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APPRAISAL REPORT

OF

7,048 SQUARE FEET OF SURPLUS RIGHT OF WAY
AS A PART OF A LARGER 21,978 SQUARE FOOT SITE
"AS THOUGH VACANT"

LOCATED AT
2632 S. 6TH AVENUE
SOUTH TUCSON, PIMA COUNTY, ARIZONA 85713

SECTION 25, TOWNSHIP 14 SOUTH, RANGE 13 EAST

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

OWNERSHIP: PIMA COUNTY DEPT. OF TRANSPORTATION

TAX CODE NO.'S: 119-02-027D (PORTION OF) & -029A

EFFECTIVE DATE OF THE APPRAISAL: NOVEMBER 9, 2018

DATE OF THE REPORT: NOVEMBER 20, 2018

OUR FILE NO. 7587-1801



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November 20, 2018

Our File No. 7587-1801

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

RE: Appraisal of 7,048 square feet of surplus right of way as a part of a larger 21,978 square foot site “as though vacant”, located at 2632 S. 6th Avenue and within Township 14S, Range 13E, Section 25, South Tucson, Pima County, Arizona, 85713.

In accordance with your request, I have appraised the property described above. This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2a, specifically pertaining to Appraisal reports; and the appraisal standards and guidelines of Pima County Public Works Real Property Services.

The *effective date of the appraisal* is November 9, 2018, the most recent date of inspection of the subject property. The ownership and identification of this property are set forth in the following report.

The *purpose* of this valuation is to develop an opinion of the current market value of the fee simple interest in the subject property. The *intended use* of this report is to establish the fee simple value for potential sale by Pima County.

Pima County Public Works Real Property Services is the *client*. The *intended users* of this report are Pima County, its designees and the property owners. Besides the intended users and appropriate regulatory agencies, parties other than those specified above may not use or rely upon this report. Every Appraisal Service and the appraisers signing this report assume no responsibility to any party, other than the client and the stated *intended users*, who uses or relies on any information in this report.

The *Scope of Work* for this report includes completing an appraisal inspection of the subject, analyzing the local market for trends that impact real estate values, and searching the local market for comparable data. The subject property consists of approximately 7,048 square feet of surplus right of way as a part of a larger 21,978 square foot site, “as though vacant”. Additional details on scope of work are contained in the body of the report. The *fee simple* interest in the property has been analyzed.

Based on the data and discussions within this report, my opinion of the current market value of the fee simple interest in the subject 7,048 square feet of surplus right of way, as part of a larger 21,978 square foot site, as of November 9, 2018, is as follows.

OPINION OF THE MARKET VALUE

OF THE SUBJECT PROPERTY\$30,000

The market value noted above is based on an exposure time of no more than 12 months and a marketing time of no more than 12 months. Your attention is invited to the data and discussions contained in this document. Please contact us if you have any questions or would like to consult the file.

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

Respectfully submitted,



DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

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EXECUTIVE SUMMARY

PURPOSE OF APPRAISAL:

The ***purpose*** of this valuation is to develop an opinion of the current market value of the fee simple interest in the subject property.

INTENDED USE OF APPRAISAL:

The ***intended use*** of this report is to establish the fee simple value for potential sale by Pima County.

CLIENT/ INTENDED USER(S):

Pima County Public Works Real Property Services is the ***client***. The ***intended users*** of this report are Pima County, its designees and the property owners. Besides the intended users and appropriate regulatory agencies, parties other than those specified above may not use or rely upon this report. Every Appraisal Service and the appraisers signing this report assume no responsibility to any party, other than the client and the stated ***intended users***, who uses or relies on any information in this report.

EFFECTIVE DATE OF THE APPRAISAL:

The ***effective date of the appraisal*** is November 9, 2018, the most recent date of inspection of the subject property. On this date, the physical characteristics of the subject property were documented and photographed.

INTERESTS TO BE APPRAISED:

Fee Simple

OWNERSHIP:

The subject surplus right of way is currently owned by Pima County. The County acquired the property as part of a larger former railroad right of way in 2015 for the purposes of utility easements and a linear park.

PROPERTY IDENTIFICATION:

The subject property consists of approximately 7,048 square feet of land as part of a larger 21,978 square foot site, “as though vacant”, located along the west side of South 6th Avenue, north of 37th Street, South Tucson, Pima County, Arizona, 85713. The property is further identified by Pima County Assessor’s Office as parcel numbers 119-02-027D (portion of) and 119-02-029A.

TAX DATA:

The subject property is not assessed property taxes, as it is owned by Pima County.

ZONING: The subject site is zoned SB-2A (Local Retail Center District), South Tucson.

HIGHEST AND BEST USE: The highest and best use of the subject is considered to be for commercial uses that would benefit from the increased exposure.

OPINION OF VALUE: Based on the data and discussions within this report, my opinion of the current market value of the fee simple interest in the subject surplus right of way, as of November 9, 2018, is as follows.

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY\$30,000**

EST. MARKETING TIME: Based upon the comparables used within this report, general market conditions and the opinion of market value, it is considered reasonably probable that the subject property could be marketed within a 12 month time period.

INTRODUCTION

This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2a, specifically pertaining to Appraisal reports. As such, it presents only summary discussions of the data, reasoning, and analyses that were utilized by the appraiser to develop an opinion of value. The level of detail and discussion presented in this report is specific to the needs of the intended user and for the intended use, as stated. Additional details and supporting documentation is retained in the appraisers files.

Property Identification

The subject property is comprised of 7,048 square feet of surplus right of way currently owned by Pima County. The property was originally owned by the Union Pacific Railroad, and served as railroad right of way. At some point, the railroad abandoned the line, and leased a small portion of the right of way to the adjacent automotive repair user. Subsequently, the UPRR right of way was acquired by Pima County, along with the leased fee interest of the subject. Notably, the lease area is larger than the proposed sale parcel: 9,583 square feet vs. 7,048 sf. The following exhibit illustrates the subject surplus right of way.

DEPICTION OF EXHIBIT "A"



PIMA COUNTY SURVEY

A PORTION OF PARCELS 1 AND 2 DOCKET XXXX PAGE XXX
 LOCATED IN SECTIONS XX & XX, TOWNSHIP XX SOUTH, RANGE XX EAST,
 GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

Scale: 1" = XX'

Date: XX May 201X

Drawn By: XIX

Sheet 1 of X

As stated, the subject 7,048 square feet of surplus right of way will be appraised as a part of a larger 21,978 square foot site, “as though vacant”. The physical address of the combined property is 2632 S. 6th Avenue, South Tucson, Pima County, Arizona 85713. The property is further identified by Pima County Assessor parcel numbers 119-02-027D (portion of) & -029A .

Legal Description

The legal description of the subject property is contained in the Addenda to this report.

Purpose, Intended Use, Intended User

The *purpose* of this valuation is to develop an opinion of the current market value of the fee simple interest in the subject property. The *intended use* of this report is to establish the fee simple value for potential sale by Pima County. The *intended users* of this report are Pima County, its designees and the property owners.

Interest Appraised

The client has requested an analysis of the *fee simple* interest in the subject surplus right of way. Notably, the subject surplus right of way has been leased for several years to the adjacent automotive user. However, this appraisal is intended to serve as the basis for a sale of the right of way to this user.

Effective Date of the Appraisal

The *effective date of the appraisal* is November 9, 2018, the date of the most recent inspection of the subject property. On this date, the physical characteristics of the subject property were documented and photographed.

Extraordinary Assumptions & Hypothetical Conditions

None.

Market Value Definition

Market value, as utilized in this appraisal, is as defined by Arizona Revised Statute. Pursuant to Arizona Revised Statute 12-1122 (4.C.):

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

Property History/Ownership

The subject surplus right of way is currently owned by Pima County. The County acquired the property as part of a larger former railroad right of way in 2015 for the purposes of utility easements and a linear park.

Scope of the Work

Scope of Work is an integral part of the appraisal process and identifies the type and extent of research and analyses for an appraisal assignment. According to *USPAP*, for each appraisal 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 document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2a, specifically pertaining to Appraisal Reports. As such, it presents only summary discussions of the data, reasoning, and analyses that were utilized by the appraiser to develop an opinion of value. The level of detail and discussion presented in this report is specific to the needs of the intended user and for the intended use, as stated. Additional details and supporting documentation is retained in the appraisers files.

David A. Every, MAI, AI-GRS inspected the subject property, as well as the immediate neighborhood, on November 9, 2018. Comparable data has been researched, verified, and analyzed from reliable sources, with the appraiser's analyses, opinions, and conclusions reported in this Appraisal report.

In order to evaluate the subject property, relevant general and property specific data has been gathered and analyzed. General data includes information on social, economic, governmental, and environmental trends and conditions affecting the subject property. Each of these items has an impact on property value and the study of these forces enables the appraiser to identify the underlying causes of change in property values and what future market expectations might be. The geographic extent of our search for general market information included the larger Tucson metropolitan area. Sources of general market information included government publications, census data, local newspapers, and other public and private organizations. Real estate oriented market information was abstracted from econometrics publications specific to the Tucson market.

Property specific information includes data about the subject site, development plan, tax information, and zoning classifications. Information was obtained from the City of Tucson, the Pima County Assessor's office, the current owner of the subject property, and from the client. A typical inspection of the property was also performed by the appraiser. Market information is

obtained through conversations with brokers, appraisers, property managers, purchasers and owners active locally, as well as commercial data providers.

Highest and best use analysis was undertaken and established the foundation for the valuation process. This analysis considered the physically possible, legally permissible and financially feasible uses of the property and ultimately led to conclusions of a use or class that was considered to be optimal, or most productive, for the subject property.

As discussed, I have been requested to analyze the current market value of the fee simple interest in the subject 7,048 square feet of surplus right of way, as a part of a combined 21,978 square foot larger parcel, "as though vacant". For this analysis, the Sales Comparison Approach has been utilized. The Income and Cost approaches are not considered relevant, and therefore are not included in this report. This methodology is sufficient to develop credible assignment results.

AREA OVERVIEW

The purpose of this section of the report is to identify and analyze the social, economic, governmental, and environmental forces that can influence property values in the vicinity of the subject. The primary area of influence is the neighborhood, defined as a group of complimentary land uses; a residential neighborhood may contain residential uses along with ancillary commercial uses that provide services for the residents. A district, on the other hand, has one predominate land use such as apartments, commercial, industrial, or agricultural.

ARIZONA

Arizona is in the southwestern area of the United States within the Sunbelt Region and ranks sixth in the nation in terms of size with 113,417 square miles. The state can be divided into three geographical areas, each with its own distinct topography and climate. The northeastern portion of the state is a high plateau, which tends to be cool and dry. Most of this area is within the boundaries of the Navajo Nation, the largest Native American reservation in the United States. The mountainous region, extending diagonally across the state from northwest to southeast, offers cool summertime temperatures and winter sports opportunities, attracting visitors to this area year round. The remaining half of the state, south and west of the mountainous region, consists of desert valleys divided by low desert mountain ranges and is home to most of the state's population; about 80 percent of the state population resides in the Tucson and Phoenix metropolitan areas.

