Market Analysis

An overview of local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The data used in this section of the report is attributable to CBRE Research's Tucson Office MarketView, 3rd Quarter 2018, as well as from CBRE Econometric Advisors Office Outlook 3rd Quarter 2018 for the Tucson market. The survey includes leasable multi-tenant office facilities 10,000 square feet and greater in size.

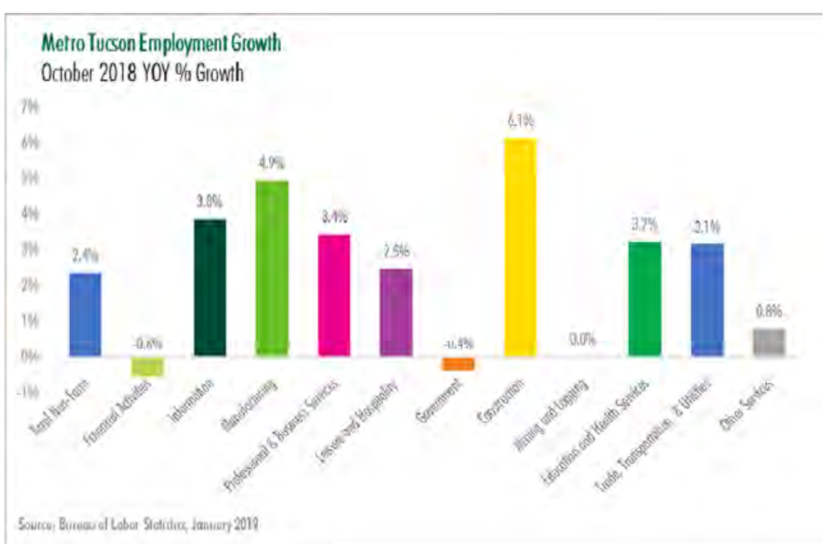
TUCSON MSA AT A GLANCE

The population of the Tucson area stands at roughly 1.04 million, which is 54th largest of the office markets tracked by CBRE Econometric Advisors (CBRE EA). The average per capita income (according to recent data from Moody's Economy.com) is estimated to be $42,424, which is approximately 21.2% below the national average. Total employment in the area currently stands at 383,500 workers.

Economic Overview

According to CBRE Research, the Tucson employment picture is much brighter following the recent employment revisions from the Bureau of Labor statistics (BLS). Previously, BLS reported only 0.1% annual job growth in the Tucson metro during 2017; however, the recently released data adjustment showed employment grew at an average annual rate of 1.5%, with the addition of 3,600 jobs.

As shown in the following chart, employment growth has continued within the Tucson MSA during 2018, with the BLS indicating total non-farm, year-over-year employment growth of 2.4% in October 2018. Over the last 12 months, the construction, manufacturing, and information sectors have posted the largest job growth rates, while the government and financial activities sectors reported slight employment declines.

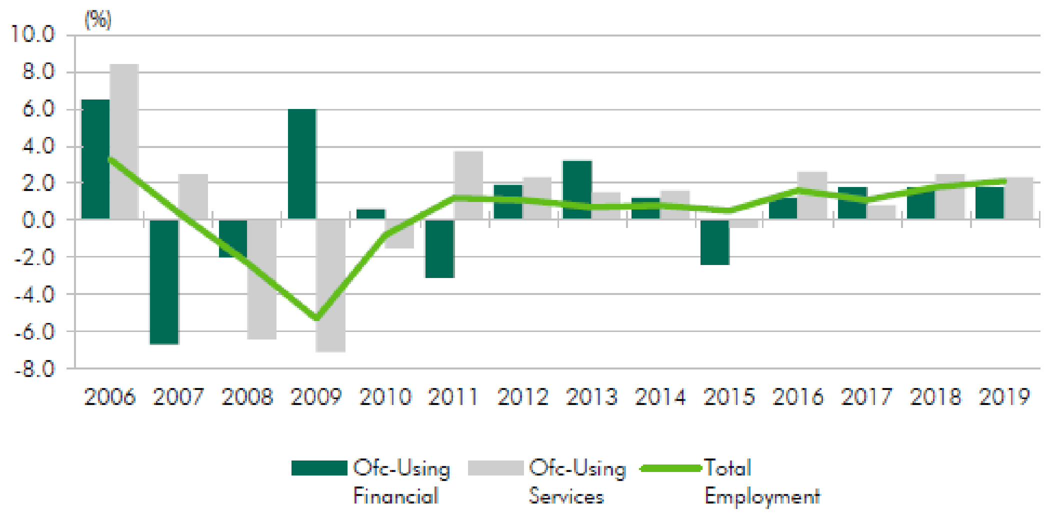


Office Employment

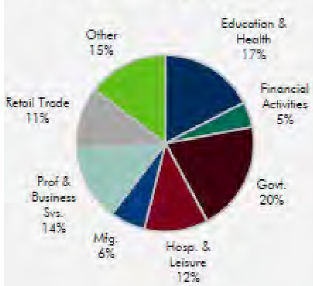
Office employment, the primary determinant of office demand, is defined as certain categories within the financial and service employment sectors in which workers typically occupy office space. According to CBRE Research, Tucson saw finance employment growth of 1.9% and an increase of 1.2% within professional and business services employment on a year-over-year basis during 2017. Overall job growth for 2017 was 1.5% on a year-over-year basis.

The CBRE EA estimate of office employment for Tucson currently stands at 69,000 workers. Over the last five years, office employment has grown by 1.2%. Over the last 12 months, CBRE EA estimates office employment growth of 1.5%.

Office Employment Growth vs. Total Employment Growth



Largest Employment Sectors
Share of Total Employment (%)



Employment Levels & Growth Rates: Tucson vs. Nation

NAICS Category	Level (x 1000)	Location Quotient	Avg Annual Growth Rates (%) Last 5 Years Metro	Last 5 Years U.S.	Last 12 Mos. Metro	Last 12 Mos. U.S.	Next 5 Years Metro	Next 5 Years U.S.
Agriculture & Mining	2	0.89	-5.9	-3.0	0.0	8.1	0.0	0.4
Construction	17	0.91	1.9	4.3	6.9	4.4	3.1	1.3
Manufacturing	25	0.76	1.6	1.2	2.0	2.2	-0.4	-1.8
Wholesale Trade	8	0.49	-1.0	0.9	-2.6	1.5	0.5	0.1
Retail Trade	43	1.05	0.4	1.0	0.9	0.5	0.0	-0.2
Transportation & Warehousing	10	0.69	4.6	3.5	5.6	3.1	-0.2	-0.6
Information	5	0.76	3.3	0.4	1.9	-0.8	0.0	-0.3
Financial Activities	18	0.81	0.6	1.7	0.6	1.3	0.8	0.2
Prof. & Business Svcs.	53	0.98	1.4	2.5	2.7	2.5	0.9	0.8
Education & Health	67	1.09	1.4	2.4	2.3	2.0	1.2	0.7
Hospitality & Leisure	45	1.06	2.3	2.7	0.0	1.8	1.0	0.7
Other Services	13	0.85	0.3	1.4	-0.8	1.5	0.2	-0.2
Government	77	1.35	0.0	0.5	-0.4	0.0	0.3	0.1
Total	384	n/a	1.0	1.8	1.3	1.6	0.7	0.2

Source: Moody's Economy.com, CBRE Econometric Advisors

TUCSON OFFICE MARKET OVERVIEW

Vacancy	Rental Rate	Q3 Net Absorption	Under Construction
12.2%	$20.69 Per Sq. Ft.	(74,990) Sq. Ft.	637,155 Sq. Ft.

*Trend arrows indicate year-over-year change. Data reflects market totals.

According to CBRE Research, following a strong first half of 2018, metro Tucson's office market posted the first quarter of sluggish demand this year, ending the third quarter with 74,990 sq. ft. of negative net absorption. Still, market wide vacancy fell 20 basis points (bps) year-over-year to 12.2% in Q3 2018. Performance was not evenly distributed throughout the submarkets. Suburban submarkets accounted for the bulk of absorption, recording 68,535 sq. ft. of negative net absorption in the third quarter. Conversely, the Downtown submarket's vacancy declined to 9.8% and continued to experience demand in the third quarter, recording 8,493 sq. ft. of net absorption.

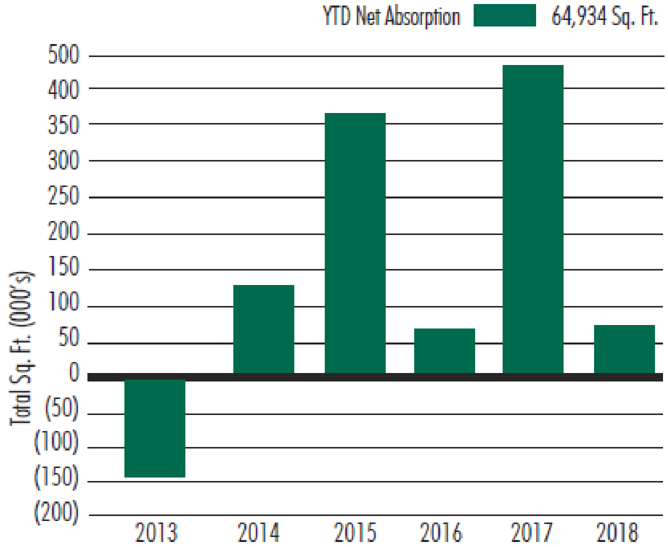
Developers were especially active this quarter. Numerous developments broke ground and neared completion in the West Central submarket. This includes Geico's 200,000-sq.-ft. build-to-suit (BTS), which is anticipated to deliver in mid-2019. Additionally, Caterpillar's Surface Mining Division is nearing completion on a 150,000-sq.-ft. BTS and is expected to deliver in the first half of 2019. Meanwhile, speculative office development remains on the horizon. Construction is anticipated to begin on a 150,000-sq.-ft. speculative, mixed-use office and retail, 12-story tower (75 Broadway) in the Downtown submarket. Per an article published in the Arizona Daily Star on January 10, 2019, the development of the 12-story building can move forward after the Pima County Board of Supervisors agreed to lease the property to the Rio Nuevo Multipurpose Facilities District. Reportedly, the District will lease the site at 75 East Broadway Boulevard for $189,000 per year, with plans by the J.E. Dunn corporation to begin construction of the tower within the next year. When construction is complete in what is expected to be two years, Rio Nuevo will purchase the site from the county for the appraised value of $2,700,000. Pima County acquired the site in 2005 for $500,000 as part of the purchase of the subject's 97 East Congress Street property.

Aerospace and defense, mining and technology users drove demand in Q3 2018. AxisCades, a mining technology firm in the Downtown submarket, announced during the third quarter it would expand its workforce by 320 employees over the next five years, which will increase their need for office space. Texas Instruments also announced plans to build a 125,000-sq.-ft. office facility in the East Central submarket at William's Centre, adjacent to their existing location.

Net Absorption

Tucson's office market recorded the first quarter of negative net absorption since Q3 2014. The market ended Q3 2018 with 74,990 sq. ft. of negative net absorption. Two submarkets contributed heavily to absorption in the third quarter, the East Central submarket recorded 69,224 sq. ft. of negative net absorption followed by the Northwest submarket, which posted 22,638 sq. ft. of negative net absorption. The North Central and Downtown submarkets posted notable activity during the quarter, where net absorption totaled 11,341 sq. ft. and 8,493 sq. ft., respectively. The West Central submarket recorded 1,055 sq. ft. of net absorption during the third quarter.

Figure 2: Net Absorption

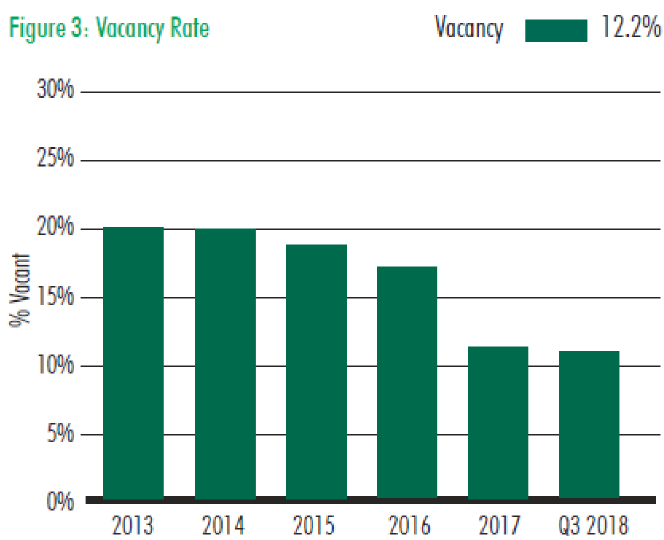


Source: CBRE Research, Q3 2018.

Vacancy

In the third quarter of 2018, vacancy slipped 20 basis points year-over-year to 12.2%. The Southeast and Northeast submarkets posted significant decreases in vacancy over the year, falling by 150 bps and 90 bps to 16.3% and 21.6%, respectively. Over the same time span, the Downtown submarket posted a 50-bps decline to 9.8%. In addition, the vacancy rate in the Northwest submarket edged down 10 bps to 11.7%. On a quarter-over-quarter basis, the two submarkets that recorded negative net absorption also posted a rise in vacancy, the East Central and Northwest submarkets, where vacancy increased 20 bps and 10 bps to 14.3%, and 11.7%, respectively.

Figure 3: Vacancy Rate

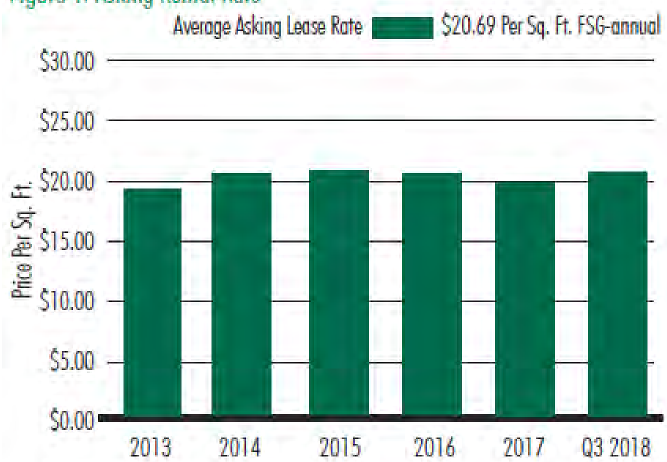


Source: CBRE Research, Q3 2018.

