

AN APPRAISAL REPORT
OF
5.05 ACRES (220,000 SQUARE FEET) OF VACANT LAND
LOCATED AT THE SOUTHEAST CORNER OF KINO PARKWAY
AND THIRTY-SIXTH STREET
TUCSON, PIMA COUNTY, ARIZONA
FOR
PIMA COUNTY PUBLIC WORKS,
REAL PROPERTY SERVICES
MR. JEFF TEPLITSKY

OWNERSHIP: PIMA COUNTY
TAX PARCEL NUMBER: A PORTION OF 132-13-0780
SECTION 30, TOWNSHIP 14 SOUTH, RANGE 14 EAST

EFFECTIVE DATE OF APPRAISAL

JULY 11, 2017

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

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July 20, 2017

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

RE: An appraisal report of vacant land consisting of 5.05 acres (220,000 square feet) located at the southeast corner of Kino Parkway and 36th Street, Tucson, Pima County, Arizona

<i>Ownership:</i>	Pima County
<i>Tax Parcel No.:</i>	A portion of 132-13-0780
<i>Effective Date of Appraisal:</i>	July 11, 2017
<i>Date of Report:</i>	July 20, 2017

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property.

This report is intended for use only by the client, Pima County Public Works, Real Property Services and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the client in the determination of the estimated market value of the subject property for potential sale purposes. It is not intended for any other use.

I have formed the opinion that, as of the effective date of appraisal, July 11, 2017, based on a 6 to 12 month marketing period, and subject to the assumptions and limiting conditions set forth herein, the market value of the fee simple interest of the subject property is as follows:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$1,200,000)

Mr. Jeff Teplitsky
Appraisal Supervisor
Pima County Real Property Services

Extraordinary Assumption and Hypothetical Condition - The Bridges PAD Amendment.

The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be changed and the subject rezoned to a commercial use designation. The subject property is part of a larger 20.04 acre parcel of land. This appraisal is completed as if the subject corner 5.05 acre parcel is split from the balance of the larger parcel 20.04 acre parcel and is a separate parcel of land. Per USPAP, the use of this extraordinary assumption and hypothetical condition might have affected the assignment results.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the 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

C177426

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GENERAL INFORMATION - PART I

CLIENT:

Pima County Public Works, Real Property Services

APPRAISER:

Thomas A. Baker, MAI, SRA

Baker, Peterson, Baker & Associates, Inc.

4547 East Fort Lowell Road, Suite 401

Tucson, Arizona 85712

SUBJECT PROPERTY:

The subject property is located at the southeast corner of Kino Parkway and 36th Street, in Tucson, Pima County, Arizona.

The subject property is a portion of a larger parcel that contains a total of 20.04 acres. For purposes of this report, only a 5.05 acre portion of the northwest corner of this land is being appraised as if split off as a separate parcel (see extraordinary assumption and hypothetical condition).

LAND AREA:

220,000 square feet (5.05 acres)

BASE ZONING:

The Bridges Planned Area Development (PAD-15) - City of Tucson

TAX PARCEL NUMBER:

A portion of 132-13-0780

REAL ESTATE TAXES:

Exempt - owned by government agency

DELINQUENT TAXES:

Not applicable

FULL CASH VALUE:

\$654,668 (2017 - larger 20.04 acres)

\$654,668 (2018 - larger 20.04 acres)

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.

INTENDED USE OF REPORT:

This report is intended for use only by the client, Pima County Public Works, Real Property Services and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the client in the determination of the estimated market value of the subject property for potential sale 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:

The purpose of this appraisal is to provide the appraiser's estimate of the market value of the subject real property as of the effective date of the appraisal, July 11, 2017.

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.

EFFECTIVE DATE OF APPRAISAL:

July 11, 2017

DATE OF INSPECTION:

July 11, 2017

LEGAL DESCRIPTION:

A portion of Block 13, The Bridges, Pima County, Arizona. The subject property is a 5.05 acre portion of a larger 20.04 acre parcel. As of the effective date of this report, there is no legal description of the subject being appraised for purposes of this report. A full legal description of the subject property will be provided by the client at a subsequent date.

OWNERSHIP:

According to public records of the Pima County Assessor, title to the subject property is in the name of Pima County, according to recording/fee number 2011-3200245, dated November 16, 2011.

SALES HISTORY:

No sales of the subject property have occurred within the last five years from the effective date of appraisal. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

EXTRAORDINARY ASSUMPTION AND HYPOTHETICAL CONDITION:

The subject property is being appraised and valued under the following extraordinary assumption and hypothetical condition.

The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be changed and the subject rezoned to a commercial use designation. The subject property is part of a larger 20.04 acre parcel of land. This appraisal is completed as if the subject corner 5.05 acre parcel is split from the balance of the larger parcel 20.04 acre parcel and is a separate parcel of land. Per USPAP, the use of this extraordinary assumption and hypothetical condition might have affected the assignment results.

In the past, the appraiser discussed The Bridges NPPO issue with Mr. Gregg Shinn, GRS Landscape Architecture, who was the principal landscape architect planner for The Bridges PAD. Mr. Shinn indicated that the subject 5.05 acres is a usable area outside of the designated flood plain and NPPO areas and that the development of this usable area would not cause additional landscape buffers or mitigation to the NPPO for the larger Bridges PAD. Mr. Shinn stated that the subject is usable area within The Bridges development, located at the southeast corner of Kino Parkway and 36th Street. The Bridges open space requirement was discussed by the appraiser with Mr. Jim Portner, Projects International, Inc., principal planning consultant for The Bridges PAD. Mr. Portner indicated that the overall Bridges PAD was designed with sufficient open space and the potential development of the usable portion of the subject property would not have a negative impact on The Bridges PAD.

In order for the subject property to be able to use the identified usable area of the subject property, an amendment to The Bridges PAD would need to be approved by the Tucson City Council. This potential amendment to the PAD was investigated by the appraiser with Mr. Jon Beall, Principal Planner/Urban Planning, with the City of Tucson. Mr. Beall indicated that it is possible to request an amendment to The Bridges PAD, but that the final approval of any amendment is subject to review by the City of Tucson and all pertinent departments, with final approval from the Mayor and Council.

The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be changed and the subject rezoned to a commercial use designation. The subject property is part of a larger 20.04 acre parcel of land. This appraisal is completed as if the subject corner

5.05 acre parcel is split from the balance of the larger parcel 20.04 acre parcel and is a separate parcel of land. Per USPAP, the use of this extraordinary assumption and hypothetical condition might have affected the assignment results.

CERTIFICATION:

See Part VI.

SCOPE OF THE APPRAISAL - PART II

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

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

This appraisal assignment has been completed in response to authorization by Mr. Jeff Teplitsky for Pima County Real Property Services, in a contract executed on June 14, 2017, by 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 Pima County Public Works, Real Property Services.

This report is intended for use only by the client, Pima County Public Works, Real Property Services. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the client in the determination of the estimated market value of the subject property for potential sale 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 estimates the market value of the subject property utilizing 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), 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, a thorough search was made for sale and listing data regarding properties 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. Each sale chosen as a reliable indicator of the value of the subject property was then compared to the subject in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

The cost approach is most valid when a property is new or contains relatively little depreciation. While considered, a cost approach was not used in this report due to the subject being vacant land. Therefore, the cost approach is not used in this analysis. The income approach is not considered appropriate as properties such as the subject property are typically purchased by owner-users who would not utilize the income approach. Therefore, although considered, the income approach was deemed inappropriate for use in this report.

This data was correlated and an opinion of the market value of the subject property was estimated by the sales comparison approach to value 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. Supporting documentation is retained in the appraiser's file.

Extraordinary Assumption and Hypothetical Condition - The Bridges PAD Amendment.

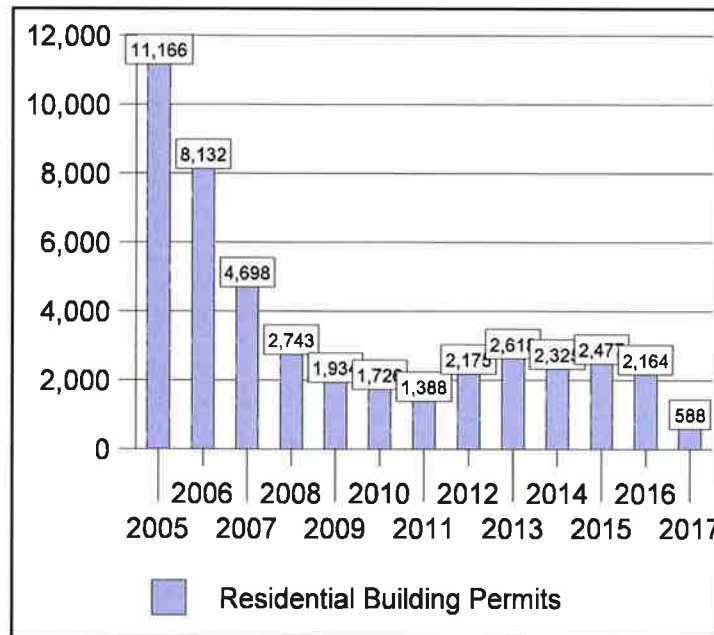
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DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW:

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

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits has remained mostly stable with some slight variations since 2013. The first quarter 2017 number is consistent with recent years.



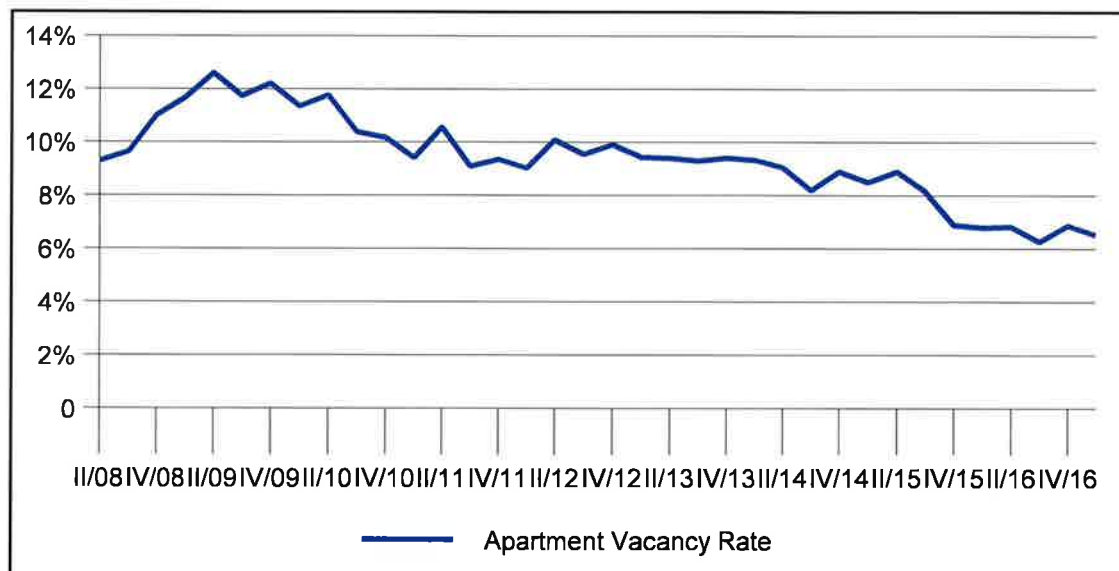
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 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 was 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 has remained mostly stable in recent years. 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 First Quarter 2017, according to Apartment Insights' *Statistics/Trends Summary*.

The vacancy rate peaked in the Second Quarter 2009 and generally declined since that time. The vacancy rate declined in late 2015 and remained mostly stable in 2016. Vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in many recent quarters. 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 70,565 square feet in the Second Quarter of 2017, according to *The CoStar Office Report, Tucson Office Market, Mid-Year 2017*. This compares to net positive absorption of 61,844 square feet in the First Quarter of 2017, net positive absorption of 147,090 square feet in the Fourth Quarter of 2016, net positive absorption of 37,148 square feet in the Third Quarter of 2016, net positive absorption of 6,832 square feet in the Second Quarter 2016, 197,661 square feet in the First Quarter 2016, and net positive absorption of 183,304 square feet in the Fourth Quarter of 2015.

One new building containing 11,771 square feet was completed in the Second Quarter 2017. This compares to no new buildings completed in the First Quarter 2017, two new office buildings containing 21,500 square feet completed in the Fourth Quarter 2016, no new buildings in the Third Quarter 2016, one new building containing 3,000 square feet in Second Quarter, five new office buildings containing 108,950 square feet completed in First Quarter 2016, and two new office buildings containing a total of 217,363 square feet completed in the Fourth Quarter 2015.

The following figure shows trends in the vacancy rates for office properties in Tucson between Second Quarter 2005 and Second Quarter 2017. The vacancy rate increased until late 2013 and has declined somewhat since that time. The vacancy rate remains higher than 2005-2009 levels.



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

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial space constructed recently in Tucson, with four new buildings containing 53,721 square feet completed in the Second Quarter 2017, no new buildings completed in the First Quarter 2017, one new building containing 140,000 square feet completed in the Fourth Quarter 2017, two new buildings containing 868,446 square feet completed in the Third Quarter 2016, one new building containing 5,200 square feet completed in the Second Quarter 2016, and no new buildings completed in First Quarter

2016 or Fourth Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, Mid-Year 2017*.