Between 1980 and 1990, Arizona was the third fastest growing state, with a population increase of almost 35 percent. According to the 2000 census, approximately 5,130,000 people resided in the State, up from 3,665,000 in 1990, reflecting an increase of about 40 percent, or a 4.0 percent annual rate. The latest 2010 census information shows the Arizona population at about 6,392,017, an increase of about 24.6% over the 2000 number or an average of 2.5% per annum. Arizona's projected growth is about 200,000 per year through 2030.

The state also ranked third in job growth for the same period with a gain of 47 percent, twice the national average. Employment is fairly diversified with professional and business services accounting for 14 percent of total non-farm employment, followed by government with 13 percent, retail with 12 percent, health care with 10 percent, construction with 8 percent, and manufacturing with 6 percent. During 2008, job growth in the State and in Tucson was greatly reduced, with a rise in unemployment throughout much of 2008 that persisted throughout 2009 and into 2010. However, by September 2018, Arizona's seasonally adjusted unemployment rate had declined to 4.7% per the Bureau of Labor and Statistics. Arizona's unemployment has lagged the US unemployment rate by approximately 0.5% for the years 2000 through 2010.

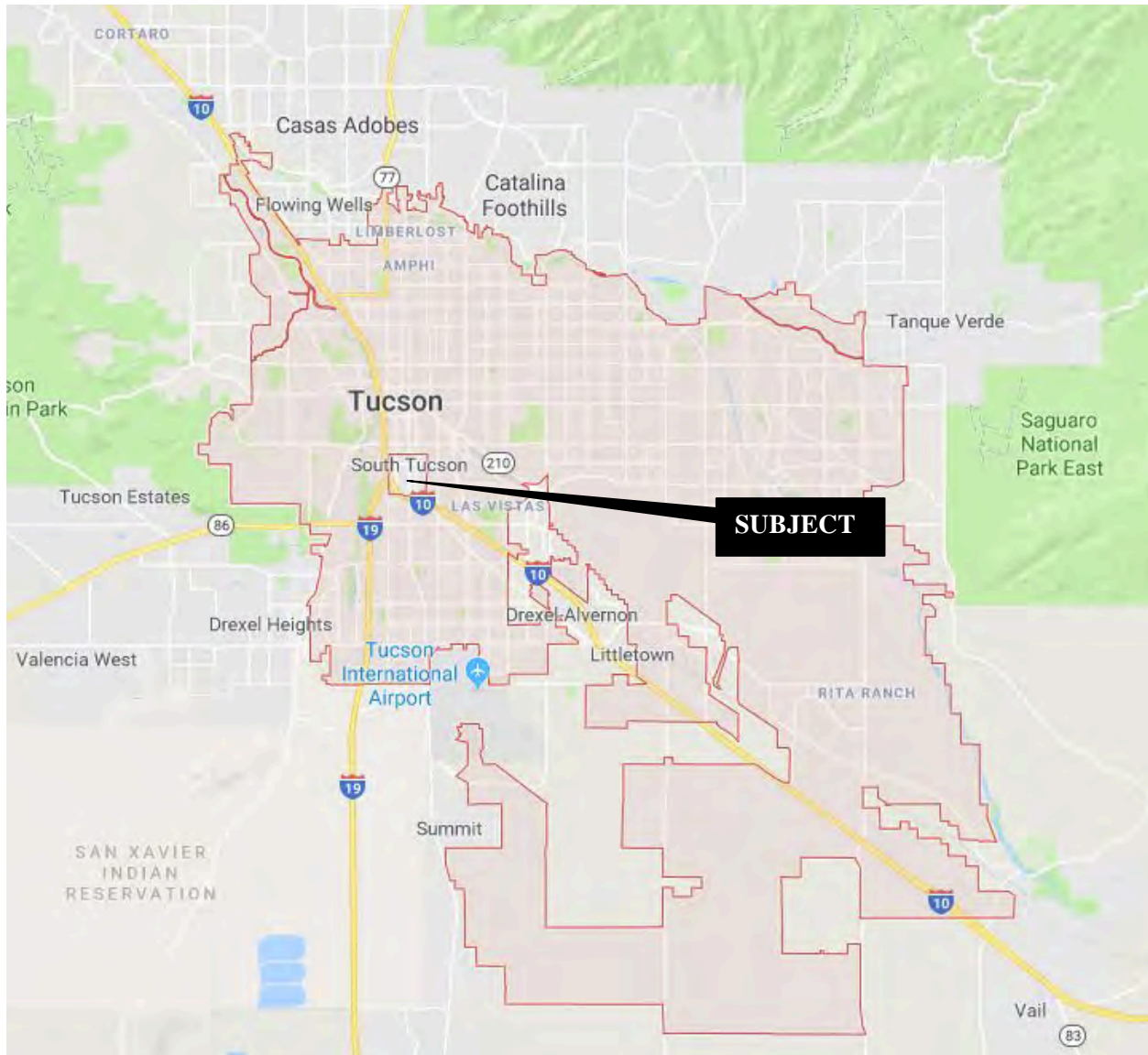
According to George W. Hammond, Ph.D., Director and Research Professor, EBRC (Eller Economic and Business Research Center), "Arizona's economy is well positioned to outpace the U.S. during the next 30 years. The outlook calls for the state, the Phoenix metropolitan statistical area (MSA), and the Tucson MSA to grow faster than the nation across most major macroeconomic aggregates. However, as is expected for the nation, the state is not likely to regain the rapid growth

rates posted during the 30 years before the Great Recession. In the end, the aging of the baby boom generation will take a toll on growth at the national, state, and local levels.

Arizona's recent growth continues to be strong, with job gains far outpacing the national average. This is true even for Tucson, where employment increases have accelerated strongly during the past nine months. The outlook calls for growth rates to improve in the near term, with reduced fiscal drag and increased migration flows into the state. This drives further gains in construction and related sectors, which have been slow to rebound from the housing bust. Overall, the state economy is moving forward and its trajectory is positive. “



Metro Tucson



Map data ©2018 Google

Tucson is the economic center of southeastern Arizona. While the Tucson area enjoyed economic growth with the rise of the housing boom in the middle of the decade, the overall economy began to decline in late 2007, with a significant decline beginning in late 2008. Since that time the local economy has generally mirrored the larger national economic downturn, with some signs of stabilization beginning to appear in 2012 and with signs of a slow recovery moving forward.

The population of Pima County, which approximates the metropolitan area, increased from 666,954 in 1990 to 843,746 in 2000 and to 980,263 in 2010 (based on the 2010 census), reflecting compounded annual growth rates of 2.38 percent from 1990 to 2000 and 1.51 percent annually from 2000 to 2010.

The Pima Association of Governments (PAG), projects that the population of the County will grow by 1.6 to 2.1 percent annually over the next 20 years. The northwest and southeast portions of the metropolitan area, where ample land is available, are expected to be the focal points for most of the growth.

The long-term outlook for Tucson is positive. Population and employment, though currently down for the first time in nearly a decade, are projected to continue to increase at rates in excess of the nation as a whole as the market recovers over the next one to two years. The cyclical nature of the economy reflected in the population, employment, and development segments is now stabilized from the peak of the previous cycle. Overall, the Tucson Metropolitan area is considered to be in the growth stage of its life cycle and, even with the problems currently shown by the residential and commercial markets, should have a positive long-term impact upon properties in the area as recovery progresses.

The subject is located in the south portion of the Tucson metropolitan area known as South Tucson, about 1 mile south of downtown Tucson. The following discussion summarizes those factors that influence values within the neighborhood.



General neighborhood boundaries are: Interstate 10 on the south and to the west; 2nd Avenue to the east, and 25th Street to the north. This is the southern region of the metropolitan Tucson area.

Population

The following tabulation summarizes population projections as prepared by the Arizona Department of Economic Security for Pima County and related jurisdictions.

Year	PIMA COUNTY (DES projected)	TOWN OF MARANA	TOWN OF ORO VALLEY	TOWN OF SAHUARITA	CITY OF SO. TUCSON	CITY OF TUCSON	UNINCORP. COUNTY
2006	980,977	29,802	40,576	18,464	5,657	537,677	348,800
2007	1,003,918	32,774	41,662	23,075	5,684	545,273	355,449
2008	1,026,506	36,037	42,852	28,140	5,710	552,715	361,052
2009	1,048,796	39,616	44,111	33,185	5,735	560,018	366,130
2010	1,070,723	43,352	45,199	37,965	5,742	566,237	372,227
2011	1,092,369	46,844	46,204	41,845	5,746	572,503	379,227
2012	1,113,749	50,335	47,209	45,725	5,750	578,769	385,961
2013	1,134,853	53,826	48,213	49,606	5,753	585,036	392,418
2014	1,155,599	57,318	49,218	53,486	5,757	591,302	398,518
2015	1,175,967	60,809	50,222	57,367	5,761	597,568	404,240
2016	1,195,933	63,230	51,005	60,189	5,758	602,988	412,763
2017	1,215,512	65,652	51,787	63,011	5,754	608,409	420,899
2018	1,234,697	68,073	52,569	65,834	5,751	613,830	428,641
2019	1,253,475	70,494	53,352	68,656	5,747	619,250	435,976
2020	1,271,912	72,915	54,134	71,479	5,743	624,671	442,969
2021	1,290,058	74,783	54,806	72,934	5,737	629,503	452,296
2022	1,307,914	76,650	55,478	74,389	5,730	634,335	461,333
2023	1,325,564	78,517	56,150	75,844	5,723	639,167	470,164
2024	1,342,978	80,385	56,821	77,299	5,716	643,998	478,759
2025	1,360,157	82,252	57,493	78,754	5,709	648,830	487,119
2026	1,377,097	83,754	58,063	79,946	5,702	653,309	496,323
2027	1,393,778	85,256	58,633	81,138	5,695	657,788	505,268
2028	1,410,235	86,757	59,204	82,330	5,689	662,267	513,989
2029	1,426,456	88,259	59,774	83,522	5,682	666,746	522,473
2030	1,442,420	89,761	60,344	84,714	5,675	671,225	530,701
2031	1,458,104	91,047	60,844	85,591	5,670	675,350	539,601
2032	1,473,502	92,333	61,344	86,468	5,665	679,476	548,215
2033	1,488,594	93,619	61,844	87,346	5,661	683,602	556,523
2034	1,503,365	94,905	62,345	88,223	5,656	687,728	564,509
2035	1,517,839	96,190	62,845	89,100	5,651	691,854	572,199
2036	1,532,026	97,442	63,416	89,726	5,656	695,835	579,952
2037	1,545,909	98,694	63,986	90,352	5,660	699,816	587,401
2038	1,559,521	99,945	64,557	90,978	5,665	703,797	594,578
2039	1,572,877	101,197	65,128	91,604	5,670	707,778	601,500
2040	1,585,983	102,449	65,699	92,230	5,674	711,759	608,172
2041	1,598,868	103,706	66,354	93,053	5,689	715,711	614,355
2042	1,611,534	104,964	67,008	93,876	5,704	719,662	620,320
2043	1,623,983	106,221	67,663	94,700	5,718	723,614	626,067
2044	1,636,316	107,479	68,317	95,523	5,733	727,565	631,699
2045	1,648,586	108,737	68,972	96,346	5,748	731,517	637,267
2046	1,660,779	109,992	69,677	97,332	5,770	735,551	642,457
2047	1,672,813	111,247	70,383	98,317	5,791	739,585	647,489
2048	1,684,824	112,503	71,089	99,303	5,813	743,619	652,497
2049	1,696,902	113,758	71,794	100,289	5,835	747,653	657,573
2050	1,709,026	115,014	72,500	101,274	5,857	751,687	662,694
2051	1,721,232	116,269	73,302	102,502	5,889	756,125	667,145
2052	1,733,499	117,525	74,105	103,729	5,921	760,562	671,657
2053	1,745,812	118,781	74,907	104,956	5,954	765,000	676,215
2054	1,758,177	120,036	75,710	106,183	5,986	769,437	680,824
2055	1,770,610	121,292	76,513	107,410	6,019	773,874	685,502

Transportation

Primary access to the neighborhood is provided by Interstate 10, Alvernon Road, Palo Verde Road, the Kino-Campbell Corridor, and the Kolb-Valencia Corridor. I-10, a six-lane freeway, traverses the neighborhood in a northwest to southeast manner and has interchanges at Palo

Verde/Alvernon Roads, Campbell/Kino Roads, and Park Avenue. I-19 splits from I-10 in Tucson and provides access to Mexico.