Asking Lease Rates

The market wide average asking lease rate rose to $20.69 per sq. ft. full service gross (FSG-annual) in the third quarter, marking an annual increase of 2.0%. The West Central and Downtown submarkets recorded the most significant year-over-year increase of 10.5% and 8.5% to $20.13 per sq. ft. and $24.11 per sq. ft., respectively. Average rent also increased in the Northeast and East Central submarkets by 2.4% and 2.2% to $19.14 per sq. ft. and $19.46 per sq. ft. The Northwest submarket recorded an annual rent decrease, falling 3.7% to $21.34 per sq. ft.

Figure 4: Asking Rental Rate



Source: CBRE Research, Q3 2018.

Construction

No new office completions came online during the third quarter, while 200,000 sq. ft. broke ground. Year-over-year, construction activity was up by 575,800 sq. ft. The West Central submarket remains the most active area for new construction with 411,355 sq. ft. underway. Geico's 200,000-sq.-ft. BTS broke ground during the third quarter at The Bridges master-planned development, with delivery anticipated in the second half of 2019. Moreover, the 61,355-sq.-ft. BTS for Casa de los Niños is set to open in Q4 2018. Caterpillar's Surface Mining Division's 150,000-sq.- ft. BTS continues to make progress, with an estimated completion date in the second half of 2019.

Meanwhile, construction on the mixed-use City Park development in the Downtown submarket is nearing completion in which Hexagon Mining already occupies the Class A office space on the third, fourth and partial fifth floors. In the North Central submarket, construction on Pima Medical Institute's 75,000-sq.-ft. BTS is ongoing, with completion anticipated in the second half of 2019. Upon full buildout, the campus development will feature seven single-tenant and multi-tenant buildings totaling 199,200 sq. ft.

Additionally, several office projects in the planning stages are anticipated to break ground in the near-term. Construction is expected to begin on 75 Broadway, a 12-story, 150,000-sq.-ft.

speculative, mixed-use office and retail development in the Downtown submarket, sometime in 2019. The Texas Instruments BTS project at William's Centre is in the planning stages and will feature 125,000 sq. ft. of Class A office space. Moreover, The Trinity mixed-use development in the West Central submarket is anticipated to break ground on the first phase consisting of 25,000 sq. ft. of Class A office space and ground floor retail.

Submarket Overview

A map of the submarkets and table summarizing their current state are presented below. The subject is located in the Downtown submarket, as demarcated by CBRE Research.

Figure 5: Office Market Statistics

Submarket	Gross Rentable Area Sq. Ft. (±)	Vacancy Rate %	Availability Rate %	Q3 2018 Net Absorption Sq. Ft. (±)	Under Construction Sq. Ft. (±)	*Average Asking Lease Rate (FSG) $
Downtown	804,166	9.8	9.8	8,493	26,600	24.11
East Central	2,879,559	14.3	14.3	(69,224)	0	19.46
North Central	2,240,154	6.8	7.9	11,341	199,200	22.48
Northeast	956,571	21.6	22.8	(4,017)	0	19.14
Northwest	2,188,065	11.7	11.6	(22,638)	0	21.34
Southeast	119,157	16.3	16.3	0	0	27.00
Southwest	18,000	38.4	38.4	0	0	25.00
West Central	472,328	9.1	8.5	1,055	411,355	20.13
Totals	**9,678,000**	**12.2**	**12.5**	**(74,990)**	**637,155**	**20.69**

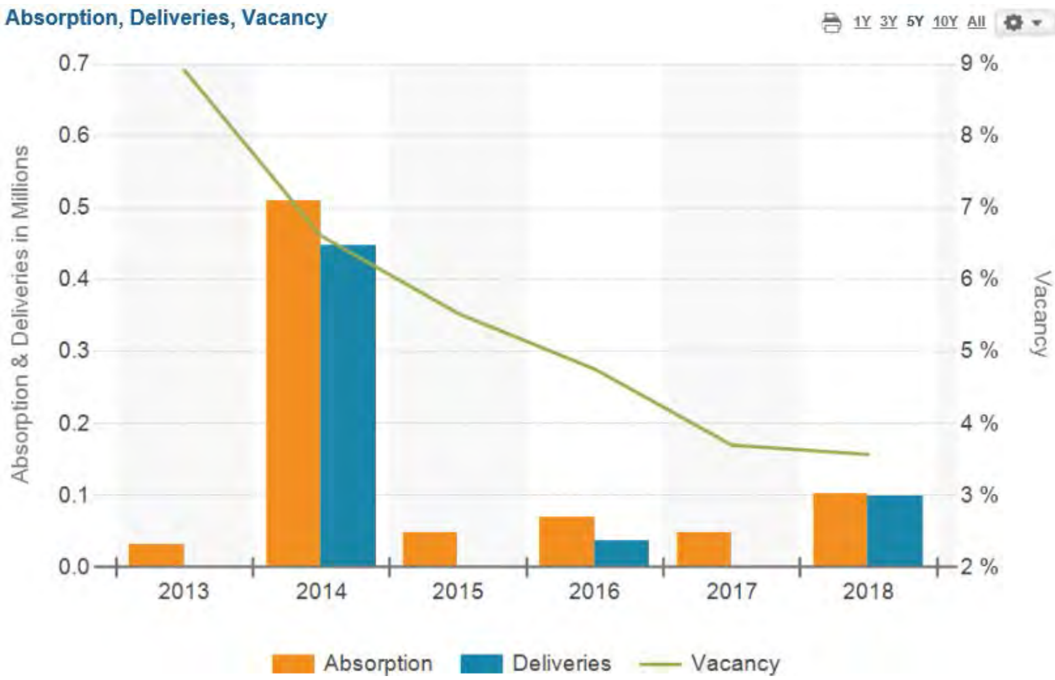
*Lease rates are quoted as weighted average of all lease types based on asking price per square foot per year.
Source: CBRE Research, Q3 2018.

According to CBRE Research, the base inventory of multi-tenant office space (over 10,000 square feet) stands at 9,678,000 square feet. Of this total, 804,166 square feet is in the subject's submarket, or approximately 8.3% of the overall office supply.

Current vacancy in the subject's Downtown submarket is 9.8%, which ranks near the middle of all the submarkets in the Tucson MSA. The submarket's average asking rate is $24.11 per square foot, full service (FS), which is also near the middle of all the submarkets.

The following chart outlines current office market trends, for the subject submarket, as outlined by CoStar for properties greater than 10,000 square feet. Rents are reflected on a full service (FS) basis.

Downtown Tucson



Absorption in the downtown office submarket has generally either kept pace or even outpaced new construction. As shown in the chart above, space has historically been absorbed the same quarter as it's delivered, due largely to the fact that much of the new construction is build-to-suit or is substantially pre-leased prior to completion. Vacancy spiked in 2012 just prior to revitalization efforts and has come back down since that time due in part to major improvements post-revitalization. Vacancy is currently low, as compared to the rest of the Tucson market. This is due, in part, to fully occupied government buildings (the largest users in the downtown market), as well as the high concentration of owner/user properties. Of the office properties reported by CoStar, just over half of them are single tenant. It is noted that the multi-tenant office, non-government projects, report an overall vacancy rate of 12.1%. These properties include the Transamerica Building (177 N. Church Avenue), One South Church (1 S. Church), portions of the former Bank of America Building (33 N. Stone Avenue), the Pioneer Building (100 N. Stone Avenue), the U.S. Bank Building (1 E. Congress Street), and the Chase Building (2 E Congress Street), for a total of 770,863 square feet. Of course, this number is overly punitive, as it does not include any single-tenant buildings, like the subject. But this does illustrate that the high concentration of single-tenant properties does impact the overall vacancy rate.

The occupancy and rental rates for the downtown submarket have followed a similar trend. Occupancy dropped during the revitalization and has since been steadily improving. Asking rental rates have been increasing since 2014. Thus, in short, both occupancy and rental rates have shown an upward trend since 2014 in the downtown office submarket.

DOWNTOWN REVITALIZATION

The downtown market has undergone a revitalization over the past few years. Key to this was the development of the SunLink Streetcar, which opened in the summer of 2014. According to an article published by the UA Journalism School, about $200 million of private investment arrived due to streetcar development, and another estimated $1 billion-worth of investment is on the streetcar line. The downtown revival has brought many new businesses and stimulated economic growth throughout the submarket.

Downtown Tucson has significant high-end retail and residential development, as well as a robust "night life." Of interest is that growth has been more concentrated in these two areas, and less around office development. As can be shown in the first chart, there has been little new development in downtown Tucson, aside from the 320,070-square foot Pima County Courthouse. For the most part, Tucson businesses prefer not to be in the downtown area. The most notable deterrents mentioned by market participants are parking, and difficulty navigating one-way streets. These are small issues that are not major deterrents in much larger cities; but for the average Tucsonan, these problems are significant enough to deter office users from the downtown corridor. Roughly 20% of the total office inventory is located downtown. In other markets, it is typical to have 30% or more office space downtown. That being said, improvements for retail and housing have positively impacted demand for existing product, as well as the market overall. Also, the downtown area has improved the marketability of Tucson as a whole, which is a driving factor for businesses who could potentially come into the market.

CBRE Econometric Advisors Office Market Forecast

According to CBRE EA, the short-term forecast calls for overall positive growth in office workers through year-end 2019. Total net absorption is forecasted to be positive 108,000 square feet, lagging supply during the same period. By year-end 2019, the vacancy rate is expected to be 12.6%, while rents are forecasted to grow, reaching $18.75 per square foot, per annum full service compared to current rents of $18.38.

Historical minimum, maximum, and average values for each variable are provided to put current market performance in perspective. The time period in which these values are calculated is 1980 (or the earliest year of available data) to the current year. CBRE EA expects net absorption to remain below long-term averages during the forecast, though demand is anticipated to be positive overall.

Tucson Forecast Summary: Q3 2018

	Demand				Supply		Performance		
	New Jobs Ofc Financial	New Jobs Ofc Services	Net Absorp (sf x 1000)	Absorp Rate (%)	Deliveries (sf x 1000)	Compl Rate (%)	Vac Rate (%)	TW Rent ($/sf)	Rent Infl (%)
2017	300	400	433	5.9	6	0.1	12.2	18.23	0.8
2018F	300	1,300	33	0.5	0	0.0	11.9	18.28	0.3
Q1	100	600	39	0.5	0	0.0	11.8	18.32	0.5
Q2	0	200	56	0.7	0	0.0	11.2	18.21	-0.6
Q3	100	200	-105	-1.3	0	0.0	12.3	18.38	0.9
Q4F	100	300	43	0.5	0	0.0	11.9	18.28	-0.5
2019F	300	1,200	65	0.8	150	1.7	12.6	18.75	2.6
Historical Performance (1980 - Present)									
Min	-1,600	-5,300	-426	-5.7	0	0.0	5.5	7.80	-26.7
Max	1,500	5,500	673	20.5	1,371	36.9	28.2	20.94	26.6
Mean	300	900	146	2.7	192	4.7	15.9	14.73	2.2

The longer term, six-year CBRE EA forecast for the Tucson office market is presented below. Historical measures are provided back to 2006. Forecasted figures for new supply are based on projects known to be currently under construction.

Tucson Annual History & Forecast: 2006 - 2023

Year	Ofc. Empl. (ths.) Financial	Ofc. Empl. (ths.) Services	Inventory (sf x 1000)	Completions (sf x 1000)	Vacancy Rate (%)	Net Absorp. (sf x 1000)	TW Rent Index ($/sf)	Rent Infl. (%)
History								
2006	16.4	51.7	8,322	433	10.7	354	19.84	3.3
2007	15.3	53.0	8,383	61	11.4	-6	20.93	5.5
2008	15.0	49.6	8,564	181	14.8	-133	20.59	-1.6
2009	15.9	46.1	8,723	159	17.7	-116	18.92	-8.1
2010	16.0	45.4	8,834	111	16.5	193	17.79	-6.0
2011	15.5	47.1	8,834	0	17.7	-113	17.68	-0.6
2012	15.8	48.2	8,849	15	17.4	34	17.06	-3.5
2013	16.3	48.9	8,881	32	20.8	-274	17.58	3.0
2014	16.5	49.7	9,034	153	20.5	164	18.01	2.4
2015	16.1	49.5	9,034	0	18.8	169	18.13	0.7
2016	16.3	50.8	9,076	42	17.1	182	18.08	-0.3
2017	16.6	51.2	9,082	6	12.2	433	18.23	0.8
Forecast								
2018	16.9	52.5	9,082	0	11.9	33	18.28	0.3
2019	17.2	53.7	9,232	150	12.6	65	18.75	2.6
2020	17.2	53.5	9,321	88	13.9	-47	19.81	5.7
2021	17.0	52.9	9,439	115	15.6	-54	19.91	0.5
2022	17.3	53.3	9,586	145	14.1	265	20.42	2.6
2023	17.6	53.9	9,712	124	13.3	182	20.52	0.5

Sales Activity

The following sales information was obtained from CoStar, which depicts sales data of office buildings of at least 10,000 square feet in the Tucson MSA since 2013.

TUCSON OFFICE SALES: +10,000 SF

	2013	2014	2015	2016	2017	2018 YTD
Total # of Sales	24	18	24	20	27	3
Total Sales Value	$89,770,500	$64,465,871	$149,916,342	$74,038,033	$108,648,781	$12,465,000
Total Building Square Feet	843,851	653,051	1,412,000	693,289	950,246	101,006
Total Acres	68.44	55.72	71.48	67.51	74.14	13.69
Average Sale Price	$3,740,438	$3,581,437	$6,246,514	$3,701,902	$4,024,029	$4,155,000
Average Number of SF	35,160	36,281	58,833	34,664	35,194	33,669
Average Price per SF	$106.38	$98.71	$106.17	$106.79	$114.34	$123.41
Median Price per SF	$90.88	$71.60	$124.36	$89.50	$89.86	$189.57
Average Cap Rate	9.50%	7.90%	6.96%	7.77%	7.39%	---

Source: CoStar, CBRE

As shown, average sale prices per square foot increased slightly in 2017, following minimal growth between 2013 and 2016. The average purchase price per square foot in 2017 rose approximately 7.1% to $114.34 per square foot from 2016. Additionally, the total number of sales increased from 20 to 27, and the average capitalization rate fell slightly during the same period. While it would be imprudent to extrapolate significant trends from this data, the information does support the general market participant opinion that the Tucson office market has improved slightly over the last few years.

