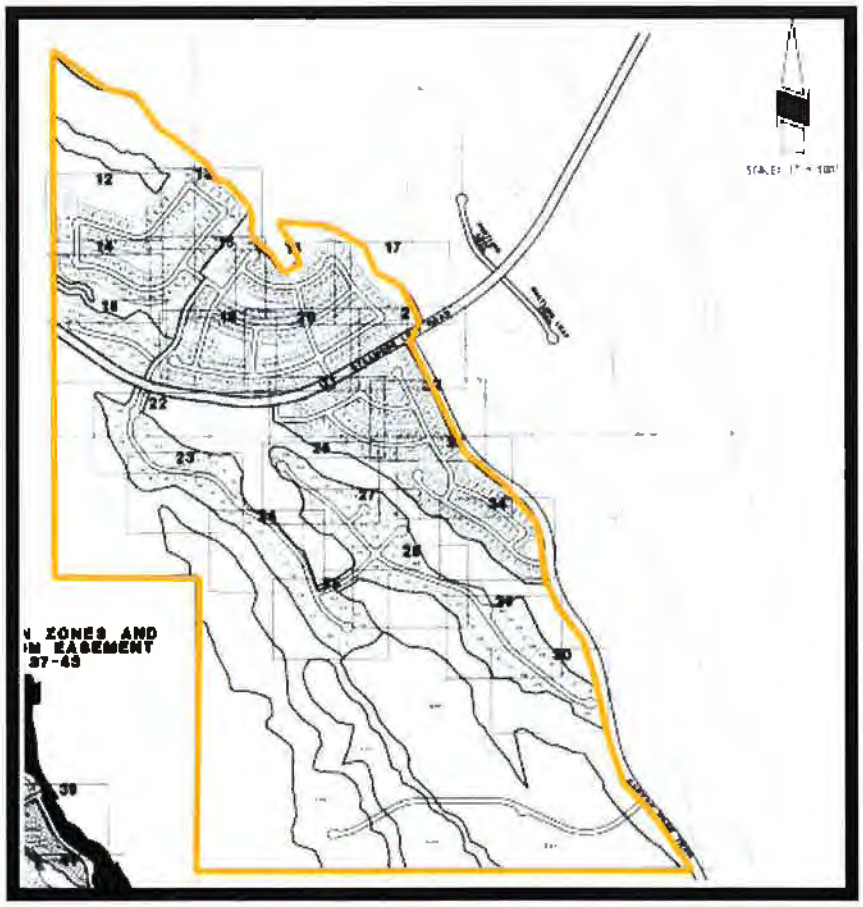


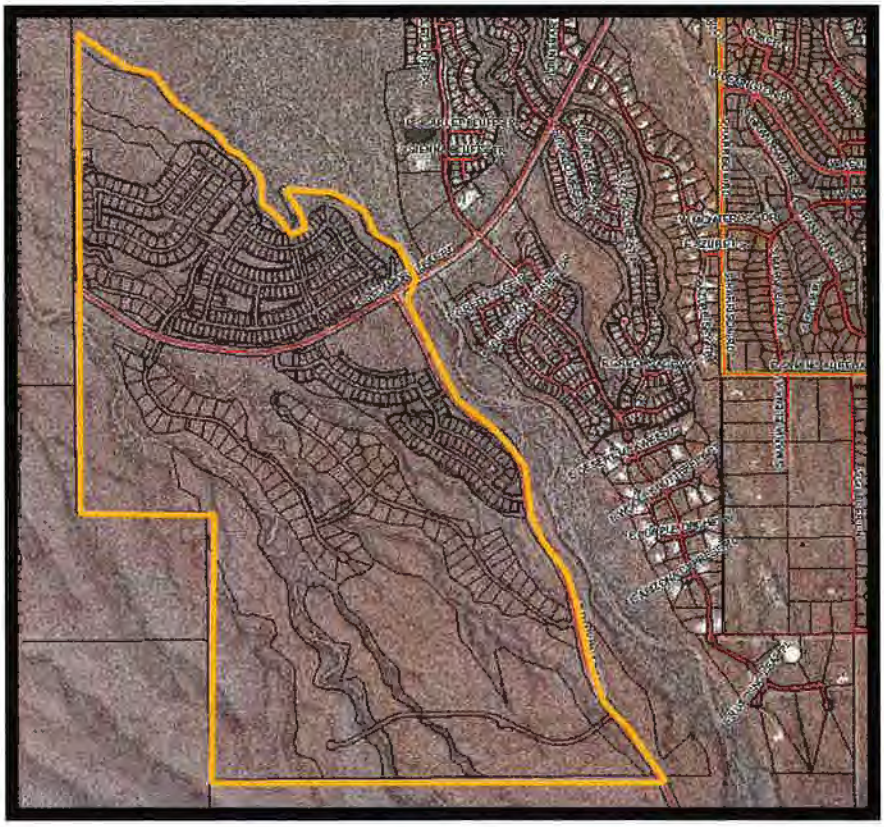
LAND COMPARABLE NUMBER FOUR (SALE) ID: SP 0055 7236B