Other major north-south roadways include Country Club Road, Park Avenue, Twelfth Avenue, and Sixth Avenue/Tucson Nogales Highway. Major east-west arterials include 22nd Street, Ajo Way, Irvington Road, Drexel Road, and Valencia Road. Benson Highway/US 80 traverses the neighborhood one-half mile south of and generally parallel to I-10.

In addition to the above noted roadways, the Aviation Corridor, completed through to Broadway Boulevard and the southeasterly portion of the Central Business District, has greatly improved access to the northeastern portions of the neighborhood. The Aviation Corridor is a limited access thoroughfare extending from Golf Links Road on the south to the CBD, with plans to extend it to St. Mary's Road and I-10 on the north.

The Tucson International Airport facility is located south of the subject neighborhood. The main entrance to the airport is located on South Tucson (Kino) Boulevard, south of Valencia Road. The Tucson International Airport is a major asset, not only to the city of Tucson and Pima County, but also the entire region including Sierra Vista, Nogales, and northwestern Mexico. To accommodate the airport's increasing needs, a master plan was prepared for the Tucson Airport Authority in the 1990's. This plan includes the expansion of land area for the facility, as well as adding to and improving existing buildings, runways, and facilities needed to provide services related to the airport service industry. The Tucson Airport Authority has received over \$60 million from bond proceeds to finance the airport extension. Much of the airport renovation has been completed, with additional approved expansion projects in progress.

Land Use

The neighborhood is well established both residentially and commercially and is largely built up. The subject area is considered to be in a stable stage of its life cycle, which is typified by a period of equilibrium without any marked gains or losses in land values. Land uses include a variety of single and multi-family residences, commercial, and a variety of industrial uses that are situated along the southern, eastern and western boundaries of the area.

Residential

The majority of residential development in the area is older single family housing and mobile homes primarily located in the western, central, and northern areas of the neighborhood. Several new single family subdivisions have been developed in the eastern portion of the neighborhood in recent years. Single-family homes range in age from new to over 30 years.

The subject neighborhood contains a number of major apartment complexes, typically situated along major roadways. Occupancy and rental rates had been improving up until the climax of the residential real estate market in 2006. Subsequently, vacancy had been increasing since 2007 due to the local and national economies.

The Tucson multifamily market was emerging from a period of turmoil caused by several factors impacting the market in succession. Some of these factors were unrelated, such as the employer sanction law, although others are the direct result of a market bubble caused in part by an oversupply of money chasing a steady supply of properties. This led to the financial crisis, which resulted in the loss of construction jobs, which led to increasing vacancy. A reduced supply of debt capital and tightening credit requirements were also a direct result of the financial crisis.

In 2010, absorption was once again positive indicating that the recovery was underway and it has been relatively steady.

Commercial

Office

The subject site is within the Southwest Tucson Office Submarket. Office space is rather limited, due to two primary factors. The first is the historical lack of demand for office space in the area; the second being that several office facilities within the area's business and commerce parks are labeled as industrial buildings. Also refer to the below table.

Tucson Office Market Vacancy Summary
Third Quarter 2018

#	Submarket	# of Buildings	Total RBA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Ajo/W Outlying Pima Cnty	9	104,583	0.4%	750	0.7%	0.7%	0.0%
2	Central Tucson	1,117	9,964,955	37.7%	1,131,147	11.4%	11.5%	-0.1%
3	Downtown Tucson	325	5,426,417	20.5%	232,471	4.3%	2.8%	1.5%
5	East Tucson	130	1,261,816	4.8%	123,404	9.8%	12.8%	-3.0%
6	Foothills	94	1,352,444	5.1%	77,128	5.7%	6.6%	-0.9%
7	Green Valley/South Tucson	48	359,251	1.4%	35,431	9.9%	12.2%	-2.4%
8	North Tucson, Oro Valley	332	3,620,962	13.7%	294,263	8.1%	8.6%	-0.5%
9	Northwest Tucson	53	494,427	1.9%	79,114	16.0%	9.0%	7.0%
10	Southeast Tucson	38	535,560	2.0%	25,946	4.8%	4.8%	0.0%
11	Southwest Tucson	178	1,752,010	6.6%	87,559	5.0%	4.2%	0.8%
12	West Tucson	225	1,550,178	5.9%	128,832	8.3%	10.4%	-2.0%
	Total	2,549	26,422,603	100.0%	2,216,045	8.4%	8.4%	0.0%

Note: Rate based on total physical space

Source: CoStar Group, Inc., Quarterly Tucson Office Market Report

According to CoStar's 3rd Quarter 2018 Report, the overall vacancy rate of leasable office space for Tucson is 8.4 percent, while the Southwest Tucson Market, which includes the subject property, is 5.0 percent. Currently, the Southwest Market has 178 office buildings with 1.7 million square feet of inventory, and holds a 6.6 percent share of Metropolitan Tucson.

Industrial

The neighborhood is ideally suited for industrial uses with I-19 providing access for goods to and from Mexico and I-10 allowing direct access to Phoenix and California to the west and Texas

and the eastern seaboard to the east. In addition, the neighborhood is well served by the rail system and has proximity to the airport.

Industrial uses dominate the neighborhood. Major business parks include Butterfield Business Park, Tucson International Business Center, Tucson Broadbent Business Center, and the larger business parks at Park and Ajo. Industrial uses west of Alvernon Way, in proximity to the Air Force Base, tend to be heavy industrial uses, ranging from lumber yards to heavy manufacturing uses, automotive recycling facilities, and the like.

The neighborhood and surrounding area has been the focus of major new development. This includes the Rockefeller Group's 2007 purchase of 20 acres of land in the Airport Commerce Center (due east of Tucson International Airport) for development of a 520,000-square foot distribution center. In late 2007, Summit Properties of Scottsdale broke ground on a 250,000-square foot expansion to the existing 140,000-square foot Hemisphere Corporate Center (multi-tenant office/industrial complex) in Tucson International Business Center near Valencia and Palo Verde Road.

Overall, the area is well established industrially and will benefit from the strong, on-going, upswing in industrial and associated development due to its proximity to transportation arterials, including freeway, rail, and air. The industrial identity of the area will also contribute to the anticipated growth of the area.

According to CoStar's 3rd Quarter 2018 Industrial Report, the overall vacancy rate of leasable space for Tucson is 5.9 percent, while the Park/Ajo Industrial Submarket, which includes the subject property, is 5.8 percent with 262 industrial buildings.

Tucson Industrial Market Vacancy Summary
Third Quarter 2018

#	Submarket	# of Buildings	Total RBA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Downtown Tucson	419	4,175,426	9.8%	74,279	1.8%	1.6%	0.1%
2	E Outlying Pima Cty Ind	2	18,464	0.0%	-	0.0%	0.0%	N/App
3	Northeast Tucson	237	2,684,058	6.3%	215,287	8.0%	9.9%	-1.8%
4	NW Tucson/Oro Valley	741	9,815,841	23.1%	282,175	2.9%	2.8%	0.1%
5	Palo Verde	540	6,668,872	15.7%	297,168	4.5%	5.3%	-0.9%
6	Park/Ajo	262	3,799,703	8.9%	222,194	5.8%	8.2%	-2.4%
7	Pima/Green Valley	12	187,683	0.4%	1,200	0.6%	0.6%	0.0%
8	Southeast Tucson	96	5,855,459	13.8%	200,366	3.4%	3.4%	0.0%
9	SW Tucson/Airport	257	9,364,112	22.0%	1,233,212	13.2%	14.1%	-0.9%
10	W Outlying Pima Cty Ind	3	13,892	0.0%	-	0.0%	0.0%	N/App
	Total	2,569	42,583,510	100.0%	2,525,881	5.9%	6.6%	-0.6%

Note: Rate based on total physical space and does not include self-storage space

Source: CoStar Group, Inc., Quarterly Tucson Industrial Market Report

Retail

The larger area includes several large retail developments including two new power centers that are located along the major arterials, Interstate 19, Irvington, Interstate 10 and Kino Parkway.

At the southwest corner of Interstate 19 and Irvington Road is the Tucson Spectrum, a 1,024,816 square foot Regional Shopping Center that is situated on 122.29 acres of land. Target, J.C. Penny, Home Depot, and Sports Authority have opened stores in this development and these stores are serving as anchor tenants for additional development by national retailers. There are numerous restaurants such as Red Lobster and The Olive Garden as well as the Tucson Spectrum 18 Harkins Theater.

Tucson Marketplace at The Bridges is a Regional Power Center and is located at the northwest corner of Interstate 10 and Kino Parkway. It is a 350 acre site which will be a mixed-use project which will include the proposed Arizona Biosciences Park which will be a 3 million square foot facility. Also proposed is an executive hotel, housing for graduate students and visiting scientists, an innovative high school and a scientific skills training center. Seven hundred distinctive homes are proposed as well which will offer residents a location to live, work, and play closely together within the development. Currently, Costco and Walmart are serving as anchors with a variety of shops and pads available with a 1,000,000 square foot retail center. Cafes, restaurants, banks, and movie theaters will support the master-planned community as well.

The neighborhood contains a number of neighborhood shopping centers along with VF Factory Outlet, a small discount center, at Palo Verde Road and I-10. Other commercial uses include numerous formal and fast food restaurants, gas stations, convenience stores, and the Tanque Verde Swap Meet.

Overall, the neighborhood is considered to be well served commercially. There are sufficient commercial facilities in the neighborhood to support the population.