Conclusion

Considering the recent growth in office employment and the positive net absorption exhibited over the past several quarters, the outlook for the Tucson office market is positive. However, the general lack of quality space will continue to be a difficult challenge for the overall market and could somewhat limit demand growth. Yet, the market finally appears to be responding to the dearth of Class A space, with a significant amount of build-to-suit space planned or currently under construction in the West Central submarket, and new speculative office space development planned for the Downtown submarket. While demand has increased in the Downtown and West Central submarkets and remains generally healthy in the North Central and Northwest submarkets, metro Tucson's eastern submarkets have continued to lag behind.

COMPETITIVE PROPERTIES

The rental comparable properties, described in more detail with the Income Capitalization Approach section of this report, were surveyed in order to identify their current occupancy levels. The comparable data is summarized in the following table:

SUMMARY OF COMPARABLE OFFICE RENTALS

Comp. No.	Name	Location	Occupancy
1	5151 Broadway	5151 E. Broadway Boulevard, Tucson, AZ	65%
2	University of Arizona Tech Park - Building 9070	9070 S. Rita Road, Tucson, AZ	89%
3	One South Church	1 S. Church Avenue, Tucson, AZ	68%
4	44 E Broadway	44 E. Broadway Boulevard, Tucson, AZ	100%
5	Pioneer Building	100 N. Stone Avenue, Tucson, AZ	87%
6	Transamerica Building	177 N. Church Avenue, Tucson, AZ	94%
Subject	97 East Congress	97 East Congress Street, Tucson, Arizona	100%

Compiled by CBRE

The comparable properties surveyed reported occupancy rates of 65% or better, with a weighted average of 76.2%. Four of the six comparables are from within the downtown office submarket.

Rental Comparables 3, 4, 5 and 6 are downtown office projects which are currently in average to good overall condition and are directly competitive with the subject property. These four comparables, which represent multi-tenant office buildings had occupancies ranging from 68% to 100% with an average of 87.3%. Notably, the subject represents a single-tenant office building. As is typical of single-tenant buildings, like the subject, they are either 100% occupied or 100% vacant. For purposes of analysis via the income approach, we included a vacancy factor to account for any unforeseen rollover or downtime between tenancies. In general, occupancy is on the upward trend for the subject's downtown office submarket and the competitive data set.

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.

OCCUPANCY CONCLUSIONS	
Tucson MSA	87.8%
Downtown Office Submarket	90.2%
Rent Comparables	76.2%
Subject's Stabilized Occupancy	96.0%
Compiled by CBRE	

Investors are primarily interested in the cash revenues that an income property is likely to produce annually over a specific period of time, rather than what it could produce if it were always fully occupied and all the tenants were actually paying the rent in full and on time. It is normally prudent practice to expect some income loss, either in the form of actual vacancy or in the form of turnover, non-payment, or slow payment by tenants. Based on our market research and interviews with market participants, investors typically apply a vacancy and credit loss allowance of 2% to 5% for a similar quality single-tenant assets, with an initial lease term of less than 10 years. Therefore, we applied a vacancy allowance of 4.0% within our analysis, inclusive of any credit loss.

CONCLUSION

The Tucson area office market and the local submarket continue to exhibit excess supply. However, net absorption and rental rates have increased in the recent past. Additionally, recent projections by CBRE Economic Advisors forecast growth in office workers and continued positive net absorption and rent growth. As the economy continues to improve, planned projects are increasing. Overall, the long-term projection for the overall market and submarket is favorable.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS IF VACANT

Legally Permissible

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

Physically Possible

The subject is adequately served by utilities, has an adequate shape and size, sufficient access, etc., to be a separately developable site. The subject site would reasonably accept a site layout for any of the legally probable uses. There are no known physical reasons why the subject site would not support any legally probable development. The existence of the present development on the site provides additional evidence for the physical possibility of development.

Financially Feasible

Potential uses of the site include high-rise office development as well as retail, residential, and civic uses. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis of this report, the office market in the subject's submarket is similar to the Tucson market wide average. However, the only new office projects to be developed recently in this market represent owner/user and build-to-suit developments due to still somewhat soft economic conditions. Specifically, there are proposed developments which are no longer moving forward due to inadequate construction financing and market conditions (increases in vacancy, declining effective rental rates, etc.). Overall, there is still risk in the office market and most investors would not move forward with new speculative development at this time.

Maximally Productive - Conclusion

The final test of highest and best use of the site, as if vacant, is that the use be maximally productive, yielding the highest return to the land.

The use that results in the maximum profitability of the site is beyond the scope of this assignment. The recipient of the property's productivity (e.g., the lender, equity investor, the public, etc.) greatly determines what the use should be. Regardless, the use for the subject should conform to the neighborhood trends and be consistent with existing land uses. Most of the developments currently taking place involve multi-family, student housing, or mixed-use projects. Due to the subject's prominent street frontage along a primary Downtown corridor (Congress Street), a mixed-use development with a combination of street frontage retail, office and/or higher density residential uses would be most likely. With the continued lack of tenant demand and job growth, a large-scale office development is not warranted. Further, there has been a number of Class A multi-family and student housing projects built Downtown over the past few years. Therefore, we are of the opinion the most likely use of the subject site, is to hold it for future development. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation), or a developer.

AS IMPROVED

Legal Permissibility

The site has been improved with an office development that is a legal, non-conforming use due to being under parked.

Physical Possibility

The layout and positioning of the improvements are considered functional for office use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for office users would be the most functional use.

Financial Feasibility

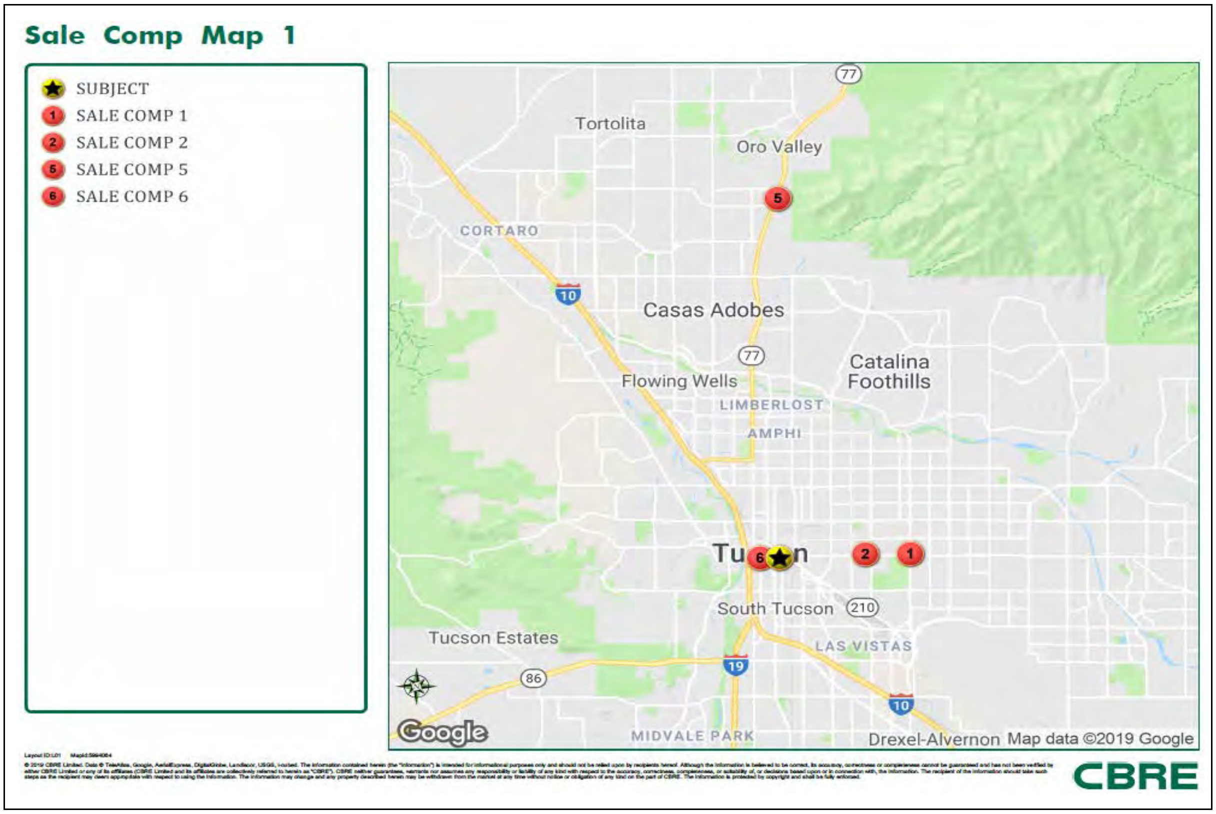
The financial feasibility of an office property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. Based upon the income capitalization approach conclusion, the subject property has the ability to produce a positive net cash flow; thus, continued utilization of the improvements for office purposes is considered financially feasible. Further, the value of the improvements detailed clearly exceeds the underlying land value.

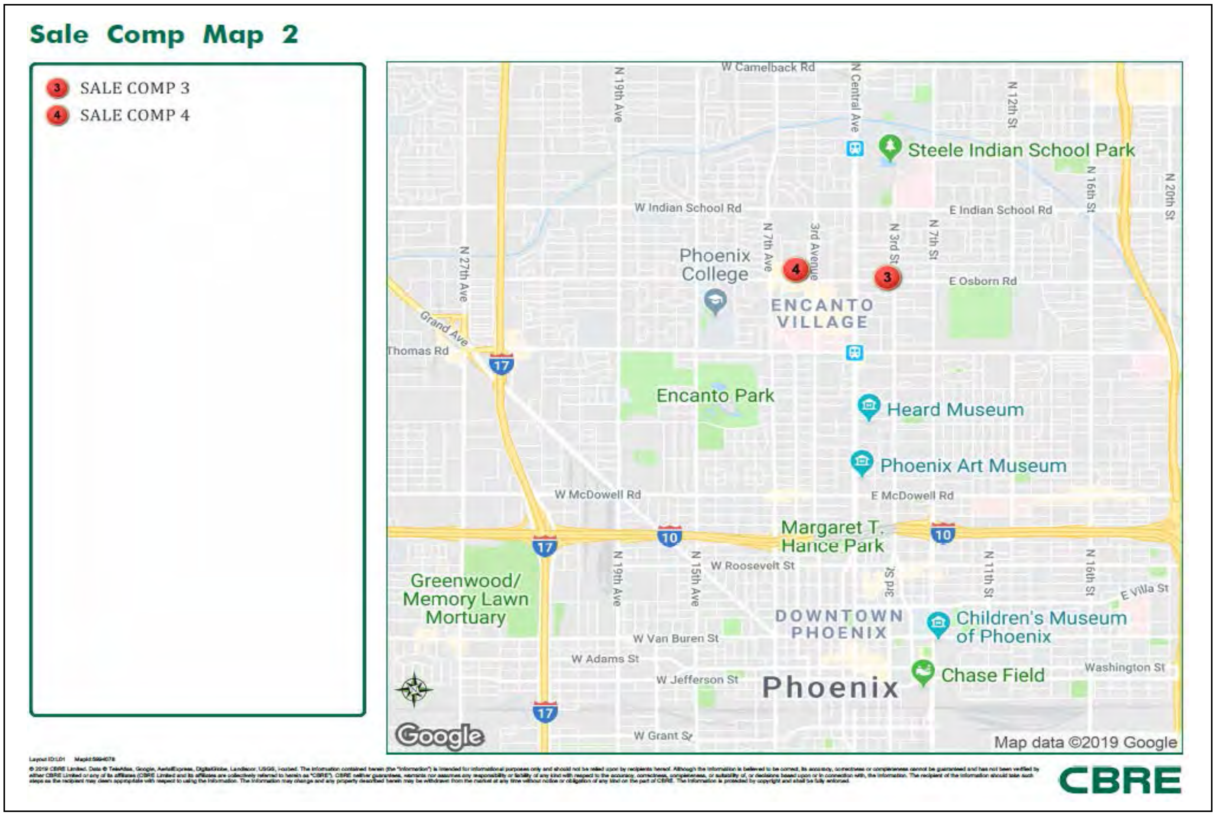
Maximum Productivity - Conclusion

As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by office owners and tenants, and none of the comparable buildings have been acquired for conversion to alternative uses. Based on the foregoing, the highest and best use of the property, as improved, is consistent with the existing use as a single-tenant office development. The most likely buyer of the subject, as improved, would be an owner-user.

Sales Comparison Approach

The following location maps and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.




Sale Comp Map 2
3 SALE COMP 3
4 SALE COMP 4
W Camelback Rd
N 19th Ave
N Central Ave
N 12th St
Steele Indian School Park
N 16th St
N 20th St
W Indian School Rd
E Indian School Rd
N 7th Ave
3rd Avenue
N 3rd St
N 7th St
N 27th Ave
Phoenix College
E Osborn Rd
ENCANTO VILLAGE
Grand Ave
Thomas Rd
17
Encanto Park
Heard Museum
Phoenix Art Museum
W McDowell Rd
E McDowell Rd
10
Margaret T. Hance Park
W Roosevelt St
N 15th Ave
N 11th St
E Villa St
Greenwood/ Memory Lawn Mortuary
DOWNTOWN PHOENIX
Children's Museum of Phoenix
W Van Buren St
W Adams St
Washington St
Chase Field
W Jefferson St
Phoenix
W Grant St
Google
Map data ©2019 Google
CBRE

SUMMARY OF COMPARABLE OFFICE SALES										
Comp No.	Property Name	Transaction Type	Transaction Date	YOC / Reno'd	Parking Ratio	NRA (SF)	Actual Sale Price	Adjusted Sale Price [1]	Price Per SF [1]
1	Consulate of Mexico, 3915 E. Broadway Boulevard Tucson, AZ 85711	Sale	Jan-15	1972	4.03 : 1,000	28,534	$3,900,000	$3,900,000	$136.68
2	Owner-User Office Building, 2919 E. Broadway Boulevard Tucson, AZ 85716	Sale	Nov-16	1984	3.12 : 1,000	24,340	$2,400,000	$2,400,000	$98.60
3	Midtown Office Building, 212 E. Osborn Road Phoenix, AZ 85012	Sale	Mar-17	1968 / 2014	4.18 : 1,000	21,750	$2,700,000	$2,700,000	$124.14
4	5th Avenue Office Building, 3411 N. 5th Avenue Phoenix, AZ 85013	Sale	Mar-17	1968	3.08 : 1,000	38,929	$4,200,000	$5,173,225	$132.89
5	Owner-User Office Building, 8950 N. Oracle Road Oro Valley, AZ 85704	Sale	Dec-17	2007	4.84 : 1,000	41,134	$4,500,000	$5,430,000	$132.01
6	Tucson Convention & Visitors Bureau Building, 100 S. Church Avenue Tucson, AZ 85701	Listing	Jan-19	1973 / 2017	2.49 : 1,000	22,471	$2,800,000	$2,800,000	$124.61
Subj.	97 East Congress, 97 East Congress Street Tucson, AZ 85701	---	---	1975 / 2016	4.98 : 1,000	40,158	---	---	---

[1] Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. Our research found a limited number of sales of similar office buildings within the subject's immediate area and throughout metropolitan Tucson; therefore, our search criteria were expanded to include recent sales and listings of generally similar properties throughout the Phoenix MSA. These sales were chosen based upon the time frame in which they occurred, their locations, and their generally similar physical characteristics as compared to the subject.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Property Rights Conveyed

All six comparables represent the transfer of the fee simple interest in the property and were purchased by users for total or partial owner occupancy; thus, no adjustment is made for property rights conveyed.