There was net negative absorption of 147,362 square feet in the Second Quarter 2017. This compares to net positive absorption of 88,839 square feet in the First Quarter 2017, net positive absorption of 231,618 square feet in the Fourth Quarter 2016, net positive absorption of 1,003,641 square feet in the Third Quarter 2016, net positive absorption of 245,174 square feet in the Second Quarter 2016, and net negative absorption of 10,168 square in the First Quarter 2016, according to *The CoStar Industrial Report, Tucson Industrial Market, Mid-Year 2017*.

The following chart shows trends in the industrial vacancy rate in Tucson from Second Quarter 2005 through Second Quarter 2017, according to CoStar.



Overall, the industrial vacancy rate increased through 2012, peaking in late 2012. The vacancy rate declined from late 2012 and continued to decline in 2016. There was a slight increase in 2017. 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 signs for a decline in market conditions included 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 20,397 square feet in the Second Quarter 2017, according to *The CoStar Retail Report, Tucson Retail Market, Mid-Year 2017*. This compares to net positive absorption of 238,330 square feet in the First Quarter 2017, net positive absorption of 42,053 square feet in the Fourth Quarter 2016, net positive absorption of 131,061 square feet in the Third Quarter 2016, net positive absorption of 128,018 square feet in the Second Quarter 2016, and net positive absorption of 61,298 square feet in the First Quarter 2016.

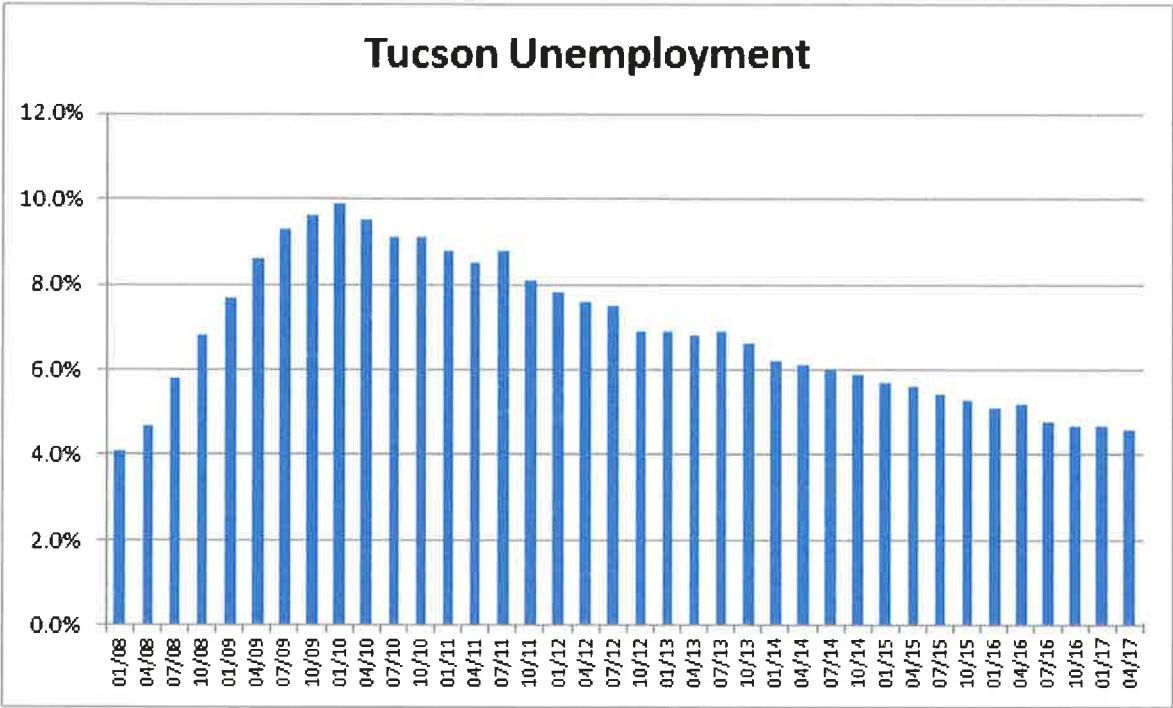
The following shows trends in the vacancy rate for retail properties in the Tucson market between Second Quarter 2005 and Second Quarter 2017, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time and remained mostly stable in 2016 and the first half of 2017. 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.

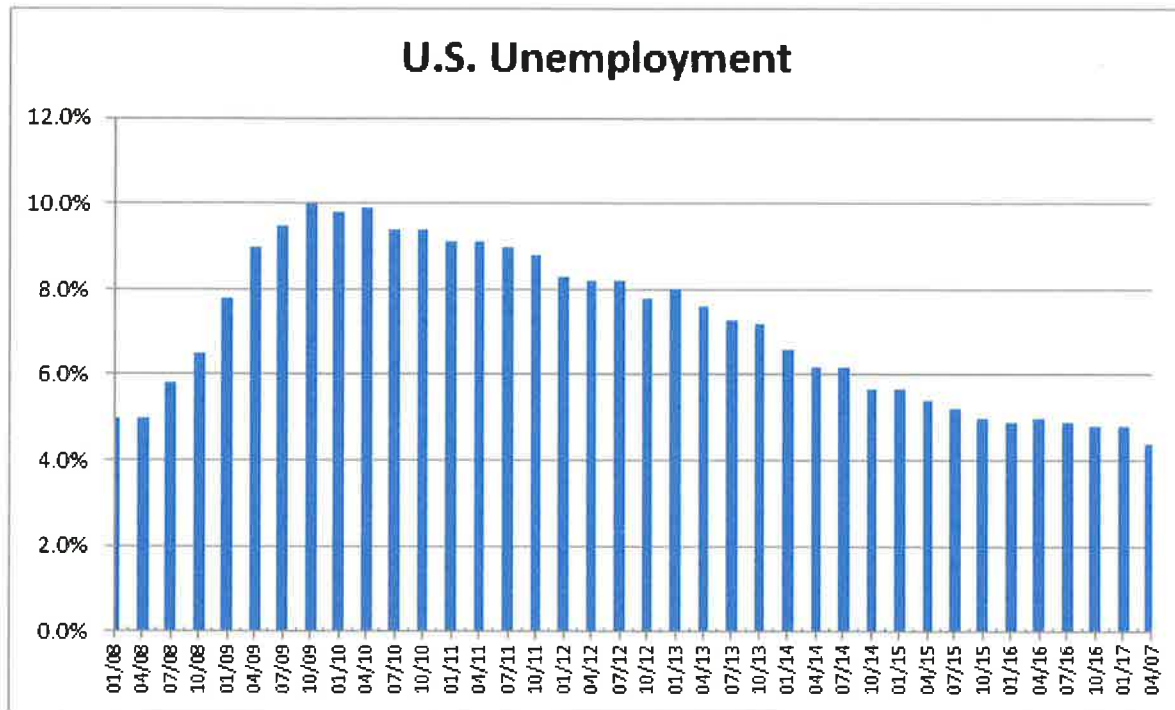
In the Second Quarter 2017, nine new buildings containing 80,267 square feet were completed. This compares to nine new buildings containing 229,098 square feet in the First Quarter 2017, eight new buildings containing 194,532 square feet in Fourth Quarter 2016, six new buildings containing 36,229 square feet in Third Quarter 2016, eleven buildings containing 149,267 square feet in Second Quarter 2016, and even new buildings containing 42,182 square feet in First Quarter 2016.

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



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

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



Overall, the commercial real estate markets reveal that most investors hold a cautionary but improving outlook due to continued oversupply of available space in many markets 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, improving 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. There are some areas in Tucson where demand is increasing greater than the overall market. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA:

The subject market area is that area located south of 22nd Street and north of Interstate 10, between Campbell Avenue on the east and South Sixth Avenue on the west. The subject market area is approximately two miles south and east of the central business district of Tucson, Arizona. The market area includes a mix of improved properties including single and multi-family residential uses, manufactured homes on single lots or in planned developments, single and multi-tenant commercial development, single and multi-tenant industrial uses, and vacant land. The amount of undeveloped land is approximately 10 to 15 percent.

A planned development of residential, commercial and research facilities is planned for the vacant land area between Campbell Avenue on the east, Park Avenue on the west, 36th Street on the north, and Interstate 10 on the south. The planned development is known as The Bridges and totals approximately 350 acres of land. Of the 350 acres of land, approximately 118 acres will be developed with residential uses, approximately 129 acres will be developed with commercial/research uses, and approximately 50 acres will be used as open space. The University of Arizona Bioscience Park is being developed on 54 acres within The Bridges, and will feature office space for bioscience firms, research space, a high school, residential housing, and a hotel and conference center. Infrastructure for the Bioscience Park has been completed since 2011, with the construction of two million square feet of office and laboratory space planned. A Costco, Walmart, theater, restaurants, and other retail uses have been developed within The Bridges. Prior to The Bridges proposed development, there has been limited demand for residential, commercial, or industrial uses in the subject market area. With the recent development of The Bridges, the level of activity and demand in the neighborhood has increased primarily in development within The Bridges development and adjacent to major existing anchor users such as Costco and Walmart. Access to the market area is considered adequate and public transportation is available to the neighborhood.

SITE DESCRIPTION:

The subject property is a portion of a larger parcel that contains a total of 20.04 acres. For purposes of this report, only a 5.05 acre portion of the northwest corner of this land is being appraised as if split off as a separate parcel (see extraordinary assumption and hypothetical condition).

The subject property is located at the southeast corner of Kino Parkway and 36th Street. It is the easternmost portion of The Bridges Planned Area Development (PAD), a master-planned mixed use development to be developed on land between Campbell Avenue on the east, Park Avenue on the west, 36th Street on the north, and Interstate 10 on the south. The property is mostly rectangular in shape with approximately 725 feet of frontage on Kino Parkway and approximately 300 feet of frontage on 36th Street (see Exhibits). For purposes of this report, it contains a total area of approximately 220,000 square feet (5.05 acres), according to the client's instructions.

Kino Parkway is a six-lane, median-divided, asphalt-paved roadway with concrete curbs, sidewalks, streetlights, and storm-water collectors at the subject site. Kino Parkway has a 2013 traffic count of about 23,700 vehicles per day near this site according to the Pima Association of Governments, Transportation Division. Thirty-Sixth Street is a four-lane, asphalt-paved roadway with sidewalks and streetlights at the subject site. Kino Parkway and 36th Street is a fully traffic signalized intersection. Currently there are no drive-way access points from the adjacent roadways to the subject property. The topography is mostly level. It is at or below the street grade adjacent to both Kino Parkway and 36th Street. Properties bordering the subject property include vacant land planned for commercial and residential uses on the west side of Kino Parkway, residential uses to the north, vacant land and residential uses to the east, and vacant land, commercial, and industrial uses to the south. The University of Arizona Bioscience Park is being developed on 54 acres within The Bridges and will feature office space for bioscience firms, research space, a high school, residential housing, and a hotel and conference center on 54 acres of land.

Utilities available to the subject properties include electric (Tucson Electric Power Company), natural gas (Southwest Gas Corporation), telephone (CenturyLink), water (Tucson Water), and sewer (Pima County Wastewater Management) and are available to the site in sufficient quantity and quality.

According to the FEMA Flood Insurance Rate Map 04019C2279L, dated June 16, 2011, the subject property is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

CURRENT USE:

Vacant land

ZONING:

The subject is identified as Open Space (OS) in The Bridges PAD. The purpose of this zone is to designate both public and private open space resources in order to preserve significant natural resources and open spaces, natural desert landscaping, and wildlife habitats; and to promote restoration and protection of open space areas to provide visual enjoyment, recreational opportunities, and habitat amenities. The City of Tucson Land Use Code indicates that this zone permits only an open space use. The minimum lot width is 40 feet, and the minimum contiguous area for open space is 4,000 square feet, unless the open space property connects to another perpetual, dedicated open space or trails resource.

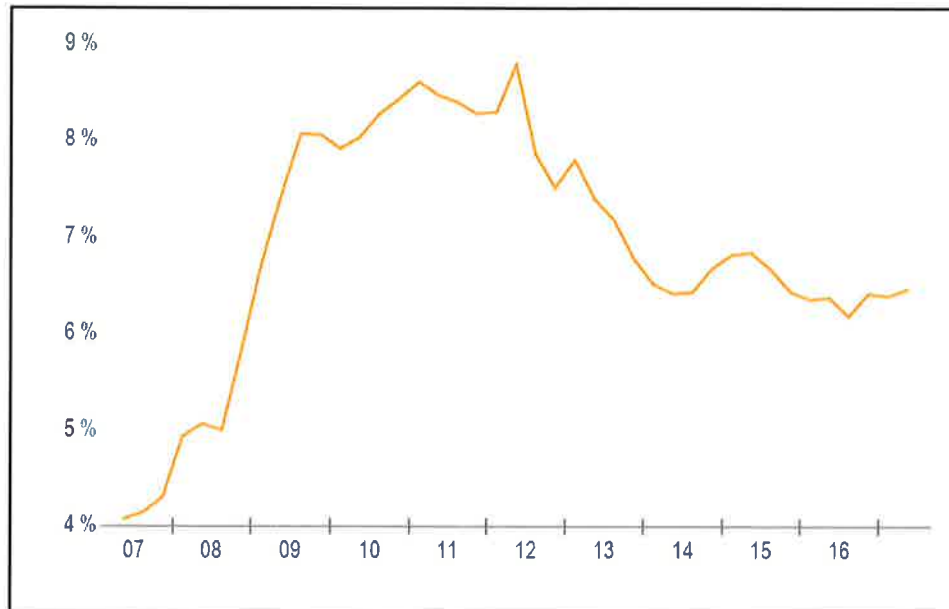
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MARKET PROFILE - RETAIL:

The subject contains 5.05 acres (220,000 square feet) of land. The subject land is mostly rectangular in shape and is mostly level. Utilities are available to the property. The subject property is currently zoned Open Space (OS) as identified in The Bridges PAD; however, the subject property has the potential to be developed. In order to develop the subject property, an amendment to The Bridges PAD would be required. The subject property is being appraised in this report under the extraordinary assumption and hypothetical condition that the site could be developed with commercial uses.