Tucson Retail Market Summary
Third Quarter 2018

#	Submarket	# of Buildings	Total GLA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Central East	1,162	8,515,824	15.8%	539,317	6.3%	6.4%	0.0%
2	Central West	763	7,195,345	13.4%	319,717	4.4%	4.5%	0.0%
3	Downtown Tucson	316	1,840,802	3.4%	72,608	3.9%	5.6%	-1.6%
4	E Outlying Pima Cnty Ret	1	4,720	0.0%	-	0.0%	0.0%	0.0%
5	East Tucson	777	10,003,619	18.6%	644,203	6.4%	6.1%	0.4%
6	Foothills	289	5,322,148	9.9%	181,824	3.4%	3.8%	-0.4%
7	North / Oro Valley	182	2,538,105	4.7%	142,630	5.6%	5.9%	-0.3%
8	Northeast Tucson	25	353,098	0.7%	20,604	5.8%	9.5%	-3.6%
9	Northwest Tucson	275	4,214,771	7.8%	232,086	5.5%	4.8%	0.7%
10	South Tucson	980	6,523,241	12.1%	341,882	5.2%	5.2%	0.0%
11	South / SW Outlying	140	1,782,685	3.3%	48,759	2.7%	5.8%	-3.0%
12	Southeast Tucson	128	1,688,615	3.1%	123,328	7.3%	7.8%	-0.5%
13	Southwest Tucson	184	2,587,330	4.8%	169,458	6.5%	6.9%	-0.4%
14	W Outlying Pima Cnty Ret	37	311,306	0.6%	26,280	8.4%	9.2%	-0.8%
15	West Tucson	135	878,055	1.6%	32,174	3.7%	3.8%	-0.2%
	Total	5,394	53,759,664	100.0%	2,894,870	5.4%	5.6%	-0.2%

Note: Rate based on total physical space

Source: CoStar Group, Inc., Quarterly Tucson Retail Market Report

Retail development in the neighborhood is established with over 6.5 million square feet of inventory, about 12.1 percent of total metro inventory. Vacancy was reported as 5.2 percent, the same as the previous quarter; and similar to the metro average of 5.4 percent.

Government and Public Uses

The neighborhood is within the jurisdiction of the City of South Tucson and is provided with all South Tucson city services including police and fire protection, solid waste removal services, and public transit services. All utilities are available throughout the neighborhood, including water, sewer, natural gas, electric, and telephone service.

Summary

The neighborhood benefits from its proximity to major transportation systems including freeway, rail, and air, factors that are contributing to the current strong upswing in industrial and associated development in and surrounding the neighborhood. Major influences are the Tucson International Airport, Davis-Monthan Air Force Base, and the hotels and industrial facilities in the Airport area. Future industrial development is likely due to the existing industrial development, the availability of industrially zoned land, and the proximity to interstate, rail, and air transportation. The overall trends occurring in the neighborhood are considered to have a neutral impact upon the subject property.

TOPOGRAPHY: The site reflects a finished commercial lot along the west side of South Sixth Avenue, and has generally flat topography, and is at grade with the adjacent roadway.



**PimaMaps 2018*

FRONTAGE/ACCESS The site has frontage along both South 6th Avenue and 37th Street. Access is only via South 6th Avenue. Overall, the site's frontage and access is considered average.

VISIBILITY: The site is visible from South 6th Avenue and 37th Street. Overall visibility for the property is considered good.

UTILITIES: All necessary utilities are available to the property.

EASEMENTS: A title report was not provided by the client. Based on my review of this report, and my inspection of the property, only typical roadway and utility easements were evident. Overall, there do not appear to be any easements or encroachments which would negatively affect the developability of the larger parcel.

**NATURAL, CULTURAL,
RECREATIONAL OR
SCIENTIFIC VALUE:**

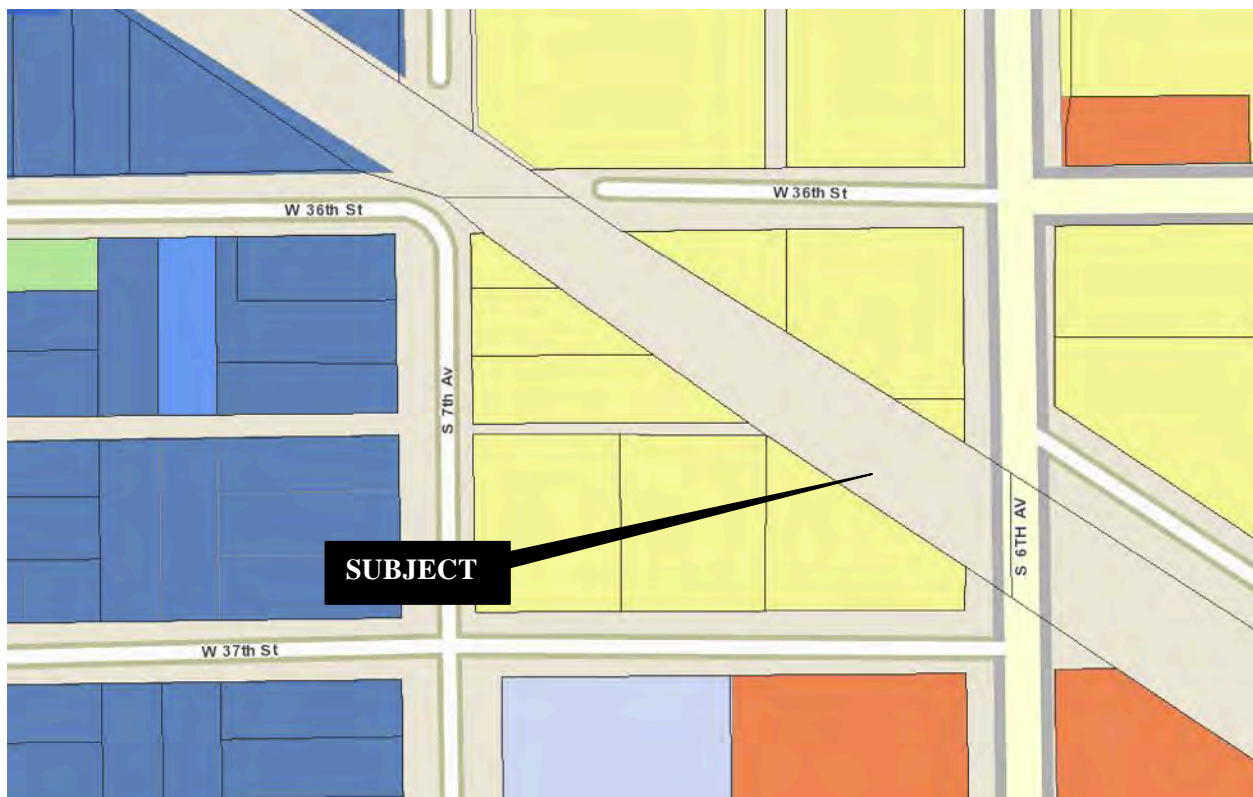
The larger parcel does not appear to have any natural, cultural, recreational or scientific value, which would impair its developability or immediate utility and is a typical property for this area of Tucson.

ENVIRONMENTAL: No apparent signs of environmental concern were notable at the time of inspection. This appraisal report assumes an environmentally clean site. Should this remain an area of concern for the client, a Phase I Environmental Assessment should be obtained from qualified personnel.

SEISMIC ZONE: The site is situated in Seismic Zone 2A, reflecting a low to moderate risk of activity.

SOIL CONDITIONS: As of the date of inspection, there did not appear to be any positive or negative soil or subsoil conditions affecting the site. The actual soils conditions are unknown. It is an assumption of this report that the site does not have any unusual soil conditions that would prevent development to its highest and best use.

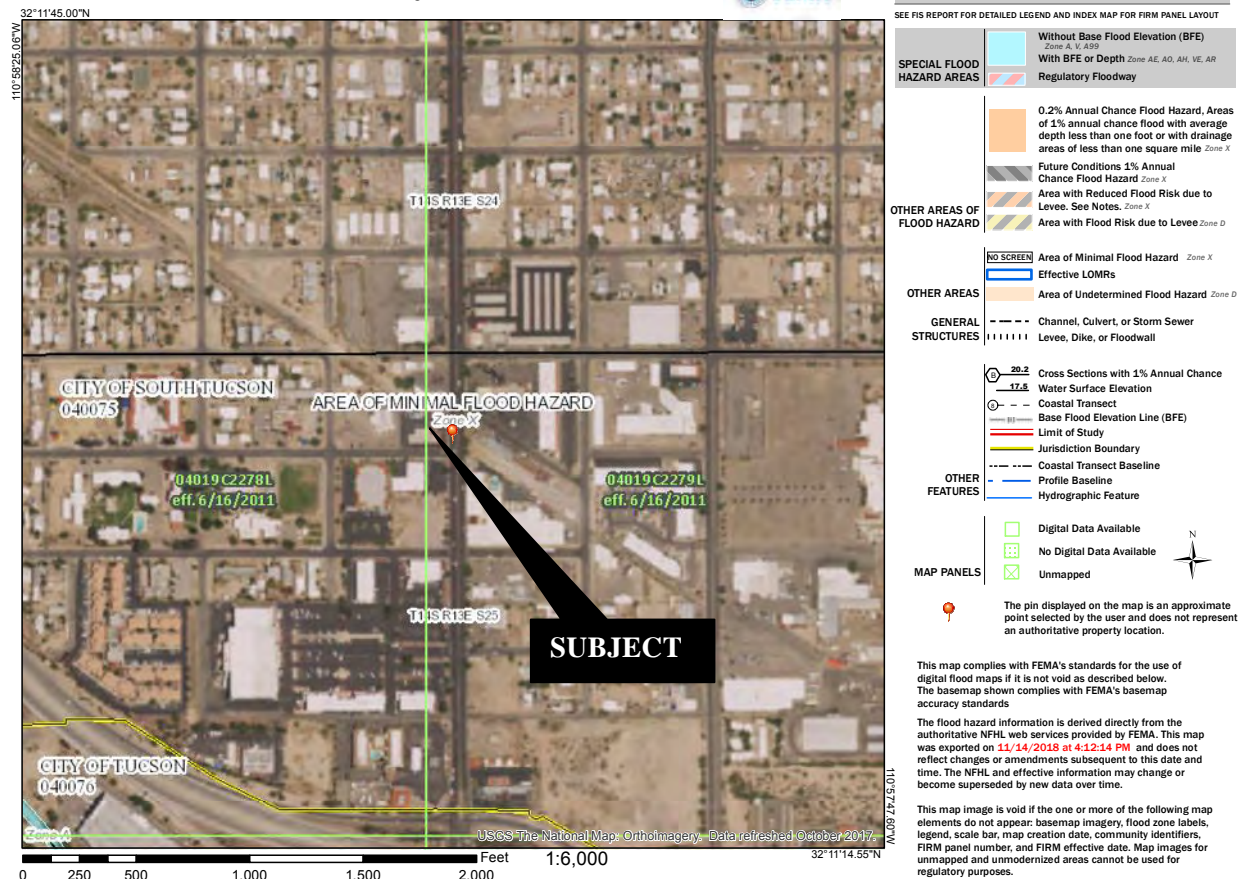
ZONING: The site is zoned SB-2A (Local Retail Center District), City of South Tucson. The SB-2A zone allows for local business uses such as retail stores, restaurants, dental and medical clinics, banks, auto services, etc. General business uses are also allowed which include larger storage and rental uses, lumberyards, bars and nightclubs and amusement and recreational uses, etc. Some residential uses are also permitted.