Financing Terms

All six comparables involve cash transactions or were completed with the buyer obtaining conventional bank financing; thus, no adjustments are necessary for financing terms.

Conditions of Sale

Four of the six comparables represent arm's-length transactions and sold with broker representation, with sale commissions being paid. Thus, no adjustments are indicated for conditions of sale to Comparables 2, 4 and 5. Comparable 1 sold "off-market" with the buyer approaching the sellers directly, with no brokers involved and no sales commissions being paid. Thus, we made an upward adjustment based on typical sales commissions as reported by the brokerage community for a transaction in the $3 to $4 million dollar range. Comparable 3 sold "off-market" with the purchase price slightly below market as it came in under the appraised value by about 7%, as reported by the broker; thus, the upward adjustment. Comparable 6 represents an active listing and not a closed transaction. According to the listing broker, the property will sell for closer to $100 per square foot; this, based on current sales negotiations with a prospective buyer. Thus, we made a downward adjustment for conditions of sale, as the property will sell for less than the asking price.

Market Conditions (Time)

The subject property is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the comparable sale dates and the date of valuation. Upward adjustments to the comparables are indicated for improving market conditions since the sales were negotiated between January 2015 and January 2019. Property values for similar assets have experience increasing demand with modestly increasing property values.

	2015	2016	2017	2018
	Sold Transaction	Sold Transaction	Sold Transaction	Sold Transaction
Number of Transactions	9	10	11	5
Total Dollar Volume	$37,143,175	$49,022,990	$28,349,762	$16,265,000
Total Bldg Square Feet	277,662	373,359	239,677	113,722
Total Land in Acres	19.95	27.04	33.40	18.29
Total Land in SF	869,022	1,177,862	1,454,904	796,712
Total Units	-	265	343	-
Average Price	$4,127,019	$4,902,299	$2,577,251	$3,253,000
Average Number of SF	30,851	41,484	23,968	22,744
Average Price Per Bldg SF	$133.77	$125.14	$111.78	$143.02
Median Price Per SF	$136.68	$108.03	$131.59	$157.76
Average Number of Acres	2.22	3.38	3.34	4.57
Average Number of SF(Land)	96,558	147,233	145,490	199,178
Average Price Per Unit	-	$18,838	$6,261	-
Median Price Per Unit	-	$18,838	$6,261	-
Average Number of Units	-	265	343	-
Actual Cap Rate	7.92%	8.54%	6.50%	8.40%
Average GRM	-	-	-	-
Average GIM	-	-	-	-

The appraisers used CoStar to search sales of similar office properties throughout Tucson ranging in size from 10,000 to 100,000 square feet which sold between January 1, 2015 and December 31, 2018. CoStar reported that in 2016, there were a total of 9 transactions totaling $37,143,175, with an average price per square foot of $133.77. This compares to year-end December 31, 2018, in which 5 transactions totaling $16,265,000, with an average price per square foot of $143.02. The sales data implies a value increase on a price per square foot of about 6.9% from January 1, 2015 through year-end December 2018, or 1.7% per year. Market participants interviewed indicated more conservative appreciation rates over the past few years of

0.5% to 1% annually. Based on this information, the appraisers made upward adjustments of 1% to 2% for improving market conditions to Comparables 1 and 2. No adjustments are made to Comparables 3, 4, 5 and 6 which transacted more recently with no discernable increases in property values. The rate of appreciation applied in our analysis is 0.5% annually, or 0.04% per month.

Improved Sale One

This comparable represents the sale of a 28,534-square foot, Class B office building located at 3915 East Broadway Boulevard in central Tucson, AZ. The property exhibits good visibility along the north side of Broadway Boulevard, and is situated just east of Alvernon Way. The four-story improvements were constructed in 1972, and are situated on a 1.44-acre site. Overall, the property was considered to be in good condition at the time of sale. The Consulate of Mexico purchased the property in January 2015 for $3,900,000, or $136.68 per square foot, for full owner-occupancy. Prior to the sale, the property was partially owner-occupied by the seller, with three existing tenants; however, each of the tenants vacated upon close of escrow. The property sold "off-market" with the buyer approaching the seller directly. The parties represented themselves in the transaction, with no brokers involved and no sale commissions being paid.

Again, an upward adjustment is made for the lack of broker commissions as this was an "off-market" sale. Upward adjustments are also indicated for improving market condition since the sale was negotiated in January 2015 and for inferior effective age/condition. This is an older building which has not undergone any major recent renovations; thus, the upward adjustment for inferior effective age/condition.

Downward adjustments are made for superior location/visibility/access, smaller building size, and more onsite parking. This property is situated in an area with a larger population base, higher median income levels, and higher property values. Further, the property fronts along Broadway Boulevard with superior vehicular access near the intersection of Alvernon Way with heavier traffic volumes; thus, the downward adjustments for superior location/visibility/access. Upward adjustments are made for larger building size and inferior economic characteristics. Economies of scale dictate that higher prices on a price per square foot are paid for smaller buildings; this, due to more potential buyers competing for smaller properties; thus, the downward adjustment for smaller building size. Properties with more onsite parking command higher rents and property values; thus, the downward adjustment for more onsite parking at a higher ratio. The downward adjustment for more onsite parking is partially offset by the subject's access to 200+/- parking spaces in the adjacent LSG garage. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Two

This comparable represents the sale of three-story, multi-tenant office property composed of 24,340-rentable square feet, located at 2919 East Broadway Boulevard, just west of Country

Club Road, in central Tucson, AZ. Situated on a 1.08-acre site, the improvements were constructed in 1984, and were considered to be in average overall condition at the time of sale. The property sold in April 2017 for $2,400,000, or $98.60 per square foot. Prior to sale, the property was 100% occupied by the seller and eight local/regional tenants, including the buyer (CEDR), which occupied a total of 9,567 square feet. Based on our discussions with the buyer, CEDR, plans to expand into an additional 6,480 square feet by December 2017, for a total footprint of 16,047 square feet, or 66% of the building's rentable area. The buyer intends to lease the remaining space during the near-term, but could eventually expand into 100% of the building. All of the existing tenants have leases with short remaining term lengths.

Downward adjustments are made for superior location/visibility/access, smaller building size and more onsite parking. This property is located in an area with a larger population base, higher median income levels and higher property values. Further, the property fronts along Broadway Boulevard with superior vehicular access near the intersection of Country Club Road with heavier traffic volumes; thus, the downward adjustments for superior location/visibility/access; thus, the downward adjustment for superior location/visibility/access. Again, economies of scale dictate that higher prices on a price per square foot are paid for smaller buildings; this, due to more potential buyers competing for smaller properties; thus, the downward adjustment for smaller building size. Properties with more onsite parking command higher rents and property values; thus, the downward adjustment for more onsite parking at a higher ratio. The downward adjustment for more onsite parking is partially offset by the subject's access to 200+/- parking spaces in the adjacent LSG garage.

Upward adjustments are indicated for inferior effective age/condition, inferior quality of construction/appeal, inferior interior finishes/appeal, and the lack of any building amenities. Although this property was more recently constructed (built 1984), it has not undergone any major recent renovations which sold in inferior overall condition. This three story building lacks elevator service and a wet pipe fire suppression system with inferior curb appeal and building fenestration; thus, the upward adjustment for inferior construction quality/appeal. Further, the interior office finishes are older with an outmoded appearance and inferior market appeal; thus, the upward adjustment for inferior interior finishes/appeal. This building also lacks any building amenities including a common area outdoor patio and garden area and no balconies, like the subject; thus, the upward adjustment for the lack of building amenities. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

Improved Sale Three

This property represents a two-story office building located at 212 East Osborn Road in central Phoenix, AZ, just west of 3rd Street. The property sold in March 2017 for $2,700,000, or $124.14 per square foot to the existing tenant. According to the buyer's broker, the property was never marketed for sale, rather the buyer approached the seller with an offer that was mutually agreed upon. It was further noted that the purchase price was slightly below market as it came in under the appraised value by about 7%. The improvements were built in 1968 and have been well maintained over the years, with the most recent renovation occurring in 2014.

Again, an upward adjustment is indicated for inferior conditions of sale as the property sold below the appraised value. Upward adjustments are also made for inferior construction quality/appeal and inferior building amenities. This is a two-story office building with no elevator service and no wet pipe fire suppression system, with a limited window line and less curb appeal; thus, the upward adjustment for inferior quality of construction/appeal. An upward adjustment is also made for the lack of an outdoor patio and garden area or exterior balconies.

Downward adjustments are made for superior location/visibility/access, smaller building size, and more onsite parking. This property is located in a major metropolitan area with a larger population base, higher median income levels, and higher property values; thus, the downward adjustment for superior location. Further, the property fronts along Osborn Road near the intersection of 3rd Street in Uptown Phoenix with superior vehicular access and heavier traffic volumes; thus, the downward adjustments for superior location/visibility/access. Again, economies of scale dictate that higher prices on a price per square foot are paid for smaller buildings; this, due to more potential buyers competing for smaller properties; thus, the downward adjustment for smaller building size. Properties with more onsite parking command higher rents and property values; thus, the downward adjustment for more onsite parking at a higher ratio. The downward adjustment for more onsite parking is partially offset by the subject's access to 200+/- parking spaces in the adjacent LSG garage. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Four

The comparable represents a four-story, multi-tenant office building located at 3411 North 5th Avenue in central Phoenix, AZ. The improvements were built in 1968 and reportedly in sold in average overall condition. The broker reported that the property had been listed on the market for nearly 18 months before selling at $4,200,000, or $107.89 per square foot on June 23, 2017. The buyer was from Canada, who had plans to relocate their company headquarters to this location as an owner-user for administrative office use. The broker reported that the buyer would occupy about 50% of the building and continue leasing the remaining space. It was also reported that the buyer renovated their space for approximately $50 per square foot or $973,225 after the close of escrow. Thus, the buyer's total consideration for the property was $5,173,225, or $132.89 per square foot.

Downward adjustments are made for superior location/access, more onsite parking, and superior interior finishes/appeal. This property is located in a major metropolitan area with a larger population base, higher median income levels, and higher property values; thus, the downward adjustment for superior location. Further, it offers superior vehicular access; thus, the downward adjustments for superior location/access. Properties with more onsite parking command higher rents and property values; thus, the downward adjustment for more onsite parking at a higher ratio. The downward adjustment for more onsite parking is partially offset by the subject's access to 200+/- parking spaces in the adjacent LSG garage. This property sold with superior overall interior finishes including more partitioned office spaces, two passenger elevators, superior build-out upgrades (lobby water fountain feature and marble tile upgrades); thus, the downward adjustment for superior interior finishes/appeal. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Sale Five

This comparable represents the sale of a 41,134-rentable square foot office building located at 8950 North Oracle Road in Oro Valley, AZ (northwest Tucson). The two-story improvements were originally developed as a build-to-suit for Pulte Homes in 2007, which never fully occupied the building and eventually vacated the space. The property includes 199 onsite parking spaces, including 52 covered spaces, equating to a parking ratio of 4.84 spaces per 1,000 square feet of building area. Marketed for sale at $4,936,000, or for lease at $16.00 per square foot, triple-net, the property sold in December 2017 for $4,500,000, or $109.40 per square foot to an end user. According to the listing broker, the property was marketed for approximately two years, with very little interest until this buyer submitted an offer. The buyer, Simpleview, is a software company that intends to fully occupy the building as an owner-user. The listing broker estimated the buyer will spend an additional $20 to $25 per square foot to retrofit the building for their needs. Thus, the buyers total consideration for the property is $5,430,000, or $132.01 per square foot.

An upward adjustment is indicated for inferior location in a more remote area with a smaller population base and lower property values. The upward adjustment for inferior location is partially offset by superior street frontage visibility and vehicular access to Oracle Road with heavier traffic volumes; thus, the net adjustment is upward for inferior location. Downward adjustments are indicated for superior effective age/condition, superior construction quality/appeal, and more onsite parking. The improvements represent newer construction (built 2007) which have sustained less physical depreciation; thus, the downward adjustment for superior effective age/condition. This represents more contemporary construction with more architectural features and copper accents; thus, the downward adjustment for superior construction quality/appeal. Again, properties with more onsite parking command higher rents and property values; thus, the downward adjustment for more onsite parking at a higher ratio. The downward adjustment for more onsite parking is partially offset by the subject's access to 200+/- parking spaces in the adjacent LSG garage. Overall, this comparable was deemed superior in comparison to the subject and a downward net adjustment was warranted to the sales price indicator.

Improved Listing Six

This comparable represents the active listing of a 22,471-rentable square foot, single-tenant office building located at 100 South Church Avenue in downtown Tucson, AZ along the streetcar route. It is physically located at the southwest corner of the signalized intersection of Broadway Boulevard and Church Avenue (highly visible). The three-story improvements were originally developed as a bank and administrative office in 1973. It was most recently renovated in late 2017. The building area does not include the 3,263 square foot basement area, which has been used for storage. The ownership rights include the right to lease up to 56 parking spaces (at $75 per month/space) in the La Placita Garage, across the street, equating to a parking ratio of 2.49 spaces per 1,000 square feet of building area. The property has been marketed for sale at $2,800,000, or $124.61 per square foot for about 12 months. According to the listing broker, the property had some investor interest but, could not make the deal "pencil out" due to CC&R restrictions, the lack of on-site parking and building layout. The listing broker further indicated that they will have the property in escrow to an end user at around $100 per square foot, or about $2,250,000.