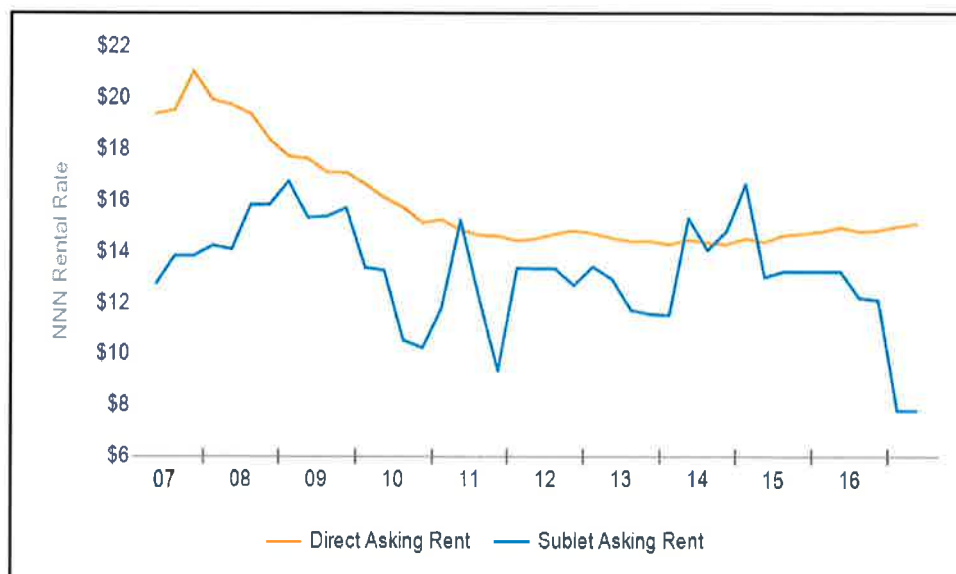
The following is the vacancy rate for retail properties in the Tucson Market, according to CoStar. This data indicates that the vacancy rate increased from 2007 and peaked mid-2012. Since the peak, vacancy rates declined until the mid-2014, where they have remained mostly stable through the first half of 2017. Vacancy rates remain well above peak market levels.

Retail Vacancy Rate, Tucson



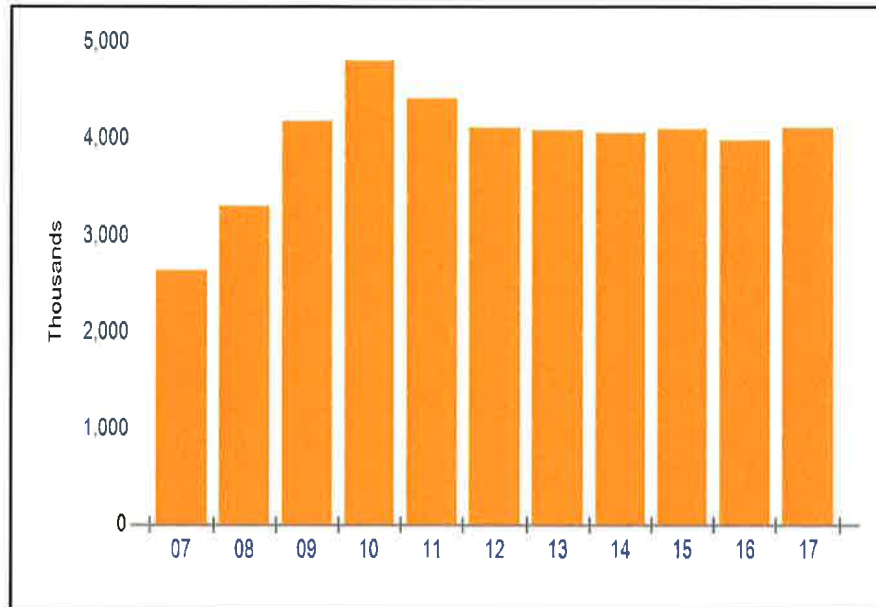
The following is the average asking rental rate for retail properties in the Tucson Market, according to CoStar. This data indicates that the average rental rate peaked near the end of 2007 and steadily declined through 2011. Asking rental rates from 2012 through the first half of 2017 have been mostly stable. Retail asking rental rates remain below peak market levels.

Retail Average Asking Rental Rate, Tucson



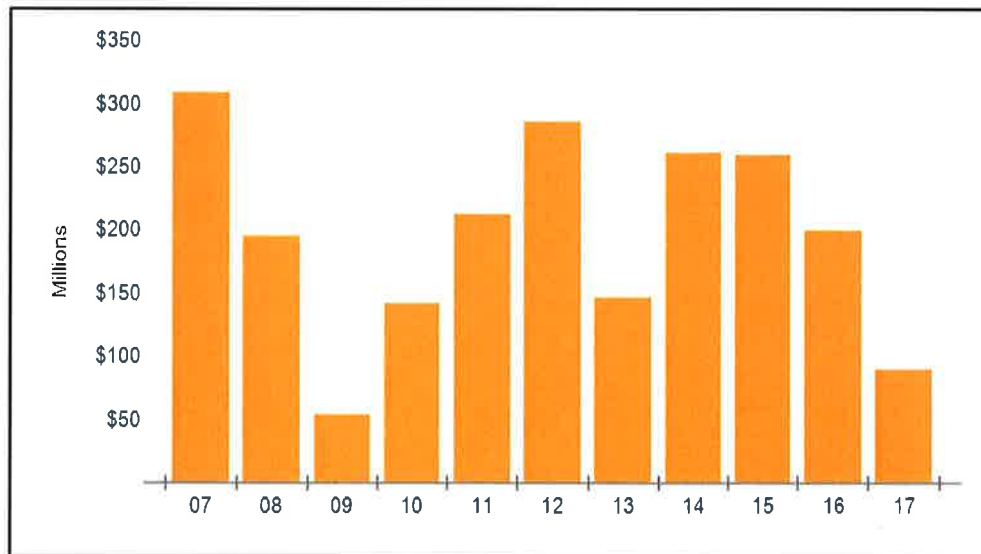
The following is the available space for lease in the Tucson Market, according to CoStar. The amount of retail space available for lease has increased from 2007 to a peak in 2010. After dropping slightly in 2011, the available space for lease has remained mostly stable through the first half of 2017. Available space remains well above peak market levels.

Retail Available Space, Tucson



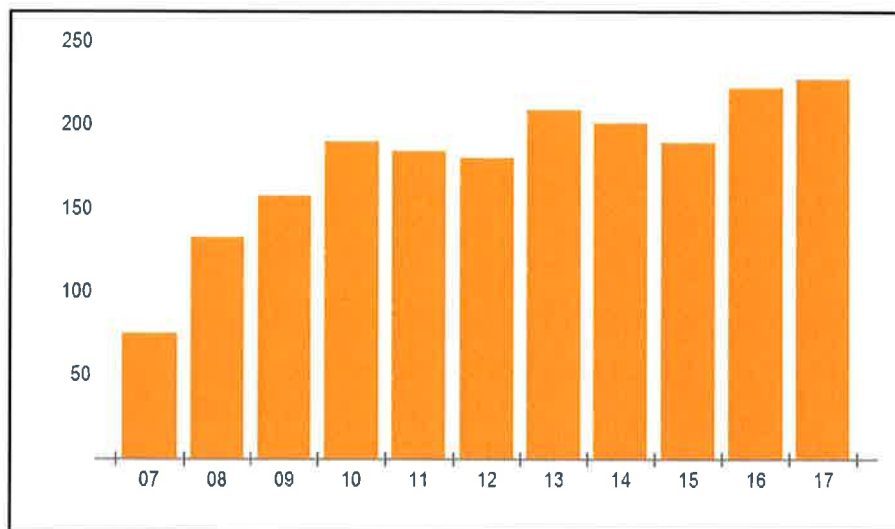
The following is the number of retail sales transactions in the Tucson Market, according to CoStar. The number of retail sales transactions declined from 2007 to a low point in 2009. From 2010, through the first half of 2017, overall sales volume has varied from year to year but has increased substantially from 2009 levels. (2017 sales transactions are from the first half only).

Retail Sales Transactions, Tucson



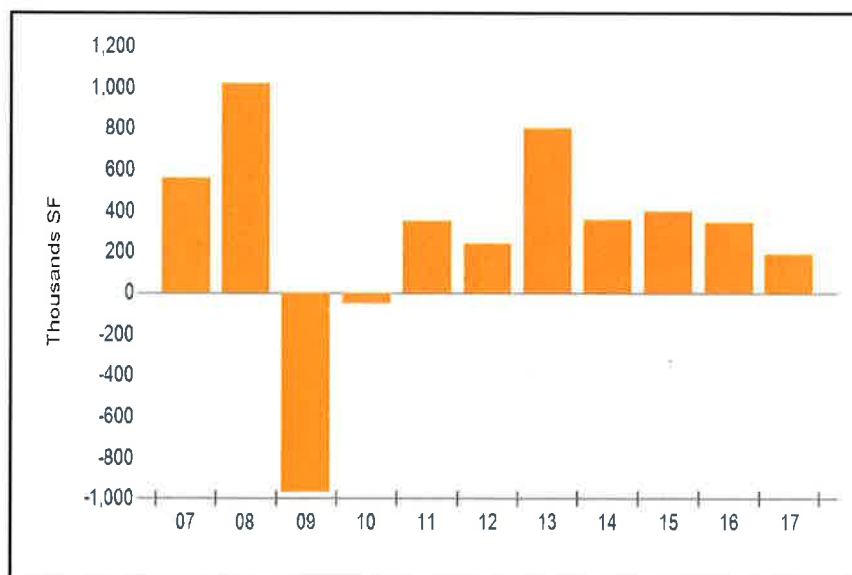
The following is the number of retail listings for sale in the Tucson Market, according to CoStar. There has been an increase in the amount of retail space available for sale. The amount of retail listing for sale increased from 2007 through 2010. The amount of available space has remained mostly stable from 2011 through the first half of 2017, with a slight upward trend over that time period.

Retail Listings For Sale, Tucson



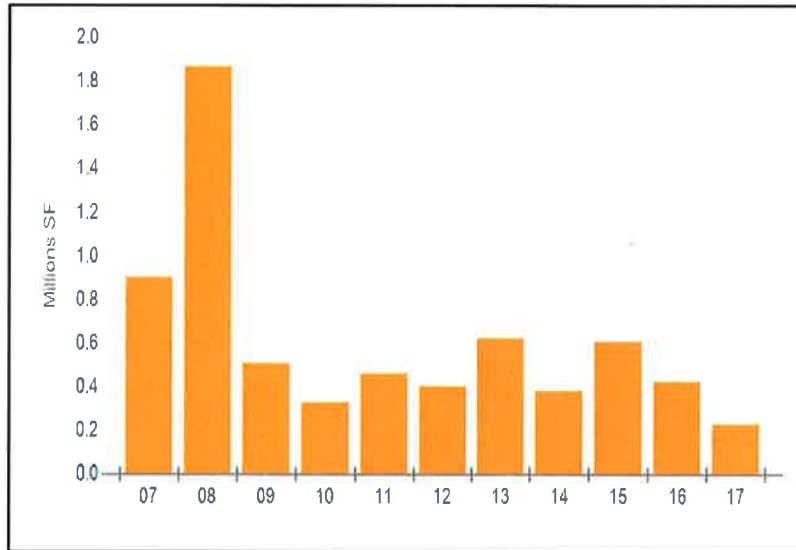
The following is the net absorption for retail properties in the Tucson Market, according to Costar. This indicates that there has been a net positive absorption rate in the retail Tucson market since from 2011 through the first half of 2017.

Retail Net Absorption, Tucson



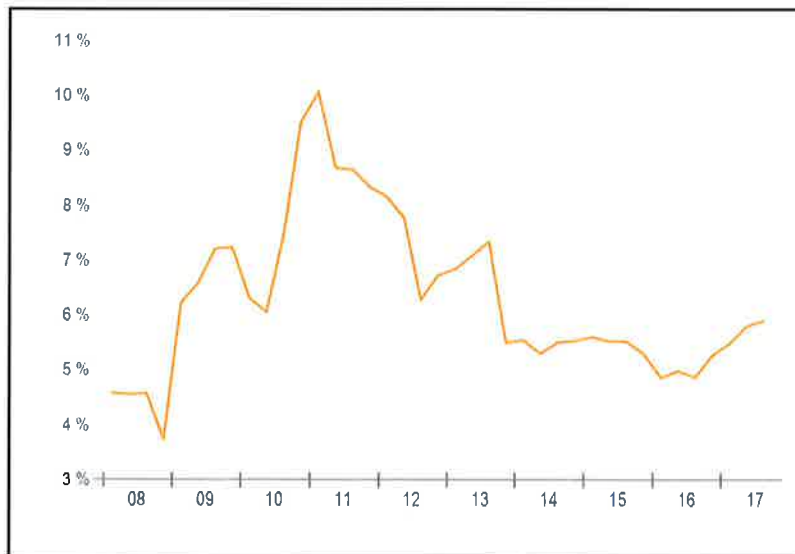
The following is the number of construction deliveries in the Tucson Market, according to Costar. There was a significant decrease in retail construction after 2008. New retail construction deliveries remained mostly stable from 2009 through the first half of 2017, with limited new construction deliveries occurring during that time period. As market conditions improve and the oversupply of available retail properties is absorbed, new construction will increase.