COMPREHENSIVE PLAN : According to the City of South Tucson Comprehensive Plan “The Pueblo Within a City” (1999), the subject larger parcel lies within the *Commercial* Land Use Area. “Commercial is defined as land occupied by buildings or merchandise with the primary use being a location for the wholesale or retail sale of goods and services is classified as commercial land use. Examples of commercial land use are; grocery stores, clothing stores, car sales and service, retail stores, restaurants, gambling facilities and convenience stores.”

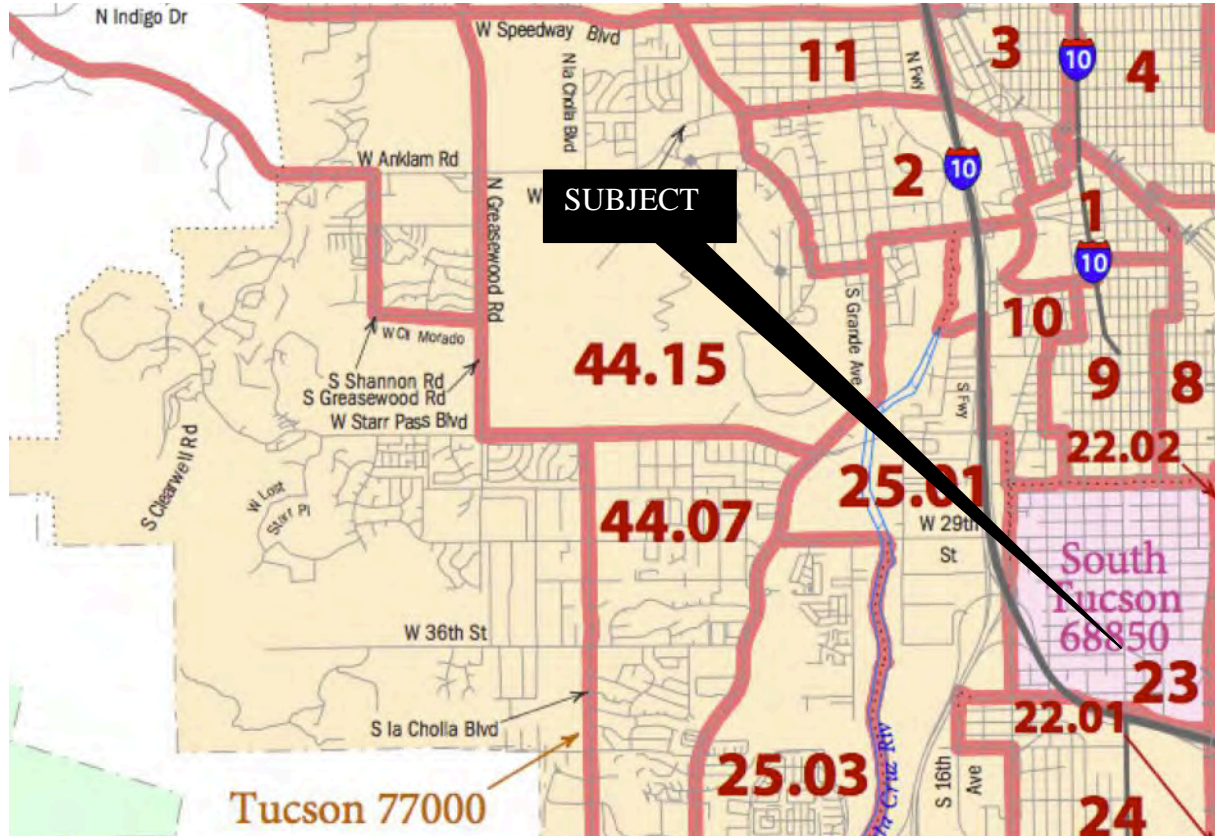
FLOOD CONDITION: According to the Federal Emergency Management Agency Flood Insurance Rate Map Panel Numbers 04019C2278L and 04019C2279L, both dated June 16, 2011, the property is located in an area designated as Zone X. *Zone X* is within Other Flood Areas and the areas are protected by levees from 1% annual chance flood.

National Flood Hazard Layer FIRMette



CENSUS TRACT:

The site is located in Census Tract 23.



*U.S. Census Bureau 2010

SURROUNDING USES:

NORTH: To the north is West 36th Street followed by commercial uses.

EAST: To the east is South 6th Avenue followed by commercial and civic uses.

SOUTH: To the south is West 37th Street followed by commercial uses.

WEST: Commercial and residential uses followed by 7th Avenue.

PROPERTY TAXES:

According to the Pima County Assessor, the 2018 Limited Cash Value is \$415,886 and the 2018 Full Cash Value is \$424,053. The 2019 LCV is \$426,928 while the 2019 FCV is \$428,697. The 2018 Real Estate taxes were \$7,526.08 (119-02-029A). However, this reflects the assessment of the property as presently improved. In addition, the Pima County parcel is not subject to property taxes.

SUBJECT PHOTOS

Top: View south along South 6th Avenue, subject site at right.
Bottom: View north along South 6th Avenue, subject site at left.



SUBJECT PHOTOS

Top: View west along 37th Street, larger parcel at right.
Bottom: View of subject site from South 6th Avenue.



SUBJECT PHOTOS

Top: View east across subject surplus right of way.
Bottom: View west across subject surplus right of way.



SUBJECT PHOTOS

Top: View east across surplus right-of-way area.
Bottom: View south across surplus right-of-way area.



HIGHEST AND BEST USE

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

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

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

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

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

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

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

The stages of Highest and Best Use analysis have been applied to the larger parcel, “as though vacant”.

Highest and Best Use As Though Vacant

Legally Permissible

The site is zoned SB-2A (Local Retail Center District), City of South Tucson. The SB-2A zone allows for local business uses such as retail stores, restaurants, dental and medical clinics, banks, auto services, etc. General business uses are also allowed which include larger storage and rental uses, lumberyards, bars and nightclubs and amusement and recreational uses, etc. Some residential uses are also permitted.

Overall, investment or the uses noted above are considered to reflect the legally permissible uses of the property.

Physically Possible

The larger parcel comprises about 21,978 square feet of land area, or about 0.51 acres. The site is mostly rectangular in shape, and has generally level topography. All necessary utilities are available for development. Frontage and visibility are considered to be good.

Overall, there are no significant physical constraints on the site that would exclude development with any of the legally permissible uses noted above.

Financially Feasible & Maximally Productive

The larger parcel is located along the west side of South Sixth Avenue, in South Tucson, at the northwest corner at 37th Street. The site is surrounded by similar commercial retail uses along the arterial, with residential uses in the interiors. The following tabulation summarizes the historic vacancy in metropolitan Tucson and the subject submarket.

Historic Retail Vacancy Rate (All Types)

	YE2009	YE2010	YE2011	YE2012	YE2013	YE2014	YE2015	YE2016	YE2017	1Q2018	2Q2018	3Q2018
Central East	7.2%	7.7%	7.4%	8.7%	7.4%	7.2%	7.9%	8.0%	7.5%	6.6%	6.4%	6.3%
Central West	7.7%	7.8%	8.8%	8.9%	7.2%	7.7%	5.2%	5.5%	6.0%	4.1%	4.5%	4.4%
Downtown Tucson	5.4%	6.9%	7.8%	5.3%	7.5%	5.4%	5.0%	6.8%	5.5%	6.0%	5.6%	3.9%
E Outlying Pima Cnty Ret	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	0.0%	0.0%	0.0%
East Tucson	8.7%	8.8%	10.0%	9.7%	8.3%	6.9%	8.4%	7.2%	5.7%	5.6%	6.1%	6.4%
Foothills	9.0%	10.1%	8.7%	6.5%	6.8%	6.4%	6.2%	5.9%	4.6%	4.7%	3.8%	3.4%
North/Oro Valley	12.5%	13.9%	14.2%	13.1%	10.4%	9.3%	8.7%	8.6%	6.2%	6.1%	5.9%	5.6%
Northeast Tucson	14.5%	19.4%	12.2%	10.9%	16.1%	12.3%	12.5%	9.5%	10.1%	9.7%	9.5%	5.8%
Northwest Tucson	10.2%	6.2%	6.7%	6.7%	5.7%	7.6%	5.6%	5.1%	5.0%	5.0%	4.8%	5.5%
South Tucson	6.3%	9.5%	8.4%	8.2%	7.1%	5.7%	5.6%	5.3%	5.5%	5.7%	5.2%	5.2%
South/SW Outlying	12.8%	9.6%	8.8%	8.4%	5.5%	5.0%	5.0%	5.9%	6.8%	5.9%	5.8%	2.7%
Southeast Tucson	14.4%	14.4%	6.2%	4.5%	3.2%	2.3%	2.2%	6.5%	8.3%	7.7%	7.8%	7.3%
Southwest Tucson	5.3%	6.4%	5.6%	4.3%	3.9%	5.2%	4.0%	3.6%	5.1%	6.9%	6.9%	6.5%
W Outlying Pima Cnty Ret	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	N/App	9.4%	9.2%	8.4%
West Tucson	2.2%	3.3%	2.5%	3.0%	3.7%	3.5%	10.0%	3.1%	5.5%	4.0%	3.8%	3.7%
Citywide	8.2%	8.6%	8.5%	8.2%	7.1%	6.7%	6.6%	6.4%	6.0%	5.6%	5.6%	5.4%

Note: Rate based on total physical space

Source: CoStar Group, Inc., Tucson Retail Market Report

As noted on the tabulation, vacancy in the larger Tucson area has decreased from a high of 8.6% in 2010 to 5.4% by third quarter 2018. A similar decrease was exhibited by the subject submarket, which peaked at 9.5% in 2010, currently at 5.2%.

As stated, the uses surrounding the larger parcel include primarily commercial along the arterial roadway. My analysis of the subject market and the physical attributes of the site suggest reasonable demand for near term development with commercial uses, particularly given the site's good exposure and visibility. Based on these conclusions, the maximally productive use, and therefore the highest and best use of the larger parcel is considered to be for commercial uses that would benefit from the increased exposure.

VALUATION

All of the three traditional approaches to value were considered to develop an opinion of the larger parcel. As the site is comprised of vacant land, the only relevant approach is the Sales Comparison Approach to value. The Sales Comparison Approach is based on sales of similar properties that are analyzed and compared to the larger parcel.

As outlined in the Highest and Best Use section of this report, the highest and best use of the larger parcel is considered to be for development of commercial uses that would benefit from the increased exposure along South Sixth Avenue. At the conclusion of this analysis, the 'per unit' indication of the larger parcel will be applied to the portion of surplus right of way that will be sold.