LOCATION:	North and South sides of Sycamore Leaf Road alignment, East side of Canyon Edge Trail
LEGAL DESCRIPTION:	Sycamore Canyon II, Lots 1 - 431, Blocks C through G, and Common Areas A-1 through A-56, B-1 through B-20, C-1 through C-3, and D-1 through D-2
STATE TAX PARCEL:	Various
RECORD DATA:	Fee Number 2015-1950315
DATE OF SALE:	July 14, 2015
SELLER:	Fidelity National Title Agency, Trust No. 60,438
BUYER:	SBH Sycamore Canyon, LLC
CONFIRMED BY:	Alex Argueta, Seller Representative (520-299-8766) DFO; March, 2016
LAND DESCRIPTION:	This site is an irregular shaped property located on the north and south sides of Sycamore Leaf Road, on the east side of Canyon Edge Trail. The property contains 549.2 acres gross area according to the recorded subdivision plat. Sycamore Leaf Road, to the east of the property is a two-lane, asphalt-paved roadway with raised center median, concrete curbs, sidewalks, but no streetlights in the vicinity of this property. Sycamore Leaf Road currently terminates at the eastern border of the property. There is no traffic count available for Sycamore Leaf Road in the vicinity of this property. Canyon Edge Trail is currently a rough-graded dirt roadway in the area of the property. Direct Access to the site is from Sycamore Leaf Road Canyon Edge Trail. The topography is rolling, overall sloping in a northeasterly direction, with the southern portion of the site elevated substantially above the northern portion of the site. All utilities are available to the property line. There are several local washes traversing through the subject property. According to FEMA Flood Insurance Rate Maps 04019C3500L, dated June 16, 2011, the land is identified as being located in Zone X which outside of a Special Flood Hazard Area.

LAND SIZE:	549.2 acres
ZONING:	SP
REPORTED SALE PRICE:	$3,300,000 based on an 80% ownership transfer. Based on 100% ownership transfer, the sales price would equate to $4,162,500.
NUMBER OF LOTS:	401
PRICE PER LOT:	$8,229 (based on 80% ownership transfer) $10,380 (based on 100% ownership transfer)
MARKETING TIME:	N/A
TERMS OF SALE:	This sale involved an owner carryback financing, with the terms not disclosed, however, the seller's representative indicated that the terms were considered market rate and did not impact the sales price of the property.
PRIOR SALE:	The subject property was purchased by the seller on December 19, 2014 for $2,350,000. The seller's representative indicated that there as a two year escrow period, with the sales price established in 2012. During the escrow period, the buyer approached the seller and agreed to purchase the property, with the seller retaining 20% ownership.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions, however the owner retained 20% ownership in the property after the sale.
INTENDED USE:	Development of a 401 lot subdivision
COMMENTS:	The subject was platted for a 431 lot subdivision, however, as agreed upon during the 2014 sale, 30 lots would be donated to the Vail School District. Therefore, the subdivision would include 401 lots. The lots mostly consist of production size lots ranging from approximately 7,000 square feet to 10,000 square feet, with a number of larger half-acre estate lots in the higher elevations.

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTO





LAND COMPARABLE NUMBER FIVE (SALE) ID: MAL 0286 R-6 7236B

LOCATION:	Wrapping around the Southeast corner of Sandy Desert Trail and Cortaro Farms Road, Marana
LEGAL DESCRIPTION:	Lots 1 through 69, and Common Areas A, and B, Willow Vista, Pima County, Arizona
STATE TAX PARCEL:	221-18-6550 through 221-18-7240
RECORD DATA:	Docket 2015-3550622
DATE OF SALE:	December 21, 2015
SELLER:	Fidelity National Title Agency, Inc, Trust No. 60,411
BUYER:	Richmond American Homes of Arizona, Inc.
CONFIRMED BY:	Ben Becker, Buyer/Seller broker, (520-323-5149) DFO; March, 2016 Jeff Gereke, buyer's consultant (520-577-7800) DFO; March, 2016
LAND DESCRIPTION:	This site is an irregular shaped property which wraps around the southeast corner of Cortaro Farms Road and Sandy Desert Trail and has approximately 650 feet of frontage on Cortaro Farms Road along the northern border and approximately 750 feet of frontage on Sandy Desert Trail along the western border. The site has a length of approximately 1,270 feet along the southern border, and a depth of approximately 1,225 feet along the eastern border. The land is platted with a 69 lot recorded residential subdivision. Access to the property is from Sandy Desert Trail. Cortaro Farms Road is a two lane asphalt-paved roadway with concrete curbs, but no sidewalks or streetlights in the vicinity of this property. Cortaro Farms Road has a 2012 traffic count of 21,000 vehicles per day near this site. Sandy Desert Trail is a two-lane, asphalt-paved roadway with a median, concrete curbs and sidewalks in the vicinity of this property. There is no traffic count available for Sandy Desert Trail in the area of this property. The intersection of Cortaro Farms Road and Sandy Desert Trail is a traffic light controlled intersection. The topography is hilly terrain, sloping in a southwesterly