Retail New Construction Deliveries, Tucson



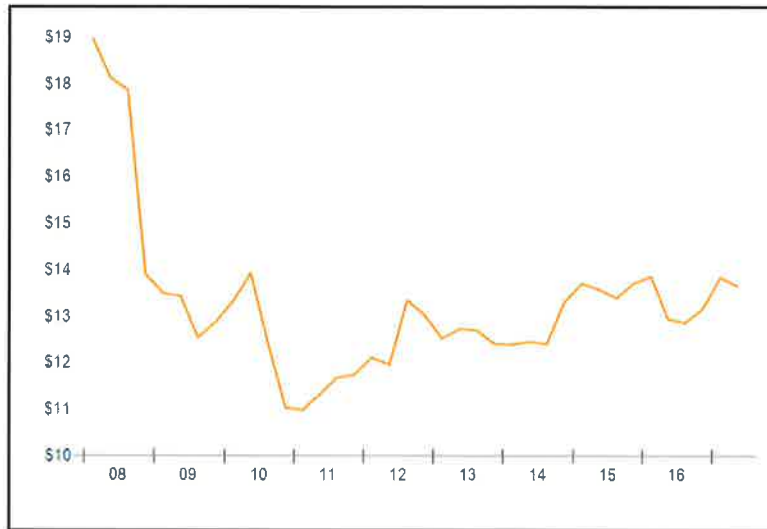
The following is the vacancy rate for retail properties in the subject sector, South Retail, according to CoStar. The vacancy rate in the subject sector increased starting in 2009, peaking in early 2011. A drop in the vacancy rate occurred from early 2011 through the beginning of 2014, with some minor fluctuations during that time period. Vacancy rates remained steady through mid-2016 and then have increased slightly through the first half of 2017.

Retail Vacancy Rate, South Sector



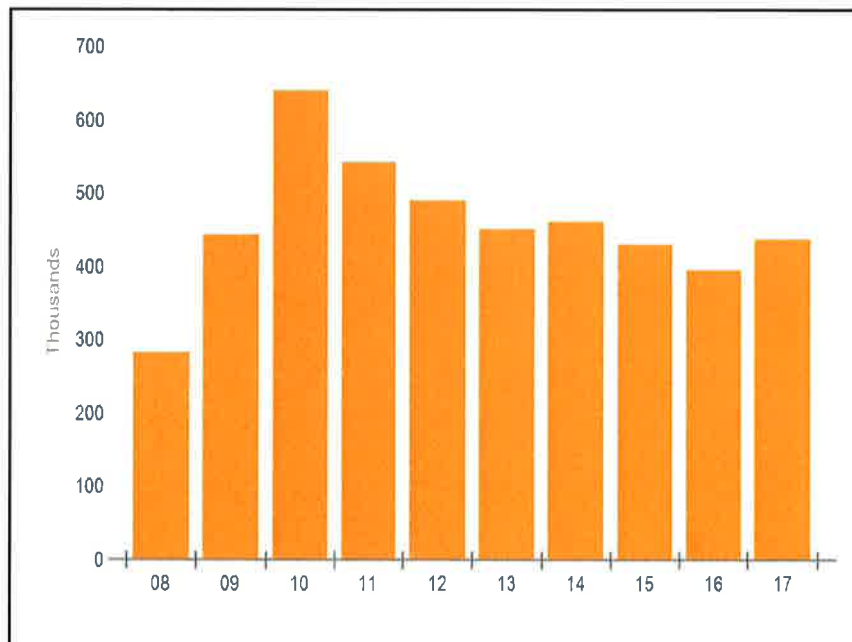
The following is the average rental rates for retail properties in the subject sector, South Retail, according to CoStar. The average asking rental rate decreased drastically 2008 through the end of 2010 . The average asking rental rate for retail properties in the subject sector has been on a gradual upward trend from the bottom in late to 2010 through the first half of 2017.

Retail Average Asking Rental Rate, South Sector



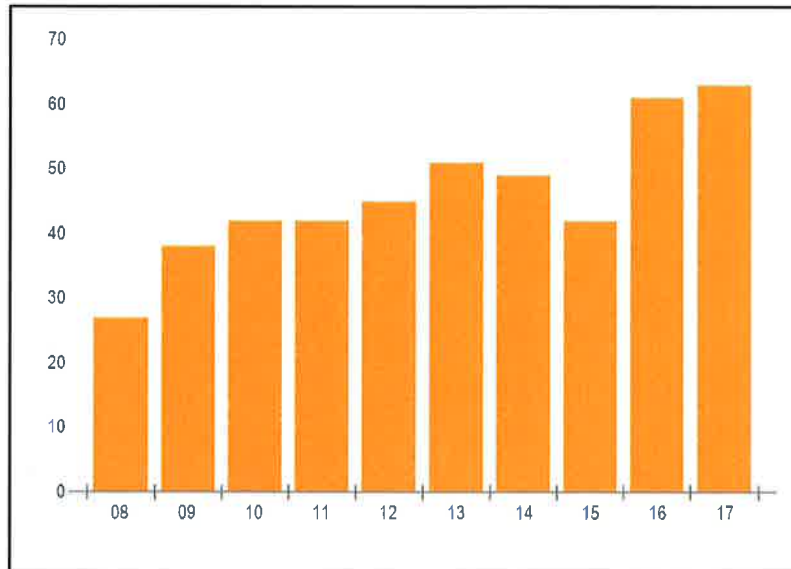
The following is the amount of retail space available for lease in the subject sector, South Retail, according to CoStar. The amount of available retail space in the subject sector increased from 2008 through 2010. From 2010 through the first half of 2017, the available space remained relatively stable, with a slight downward trend.

Retail Space For Lease, South Sector



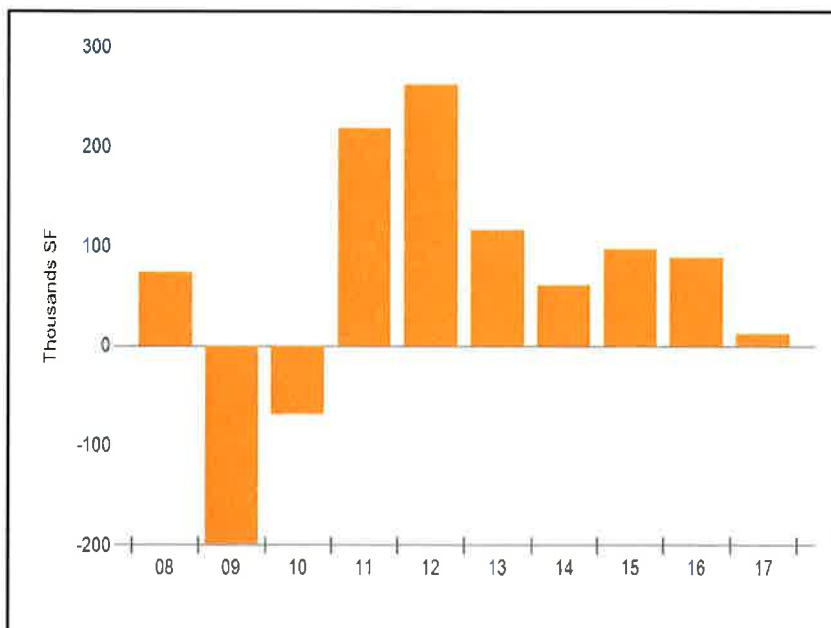
The following is the number of retail listings available for sale in the subject sector, South Retail, according to CoStar. The number of listings in the sector increased from 2008 through the first half of 2017, with the exception of a minor downward trend occurring during 2105.

Retail Listings For Sale, South Sector



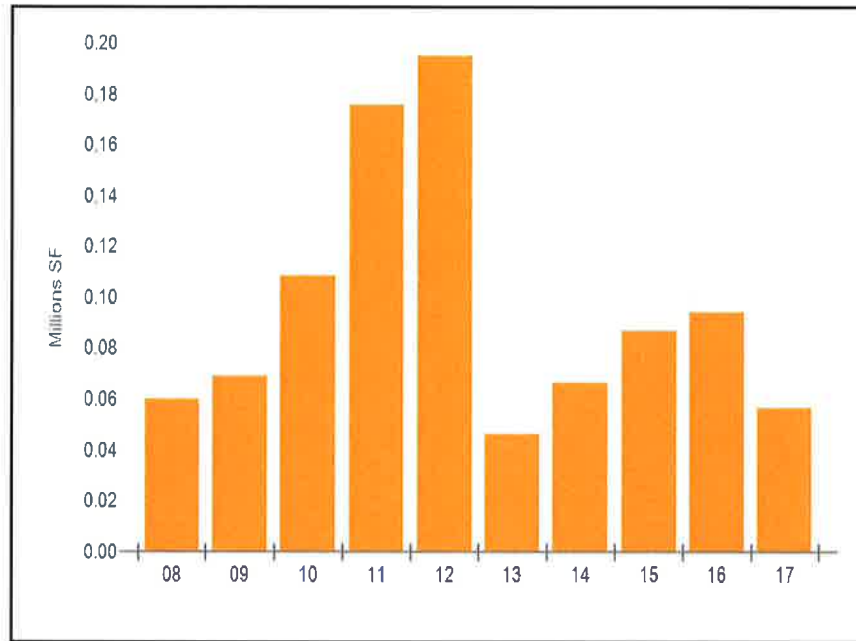
The following is the net absorption for retail properties in the subject sector, South Retail, according to Costar. This indicates that there has a net positive absorption rate in the subject neighborhood for every year between 2011 and the first half of 2017 with most of the years being a slight net negative absorption rate.

Retail Net Absorption, South Sector



The following is the retail construction deliveries in the subject sector South Retail, according to Costar. Retail construction deliveries in the subject sector increased between 2008 to a peak in 2012. After the peak market in 2013, the number of new retail construction delivers have been declining.

Retail Construction Deliveries, South Sector



Overall, the Tucson commercial real estate market reveals that most investors hold a cautionary but improving outlook due continued oversupply and of available space in many markets which adversely affects tenants, owners and investors, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in slowly improving values. In the short term, improving 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. There are some areas of Tucson where demand is increasing greater than the overall market. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME:

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

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

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

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

The reasonable exposure and marketing time is estimated to be 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. The first step is to determine the highest and best use of the land as though vacant. This includes a determination as to whether the site should be left as vacant or should be developed. If the site should be developed, an analysis determines the ideal improvements that should be developed on the property.

HIGHEST AND BEST USE, AS VACANT:*Legal Considerations*

The legally permissible use of the subject property is based on an extraordinary assumption and hypothetical condition. The subject property is currently zoned Open Space (OS) as

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

2. *Ibid*, p. 83

identified in The Bridges PAD. The site was designated as open space during the planning process for The Bridges PAD.

In the past, the appraiser discussed The Bridges NPPO issue with Mr. Gregg Shinn, GRS Landscape Architecture, who was the principal landscape architect planner for The Bridges PAD. Mr. Shinn indicated that the subject 5.05 acres is a usable area outside of the designated flood plain and NPPO areas and that the development of this usable area would not cause additional landscape buffers or mitigation to the NPPO for the larger Bridges PAD. Mr. Shinn stated that the subject is usable area within The Bridges development, located at the southeast corner of Kino Parkway and 36th Street. The Bridges open space requirement was discussed by the appraiser with Mr. Jim Portner, Projects International, Inc., principal planning consultant for The Bridges PAD. Mr. Portner indicated that the overall Bridges PAD was designed with sufficient open space and the potential development of the usable portion of the subject property would not have a negative impact on The Bridges PAD.

In order for the subject property to be able to use the identified usable area of the subject property, an amendment to The Bridges PAD would need to be approved by the Tucson City Council. This potential amendment to the PAD was investigated by the appraiser with Mr. Jon Beall, Principal Planner/Urban Planning, with the City of Tucson. Mr. Beall indicated that it is possible to request an amendment to The Bridges PAD, but that the final approval of any amendment is subject to review by the City of Tucson and all pertinent departments, with final approval from the Mayor and Council.

The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be changed and the subject rezoned to a commercial use designation.

In order to develop the subject property, an amendment to The Bridges PAD would be required. The highest and best use analysis is based on the extraordinary assumption and hypothetical condition that the site is usable and that it could be developed with commercial uses. The cost to achieve a plan amendment is estimated at \$100,000 and is estimated to take one year to complete.

The subject property is assumed to be zoned OCR-1 after a successful amendment to The Bridges PAD. The OCR-1 zoning designation is the same zoning as The Bridges Sub-Area F parcel located adjacent to the south of the subject property. The Tucson Land Use Code indicates allowable uses under the OCR-1 zone including high-rise development that serves the community and region or a mixture of office, commercial, and high-density residential. Secondary uses include industrial uses. As of the effective date of the appraisal, there are no driveway access points to the subject property from either of the two adjacent streets (Kino Parkway and 36th Street). Future access points will be determined through the development process. The topography of the site varies from level and at street grade to at or below street grade.