SALES COMPARISON ANALYSIS

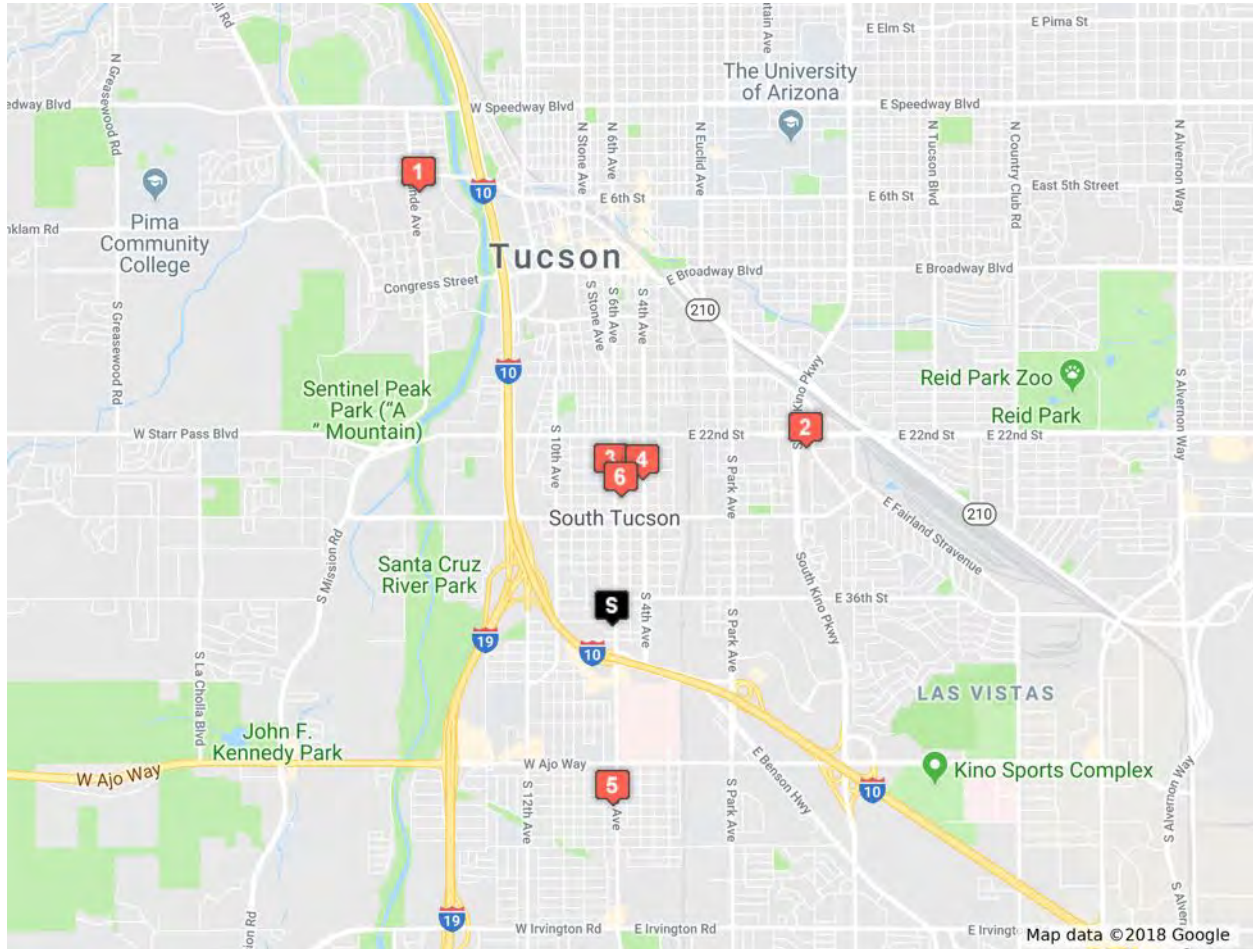
Comparable sales of vacant tracts of land were gathered, analyzed, compared and adjusted to reflect the market value of the larger parcel. These comparables, combined with discussions with knowledgeable real estate brokers in the area, form a reasonable basis to set forth an opinion of the market value for the larger parcel from this approach.

A thorough search of the market was conducted to obtain recent sales of properties that could be considered comparable to the larger parcel. The sales used are considered to be similar to the site in terms of highest and best use and are the most suitable comparables for developing an opinion of its market value. Adjustments to these comparables were considered for differences such as terms of sale, time of sale, sale conditions, location, size/shape, zoning, and site utility. Please direct your attention to the tabulation at the end of this section for a summary of these adjustments. Here follows a map and tabulation of the comparable sales, followed by a summary of the adjustments considered and the indicated market value of the larger parcel.

Comparable Land Sales

Comparable Number:	Larger Parcel	1	2	3	4	5	6
Sale Date:	N/App	Apr-16	Mar-17	Mar-17	May-18	Sep-18	Pending
Location:	2632 S. 6th Avenue	1114 W. Saint Mary's Road	NEc Kino Parkway & 22nd Street	1404 S. 6th Avenue	1428 S. 4th Avenue	7 W. Lincoln Street	1519 S. 6th Avenue
APN:	119-02-027D (por) & -029A	116-17-004A	124-18-310A	118-12-2510 & -2520	118-12-2230	120-07-1160	118-18-036B
Buyer:	N/App	Jesus Alejandra Fraijo Arce & Jesus Fernanda Mark Klase & A. Lauren Klase	Kino Holdings, LLC	Elvia Burruel	1439 S. 4th Ave., LLC	Sergio I. Franco & Martha A. Franco	N/App
Seller:	N/App		City of Tucson	Yvonne M. Rivera	Oscar H. Rendon & Eufemia Rendon	WH Fund 2012, LLC	Eugene Glass Revocable Trust
Records:	N/App	20161090257	20170680478	20170890538	20181290399	20182480187	N/App
Confirmation:	N/App	John Hamner, Broker, 520-907-0030	Ian Stuart, Broker, 520-323-5180	Mark Hays, Broker, 520-444-5401	Zachariah Samorano, Broker, 520-444-9370	Taylor Wismer, LA 520-256-5530	MLS
Marketing Period (days)	N/App	350	989	291	143	151	66
Sales History (3 yrs.)	None within 3 Years	None within 3 Years	None within 3 Years	None within 3 Years	None within 3 Years	None within 3 Years	None within 3 Years
Condition of Sale	N/App	Typical	Typical	Typical	Typical	Typical	Pending
Zoning:	SB2A, S. Tucson	C-2, Tucson	C-1/R-2/C-3, Tucson	C-3, Tucson	C-1, Tucson	C-2, Tucson	SI-1, South Tucson
Sale Price:	N/App	\$45,000	\$150,000	\$46,500	\$45,000	\$60,000	\$149,000
Terms of Sale:	N/App	Cash	N/Av	Cash	Seller	Seller	N/Av
Site Size (Acres):	0.50	0.24	1.05	0.38	0.17	0.21	1.06
Site Size (SF):	21,978	10,266	45,893	16,520	7,200	9,180	46,322
Sales Price Per Sq. Ft. Land	N/App	\$4.38	\$3.27	\$2.81	\$6.25	\$6.54	\$3.22

COMPARABLE LAND SALES MAP



Property Rights: No adjustments were considered warranted for property rights as all of the sales involved the transfer of fee simple ownership.

Terms of Sale: All of the sales, save Comparables Four and Five, sold for cash or at cash equivalent terms and no adjustment were considered warranted for these sales. Comparables Four and Five included seller financing with 10% and 20% down, respectively, with the balance at undisclosed terms. In both cases, discussion with the listing/sale broker indicates that the seller financing did not impact the sale price, and therefore no adjustment was applied for this factor.

Sales Conditions: No adverse conditions impacting either the buyer or the seller were discovered for any of the sales, and therefore no adjustments were made for sales conditions. As Comparable Six is a pending transaction, a downward adjustment is applied to the listing price to reflect the fact that properties typically sell below the asking price.

Time of Sale: The sales transacted between April 2016 and September 2018. Although there was insufficient sales data to conduct a paired sales analysis, an analysis of the available data supports the conclusion that demand is increasing, and supply of available infill tracts is

diminishing. Overall, upward adjustments are applied to Comparables One through Three to account for improving market conditions.

Location: The larger parcel is located along the west side of South Sixth Avenue in South Tucson, at the northeast corner of 37th Avenue, a non-signalized minor corner. The location benefits from its exposure and surrounding commercial uses.

Comparable One is located along West Saint Mary's Road at a midblock location. The general location is superior as compared to the larger parcel, but this is considered offset by the midblock location, with no adjustment warranted for location.

Comparable Two is located at the northeast corner of Kino Parkway and 22nd Street, which is superior as compared to the larger parcel. However, access to the site is only from South Cherry Avenue, with right-in/right-out traffic only from Cherry and 22nd Street. Overall, these factors are considered offsetting as compared to the larger parcel location, with no adjustment applied.

The remaining comparables are each located at a similar minor corner like the larger parcel, with no adjustment applied.

Zoning/Use: The larger parcel is zoned SB2A, South Tucson. All of the sales have a similar zoning designation, with no adjustment applied for this factor.

Shape/Site Utility: The combined larger parcel is generally rectangular in shape, with a small irregular area at the north end. Overall, the site is considered to have good overall site utility. All of the sales, save Comparable Four, are considered similar with respect to shape/site utility, with no adjustments warranted for this factor. Comparable Four included asphalt paving and perimeter wall, warranting downward adjustment.

Land Valuation Analysis Conclusions

Six comparable sales were analyzed in order to develop an opinion of the market value of the larger parcel. The following tables highlight the adjustments considered appropriate for each of the comparables:

Comparable Number:	1	2	3	4	5	6
Sale Date:	Apr-16	Mar-17	Mar-17	May-18	Sep-18	Pending
Location:	1114 W. Saint Mary's Road	N/Ec Kino Parkway & 22nd Street	1404 S. 6th Avenue	1428 S. 4th Avenue	7 W. Lincoln Street	1519 S. 6th Avenue
APN:	116-17-004A	124-18-310A	118-12-2510 & - 2520	118-12-2230	120-07-1160	118-18-036B
Zoning:	C-2, Tucson	C-1/R-2/C-3,	C-3, Tucson	C-1, Tucson	C-2, Tucson	SI-1, South
Sale Price:	\$45,000	\$150,000	\$46,500	\$45,000	\$60,000	\$149,000
Terms of Sale:	Cash	N/Av	Cash	Seller	Seller	N/Av
Site Size (Acres):	0.24	1.05	0.38	0.17	0.21	1.06
Site Size (SF):	10,266	45,893	16,520	7,200	9,180	46,322
Sales Price Per Sq. Ft. Land	\$4.38	\$3.27	\$2.81	\$6.25	\$6.54	\$3.22
<i>Transactional Adjustments:</i>	1	2	3	4	5	6
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/SF	\$4.38	\$3.27	\$2.81	\$6.25	\$6.54	\$3.22
Terms of Sale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Cash	N/Av	Cash	Seller	Seller	N/Av
Adjusted Price/SF	\$4.38	\$3.27	\$2.81	\$6.25	\$6.54	\$3.22
Sale Conditions	0.0%	0.0%	0.0%	0.0%	0.0%	-5.0%
	Typical	Typical	Typical	Typical	Typical	Pending
Adjusted Price/SF	\$4.38	\$3.27	\$2.81	\$6.25	\$6.54	\$3.06
Time of Sale	10.0%	5.0%	5.0%	0.0%	0.0%	0.0%
	Inferior	Inferior	Inferior	Similar	Similar	Similar
Adjusted Price/SF	\$4.82	\$3.43	\$2.96	\$6.25	\$6.54	\$3.06
<i>Physical Adjustments:</i>	1	2	3	4	5	6
Location	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar	Similar
Site Size	-15.0%	15.0%	-5.0%	-15.0%	-15.0%	15.0%
	Smaller	Larger	Smaller	Smaller	Smaller	Larger
Zoning/Use	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar	Similar
Shape/Site Utility	0.0%	0.0%	0.0%	-10.0%	0.0%	0.0%
	Similar	Similar	Similar	Superior	Similar	Similar
Gross Additional Adjustments	15.0%	15.0%	5.0%	25.0%	15.0%	15.0%
Net Additional Adjustments	-15.0%	15.0%	-5.0%	-25.0%	-15.0%	15.0%
Adjusted Price Per Sq. Ft.	\$4.10	\$3.95	\$2.81	\$4.69	\$5.56	\$3.51

Prior to adjustments, the comparables demonstrated indications of value of ranging from \$2.81 to \$6.54 per square foot. After adjustments for the factors discussed, the comparables demonstrate a closer range from about \$2.81 to \$5.56 per square foot. With generally equal weight given to all of the comparables, these sales support a value of about \$4.25 per square foot for the larger parcel.