Again, a downward adjustment is made for superior conditions of sale as this represents a listing which will sell for below the asking price. A downward adjustment is also made for smaller building size. Economies of scale dictate that higher prices on a price per square foot are paid for smaller buildings; this, due to more potential buyers competing for smaller properties; thus, the downward adjustment for smaller building size.

An upward adjustment is made for inferior location which is further from the retail core of Congress Street and 6th Avenue. Upward adjustments are also made for access to less parking at a lower ratio, which is further away from the office building, and inferior interior finishes/appeal. This property has no onsite parking, like the subject, with the rights to access 56 parking spaces in the La Placita parking garage, which is situated across the street from this office building; thus, the upward adjustment for inferior parking ratio/availability. The interior finishes are of inferior quality with less functionality and lower market appeal; thus, the upward adjustment for inferior interior finishes/appeal. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

OFFICE SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	5	6	Subj.
Transaction Type	Sale	Sale	Sale	Sale	Sale	Listing	---
Transaction Date	Jan-15	Nov-16	Mar-17	Mar-17	Dec-17	Jan-19	---
Year Built/Renovated	1972	1984	1968 / 2014	1968	2007	1973 / 2017	1975 / 2016
Parking Ratio	4.03 : 1,000	3.12 : 1,000	4.18 : 1,000	3.08 : 1,000	4.84 : 1,000	2.49 : 1,000	4.98 : 1,000
NRA (SF)	28,534	24,340	21,750	38,929	41,134	22,471	40,158
Actual Sale Price	$3,900,000	$2,400,000	$2,700,000	$4,200,000	$4,500,000	$2,800,000	---
Adjusted Sale Price [1]	$3,900,000	$2,400,000	$2,700,000	$5,173,225	$5,430,000	$2,800,000	---
Price Per SF [1]	$136.68	$98.60	$124.14	$132.89	$132.01	$124.61	---
Adj. Price Per SF	$136.68	$98.60	$124.14	$132.89	$132.01	$124.61	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	0%	0%	
Conditions of Sale	2%	0%	7%	0%	0%	-20%	
Market Conditions (Time)	2%	1%	0%	0%	0%	0%	
Subtotal - Price Per SF	$142.20	$99.59	$132.83	$132.89	$132.01	$99.69	
Location/Visibility/Access	-5%	-5%	-5%	-5%	5%	5%	
Size	-10%	-10%	-10%	0%	0%	-10%	
Effective Age/Condition	5%	10%	0%	0%	-10%	0%	
Quality of Const./Appeal	0%	10%	5%	0%	-5%	0%	
Parking Ratio/Availability	-5%	-5%	-5%	-5%	-5%	10%	
Interior Finishes/Appeal	0%	5%	0%	-5%	0%	5%	
Building Amenities	0%	5%	5%	0%	0%	0%	
Total Other Adjustments	-15%	10%	-10%	-15%	-15%	10%	
Indicated Value Per SF	**$120.87**	**$109.54**	**$119.55**	**$112.96**	**$112.21**	**$109.66**	

[1] Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

Additional Sales/Listing Data

In addition to the six comparables analyzed above, the appraisers identified a pending sale of a 22,276-rentable square foot, two-story, Class B office building in the Williams Center area near the intersections of Broadway Boulevard and Crayroft Road. The property was built in 2000, is in good overall condition, with access to onsite parking at a ratio of about 4 spaces per 1,000 square feet. The property had been on and off the market for about 2 years, with a most recent list price of $3,500,000, or $157.12 per square foot. Per a party involved in the transaction, the property is being purchased by an owner-user for about $2,900,000, or about $130 per square foot. This represents a newer building with free onsite parking in a superior central Tucson location with easier access. A lower value would be appropriate for the subject property.

SALE PRICE PER SQUARE FOOT CONCLUSION

Overall, these comparable sales indicated an adjusted range of $109.54 to $120.87 per square foot, with a mean of $115.03 and a median of $112.96. Four of the six comparables had tightly adjusted value indications of $109.66 to $119.55 per square foot, with an average of $113.60. We put most weight in the adjusted values of Comparables 3, 4, 5 and 6, which are the most recent sales, are most similar to the subject and required the least amount of net adjustments. The following chart presents the valuation conclusion:

SALES COMPARISON APPROACH				
NRA (SF)	**X**	**Value Per SF**	**=**	**Value**
40,158	X	$110.00	=	$4,417,380
40,158	X	$120.00	=	$4,818,960
VALUE CONCLUSION				
Indicated Stabilized/As Is Value - Real Estate				**$4,600,000**
Value Per SF				**$114.55**
Compiled by CBRE				

DEPRECIATED VALUE OF FF&E

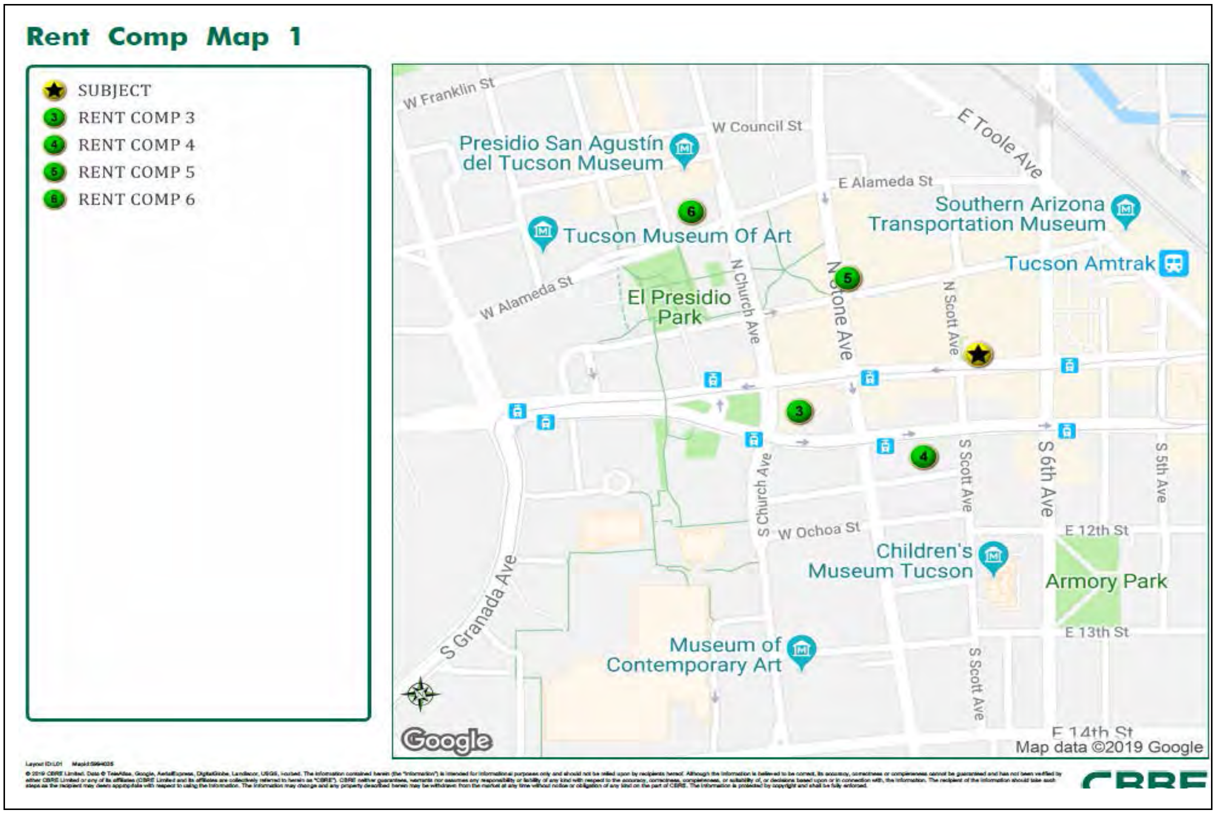
Per the cost information provided by the client, the cost of the subject's FF&E, which consists of telecom and data improvements and systems and non-systems furniture (plug-in-play), and other furnishings and equipment, completed by December 30, 2016 totaled $1,232,527, or $30.69 per square foot of rentable building area. This figure excludes the Caterpillar exterior and interior signage, which will be removed once Caterpillar vacates the building. The following is a summary of the subject's FF&E, as provided by the client.

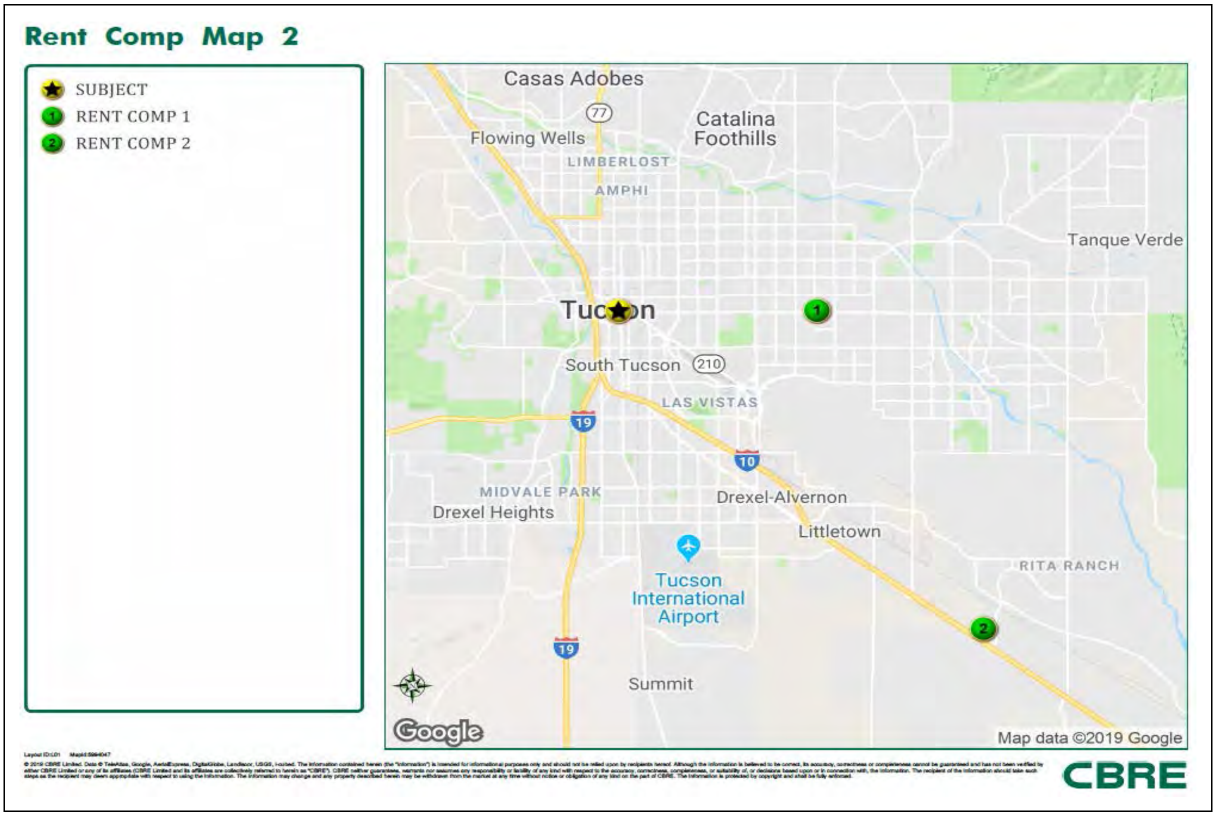
Program Phase:	Complete			
Construction Start (NTP) Date:		6/27/2016		
Construction Substantial Completion Date:		12/30/2016	Paid ITD as of:	9/30/2017
Work Orders	CFM.X97ECI - 97 E Congress Modernization		Paid Inception to Date	Remaining Balance
1600244663	**Equipment/Technology (CON)**		**$210,480**	**$0**
1600244664	Telecom/Data Exterior & Interior Cabling (CON)		210,480	$0
1600244665	Telecommunications Equipment (CON)			$0
1600244666	Computer Network Equipment (CON)			$0
1600244667	Wireless Access Points (CON)			$0
1600244668	Building Security Systems (CON)			$0
1600244669	AV Systems (CON)			$0
1600244670	**Furnishings (CON)**		**$1,023,934**	**$0**
1600244671	Systems & Non-Systems Furniture (CON)		1,006,938	$0
1600244672	Other Furnishings & Equipment (CON)		15,109	$0
1600244673	Signage (Exterior and Interior) (CON)		1,887	$0

Per our interviews with market participants, including property owners (Steve and Zach Fenton – Fenton Investment Company and George Larsen – Larsen Baker), property managers with CBRE and Picor, and leasing brokers (Buzz Isaacson – Buzz Isaacson Realty, Jeff Casper and Dave Volk – CBRE, and Tom Nieman – Picor), FF&E depreciates quickly and typically exhausts its useful life within a typical 5-year initial lease term. Further, these individuals indicated that they would apply a depreciation rate of about 50% to the subject's FF&E; this, considering that Caterpillar is more than two years into their 4 year lease term. Thus, we applied a depreciation rate of 50% to the subject's FF&E. Therefore, the depreciated value of the subject's FF&E is $616,263, which we rounded to $620,000.

Income Capitalization Approach

The following location maps and table summarize the primary rental comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.