Physical Considerations

The subject property is a portion of a larger parcel that contains a total of 20.04 acres. For purposes of this report, only a 5.05 acre (220,000 square feet) portion of the northwest corner of this land is being appraised as if split off as a separate parcel (see extraordinary assumption and hypothetical condition). It is mostly rectangular in shape with frontage on Kino Parkway and 36th Street, has all utilities available to it, and is not identified as being flood prone.

Based on the hypothetical uses of the subject property which are legally permissible, certain uses would also be physically possible. According to Mr. Jose Ortiz with the City of Tucson traffic engineering department, a driveway can be no closer than 150 feet south of the existing signal at Kino Parkway and 36th Street. Each driveway access point after the initial 150 feet must be separated by 80 feet. Mr. Ortiz indicated that the optimal development plan would limit the number of access points from Kino Parkway to the subject property, as Kino Parkway is designated as a gateway route and carries significant traffic flows. Mr. Ortiz further stated that access from 36th Street could be no closer to the intersection of Kino Parkway and 36th Street than 300 feet and that the driveway may have to align with the driveways that are on the north side of 36th Street. Access to the subject property from the adjacent roadways is concluded to be feasible. Development of commercial uses on the subject property is concluded to be physically possible.

Financially Feasible and Maximally Productive

The most financially feasible and maximally productive use of the subject property is dictated by local, state and national market conditions, and by the delineated uses identified in The Bridges PAD. The Tucson real estate market conditions, based on recent data, indicates that the residential market has recovered from the previous downturn and demand along with prices for residential land and home prices have increased since the recovery starting in 2013. The commercial real estate market (multi-family apartments, office, retail, industrial) has recovered since the real estate recession which started at the end of 2007. The greatest demand in recent years has been for retail uses and multi-family uses. The demand for retail uses has been in areas where population has been increasing or areas where a planned development has occurred to meet demand in the market. There has been demand in the subject area as exhibited by the recent development of commercial retail uses in The Bridges development.

Based on the previous subject and market information, the highest and best use of the subject property, as vacant, with the extraordinary assumption and hypothetical condition that an amendment to The Bridges PAD can be achieved, is concluded to be for retail commercial development, taking advantage of the lighted corner location.

Therefore, the conclusion from analysis of the legally permissible, physically possible, financially feasible, and maximally productive uses of the site is that the highest and best use of the subject property, as vacant, is for retail commercial development, taking advantage of the lighted corner location.

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.

In this approach, sales and listings of properties considered comparable are reviewed, and those considered most relevant as indicators of value of the subject property are chosen to be compared to the subject, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. For a sale to be utilized in this approach, it 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. A summary of the land sales used in this report is illustrated below.

The subject property will be valued under the extraordinary assumption and hypothetical condition that an amendment to The Bridges PAD will be approved, allowing the subject property to be usable for commercial development. The subject property will be valued on a per square foot basis. Following is an estimate of the value of the subject property.

Table of Land Comparables, Commercial Development Potential

Sale No.	Sale Date	Property Location	Sale Price	Land Size (Sq. Ft)	Price Per Sq. Ft.	Zoning
1.	10/14	Southwest corner of La Canada Drive and Orange Grove Road	\$2,600,000	415,407	\$6.26	TR
2.	12/15	Southeast corner of 22nd Street and Kino Parkway	\$370,000	106,705	\$3.47	R-2/ C-3
3.	12/15	Wraps around the northwest corner of Speedway Boulevard and Harrison Road	\$1,705,000	256,107	\$6.67	C-1
4.	4/16	Northeast corner of Ajo Way and Benson Highway	\$750,000	157,687	\$4.76	C-2
5.	2/17	Wrapping the southeast corner of Valencia Road and Valley Indian Agency Connect Road	\$1,398,276	232,722	\$6.01	C-1
Subject Property				220,000		

SUMMARY OF COMPARABLE SALES ADJUSTMENTS - COMMERCIAL

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		10/2014	12/2015	12/2015	4/2016	2/2017
Site Size (Sq. Ft.)	220,000	415,407	106,705	256,107	157,687	232,722
Zoning		TR	R-2/C-3	C-1	C-2	C-1
Site Utility	Average	Similar	Inferior	Similar	Inferior	Inferior
Sale Price		\$2,600,000	\$370,000	\$1,705,000	\$750,000	\$1,398,276
Price per Sq. Ft.		<u>\$6.26</u>	<u>\$3.47</u>	<u>\$6.67</u>	<u>\$4.76</u>	<u>\$6.01</u>

Summary of Adjustments

Unadjusted Price / Sq. Ft.	\$6.26	\$3.47	\$6.67	\$4.76	\$6.01
Property Rights	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$6.26	\$3.47	\$6.67	\$4.76	\$6.01
Financing	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$6.26	\$3.47	\$6.67	\$4.76	\$6.01
Conditions of Sale	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>Offset</u>	<u>0%</u>
Adjusted Price	\$6.26	\$3.47	\$6.67	\$4.76	\$6.01
Date/Market Conditions	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$6.26	\$3.47	\$6.67	\$4.76	\$6.01
Physical Adjustments (%)					
Location	-20	25	-10	20	-5
Zoning	-5	0	-10	-10	-10
Site Size	15	-10	0	0	0
Site Utility	<u>0</u>	<u>20</u>	<u>0</u>	<u>5</u>	<u>5</u>
Net Adjustment	-10%	35%	-20%	15%	-10%
Indicated Value / Sq. Ft.	\$5.63	\$4.68	\$5.34	\$5.47	\$5.41

Market Sale Analyses.

Five comparable sales of commercial land were analyzed on the basis of price per square foot. This is the sale price divided by the number of square feet in the site. Sales prices range from \$3.47 to \$6.67 per square foot before adjustment. The reflected adjustments have been indicated in the above adjustment grid. 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 does not require an adjustment for date and market conditions as market conditions for this type of property did not change 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 of greater demand compared to the subject property. A downward adjustment is indicated for superior zoning as compared to the subject to reflect that this property has existing commercial zoning and the subject needs to be rezoned. This is partially offset in that the subject after rezoning would have a superior zoning to the comparable. This property is larger than the subject site. An upward adjustment is indicated for site size as larger parcels tend to sell for less per square foot than smaller parcels, all else being equal. Overall, this price per square foot is adjusted downward in comparing the subject property.

Comparable Sale Two does not require an adjustment for date and market conditions as market conditions for this type of property did not change between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location as this property is located in an area of weaker demand compared to the subject property. This property is smaller than the subject site. A downward adjustment is indicated for site size as smaller parcels tend to sell for more per square foot than larger parcels, all else being equal. The site utility is inferior to the subject's utility due to several development issues on the comparable site, indicating an upward adjustment. Overall, this price per square foot is adjusted upward in comparing the subject property.

Comparable Sale Three does not require an adjustment for date and market conditions as market conditions for this type of property did not change between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior general location which is partially offset by an upward adjustment for the comparable's inferior non-corner location. A downward adjustment is indicated for superior zoning as compared to the subject to reflect that this property has existing commercial zoning and the subject requires rezoning. Overall, this price per square foot is adjusted downward in comparing the subject property.

Comparable Sale Four had no sales commissions paid which would indicate an upward adjustment for conditions of sale, however, this is offset due to a billboard being on the site that contributed a small amount to the value of the property. This sale does not require an adjustment for date and market conditions as market conditions for this type of property did not change between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location as this property is located in an area of weaker demand compared to the subject property. A downward adjustment is indicated for superior zoning as compared to the subject to reflect that this property has existing commercial zoning and the subject requires rezoning. The site utility is inferior to the subject's utility due to the comparable only having access from one roadway and slightly irregular shape, although it is a corner site, indicating an upward adjustment. Overall, this price per square foot is adjusted upward in comparing the subject property.

Comparable Sale Five does not require an adjustment for date and market conditions as market conditions for this type of property did not change between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location to reflect the comparable's superior general location which is partially offset by an upward adjustment for the comparable's inferior non-corner location. A downward adjustment is indicated for superior zoning as compared to the subject to reflect that this property has existing commercial zoning and the subject requires rezoning. The site utility of this comparable, with a more irregular shape, is inferior to the subject's utility, indicating an upward adjustment. Overall, this price per square foot is adjusted downward in comparing the subject property.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price/ Sq. Ft.	\$5.63	\$4.68	\$5.34	\$5.47	\$5.41

Land Value. These five comparable sales indicate a price range of \$4.68 to \$5.63 per square foot after adjustment. Comparable Two sets the lower limit of value for the subject while the upper limit of value is set by Comparable One. The remaining three sales are all adjusted in a close range to each other. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of July 11, 2017, is \$5.45 per square foot, times 220,000 square feet, equaling \$1,199,000, rounded to \$1,200,000.

Extraordinary Assumption and Hypothetical Condition - The Bridges PAD Amendment. The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be

changed and the subject rezoned to a commercial use designation. The subject property is part of a larger 20.04 acre parcel of land. This appraisal is completed as if the subject corner 5.05 acre parcel is split from the balance of the larger parcel 20.04 acre parcel and is a separate parcel of land. Per USPAP, the use of this extraordinary assumption and hypothetical condition might have affected the assignment results.

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. **Extraordinary Assumption and Hypothetical Condition - The Bridges PAD Amendment.** The subject property will be appraised and valued as if the property is available and could be rezoned for commercial development subject to the approval of an amendment to The Bridges PAD. The subject property is currently zoned PAD-15 and designated as open space in The Bridges development. It is assumed that this zoning and designated use can be changed and the subject rezoned to a commercial

use designation. The subject property is part of a larger 20.04 acre parcel of land. This appraisal is completed as if the subject corner 5.05 acre parcel is split from the balance of the larger parcel 20.04 acre parcel and is a separate parcel of land. Per USPAP, the use of this extraordinary assumption and hypothetical condition might have affected the assignment results.

23. ***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 analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is July 11, 2017.

12. I have made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person signing this certification.
14. This firm has not previously appraised the subject property within the past three years. However, this firm has previously appraised this property in 2008, 2009 and 2010.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.



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

EXHIBITS - PART VII

Exhibit A	Subject Plat Map
Exhibit B	Aerial Photograph
Exhibit C	Proposed Location for TEP Substation
Exhibit D	Zoning Map
Exhibit E	The Bridges / Planned Area Development
Exhibit F	Flood Plain Map
Exhibit G	Subject Photographs
Exhibit H	Comparable Land Sales Location Map
Exhibit I	Comparable Land Sales, Maps and Aerial Photographs
Exhibit J	Qualifications

EXHIBIT A - SUBJECT PLAT MAP

ASSESSOR'S RECORD MAP
132-13
THE BRIDGES
BLOCKS 001-015

LAYOUT

SEE DETAIL 1

SEE DETAIL 3

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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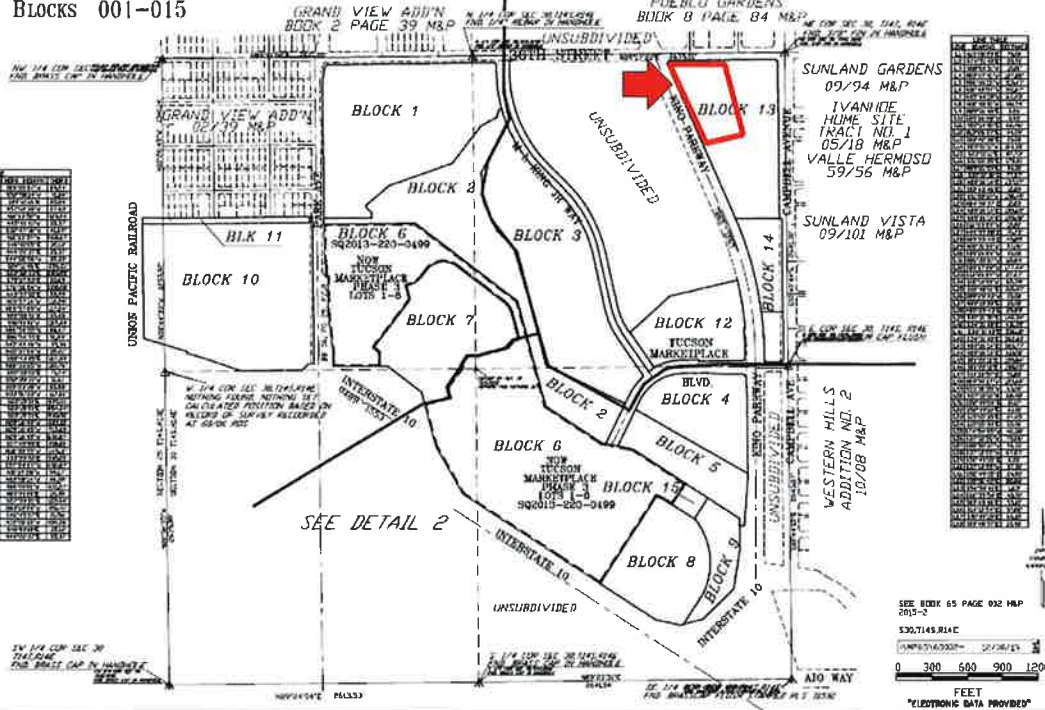