Therefore, it is my opinion that the market value of the subject surplus right of way, as though a part of the larger combined parcel, is equal to \$4.25 per square foot times 7,048 square feet, equal to \$29,954, rounded to \$30,000.

OPINION OF THE MARKET VALUE

OF THE SUBJECT PROPERTY\$30,000

**MARKETING AND EXPOSURE PERIOD
(LARGER PARCEL)**

The estimated marketing time and exposure period for the Larger Parcel is dependent on a number of variables. However, if the Larger Parcel were offered at an asking price within 10% of the value set forth in this appraisal, it would be reasonable to conclude that there would be sufficient market demand that would result in acquisition of the property with marketing and exposure periods of not more than 12 months.

APPRAISERS' CERTIFICATION

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

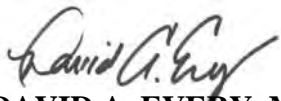
- The statements of fact contained in this appraisal report, which are used as the basis of my analyses, opinions, and conclusions, are true and correct. I have no responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering, or other technical matters. Any sketches prepared by us and contained in this report are included solely to aid the user of the report in visualizing the property and its location, and are not necessarily to scale.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- I have performed valuation services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Specifically, the assignment was not based on a minimum value, a specific value, or approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. In addition, I certify that I have the knowledge, experience, and the geographic competency to complete this appraisal assignment and have appraised this property type before.

APPRAISERS' CERTIFICATION (CONTINUED):

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
- *Every Appraisal Service* and the appraiser signing this report have never been sued by a regulatory agency or financial institution for fraud or negligence involving appraisal services.

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

The data gathered in this appraisal process (except data furnished by the client) and the appraisal report itself remain my property. With respect to data provided by the client, we shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to us. We are, however, authorized by the client to disclose all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute, if such disclosure is required, to enable us to comply with the bylaws and regulations of said Institute now or hereafter in effect. This appraisal report shall not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without our prior written consent.



DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

QUALIFICATIONS OF DAVID A. EVERY, MAI, AI-GRS

State of Arizona Certified General Real Estate Appraiser, Certificate #31343

EMPLOYMENT HISTORY

2010 - Present	Every Appraisal Service, Owner, Tucson, Arizona
2004 - 2010	AXIA Real Estate Appraisers (previously known as KB Real Estate Appraisers), as Commercial Real Estate Appraiser and Valuation Analyst, Tucson, Arizona
1999 - 2004	Andrew J. Briefer Real Estate Advisory Services, Inc. dba KB Real Estate Advisors, as Consultant and Valuation Analyst, Tucson, Arizona
1989 - 1999	Mesa Airlines, Inc. dba America West Express, as Phoenix Station Manager, Phoenix, Arizona

PROFESSIONAL EDUCATION

- 2018 • 2018-2019 Uniform Standards of Professional Appraisal Practice 7 hour update, Appraisal Institute, Tucson, Arizona
- 2017 • Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications, Appraisal Institute, Tucson, Arizona
 - Review Theory - General, Appraisal Institute, San Diego, California
- 2016 • Residential & Commercial Valuation of Solar, Appraisal Institute, Tucson, Arizona
- 2015 • Advanced Concepts & Case Studies, Appraisal Institute, Nashville, Tennessee
- 2014 • Advanced Income Capitalization, Appraisal Institute, San Diego, California
- 2012 • Appraising the Appraisal: Appraisal Review, Appraisal Institute, Tucson, Arizona
 - General Appraiser Report Writing and Case Studies, Appraisal Institute, San Diego, California
- 2011 • Business Practices and Ethics, Appraisal Institute Course OL-420X, Online
- 2009 • Supervising Beginning Appraisers, Arizona School of Real Estate and Business, Scottsdale Arizona
- 2008 • Condemnation Appraising: Basic Principals and Applications, Appraisal Institute Course 710, Tucson, Arizona
 - Condemnation Appraising: Advanced Topics and Applications, Appraisal Institute Course 720, Tucson, Arizona
- 2007 • Highest and Best Use and Market Analysis, Appraisal Institute Course 520, Boise, Idaho
- 2005 • Real Property Valuation Course 104 – Part I by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 2004 • Real Property Valuation Course 103 by the Arizona School of Real Estate and Business, Scottsdale Arizona
 - Real Property Valuation Course 104 – Part II by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 1999 • Real Property Valuation Courses 101 & 102 by the Arizona School of Real Estate and Business, Scottsdale Arizona

Qualifications of David A. Every, MAI, AI-GRS (continued)

DESIGNATIONS, MEMBERSHIPS, LICENSES AND CERTIFICATIONS

MAI - Designated Member of the Appraisal Institute, January 2017

AI-GRS – Designated Member of the Appraisal Institute, November 2017

Certified General Real Estate Appraiser, State of Arizona, Certificate #31343

SEMINARS/WORKSHOPS/CLASSES

- 2018 • CCIM 2018 Annual Real Estate Forecast
- 2017 • CCIM 2017 Annual Real Estate Forecast
- 2013 • Pima County Real Estate Research Council 2013 Real Estate Forecast
- 2010 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2009 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2008 • Eminent Domain Conference – ABA No. 0407-628
- 2007 • Pima County Real Estate Research Council 2007 Real Estate Forecast
- 2006 • “A Frank Discussion about Eminent Domain “ – ABA No. 0906-576
- 2005 • Pima County Real Estate Research Council 2005 Real Estate Forecast
- 2000 • Real Estate Appraisal Review Workshop by the Federal Highway Administration, Phoenix Arizona

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.
- Appraisal assignments include industrial properties, vacant and improved land, large and small residential income properties, office and retail buildings, hotel and motel properties, as well as numerous special use properties.
- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.
- Appraisal assignments have been completed in Pima, Maricopa, Cochise, Santa Cruz, Yavapai, Yuma, La Paz, Coconino, Navajo, Mohave and Pinal Counties within the state of Arizona; Luna, Dona Ana and Grant Counties within the state of New Mexico; and San Bernardino County within the state of California.

ADDENDA

- 1) Subject Legal Description
- 2) Comparable Sales Data Sheets
- 3) Assumptions and Limitations
- 4) Appraisers' Certificate

SUBJECT LEGAL DESCRIPTION



Department of Transportation
Survey Section

09 October 2018

EXHIBIT "A"
LEGAL DESCRIPTION

All that portion of Lots 4, 5, 6 and 15, Block 4 of Mission View Addition, Book 3 of Maps and Plats at Page 21, being within the Northeast One-Quarter of the Northwest One-Quarter of Section 25, Township 14 South, Range 13 East, Gila & Salt River Meridian, Pima County, Arizona, more particularly described as follows:

All that portion of said Lots 4, 5, 6 and 15, being a portion of Parcel 1 as described in Seq. No. 20163050944, lying southwest of a line 10.00 feet southwest of and parallel with the southwest line of that certain Pipeline Easement as described in Seq. No. 20170320593 recorded in the office of the Pima County Recorder.

Excepting therefrom any portion lying in South 6th Avenue as shown on said subdivision plat for Mission View Addition.



Expires 31 March 2021

DEPICTION OF EXHIBIT "A"



PIMA COUNTY SURVEY

A PORTION OF PARCEL 1 SEQ. #20163050944
LOCATED IN SECTION 25, TOWNSHIP 14 SOUTH, RANGE 13 EAST,
GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

Scale: 1" = 30'

Date: 09 October 2018

Drawn By: DRT

Sheet 2 of 2

COMPARABLE SALES DATA SHEETS

COMPARABLE LAND SALE ONE

LOCATION: 1114 W. Saint Mary's Road, Section 11 (portion), Township 14 South, Range 13 East, G&SRB&M, Tucson, Pima County, Arizona

SALE DATE: April 18, 2016, (Doc. 20161090257), Warranty Deed, Pima County Recorder's Office)

SALES HISTORY: No market sales within the preceding three years. The marketing time for this transaction was 350 days.

ASSESSOR PARCEL NO.: 116-17-004A
SELLER: Mark Klase & A. Lauren Klase
BUYER: Jesus Alejandra Fraijo Arce & Jesus Fernanda Fraijo Arce

SALES PRICE: \$45,000

TERMS: Cash

ACREAGE: 0.24 acres (10,266 square feet)

SALES PRICE PER SF: \$4.38

ZONING: C-2, Tucson

UTILITIES: All utilities are available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X (79.10% or 0.179 acres) and Zone X-shaded (20.90% or 2,065 sq. ft.). Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods. Zone X-shaded are areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

FRONTAGE & ACCESS: Frontage and access are both along Saint Mary's Road.

INTENDED USE: Future development.

CONDITION OF SALE: Typical

CONFIRMATION: John Hamner, Broker, 520-907-0030

COMMENTS: This property was fenced at the time of sale.

COMPARABLE LAND SALE ONE

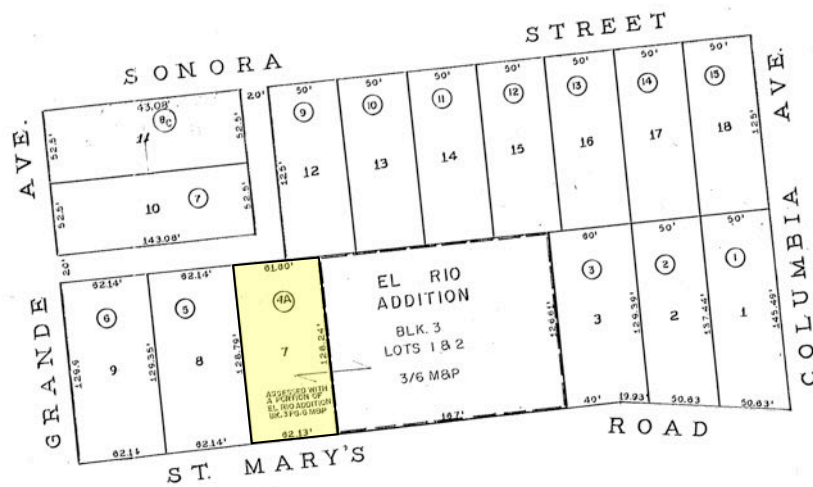


ASSESSOR'S RECORD MAP

116 - 17
1/18

BLOCK 1, RIVERSIDE PARK

32 33



0 25 50 75 100
FEET

SEE BOOK 6, PAGE 7 M & P.
2009-1

SCANNED

06007001 608 (6)



7587-1801

Addenda

COMPARABLE LAND SALE TWO

LOCATION: NEc Kino Parkway & 22nd Street, Section 18 (portion), Township 14 South, Range 14 East, G&SRB&M, Tucson, Pima County, Arizona

SALE DATE: March 9, 2017 (Doc. 20170680478, Pima County Recorder's Office)

SALES HISTORY: No market sales within the preceding three years. The marketing time for this transaction was 989 days.