SUMMARY OF COMPARABLE OFFICE RENTALS

Comp No.	Property Name and Location	YOC / Reno'd	Occ.	NRA (SF)	Parking Ratio	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	TI Allowance	Lease Basis	Escalations
1	5151 Broadway 5151 E. Broadway Boulevard, Tucson, AZ	1975 / 2015	65%	270,763	4.62 : 1,000	Bayview Loan Servicing	39,627	May-17	5.3 Yrs.	$14.00 PSF	$25.00 PSF	NNN	3%/Yr.
2	University of Arizona Tech Park - Building 9070 9070 S. Rita Road, Tucson, AZ	2003	89%	73,172	3.14 : 1,000	Ascensus	27,423	Jul-17	10.0 Yrs.	$10.50 PSF	$70.00 PSF	NNN	Flat
3	One South Church 1 S. Church Avenue, Tucson, AZ	1986 / 2008	68%	240,811	2.04 : 1,000	Caterpillar Global Mining	26,093	Aug-17	1.8 Yrs.	$16.13 PSF	$0.00 PSF	NNN	3%/Yr.
4	44 E Broadway 44 E. Broadway Boulevard, Tucson, AZ	1979 / 2017	100%	32,000	1.56 : 1,000	Community Partners	14,985	Jan-18	5.0 Yrs.	$14.95 PSF	$5.00 PSF	NNN	3%/Yr.
5	Pioneer Building 100 N. Stone Avenue, Tucson, AZ	1929 / 2000	87%	101,937	0.00 : 1,000	Sinfonia RX, Inc.	13,530	Jan-18	8.4 Yrs.	$7.50 PSF	$30.00 PSF	NNN	$0.25/SF/Yr.
6	Transamerica Building 177 N. Church Avenue, Tucson, AZ	1961	94%	126,221	0.51 : 1,000	Forensic Logic, LLC	12,036	Mar-18	7.0 Yrs.	$8.00 PSF	$35.00 PSF	NNN	4%/Yr.
Subj.	97 East Congress 97 East Congress Street, Tucson, Arizona	1975 / 2016	---	40,158	4.98 : 1,000	---	40,158	---	---	---	---	NNN	---

Compiled by CBRE

The rentals utilized represent the best and most recent data available for comparison with the subject. They were selected from our research of comparable large office floor plate leases throughout the Tucson MSA. They were selected based upon the time frame in which they occurred, their locations, and their generally similar physical characteristics as compared to the subject.

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

This comparable represents a 17-story, 270,763-rentable square foot, multi-tenant office building located at 5151 East Broadway Boulevard in central Tucson, AZ. The property is located at the northeast corner of Broadway Boulevard and Rosemont Boulevard, west of Craycroft Road, and across from Williams Center, a high-end mixed-use master planned development. The improvements were built in 1975 and have undergone various renovations over the past few decades (most recently in 2015). The property includes a secured parking garage, floor-to-ceiling glass walls with excellent views, and secured storage available. The property is currently about 64.8% occupied, and was considered to be in good overall condition at the time of our research. Asking rates for vacant spaces currently range from $22.00 to $25.00 per square foot, full-service, depending on location. Bayview Loan Servicing signed a new 64-month lease for 39,627 square feet on multiple floors that commenced in May 2017. The starting rent was $24.00 per square foot, per annum, full-service, and escalates 3.0% annually. The tenant received half-rent concession for four months (two months free), as well as a TI allowance of approximately $25.00 per square foot to renovate the space. The spread to a triple net (NNN) lease is approximately $10.00 per square foot; thus, the NNN equivalent rent is $14.00 per square foot, per annum.

Downward adjustments are made for superior location/visibility/access, superior interior finishes/appeal, more onsite parking, and superior building amenities. This property is located in a more centralized area with a larger population base, more tenant demand and higher potential rents. Further, it fronts along a major corridor at a signalized intersection with heavy traffic volumes and superior vehicular access; thus, the downward adjustments for superior location/visibility/access. This property offers superior interior finishes with more upgrades and superior market appeal; thus, the downward adjustment for superior interior finishes/appeal. Properties with more free onsite parking command higher rents; thus, the downward adjustment for more parking. This building offers superior amenities including mountain and city views, floor to ceiling windows and state of the art elevators; thus, the downward adjustment for superior building amenities. After adjustments, an adjusted rental rate of $10.50 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

Rent Comparable Two

This comparable represents a three-story, multi-tenant office building composed of 73,608-rentable square feet, located at 9070 South Rita Road in southeast Tucson, AZ. The property is located within the 1,345-acre UA Tech Park, a mixed-use research park improved with approximately two million square feet of manufacturing, office, and research and development space, and roughly 200 acres designated for solar power generation. The improvements were constructed in 2003, and were considered to be in good overall condition at the time of our research. Currently, the property is roughly 89.2% occupied by four tenants and Campus Research Corporation (CRC), an owner-occupant. Most recently, Ascensus signed a 10-year lease for 27,423 square feet with commencement occurring in July 2017. The base rental rate of $10.50 per square foot, triple-net (NNN), remains flat during the initial term. The tenant also has two, 5-year renewal options available at 95% of fair market rent. The tenant received two months free rent and a significant TI allowance of $70.00 per square foot to build-out the space, which was largely in shell condition.

Upward adjustments are made for inferior location/visibility and interior building amenities. This building is located in a more remote area in southeast Tucson with a smaller population base, higher office vacancies and lower achievable rents. Further, this property lacks prominent street frontage with lower traffic volumes; thus, the upward adjustments for inferior location/visibility. The building does not offer any outdoor patios/gardens or balconies with inferior building amenities; thus, the upward adjustment.

Downward adjustments are made for smaller space size, superior effective age/condition, and more onsite parking. Economies of scale dictate that tenants pay more on a price per square foot for smaller space; this, due to more potential tenants competing for smaller spaces. The downward adjustment for superior effective age/condition reflects this properties newer construction (built 2003), which underwent renovations for the new tenant in 2017, which has sustained less physical depreciation. Properties with more onsite parking which are included in the rent (not additional rent) tend to command higher rents; thus, the downward adjustment for more onsite parking at a higher ratio. After adjustments, an adjusted rental rate of $11.03 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

Rent Comparable Three

This comparable represents One South Church, a 241,355-rentable square foot, multi-tenant, high-rise, Class A office building located at 1 South Church Avenue in downtown Tucson, AZ. The 23-story tower is situated on a 0.93-acre site and includes a parking garage with onsite parking at a ratio of 2.04/1,000 SF (493 spaces which will be shared with Urban Flats development). The improvements were completed in 1986, and were considered to be in good condition at the time of our research. Caterpillar Global Mining leased 26,093-square feet between the 1st and 2nd floors at a starting rent of $27.13 per square foot, per annum, full service. The rent escalates 3% annually and the tenant received 5 months of free rent in exchange for TI's. The spread to a triple net (NNN) lease is approximately $11.00 per square foot; thus, the NNN equivalent rent is $16.13 per square foot.

Downward adjustments are made for superior visibility/access, smaller space size, superior effective age/condition, superior interior finishes/appeal, and onsite parking. This property is highly visible from four signalized intersections with superior vehicular access; thus, the downward adjustment for superior visibility/access. Economies of scale dictate that tenants pay more on a price per square foot for smaller space; this, due to more potential tenants competing for smaller spaces. This building represents more recent construction (built 1986) which was extensively renovated in 2008 and 2016, which has sustained less physical depreciation; thus, the downward adjustment for superior effective age/condition. This property offers upgraded finishes commensurate with a Class A office building. Further, the space leased by Caterpillar had been extensively built-out by the sublessor (TEP), with more partitioned space and higher quality TI's; thus, the downward adjustment for superior interior finishes/appeal. This property also offers onsite parking, with some parking included in the rental rate (not additional rent); thus, the downward adjustment for superior onsite parking/availability. After adjustments, an adjusted rental rate of $11.29 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

Rent Comparable Four

This comparable represents a multi-tenant, Class B, office building located at 44 East Broadway Boulevard in downtown Tucson, AZ. The four-story building totals about 32,000-rentable square feet of space, of which the ground floor space is for retail use while the 2nd and 3rd floors are office space, with residential on the 4th floor. The property also includes tuck under covered parking and open surface parking consisting of about 50 total space (ratio at 1.56 spaces/1,000 SF). The improvements were built in 1979, fully renovated in 2017, and were considered to be in good condition at the time of our research. Most recently, Community Partners leased the entire 2nd and 3rd floors consisting of 14,985 square feet for an initial term of 5 years. The lease commenced in January 2018 with a starting base rent of $22.95 per square foot, per annum, modified gross. The spread to a triple net (NNN) lease is about $8.00 per square foot. Thus, the NNN equivalent rent is $14.95 per square foot. The space was delivered largely completed, with the tenant getting a TI allowance of $5.00 per square foot. The lease includes 3% annual increases.

Downward adjustments are made for superior visibility/access, smaller space size, superior effective age/condition, and onsite parking. This property is visible and accessible to vehicles from both Broadway Boulevard and Jackson Street; thus, the downward adjustment for superior visibility/access. Economies of scale dictate that tenants pay more on a price per square foot for smaller space; this, due to more potential tenants competing for smaller spaces. This building represents more recent construction (built 1979) which was extensively renovated in 2017, which has sustained less physical depreciation; thus, the downward adjustment for superior effective age/condition. This property also offers onsite parking, with the parking included in the rental rate (not additional rent); thus, the downward adjustment for superior onsite parking/availability which is partially offset by the subject's access to more parking at a higher ratio. After adjustments, an adjusted rental rate of $11.59 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

Rent Comparable Five

This represents an 11-story, multi-tenant, Class C, office building in downtown Tucson, AZ. The building is approximately 87% leased and has an asking rent of $18.50 per square foot, per annum, full service. Tenant improvements and rental concessions are dependent on the tenant and the lease term, with typical quoted terms of 3 to 5 years. There is no onsite parking available and the load factor is approximately 18%. Sinfonia RX, Inc. leased 13,530 square feet of space for an initial term of 101 months (8.42 years) at a starting rent of $17.50 per square foot, per annum, full service. The lease includes annual escalations of $0.25 per square foot and the tenant received a TI allowance of $30 per square foot. The spread to a triple net (NNN) lease is about $10.00 per square foot; thus, the NNN equivalent rent is $7.50 per square foot.

A downward adjustment is indicated for smaller space size. Economies of scale dictate that tenants pay more on a price per square foot for smaller space; this, due to more potential tenants competing for smaller spaces. Upward adjustments are made for inferior effective age/condition, inferior interior finishes/appeal, and no parking. This is an older building (originally built in 1929 and converted to office in 1976), which has sustained more physical depreciation with no major recent renovations; thus, the upward adjustment for inferior effective age/condition. This property has inferior quality interior finishes with smaller corridors, less open space and lower ceiling heights (7 feet). There is no onsite parking, which is provided for by offsite garages within walking distance for additional monthly rents. Again, the subject is being allocated approximately 200 parking spaces in the adjacent garage; thus, the upward adjustment for inferior parking ratio/availability. After adjustments, an adjusted rental rate of $10.13 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

Rent Comparable Six

This comparable represents the Transamerica Building, a multi-tenant, Class C office building located in Downtown Tucson, AZ at 177 North Church Avenue. This is an 11-story, 126,221-rentable square foot building that sits on a 0.60-acre site. A total of 65 garage spaces are available onsite at a ratio of 0.51 spaces per 1,000 square feet of building area. The improvements were constructed in 1961, and were considered to be in average condition at the time of our research. The load factor is about 15%. Forensic Logic, LLC leased 12,036 square feet of space for an initial term of 84 months (7 years) at a starting rent of $18.00 per square foot, per annum, full service. The lease includes 4% annual escalations and the tenant received a TI allowance of $35 per square foot. The spread to a triple net (NNN) lease is about $10.00 per square foot; thus, the NNN equivalent rent is $8.00 per square foot.

A downward adjustment is indicated for smaller space size. Economies of scale dictate that tenants pay more on a price per square foot for smaller space; this, due to more potential tenants competing for smaller spaces. Upward adjustments are made for inferior effective age/condition, inferior interior finishes/appeal, and less parking. This is an older building (originally built in 1961), which has sustained more physical depreciation with no major recent renovations; thus, the upward adjustment for inferior effective age/condition. This property has inferior quality interior finishes with smaller corridors and less open space. There is onsite parking at a lower ratio (0.51 : 1,000 SF), which is in additional to the base rent; thus, we made an upward adjustment for the lower parking ratio as compared to the subject. After adjustments, an adjusted rental rate of $10.00 per square foot, per annum, triple net is indicated for the subject's 2nd and 3rd floors. Lower rents would be applicable to the subject's 1st floor and lower level.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable rental.

OFFICE RENT ADJUSTMENT GRID

Comparable Number	1	2	3	4	5	6	Subject
Building Information							
Year Built	1975 / 2015	2003	1986 / 2008	1979 / 2017	1929 / 2000	1961	1975 / 2016
Occupancy	65%	89%	68%	100%	87%	94%	---
NRA (SF)	270,763	73,172	240,811	32,000	101,937	126,221	40,158
Parking Ratio	4.62 : 1,000	3.14 : 1,000	2.04 : 1,000	1.56 : 1,000	0.00 : 1,000	0.51 : 1,000	4.98 : 1,000
Lease Specific Information							
Tenant Name	Bayview Loan Servicing	Ascensus	Caterpillar Global Mining	Community Partners	Sinfonia RX, Inc.	Forensic Logic, LLC	---
Leased Area (SF)	39,627	27,423	26,093	14,985	13,530	12,036	40,158
Lease Date	May-17	Jul-17	Aug-17	Jan-18	Jan-18	Mar-18	---
Lease Term (Yrs)	5.3	10.0	1.8	5.0	8.4	7.0	---
Base Rent	$14.00	$10.50	$16.13	$14.95	$7.50	$8.00	---
TI Allowance	$25.00	$70.00	$0.00	$5.00	$30.00	35	---
Lease Basis	NNN	NNN	NNN	NNN	NNN	NNN	NNN
Escalations	3%/Yr.	Flat	3%/Yr.	3%/Yr.	$0.25/SF/Yr.	4%/Yr.	---
Adj. Rent Per SF	$14.00	$10.50	$16.13	$14.95	$7.50	$8.00	
Conditions of Lease	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	0%	
Subtotal	$14.00	$10.50	$16.13	$14.95	$7.50	$8.00	
Location/Visibility/Access	-5%	20%	-5%	-5%	0%	0%	
Size	0%	-5%	-5%	-10%	-10%	-10%	
Effective Age/Condition	0%	-10%	-5%	-5%	20%	20%	
Interior Finish/Appeal	-5%	0%	-10%	0%	15%	10%	
Parking Ratio/Availability	-10%	-5%	-5%	-2.5%	10%	5%	
Building Amenities	-5%	5%	0%	0%	0%	0%	
Total Other Adjustments	-25%	5%	-30%	-23%	35%	25%	
Indicated Rent Per SF	**$10.50**	**$11.03**	**$11.29**	**$11.59**	**$10.13**	**$10.00**	

Source: CBRE

After adjustments, the six rental comparables indicate a rent range of $10.00 to $11.59 per square foot, per annum, triple-net (NNN), with a mean of $10.75 and a median of $10.76 for the subject's 2nd and 3rd floor office spaces. The appraisers put equal weight in all six rental indications. Based on comparison with other similar leases for office spaces, the appraisers estimate the subject's 2nd and 3rd floor office spaces would lease at market rent of $11.00 per square foot, per annum, NNN.