EXHIBIT B - AERIAL PHOTOGRAPH

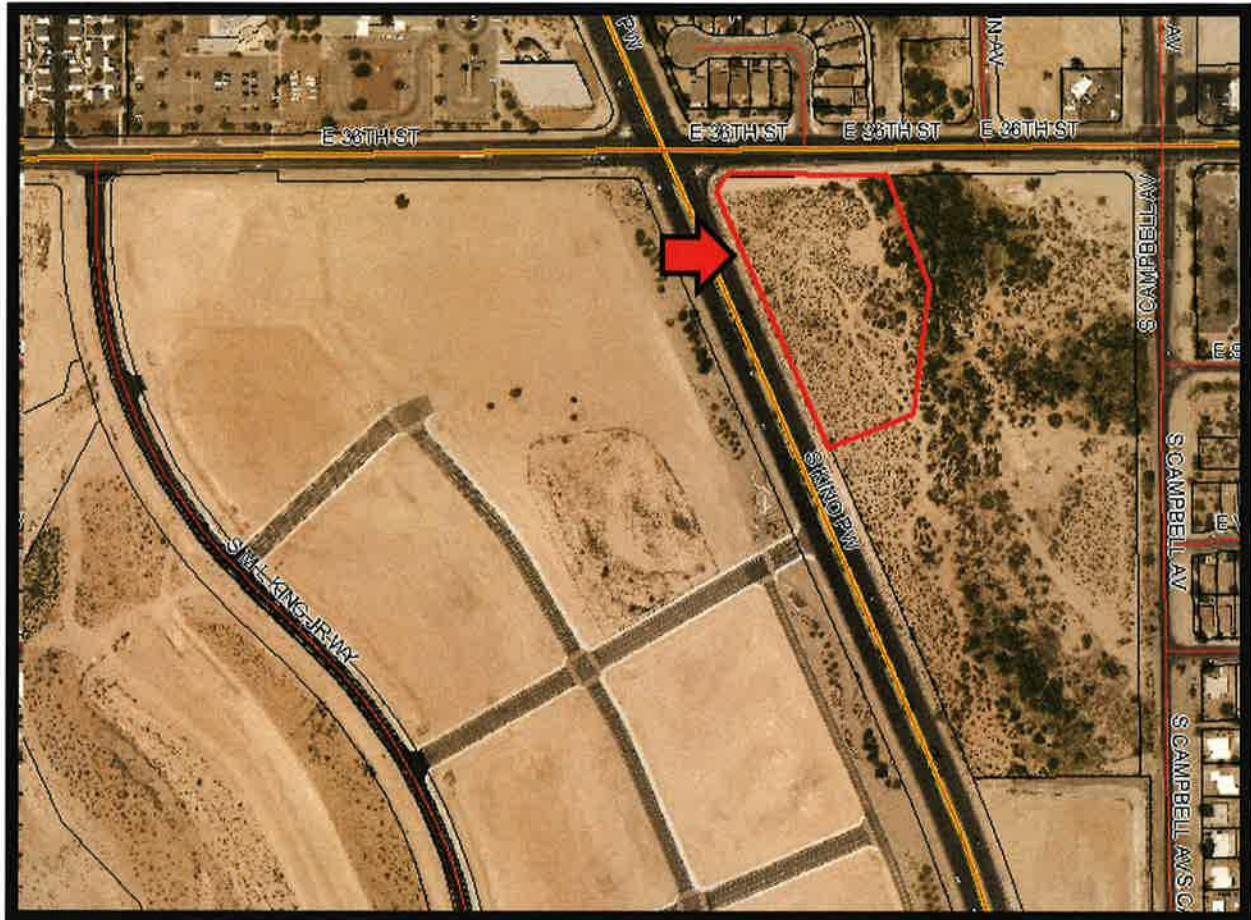
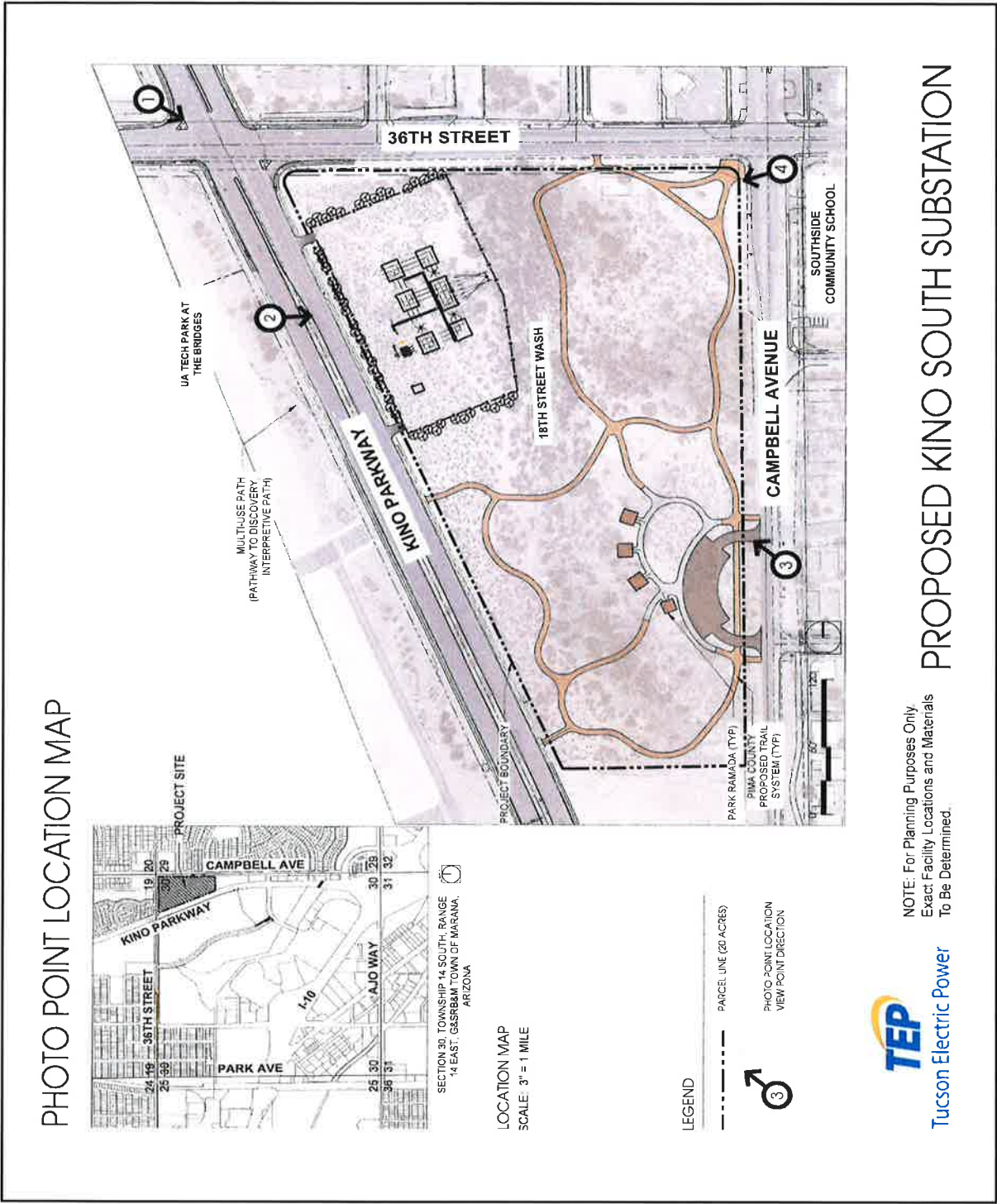


EXHIBIT C - PROPOSED LOCATION FOR TEP SUBSTATION (1 OF 2)





Legend

Proposed Kino Sub Location	50' Wash Setback	Parcels
Existing 46 kV Transmission Line	Washes	TEP Proposed Trail
Pima County Proposed Trail System	100-500 CFS	Proposed Remove
Xeroriparian B Area	500-1000 CFS	Proposed Add

Preliminary Development Plan Kino Substation 138kV

Sources: ESRI, TEP, PAG, Pima County GIS,
and PAG 2015 Imagery

Date: 3/10/2017

Document Path Y:\Projects\Kino_Substation\Working_MXD\Kino_Sub_PDP_d3.mxd




TEP
Tucson Electric Power
This map is for planning purposes only. TEP and
URS Engineering does not warrant its accuracy.

User Name: UA55309

EXHIBIT D - ZONING MAP



☒  Zoning - Tucson






















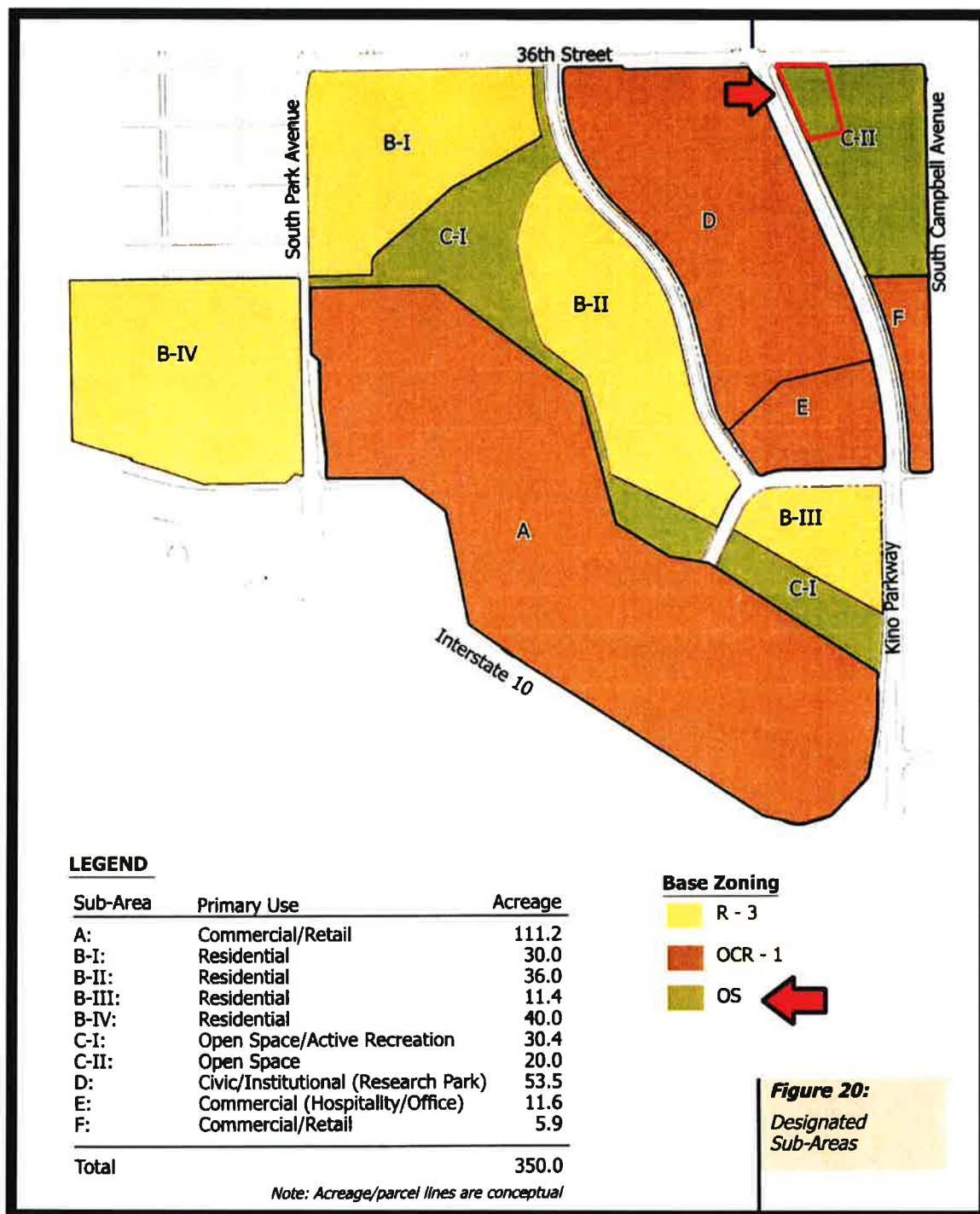
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-  HO-1
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-  HO-3
-  HOCR-2
-  HP
-  HR-1
-  HR-2
-  HR-3
-  HRX-1
-  HRX-2
-  HSR
-  I-1
-  I-2
-  MH-1

Diagram illustrating the layout of a 20-lane microarray slide. The lanes are organized into two main sections:

- Top Section (Lanes 1-10):** Labeled PAD-10, PAD-11, PAD-12, PAD-13, PAD-14, PAD-15, PAD-16, PAD-17, PAD-18, PAD-19, and PAD-20.
- Bottom Section (Lanes 11-20):** Labeled R-1, R-2, R-3, RH, RV, RX-1, RX-2, SH, and SR.

A red arrow points to the left side of the slide, indicating the direction of flow or scanning.