	direction. Electric and telephone are available to the property line. Sewer and water are near the property line but a booster site for water will be required for any development to occur. According to FEMA Flood Insurance Rate Map 04019C1655L, dated June 16, 2011, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.
LAND SIZE:	30.63 acres
NUMBER OF LOTS:	69
ZONING:	R-6 (Marana)
REPORTED SALE PRICE:	$1,380,000
PRICE PER LOT:	$20,000
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no sale of this property has occurred within three years of the date of this sale. There were two additional transactions which took place on the same date of sale, however these transactions were internal transfers of ownership as well as subdivision restrictions. The most recent sale of the subject property occurred on August 1, 2011 for $189,000.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a 69 lot residential subdivision.
COMMENTS:	This property was previously platted with a 35 lot subdivision. The property was re-platted to a 69 lot subdivision prior to the sale.. Additionally, there were extraordinary development costs to develop a water booster site for use of this property and adjacent properties, however the seller resolved the water booster site prior to the sale and did not impact the sales price of the property. Development costs for this property are approximately $40,000 per lot and are considered to be

above normal costs due to the hilly terrain and need to construct retaining walls. Additionally, there were some impact fees for the site, however the broker involved in the sale indicated that these impact fees are typical for the area.

Home prices to be developed on the property are expected average in the low $300,000s according to the broker, however there are no prices indicated on the marketing website for the subdivision. The home sizes are to range between 1,920 and 3,020 square feet according to the developer website.

COMPARABLE LAND SALE FIVE - PLAT MAP AND AERIAL PHOTO

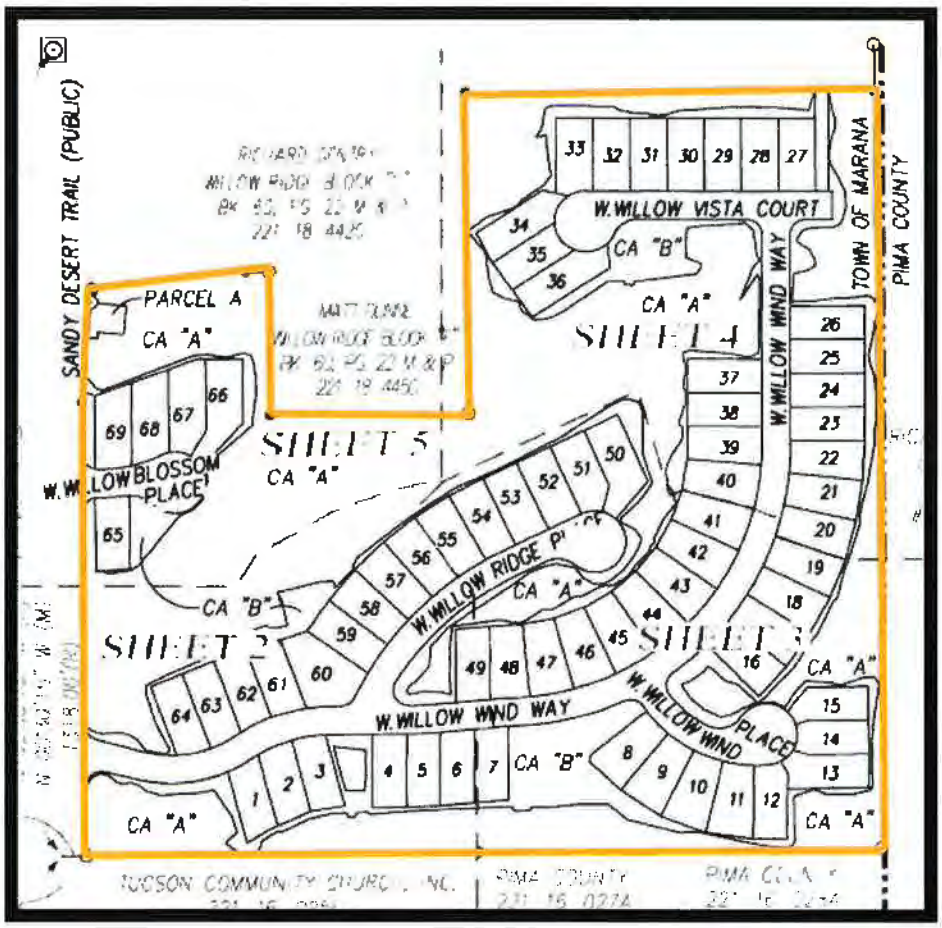


EXHIBIT K - QUALIFICATIONS

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

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

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

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

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

Valuation and Cost Approach; General Appraiser Report Writing; General Appraiser Income Approach Part 1; and General Appraiser Income Approach Part 2.

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

ROBERT A. PARKER is a production coordinator and support technician.