Notably, the subject's lower level and 1st floor office spaces are considered to be less desirable than the 2nd and 3rd floor office spaces. This is largely due to the lack of windows and natural light, as well as the increased road and pedestrian noise associated with fronting along prominent streets like Congress Street. Congress Street is the premier retail corridor in downtown Tucson with heavy vehicular and pedestrian traffic. Tenant and user demand for first floor space along Congress Street are primarily for retail, which welcome the heavy traffic and building visibility. Office users tend to lease first floor space and lower levels/basements at discounted rents. The appraisers queried several market participants including property owners, property managers and leasing brokers as to the appropriate discounts applicable to subject's lower level/basement and 1st floor office spaces. Based on our research, analysis and discussions with market participants a discount of 15% to 25% is reasonable for the subject's 1st floor space, while a larger discount of 40% to 50% is reasonable for the lower level space.

Applying a discount of 20% to the previously estimated market rent of $11.00 per square foot, per annum, NNN for the 2nd and 3rd floors, indicates a market rent estimate of $8.80 per square foot for the first floor, which we rounded to $9.00 per square foot.

Applying a discount of 20% to the previously estimated market rent of $11.00 per square foot, per annum, NNN for the 2nd and 3rd floors, indicates a market rent estimate of $6.05 per square foot for the lower level, which we rounded to $6.00 per square foot. A breakdown of the estimated market rents per floor level is provided in the following chart.

MARKET RENT BREAKDOWN BY FLOOR

	NRA (SF)	Rent ($/SF/Yr.)	Annual Rent
Lower Level	10,424	$6.00	$62,544
First Floor	9,815	$9.00	$88,335
Second Floor	9,868	$11.00	$108,548
Third Floor	10,051	$11.00	$110,561
Total	40,158	Blended Annual Rent	$369,988
		Blended Rent/SF/Yr.	$9.21

Compiled by CBRE

Based on comparison with other similar leases for office spaces, the appraisers estimate the subject's blended market rent at $9.25 per square foot, per annum, triple-net (NNN). Our estimate of the blended market rent for the real estate is appropriate given the fact that any tenant would also have to pay additional rent for the approximately 200 parking spaces dedicated for exclusive use of the subject's office building. We estimate that a market rent per parking space, per month would be about $75 per month, or approximately $15,000 monthly, and $180,000 annually. A survey of similar below and above grade parking structures in the downtown submarket, which rent spaces to monthly tenants, indicated market rents of $65 to $85 per month, per space. The higher monthly rents tend to occur in newer, well-lit, above grade structures with street level retail users, while the lower monthly rents tend to occur in older, below grade structures. Thus, a mid-point rent of $75 per space, per month is reasonable. In terms of the impact on a market rental rate, the parking by itself would be about $4.48 per square foot, per annum ($75 per month/space x 200 spaces = $15,000 x 12 months = $180,000 ÷ 40,158 SF = $4.48 per square foot). Thus, an "all in" rental rate for the subject's office building and the approximately 200 parking spaces in the adjacent LSG garage is about $13.73 per square foot, per annum, NNN (blended market rent for office building $9.25 per square foot + 200 parking spaces rent $4.48 = $13.73 per square foot). The subject's "all-in" rental estimate of $13.73 per square foot is within the range of the rental comparables analyzed in the prior section.

MARKET RENT CONCLUSIONS – REAL ESTATE

The following chart shows the market rent conclusion for the subject's real estate:

MARKET RENT CONCLUSIONS

Category	Office
NRA (SF)	40,158
Percent of Total SF	100.0%
Blended Market Rent ($/SF/Yr.)	$9.25
Concessions	None
Reimbursements	NNN
Annual Escalation	3.0%
Average Lease Term	5 Years
Compiled by CBRE	

MARKET RENT ESTIMATE – FF&E

At the request of the client, the appraisers estimated the depreciated value of the subject's in-place FF&E. Furthermore, the client requested a separate market rent estimate be made for the subject's FF&E. This is not customarily done in the market place but, we completed it at the request of the client. The subject's FF&E was previously estimated to have a depreciated value of $616,263, which we rounded to $620,000. Again, the appraisers relied upon interviews with market participants (Buzz Isaacson – Buzz Isaacson Realty, Jeff Casper and Dave Volk – CBRE, Tom Nieman – Picor, Zach Fenton – Fenton Investment Company, and George Larsen – Larsen Baker). We also relied on data derived from other appraisal assignments in order to estimate an appropriate rate of return (RoR) for the subject's FF&E. The rate of return is a means of deriving a rental estimate which is applied to the depreciated value of the FF&E, much like an overall capitalization rate applied to the net operating income to derive property value.

According to the market participants interviewed, it is not customary to apply a rate of return to just the FF&E in order to derive a rental rate. Rates of return are typically applied to all costs involved in either ground-up construction or a tenant improvement project. Thus, the impact on the RofR is difficult to predict. Market participants reported that rates of return typically range from 6.0% to 8.0% depending on the scale and overall costs of the project, the credit worthiness of the tenant and their ability to pay the rent, and other associated lease terms. A review of several ground-up office construction projects indicated similar rates of return on costs of 6.50% to 7.50%. Based on this information, we applied a rate of return 7.0%. Applying the 7.0% rate of return to the subject's depreciated FF&E of value $620,000 indicates an annual rental rate of $43,400, or $1.08 per square foot, per annum ($620,000 x 0.07 = $43,400). Notably, the appraisers believe the most likely buyer for the subject is an owner-user, which are typically not interested in the income earning potential of a property, or the tenant improvements and FF&E. Thus, this analysis carries nominal weight in our final value conclusions but, was completed at the request of the client.

POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income, for just the real estate, is based on the forward looking market rental rate over the next twelve months.

POTENTIAL RENTAL INCOME

Year	Total	$/SF
CBRE Estimate	**$371,462**	**$9.25**
Compiled by CBRE		

OPERATING HISTORY

The following table presents available historical operating expenses for the subject, as provided by the client.

OPERATING HISTORY

Year-Occupancy	FY 2015	N/A	FY 2016	N/A	FY 2017	100.0%	FY 2018	100.0%	CBRE Estimate	96.0%
	Total	$/SF	Total	$/SF	Total	$/SF	Total	$/SF	Total [2]	$/SF
Expenses										
Real Estate Taxes	$77,994	$1.94	$76,649	$1.91	$75,607	$1.88	$79,968	$1.99	$82,367	$2.05
Property Insurance	-	-	-	-	-	-	-	-	10,040	0.25
Common Area Maintenance	209,136	5.21	238,172	5.93	256,136	6.38	125,105	3.12	230,909	5.75
Management Fee	-	-	-	-	-	-	-	-	13,601	0.34
Non-reimbursable LL	852	0.02	925	0.02	1,360	0.03	2,368	0.06	6,024	0.15
Operating Expenses	$287,982	$7.17	$315,746	$7.86	$333,103	$8.29	$207,441	$5.17	$342,940	$8.54

Source: Operating statements

VACANCY AND CREDIT LOSS

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. Based on the foregoing analysis, CBRE's conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market:

VACANCY AND CREDIT LOSS		
Year	Total	% PGI
CBRE Estimate	**$14,858**	**4%**
Compiled by CBRE		

EXPENSE REIMBURSEMENTS

Being a single-tenant building, the property would most likely be leased on a triple net (NNN) basis. In a triple-net lease, the tenant either pays directly for or reimburse the landlord for its pro-rata share of all operating expenses. Those expenses considered to be eligible for reimbursement are as follows:

EXPENSES ELIGIBLE FOR REIMBURSEMENT
Real Estate Taxes
Property Insurance
Common Area Maintenance
Management Fee
Compiled by: CBRE

The subject's forecasted expense reimbursements are detailed as follows:

EXPENSE REIMBURSEMENTS		
Year	Total	$/SF
CBRE Estimate	**$323,440**	**$8.05**
Compiled by CBRE		

EFFECTIVE GROSS INCOME

The subject's forecasted effective gross income is detailed as follows:

EFFECTIVE GROSS INCOME		
Year	Total	$/SF
CBRE Estimate	**$680,043**	**$16.93**
Compiled by CBRE		

OPERATING EXPENSE ANALYSIS

Expense Comparables

The following chart summarizes expenses obtained from three comparable office properties in the metro Tucson area.

EXPENSE COMPARABLES				
Comparable Number	1	2	3	Subject
Location	Tucson, AZ	Tucson, AZ	Tucson, AZ	Tucson, AZ
NRA (SF)	60,405	22,276	24,622	40,158
Expense Year	2016	2017	2017	Pro Forma
	$/SF	$/SF	$/SF	$/SF
Expenses				
Real Estate Taxes	$1.43	$2.66	$2.71	$2.05
Property Insurance	0.24	0.33	0.28	0.25
Common Area Maintenance	4.42	4.25	3.96	5.75
Management Fee	0.17	0.82	0.52	0.34
Non-reimbursable LL Expense/Reserves	0.15	0.19	0.15	0.15
Operating Expenses	$6.41	$8.25	$7.62	$8.54
Compiled by CBRE				

A discussion of each expense category is presented on the following pages.

Real Estate Taxes

The comparable data and projection for the subject are summarized as follows:

REAL ESTATE TAXES		
Year	Total	$/SF
FY 2015	$77,994	$1.94
FY 2016	$76,649	$1.91
FY 2017	$75,607	$1.88
FY 2018	$79,968	$1.99
Expense Comparable 1	N/A	$1.43
Expense Comparable 2	N/A	$2.66
Expense Comparable 3	N/A	$2.71
CBRE Estimate	**$82,367**	**$2.05**
Compiled by CBRE		

Our estimate is based on the current property assessment and tax rate, is consistent with other properties operating in the area. Taxes are generally expected to increase at or near the rate of inflation. For purposes of analysis, the appraisers inflated the subject's 2018 taxes of $79,968 by 3%; this, in order to estimate the subject's 2019 forecasted property taxes. Thus, the subject's 2019 forecasted property taxes are $82,367, or $2.05 per square foot of building area. This is consistent with office comparables which ranged from $1.43 to $2.71 per square foot.

Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. Pima County self-insures the building; thus, there is no historical insurance data available. To make our forecast, we relied on the three expense comparables and information provided by market participants:

PROPERTY INSURANCE		
Year	Total	$/SF
Expense Comparable 1	N/A	$0.24
Expense Comparable 2	N/A	$0.33
Expense Comparable 3	N/A	$0.28
CBRE Estimate	**$10,040**	**$0.25**
Compiled by CBRE		

For purposes of analysis, we have relied on the comparable properties surveyed which tightly ranged from $0.24 to $0.33 per square foot, with an average of $0.28. Thus, our estimate is well supported and reasonable.

Common Area Maintenance (CAM)

Common area maintenance (CAM) expenses typically include utilities, trash removal, janitorial services and supplies, building and site improvement repairs and maintenance (including service contracts for HVAC, elevator, mechanical), pest control, landscaping and grounds maintenance, security, etc. The CAM expense tends to be highly property specific and can vary greatly from property to property. Thus, we put most weight in the subject's historical data in making our forecast, with secondary support being provided by the expense comparables. The comparable data and projection for the subject are summarized as follows:

COMMON AREA MAINTENANCE		
Year	Total	$/SF
FY 2015	$209,136	$5.21
FY 2016	$238,172	$5.93
FY 2017	$256,136	$6.38
FY 2018	$125,105	$3.12
Expense Comparable 1	N/A	$4.42
Expense Comparable 2	N/A	$4.25
Expense Comparable 3	N/A	$3.96
CBRE Estimate	**$230,909**	**$5.75**
Compiled by CBRE		

Based on the subject's historical information, as well as consideration of comparable data and our experience in the local market, we estimate the subject's common area maintenance (CAM) expense at $5.75 per square foot.

Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). Professional management fees in the local market range from 1.0% to 3.0%.

MANAGEMENT FEE		
Year	Total	% EGI
CBRE Estimate	**$13,601**	**2.0%**
Compiled by CBRE		

Given the subject's size, the triple-net lease, and the competitiveness of the local market area, we believe an appropriate management expense for the subject would be towards the middle of the reported range.

Non-Reimbursable Landlord/Reserves Expense

The landlord can expect to incur additional expenses not typically reimbursed by the tenant. These expenses include general and administrative expenses including legal, accounting and professional fees, and reserves for replacements. The subject's non-reimbursable costs over the past few years have been highly inconsistent. The three expense comparables included non-reimbursable landlord expenses ranging from $0.15 to $0.19 per square foot, per annum. The subject's historical data and projection are summarized as follows:

NON-REIMBURSABLE LL EXPENSE/RESERVES		
Year	Total	$/SF
FY 2015	$852	$0.02
FY 2016	$925	$0.02
FY 2017	$1,360	$0.03
FY 2018	$2,368	$0.06
Expense Comparable 1	N/A	$0.15
Expense Comparable 2	N/A	$0.19
Expense Comparable 3	N/A	$0.15
CBRE Estimate	**$6,024**	**$0.15**
Compiled by CBRE		

OPERATING EXPENSE CONCLUSION

The comparable data and projection for the subject are summarized as follows:

OPERATING EXPENSES		
Year	Total	$/SF
FY 2015	$287,982	$7.17
FY 2016	$315,746	$7.86
FY 2017	$333,103	$8.29
FY 2018	$207,441	$5.17
Expense Comparable 1	N/A	$6.41
Expense Comparable 2	N/A	$8.25
Expense Comparable 3	N/A	$7.62
CBRE Estimate	**$342,940**	**$8.54**
Compiled by CBRE		

The subject's per square foot operating expense pro forma is consistent with the historical figures reviewed, albeit higher than the comparables.