EXHIBIT E - THE BRIDGES PLANNED AREA DEVELOPMENT (Page 1 of 2)
DESIGNATED SUB-AREAS



THE BRIDGES PLANNED AREA DEVELOPMENT (Page 2 of 2)
OPEN SPACE PLAN

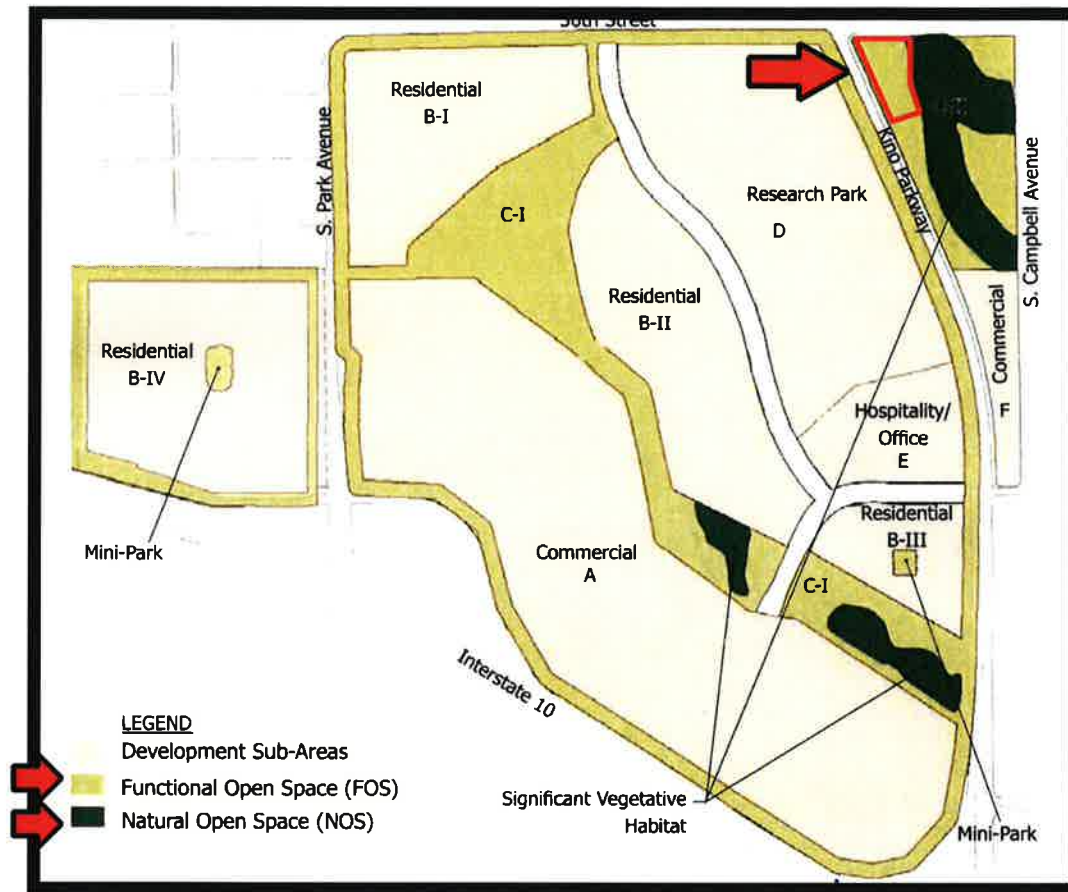


EXHIBIT F - FEMA FLOODPLAIN MAP

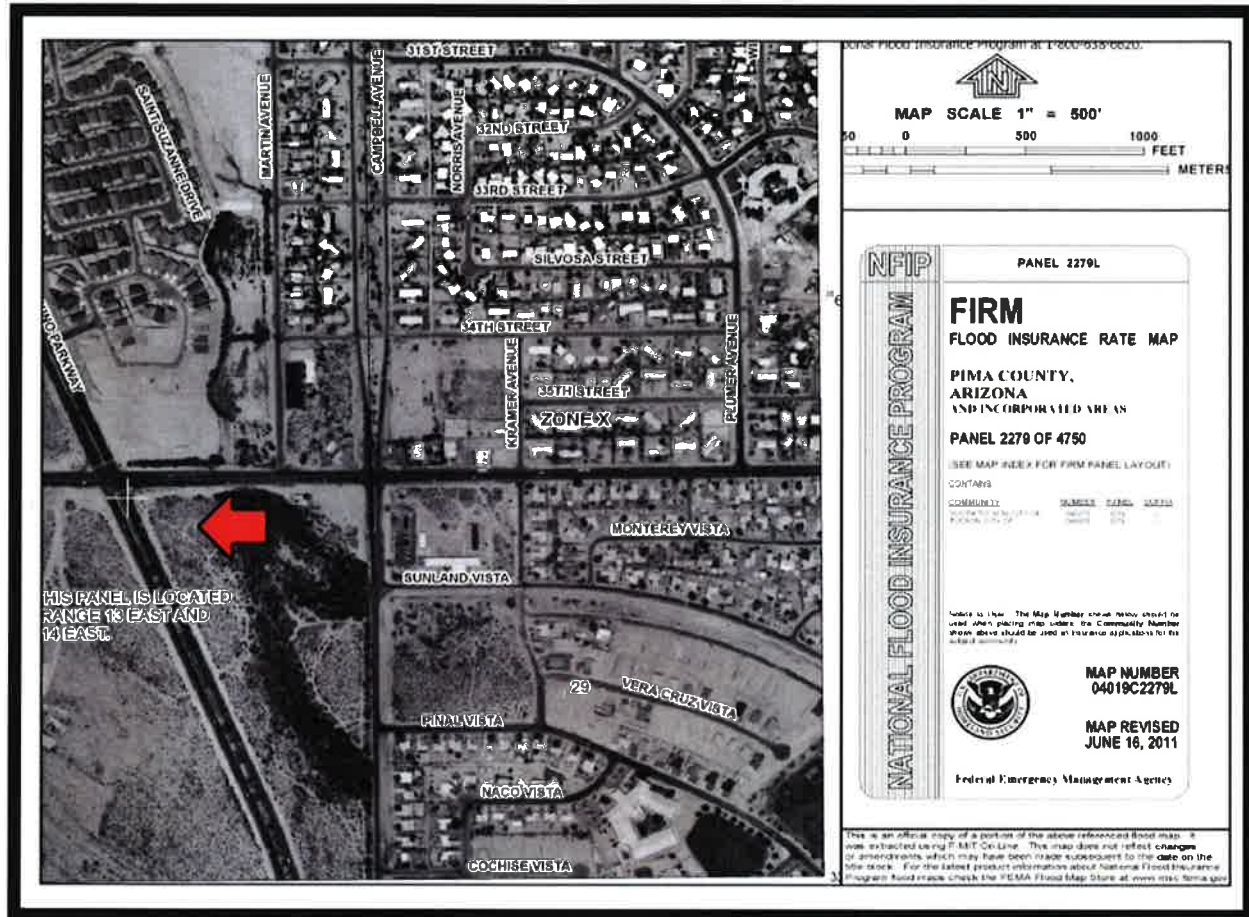


EXHIBIT G - SUBJECT PHOTOGRAPHS

PHOTO 1 - VIEW FROM CORNER AT KINO BOULEVARD & 36TH STREET



PHOTO 2 - VIEW FROM 36TH STREET



PHOTO 3 - VIEW FROM KINO BOULEVARD



PHOTO 4 - VIEW FROM KINO BOULEVARD



PHOTO 5 - VIEW NORTH ALONG KINO BOULEVARD



PHOTO 6 - VIEW SOUTH ALONG KINO BOULEVARD



PHOTO 7 - VIEW WEST ALONG 36TH STREET



PHOTO 8 - VIEW EAST ALONG 36TH STREET



EXHIBIT H - COMPARABLE LAND SALES LOCATION MAP



Subject: Southeast corner of Kino Parkway and 36th Street

Sale 1: Southwest corner of La Canada Drive and Orange Grove Road

Sale 2: Southeast corner of 22nd Street and Kino Parkway

Sale 3: Wraps around the northwest corner of Speedway Boulevard and Harrison Road

Sale 4: Northeast corner of Ajo Way and Benson Highway

Sale 5: Wrapping the southeast corner of Valencia Road and Valley Indian Agency Connect Road

**EXHIBIT I - COMPARABLE LAND SALES, MAPS AND AERIAL
PHOTOGRAPHS**

LAND COMPARABLE NUMBER ONE (SALE)

ID: TR 0101 7426

LOCATION:	Southwest corner of La Canada Drive and Orange Grove Road
LEGAL DESCRIPTION:	Portions of Sections 3 and 10, Township 13 South, Range 13 East, G&SRB&M, Pima County, Arizona
STATE TAX PARCEL:	102-11-131F (formerly 102-11-131A, 131B and 1320)
RECORD DATA:	Fee number 20143030419
DATE OF SALE:	October 30, 2014
SELLER:	Delta Properties, LLP
BUYER:	Tucson Electric Power Company
CONFIRMED BY:	Ben Becker, buyer/seller broker (520-323-5149) TAB; July 10, 2017
LAND DESCRIPTION:	<p>This site is a mostly rectangular shaped corner property with approximately 735 feet of frontage on La Canada Drive and approximately 556 feet of frontage on Orange Grove Road. La Canada Drive is a four-lane, asphalt-paved roadway with a center median, concrete curbs, and sidewalks in the vicinity of this property. La Canada Drive has a 2016 traffic count of 13,700 vehicles per day in the vicinity of this site. Orange Grove Road is a four-lane, asphalt-paved roadway with a center median, concrete curbs, and sidewalks in the vicinity of this property. Orange Grove Road has a 2015 traffic count of 19,000 vehicles per day in the vicinity of this site. The intersection of La Canada Drive and Orange Grove Road has street lights and is signalized, with designated right and left turn lanes and marked crosswalks in all directions. The topography slopes slightly in a southwesterly direction. All utilities are available to the property line. According to FEMA Flood Insurance Rate Map 04019C1680L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent</p>

annual chance flood plain. The northwest corner of the property is transected by the Casas Adobes Wash, requiring a 50 foot setback. This wash area forms a riparian habitat zone with a designation of Hydromesoriparian or Mesoriparian H.

LAND SIZE: 9.53 acres or 415,407 square feet

ZONING: TR (Pima County)

The property falls within the SR zone; however, it has been conditionally zoned for TR.

REPORTED SALE PRICE: \$2,600,000

PRICE PER SQUARE FOOT: \$6.26

MARKETING TIME: Seven years

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

PRIOR SALE: Records of the Pima County Assessor indicate that immediately prior to this sale, the property was sold on October 30, 2014. The buyer assumed the existing loan.

CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions. The property was purchased at market price and was an arms length transaction.

INTENDED USE: Build an electrical substation on the south portion of the property.

COMMENTS: The buyers were required to obtain a special use permit and have met all neighborhood buffer regulations. The site had been approved for 80,000 square feet of office space with the conditional TR zoning.

ASSESSOR'S RECORD MAP

102-11
102-12
102-13
102-14

SECTION 10, TOWNSHIP 13 SOUTH, RANGE 13 EAST

102-08 102-09

101-09 102-16

101-12 102-17

104-01 104-02

2018-1



LAND COMPARABLE NUMBER TWO (SALE)

ID: R2 0226 7191

LOCATION: Southeast corner of 22nd Street and Kino Parkway

LEGAL DESCRIPTION: Portion of Block 2, Kings Highway, City of Tucson, Pima County, Arizona

STATE TAX PARCEL: 129-10-1290

RECORD DATA: 2015-3410423

DATE OF SALE: December 7, 2015

SELLER: City of Tucson

BUYER: El Rio Santa Cruz Neighborhood Health Center, Inc.

CONFIRMED BY: David Koss, seller's representative (520-909-5882)
DFO; December, 2015

LAND DESCRIPTION: The site is a mostly rectangular shaped corner property. It contains a total area of 106,705 square feet (2.45 acres) per survey. The property has approximately 260 feet of frontage on 22nd Street along the northern border, approximately 390 feet of frontage on Kino Parkway along the western border, and approximately 390 feet of frontage along Cherrybell Stravenue on the eastern border. The site has a width of approximately 310 feet along the southern border. 22nd Street is a six-lane asphalt paved roadway with concrete median, concrete curbs, sidewalks, landscaping and streetlights. 22nd Street has left and right hand turns for the on-ramp at the intersection with Kino Parkway. 22nd Street has a 2010 traffic count of 32,000 vehicles per day near this site. Kino Parkway at the property is elevated above the property and has an off-ramp allowing traffic to exit Kino Boulevard to travel east/west on 22nd Street. Kino Parkway has a 2010 traffic count of 37,000 vehicles per day near this site. There is no traffic count available for Cherrybell Stravenue in the vicinity of the site.

The site does not have access from 22nd Street or from Kino Parkway. Access to the property is by Cherrybell Stravenue only. Vehicular access from 22nd Street for westbound traffic is from a signalized left-turn bay at

the Cherry Avenue/Cherrybell Stravenue alignment. A right-turn-only traffic lane is located at the intersection of Cherrybell Stravenue and 22nd Street to provide vehicular access from Cherrybell Stravenue to eastbound 22nd Street. Traffic is not be able to turn west onto 22nd Street from Cherrybell Stravenue. Westbound vehicular traffic from Cherrybell Stravenue to 22nd Street is not be direct. To travel west, vehicular traffic must proceed east on 23rd Street, traveling under the 22nd Street roadway elevated over the railroad tracks and return to Cherry Avenue via surface streets north of 22nd Street. A new right-of-way known as 23rd Street has been constructed and provides a traffic link between Cherrybell Stravenue on the west and Neff Street and Campbell Avenue on the east.