ASSESSOR PARCEL NO.: 124-18-310A

SELLER: City of Tucson
BUYER: Kino Holdings, LLC

SALES PRICE: \$150,000

TERMS: Not available

ACREAGE: 1.05 acres (45,893 square feet)

SALES PRICE PER SF: \$3.27

ZONING: C-1/R-2/C-3, Tucson

UTILITIES: All utilities are available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X. Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods.

FRONTAGE & ACCESS: Frontage and access are both along Kino Parkway, 22nd Street and Cherry Avenue.

INTENDED USE: Commercial development.

CONDITION OF SALE: Typical

CONFIRMATION: Ian Stuart, Broker, 520-323-5180

COMMENTS: This property was a remnant property following development of the 22nd Street/Kino Parkway interchange. Access is limited to Cherry Avenue, with only right in/right out access at Cherry and 22nd Street.

COMPARABLE LAND SALE TWO



AS

COMPARABLE LAND SALE THREE

LOCATION: 1404 S. 6th Avenue, Section 24 (portion), Township 14 South, Range 13 East, G&SRB&M, Tucson, Pima County

SALE DATE: March 30, 2017 (Doc. 20170890538, Warranty Deed, Pima County Recorder's Office)

SALES HISTORY: No known sales within the preceding three years. Marketing time as reportedly 291 days.

ASSESSOR PARCEL NO.: 118-12-2510 & -2520

SELLER: Yvonne M. Rivera
BUYER: Elvia Burruel

SALES PRICE: \$46,500

TERMS: Cash

ACREAGE: 0.38 acres (16,520 square feet)

SALES PRICE PER SF: \$2.81

ZONING: C-3, Tucson

UTILITIES: All utilities are available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X. Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods.

FRONTAGE & ACCESS: Frontage and access are both along 6th Avenue and 24th Street.

INTENDED USE: Investment for future commercial development

CONDITION OF SALE: Typical

CONFIRMATION: Mark Hays, Broker, 520-444-5401

COMMENTS: None.

COMPARABLE LAND SALE THREE



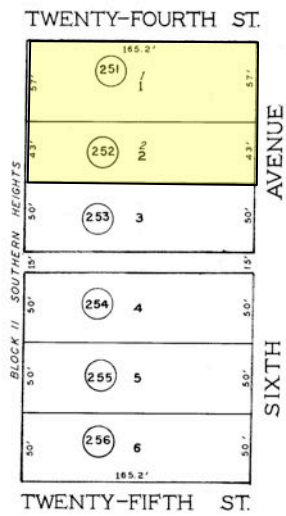
**PimaMaps 2018*

COMPARABLE LAND SALE THREE

ASSESSOR'S RECORD MAP

BLOCK 18, SOUTH PARK ADDITION

118-12
18/24



SCALE—1"= 50'

SEE BOOK 2, PAGE 7 M & P.

COMPARABLE LAND SALE FOUR

LOCATION: 1428 S. 4th Avenue, Section 24 (portion), Township 14 South, Range 13 East, G&SRB&M, Tucson, Pima County, Arizona.

SALE DATE: May 9, 2018 (Doc. 20181290399, Warranty Deed, Pima County Recorder's Office)

SALES HISTORY: No sales within the preceding three years, the property was on the market for approximately 143 days.

ASSESSOR PARCEL NO.: 118-12-2230

SELLER: Oscar H. Rendon & Eufemia Rendon
BUYER: 1439 S. 4th Avenue, LLC

SALES PRICE: \$45,000

TERMS: Seller Loan Carryback

ACREAGE: 0.17 acres (7,200 square feet)

SALES PRICE PER SF: \$6.25

ZONING: C-1, Tucson

UTILITIES: All utilities are available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X. Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods.

FRONTAGE & ACCESS: The subject has frontage and access along 4th Avenue and 24th Street.

INTENDED USE: This property was acquired by a nearby business owner for additional employee parking.

CONDITION OF SALE: Typical

CONFIRMATION: Zachariah Samorano, Broker, 520-444-9370

COMMENTS: This property was asphalt paved and included a masonry perimeter wall at the time of sale.

COMPARABLE LAND SALE FOUR

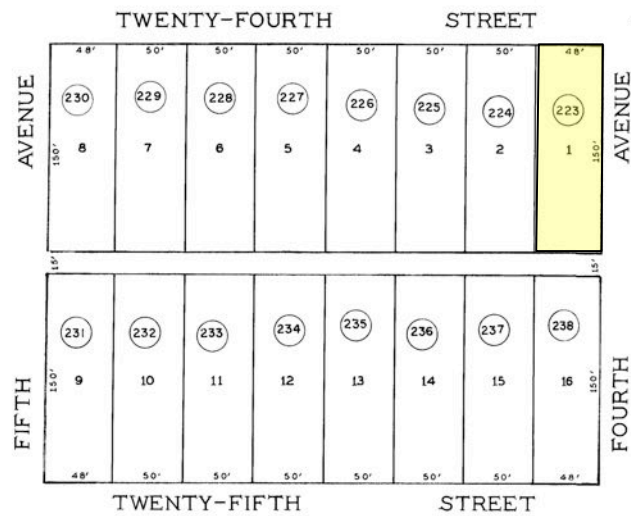


*PimaMaps 2018

ASSESSOR'S RECORD MAP

BLOCK 16. SOUTH PARK ADDITION

118-12
16/24



SCALE—1"= 50'

SEE BOOK 2, PAGE 7 M & P.



COMPARABLE LAND SALE FIVE

LOCATION: 7 W. Lincoln Street, Section 36 (portion), Township 14 South, Range 13 East, G&SRB&M, Tucson, Pima County, Arizona

SALE DATE: September 5, 2018 (Doc. 20182480187, Warranty Deed, Pima County Recorder's Office)

SALES HISTORY: No known sales within the preceding three years. Marketing time was reportedly 151 days.

ASSESSOR PARCEL NO.: 120-07-1160

SELLER: WH Fund 2012, LLC
BUYER: Sergio I. Franco & Martha A. Franco

SALES PRICE: \$60,000

TERMS: Seller Loan Carryback

ACREAGE: 0.21 acres (9,180 square feet)

SALES PRICE PER SF: \$6.54

ZONING: C-2, Tucson

UTILITIES: All utilities are available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X. Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods.

FRONTAGE & ACCESS: Frontage and access are both along Lincoln Street & South 6th Avenue.

INTENDED USE: Investment for future development.

CONDITION OF SALE: Typical

CONFIRMATION: Taylor Wismer, LA 520-256-5530

COMMENTS: This property has access from Lincoln only.

COMPARABLE LAND SALE FIVE

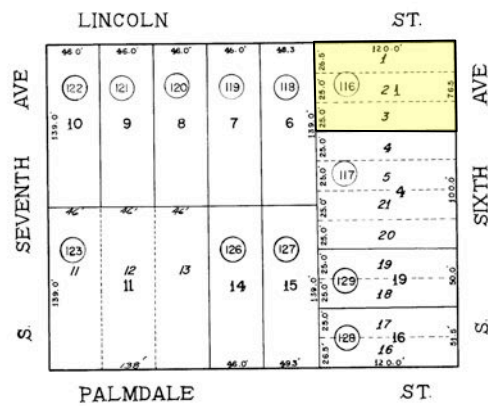


*PimaMaps 2018

ASSESSOR'S RECORD MAP

120-07
9/58

BLOCK 9, NATIONAL CITY SUBDIVISION



SCALE-1"=60'

SEE BOOK 6, PAGE 21, M & P.

COMPARABLE LAND SALE SIX

LOCATION: 1519 S. 6th Avenue, Section 4 (por.), T20S, R18E, Tucson, Pima County, Arizona

SALE DATE: Pending

SALES HISTORY: No known sales within the preceding three years, currently listed for sale with presently 66 days on market.

ASSESSOR PARCEL NO.: 118-18-036B

SELLER: Eugene Glass Revocable Trust
BUYER: Not applicable

SALES PRICE: \$149,000, listed price

TERMS: Not applicable

ACREAGE: 1.06 Acres (46,322 square feet)

SALES PRICE PER SF: \$3.22 (based on list price)

ZONING: SI-1, South Tucson

UTILITIES: All utilities available.

**TOPOGRAPHY/
FLOOD STATUS:** The site has generally level topography. According to FEMA, this property is located within Zone X. Zone X is within *Other Flood Areas*, areas protected by levees from 1% annual chance floods.

FRONTAGE & ACCESS: Frontage and access are both along South 6th Avenue.

INTENDED USE: Investment for future commercial development.

CONDITION OF SALE: Typical

CONFIRMATION: MLS

COMMENTS: None.

ASSESSOR'S RECORD MAP

BLOCK 5, CHATTMAN'S ADDITION

118-18
5/25

TWENTY-FIFTH ST.

SOUTH PARK SUBDIVISION
BLOCK 20

AVE.
FIFTH

TUCSON CITY LIMITS
SOUTH TUCSON CITY LIMITS

SIXTH

ASSESSED WITH CHATTMAN'S ADDITION CODE 118-18-0518
HUGHES SUBDIVISION

SCALE ~ 1"=50'

SEE BOOK 2, PAGE 22, M & P
2001-1

SCANNED

ASSUMPTIONS AND LIMITATIONS

STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL

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

This appraisal is not a survey.

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

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

This appraisal is not a legal opinion.

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

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

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

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

This appraisal is not an engineering or property inspection report.

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

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

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

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

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

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

No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the subject site does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

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

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

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

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

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

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

Appraisal report limitations

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

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

The liability of Every Appraisal Service, its employees and/or agents is limited only to the Client who paid the fee. Furthermore, there is no accountability, obligation or liability to any third party. The appraiser(s) should be contacted with any questions before this report is relied on for decision making.

This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose, unless specifically identified as an additional intended user of the report.

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

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

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

Values and conclusions for various components of the subject property as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements (if applicable) applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

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

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (ADA) became effective January 26, 1992. 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 upon 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 valuing the property.

Arizona-specific considerations

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

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

APPRAISERS' CERTIFICATE

<h1>Department of Financial Institutions</h1> <h2>State of Arizona</h2>	
CGA - 31343	has complied with the provisions of
DAVID A. EVERY	
<p>This document is evidence that:</p> <p>Arizona Revised Statutes, relating to the establishment and operation of a:</p>	
<p>Certified General Real Estate Appraiser</p>	
<p>and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:</p>	
<p>Certified General Real Estate Appraiser</p>	
<p>DAVID A. EVERY</p>	
<p>This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.</p>	
Expiration Date : June 30, 2019	<p>Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 1st day of June, 2017.</p> <p><i>Robert D. Charlton</i></p> <p>Robert D. Charlton Superintendent</p>