Potential buildings on the site will have some visibility from northbound Kino Parkway, but views will be limited as Kino Parkway will be elevated above potential buildings on the property. The property will not have visibility from southbound Kino Parkway, except by potential signage on the site.

All utilities are available to the property. The topography is mostly level, sloping generally in a southerly direction. There is a local wash that traverses the property in an east/west direction along the southern border of the property. There is a 25 foot building setback from the wash. According to FEMA Flood Insurance Rate Map 040192C2279L, dated June 16, 2011, the property is not identified as being located in a Special Flood Hazard Area.

There is a water line easement recorded for the property. The easement is located along the southern border of the property (along the 23rd Street alignment). This easement consists of a 50 foot wide water line easement that runs from across the width of the property in an east/west direction. Approximately 25 of the 50 foot easement is located on the property, with the balance located on the adjacent parcel to the south. There is also a utility easement that consists of a narrow strip located along the eastern edge of the property, starting from the northeastern corner of the property running south to southern property line. This easement also runs east/west along the 23rd Street alignment.

While no buildings can be constructed on these easement areas, other uses such as paved parking lots and landscaping can be constructed over these easement areas.

Additionally, according to the Arizona Department of Water Resources, the site is located near a ground contamination site identified as the Union Railroad 22nd St. Yard. This site is identified as a Voluntary Remediation Site for potential Soil/Diesel contamination. While the does not appear to be located within the boundary of the remediation site, any costs to cure soil/diesel ground contamination would rest with the Union Pacific Railroad. This is not considered to negatively impact the property.

LAND SIZE:	106,705 square feet or 2.45 acres
ZONING:	R-2/C-3 (City of Tucson)
REPORTED SALE PRICE:	\$370,000
PRICE PER SQ. FT.:	\$3.47
MARKETING TIME:	N/A
TERMS OF SALE:	This is reported to be an all cash to the seller transaction.
PRIOR SALE:	Pima County records indicate no prior sales of the property within three years of the date of sale.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a medical use by the potential purchaser (El Rio Medial). This user was not required to rezone the property and only needed to obtain a special use permit.

[illegible]

LAND COMPARABLE NUMBER THREE (SALE)

ID: C1 0344 7426

LOCATION: Wraps around the northwest corner of Speedway Boulevard and Harrison Road

LEGAL DESCRIPTION: A portion of the Southeast quarter of the Southeast quarter of Section 3, Township 14 South, Range 15 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 133-04-035G

RECORD DATA: Fee number 20153490056

DATE OF SALE: December 15, 2015

SELLER: Broadmont Associates, LP

BUYER: Tucson Electric Power Company

CONFIRMED BY: Rene Murreffo, Buyer Representative (520-917-8747)
TAB; July, 2017

LAND DESCRIPTION: This site is an "L" shaped rectangular property that wraps around the Northwest corner of Speedway Blvd. and Harrison Rd. with approximately 363 feet of frontage on Harrison and with approximately 310 feet of frontage along Speedway. Harrison Road is a four-lane, asphalt-paved roadway with concrete curbs, sidewalks and streetlights in the vicinity of this property. Harrison Road has a 2013 traffic count of 6,667 vehicles per day in the vicinity of this site. Speedway Boulevard is a four-lane, asphalt-paved roadway with concrete curbs, sidewalks and streetlights in the vicinity of this property. Speedway Boulevard has 2016 traffic count of 16,578 vehicles per day in the vicinity of this site. The property has access from Speedway Boulevard and Harrison Road. The intersection at Speedway Boulevard and Harrison Road is signalized. There are right and left turn lanes and marked crosswalks in all directions. The topography slopes slightly in a northeast direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C2306ML, dated June 16, 2011, the land is located in Zone X (unshaded) which

are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 5.88 acres or 256,107 square feet

ZONING: C-1 (City of Tucson)

REPORTED SALE PRICE: \$1,705,000

PRICE PER SQUARE FOOT: \$6.67

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 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: Electric Power Substation

COMMENTS: TEP intends to develop a power substation on the property. The property is zoned for commercial use and had plans for a commercial center.

[illegible]

LAND COMPARABLE NUMBER FOUR (SALE)

ID: C2 0342 7426

LOCATION: Northeast corner of Ajo Way and Benson Highway

LEGAL DESCRIPTION: A portion of the south one-half of the southeast quarter of the southwest quarter of Section 30, Township 14 South, Range 14 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 132-13-0610

RECORD DATA: Fee number 20160920632

DATE OF SALE: April 1, 2016

SELLERS: Harold B. Seymour and Irwin J. Shapiro

BUYER: Amerco Real Estate Company

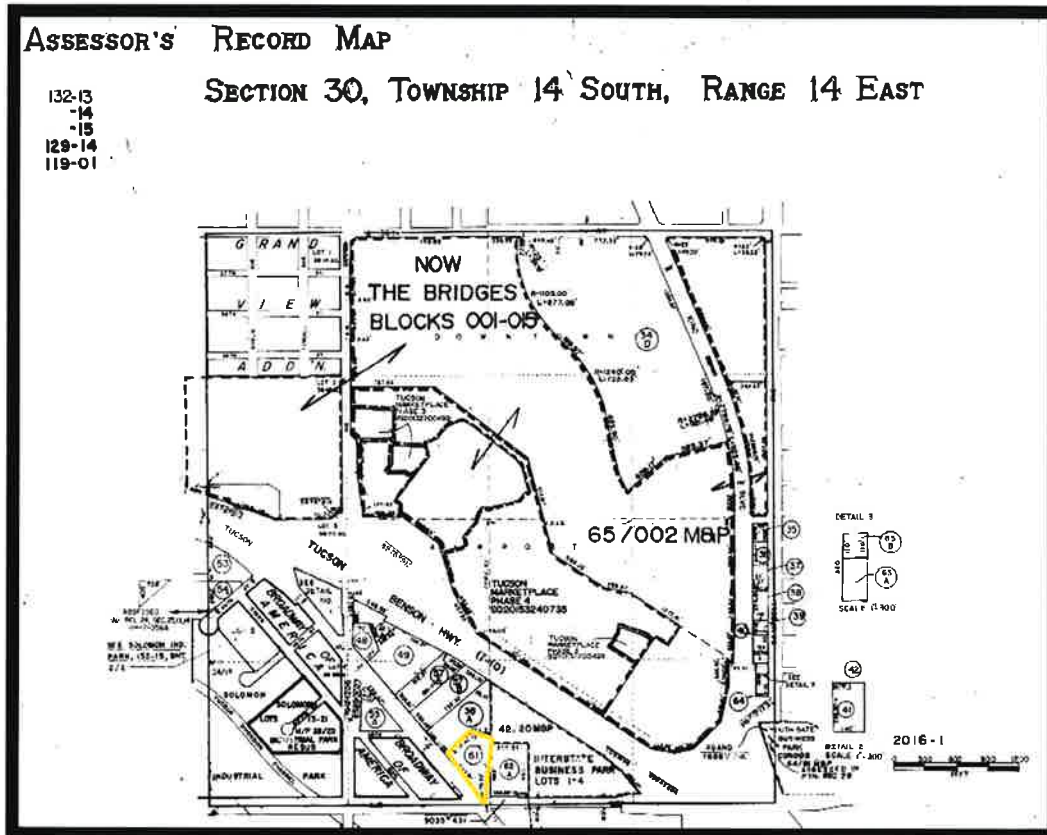
CONFIRMED BY: Harold Shapiro, seller's representative (520-263-6555)
TAB; July, 2017

LAND DESCRIPTION: This site is an irregular shaped corner property with approximately 533 feet of frontage on Benson Highway and approximately 75 feet of frontage on Ajo Way. The property is located at the northeast corner of Ajo Way and Benson Highway, which is a signalized intersection. Benson Highway and Ajo Way are both 4-lane asphalt-paved roadways with concrete curbs, sidewalks and streetlights in the vicinity of this property. Access to the site is available only from Benson Highway. Both roadways have right and left turn lanes and marked crosswalks in all directions. Ajo has a 2015 traffic count of 23,647 vehicles per day in the vicinity of this site. Benson Highway has a 2014 traffic count of 9,119 vehicles per day in the vicinity of this site. The topography slopes slightly in an easterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C2287L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 3.62 acres or 157,687 square feet

ZONING:	C-2 (City of Tucson)
REPORTED SALE PRICE:	\$750,000
PRICE PER SQUARE FOOT:	\$4.76
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 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:	Build a U-Haul facility on the property.
COMMENTS:	<p>This was a direct sale with no commission paid on the transaction.</p> <p>There was a billboard on the site that contributed a small amount to the value of the property.</p>

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTO
(132-13-0610)



LAND COMPARABLE NUMBER FIVE (SALE)

ID: C1 0345 7426

LOCATION: Wrapping the southeast corner of Valencia Road and Valley Indian Agency Connect Road

LEGAL DESCRIPTION: Lots 11-1 and 11-2 and Common Area A, Tucson South, Pima County, Arizona

STATE TAX PARCEL: 138-24-4150, 4130, 4140

RECORD DATA: Fee number 20170450792

DATE OF SALE: February 14, 2017

SELLER: Wilcox Center, LLC

BUYER: Tucson South Development Group, LLC

CONFIRMED BY: Neil Kleinman, Seller (520-248-6984)
TFH; July, 2017

LAND DESCRIPTION: This site is a mostly rectangular shaped interior property that wraps around the southeast corner of Valencia Road and Valley Indian Agency Road with approximately 343 feet of frontage on Valley Indian Agency Road and 17 feet of frontage on Valencia Road. Valencia Road is a six-lane, asphalt-paved roadway with concrete curbs, sidewalks and streetlights in the vicinity of this property. Valencia Road has a 2016 traffic count of 43,313 vehicles per day in the vicinity of this site. Valley Indian Agency Road is a two-lane, asphalt-paved roadway with concrete curbs at intersections, and streetlights in the vicinity of this property. Valley Indian Agency Road has a 2016 traffic count of 5,611 vehicles per day in the vicinity of this site. The intersection at Valencia Road and Valley Indian Agency Road is signalized. There are right and left turn lanes and marked crosswalks in all directions. The property has two entrances. One on Valencia Road and the second on Valley Indian Agency Road leading to the primary parking lot for this site. The buildings adjacent to the front of the property are one level pad sites providing this site with visibility on Valencia Road. The topography is flat. All utilities are available to the site. According to FEMA Flood Insurance Rate

Map 04019C2303L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE:	232,722 square feet
ZONING:	C-1 (City of Tucson)
REPORTED SALE PRICE:	\$1,398,276
PRICE PER SQ. FT.:	\$6.01
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 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:	Construction of a 21,702 square feet Tractor Supply Company Store
COMMENTS:	<p>This property is part of the Phase II of Midvale Park Community Shopping Center. It will be the Tractor Supply's fourth location in Pima County.</p> <p>This site is adjacent to intensive commercial development on Valencia Road including a new Fry's Superstore.</p>

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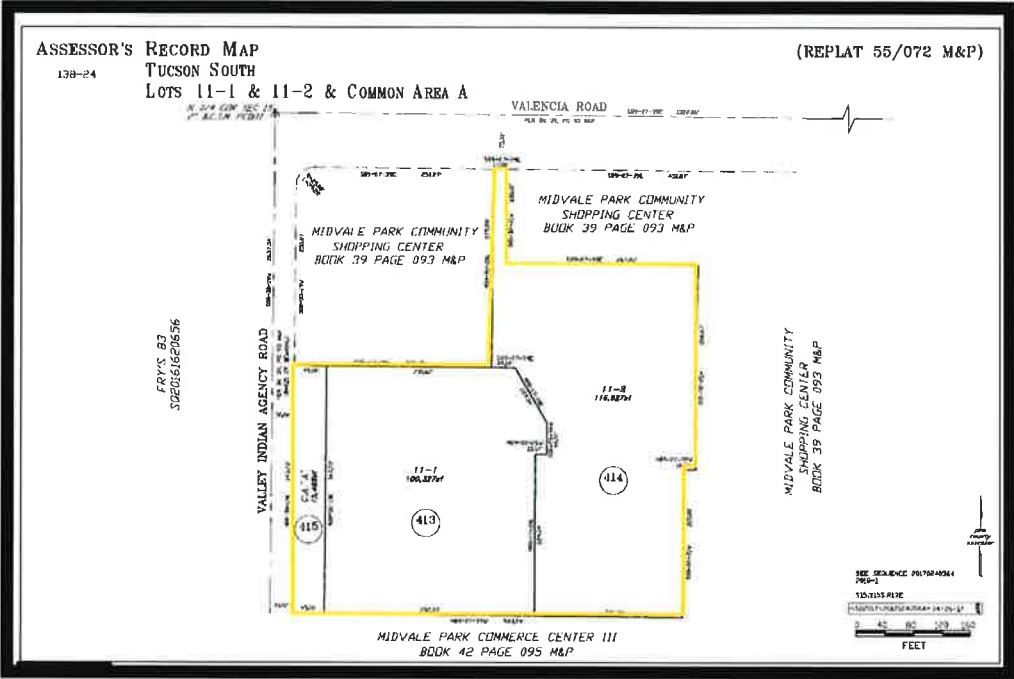


EXHIBIT J - QUALIFICATIONS

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

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

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

WILLIAM D. PETERSON, MAI, is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 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 United States District Court and the Superior Courts of Pima County and Cochise County. 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.

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

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

ROBERT PARKER, SUSAN CLEVELAND, and **ROBIN ELLER** are production coordinators and support technicians.