NET OPERATING INCOME CONCLUSION

The projection for the subject is summarized as follows:

NET OPERATING INCOME		
Year	Total	$/SF
CBRE Estimate	**$337,103**	**$8.39**
Compiled by CBRE		

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

Secondary Comparable Sales

All six comparables analyzed in the Sales Comparison Approach section were purchased by owner-users with no capitalization rates involved. Thus, the appraisers performed a second search of office investment transactions which involved overall capitalization rates (OAR's). The secondary comparable sales overall capitalization rates (OARs) confirmed are summarized as follows:

COMPARABLE CAPITALIZATION RATES									
Secondary Sale	Location	Tenancy	Sale Date	NRA (SF)	Sale Price	Sale Price $/SF	Occ.	OAR Basis	Adjusted OAR
7	Tucson, AZ	Single	Sep-16	45,675	$6,080,000	$133.11	100%	Trailing Actuals	7.16%
8	Marana, AZ	Single	Sep-16	50,509	$11,035,000	$218.48	100%	Trailing Actuals	6.85%
9	Tucson, AZ	Multiple	Sep-17	50,000	$10,250,000	$205.00	100%	Pro Forma	7.16%
10	Tempe, AZ	Single	Jan-18	31,829	$5,010,000	$157.40	100%	Trailing Actuals	6.18%
11	Gilbert, AZ	Multiple	Feb-18	39,053	$5,325,000	$136.35	90%	Pro Forma	6.97%
12	Mesa, AZ	Multiple	May-18	59,843	$5,600,000	$93.58	82%	Trailing Actuals	7.50%
13	Tempe, AZ	Multiple	Sep-18	23,195	$2,620,000	$112.96	100%	Pro Forma	7.00%
14	Phoenix, AZ	Single	Nov-18	43,013	$6,750,000	$156.93	100%	Trailing Actuals	7.11%
15	Phoenix, AZ	Multiple	Nov-18	41,383	$4,150,000	$100.28	96%	Trailing Actuals	6.89%
16	Tucson, AZ	Single	Dec-18	57,600	$12,450,000	$216.15	100%	Pro Forma	7.21%
Indicated OAR:							96%		**6.18%-7.50%**
Compiled by: CBRE									

In order to stay consistent with our analysis of the ten office comparable sales used to extract overall capitalization rates, the appraisers deducted a 4.0% vacancy and credit loss factor and non-reimbursable expense of $0.15 per square foot, per annum from the sales above, if it had not already been included.

The recent sales of office buildings throughout the Tucson and Phoenix MSA's indicated overall capitalization rates ranging from 6.18% to 7.50%, with an average of 6.86%. The overall capitalization rates for these ten sales were derived based upon the actual or pro forma income characteristics of the property. The low end of the cap rate data range represents a new long-term lease to a national credit worthy tenant for a newer building in a superior market. The high end of the cap rate data range represents a single-tenant building leased to a lesser credit tenant with some near term rollover risk.

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES				
Investment Type	OAR Range			Average
CBRE - U.S. Net-Lease Market Trends Report - April 2018				
Office	N/A	-	N/A	6.70%
The Boulder Group - Net Lease Market Report - 4Q 2018				
Office	N/A	-	N/A	7.02%
RealtyRates.com				
Office	4.85%	-	13.17%	9.62%
CBD Office	5.90%	-	13.17%	9.89%
PwC Net Lease				
National Data	5.00%	-	8.50%	6.71%
PwC CBD Office				
National Data	3.00%	-	7.50%	5.44%
Indicated OAR:				**7.00%-8.00%**
Compiled by: CBRE				

The subject is considered to be a Class BN asset by local market participants. Due to the subject's location, building age an OAR between 7.00% and 8.00% is indicated from national survey data and considered appropriate.

Market Participants

The results of recent interviews with knowledgeable real estate professionals are summarized in the following table.

OVERALL CAPITALIZATION RATES				
Respondent	Company	OAR	Income	Date of Survey
Investment Broker	CBRE	7.00%-8.00%	Existing	4Q18
Investment Broker	Marcus & Millichap	7.25%-7.75%	Existing	4Q18
Investment Broker	Cushman & Wakefield	7.25%-8.00%	Existing	4Q18
Indicated OAR:				**7.00%-8.00%**
Compiled by: CBRE				

Those interviewed suggested a fairly tight range of indicators, ranging from 7.00% to 8.00%. Overall, those parties interviewed indicated that an OAR at the middle of those rates observed in similar single-tenant net leased building sales is appropriate for the subject property; this, given that the subject would likely be leased on a shorter initial lease term of 5 years. Thus, the selection of an overall capitalization rate at the middle of the indicated range is appropriate for the subject.

Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

BAND OF INVESTMENT					
Mortgage Interest Rate	5.50%				
Mortgage Term (Amortization Period)	25 Years				
Mortgage Ratio (Loan-to-Value)	75%				
Mortgage Constant (monthly payments)	0.07369				
Equity Dividend Rate (EDR)	8.00%				
Mortgage Requirement	75%	x	0.07369	=	0.05527
Equity Requirement	25%	x	0.08000	=	0.02000
	100%				0.07527
Indicated OAR:					**7.50%**
Compiled by: CBRE					

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Sercondary Comparable Sales	6.18%-7.50%
Published Surveys	7.00%-8.00%
Market Participants	7.00%-8.00%
Band of Investment	7.50%
CBRE Estimate	**7.50%**
Compiled by: CBRE	

In concluding an overall capitalization rate for the subject, primary reliance has been placed upon the data obtained from the comparable sales and interviews with active market participants. This data tends to provide the most accurate depiction of both buyers' and sellers' expectations within the market and the ranges indicated are relatively consistent. Further secondary support for our conclusion is noted via national investor surveys and the band of investment methodology. Overall, an OAR in the middle portion of the range is considered appropriate.

Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY			
Income		$/SF/Yr	Total
Potential Rental Income		$9.25	$371,462
Vacancy Loss	4.00%	(0.37)	(14,858)
Net Rental Income		$8.88	$356,603
Expense Reimbursements		$8.05	$323,440
Effective Gross Income		$16.93	$680,043
Expenses			
Real Estate Taxes		$2.05	$82,367
Property Insurance		0.25	10,040
Common Area Maintenance		5.75	230,909
Management Fee	2.00%	0.34	13,601
Non-reimbursable LL Expense/Reserves		0.15	6,024
Operating Expenses		**$8.54**	**$342,940**
Operating Expense Ratio			50.43%
Net Operating Income		**$8.39**	**$337,103**
OAR		÷	**7.50%**
Indicated Stabilized/As Is Value - Real Estate			**$4,494,702**
Rounded			**$4,500,000**
Value Per SF			**$112.06**

Compiled by CBRE

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS	
Sales Comparison Approach	$4,600,000
Income Capitalization Approach	$4,500,000
Reconciled Hypothetical Value - Real Estate	$4,600,000
Compiled by CBRE	

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on similar properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication and has been given primary emphasis in the final value reconciliation as the most likely buyer is an owner-occupant.

The income capitalization approach is applicable to the subject since it has formerly been used as an income producing property which had been leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator but, has been given secondary emphasis in the final value estimate.

Based on the foregoing, the hypothetical market values for the subject have been concluded as follows:

MARKET VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical As Is - Real Estate	Fee Simple Estate	December 21, 2018	$4,600,000
Hypothetical As Is - FF&E	Fee Simple Estate	December 21, 2018	$620,000
Hypothetical Market Rent - Real Estate	Fee Simple Estate	December 21, 2018	$371,462
Hypothetical Market Rent - FF&E	Fee Simple Estate	December 21, 2018	$43,400

Compiled by CBRE

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:

   (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.

   (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.

   (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

   (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.

   (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.

   (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.

   (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.

   (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.

   (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

   (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

IMPROVED SALE DATA SHEETS

Sale — Office - Single Tenant — No. 1

Property Name	Consulate of Mexico
Address	3915 E. Broadway Boulevard Tucson, AZ 85711
County	Pima
Govt./Tax ID	126-07-0730, -0740, -0745 & -0760
Net Rentable Area (NRA)	28,534 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 4.03:1,000 sf
Year Built/Renovated	1972/ N/A
Floor Count	4
Occupancy Type	Owner/User
Land Area Net	1.444 ac/ 62,880 sf
Actual FAR	0.45
Zoning	C-1, Commercial Zone (City of Tucson)
Construction Class/ Type	C/ Average
External Finish	Glass
Amenities	N/A

Transaction Details

Type	Sale	Primary Verification	Buyer, Seller, Public Records
Interest Transferred	Fee Simple	Transaction Date	01/14/2015
Condition of Sale	None	Recording Date	01/14/2015
Recorded Buyer	United Mexican States Consulate	Sale Price	$3,900,000
Buyer Type	End User	Financing	Cash to Seller
Recorded Seller	DEB 3915 LLC and Ponca Investors LLC	Cash Equivalent	$3,900,000
Marketing Time	0 Month(s)	Capital Adjustment	$0
Listing Broker	None	Adjusted Price	$3,900,000
Doc #	2015-0140324	**Adjusted Price / sf**	**$136.68**
Buyer's Primary Analysis	Owner/Occupier		
Occupancy at Sale	100%		

Comments

This comparable represents the sale of a 28,534-square foot, Class B office building located at 3915 East Broadway Boulevard in central Tucson, AZ. The property exhibits good visibility along the north side of Broadway Boulevard, and is situated just east of Alvernon Way. The four-story improvements were constructed in 1972, and are situated on a 1.44-acre site. Overall, the property was considered to be in good condition at the time of sale. The Consulate of Mexico purchased the property in January 2015 for $3,900,000, or $136.68 per square foot, for full owner-occupancy. Prior to the sale, the property was partially owner-occupied by the seller, with three existing tenants; however, each of the tenants vacated upon close of escrow. The property sold "off-market" with the buyer approaching the seller directly. The parties represented themselves in the transaction, with no brokers involved and no sale commissions being paid.

Sale	Office - Single Tenant	No. 2

Property Name	Owner-User Office Building
Address	2919 E. Broadway Boulevard Tucson, AZ 85716
County	Pima
Govt./Tax ID	125-01-1170, 125-01-1260, 125-01-1270, 125-01-1280
Net Rentable Area (NRA)	24,340 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 3.12:1,000 sf
Year Built/Renovated	1984/ N/A
Floor Count	3
Occupancy Type	Multi-tenant
Land Area Net	1.083 ac/ 47,152 sf
Actual FAR	0.58
Zoning	C-1/R-2 (City of Tucson)
Construction Class/ Type	C/ Average
External Finish	Stucco
Amenities	N/A

Transaction Details

Type	Sale	Primary Verification	Buyer, public records
Interest Transferred	Fee Simple	Transaction Date	11/28/2016
Condition of Sale	Partial owner-user	Recording Date	04/28/2017
Recorded Buyer	Beard2919, LLC	Sale Price	$2,400,000
Buyer Type	End User	Financing	Market Rate Financing
Recorded Seller	El Encanto Partners, LLC	Cash Equivalent	$2,400,000
Marketing Time	0 Month(s)	Capital Adjustment	$0
Listing Broker	N/A	Adjusted Price	$2,400,000
Doc #	2017-1181182	**Adjusted Price / sf**	**$98.60**
Buyer's Primary Analysis	Owner/Occupier		
Occupancy at Sale	100%		

Comments

This comparable represents the sale of three-story, multi-tenant office property composed of 24,340-rentable square feet, located at 2919 East Broadway Boulevard, just west of Country Club Road, in central Tucson, AZ. Situated on a 1.08-acre site, the improvements were constructed in 1984, and were considered to be in average overall condition at the time of sale. The property sold in April 2017 for $2,400,000, or $98.60 per square foot. Prior to sale, the property was 100% occupied by the seller and eight local/regional tenants, including the buyer (CEDR), which occupied a total of 9,567 square feet. Based on our discussions with the buyer, CEDR, plans to expand into an additional 6,480 square feet by December 2017, for a total footprint of 16,047 square feet, or 66% of the building's rentable area. The buyer intends to lease the remaining space during the near-term, but could eventually expand into 100% of the building. All of the existing tenants have leases with short remaining term lengths.

Sale — Office - Single Tenant — No. 3

Property Name	Midtown Office Building
Address	212 E. Osborn Road Phoenix, AZ 85012
County	Maricopa
Govt./Tax ID	A portion of 118-33-137D
Net Rentable Area (NRA)	21,750 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 4.18:1,000 sf
Year Built/Renovated	1968/ 2014
Floor Count	2
Occupancy Type	Owner/User
Land Area Net	1.037 ac/ 45,165 sf
Actual FAR	0.48
Zoning	C-2
Construction Class/ Type	C/ Average
External Finish	Stucco
Amenities	N/A

Transaction Details

Type	Sale	Primary Verification	Broker, CoStar, Public records
Interest Transferred	Fee Simple	Transaction Date	03/21/2017
Condition of Sale	Average	Recording Date	03/21/2017
Recorded Buyer	Recovery Empowerment Network of Maricopa County, Inc.	Sale Price	$2,700,000
Buyer Type	End User	Financing	Cash to Seller
Recorded Seller	Phoenix Midtown Center, LLC	Cash Equivalent	$2,700,000
Marketing Time	0 Month(s)	Capital Adjustment	$0
Listing Broker	None	Adjusted Price	$2,700,000
Doc #	2017-0198684	**Adjusted Price / sf**	**$124.14**

Buyer's Primary Analysis	Owner/Occupier
Occupancy at Sale	100%

Comments

This property represents a two-story office building located at 212 East Osborn Road in central Phoenix, AZ, just west of 3rd Street. The property sold in March 2017 for $2,700,000, or $124.14 per square foot to the existing tenant. According to the buyer's broker, the property was never marketed for sale, rather the buyer approached the seller with an offer that was mutually agreed upon. It was further noted that the purchase price was slightly below market as it came in under the appraised value by about 7%. The improvements were built in 1968 and have been well maintained over the years, with the most recent renovation occurring in 2014.

Sale — Office - Multi Tenant — No. 4

Property Name	5th Avenue Office Building
Address	3411 N. 5th Avenue Phoenix, AZ 85013
County	Maricopa
Govt./Tax ID	118-29-017B
Net Rentable Area (NRA)	38,929 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 3.08:1,000 sf
Year Built/Renovated	1968/ N/A
Floor Count	4
Occupancy Type	Owner/User
Land Area Net	1.038 ac/ 45,215 sf
Actual FAR	0.86
Zoning	R-5
Construction Class/ Type	B/ N/A
External Finish	Masonry
Amenities	N/A

Transaction Details

Type	Sale	Primary Verification	Listing Broker - Cushman & Wakefield
Interest Transferred	Fee Simple	Transaction Date	03/23/2017
Condition of Sale	Arm's-Length	Recording Date	06/23/2017
Recorded Buyer	5th Avenue LLC	Sale Price	$4,200,000
Buyer Type	End User	Financing	Market Rate Financing
Recorded Seller	5th Avenue Professional Office, LLC	Cash Equivalent	$4,200,000
Marketing Time	18 Month(s)	Capital Adjustment	$973,225
Listing Broker	Michael Coover (602)-224-4473	Adjusted Price	$5,173,225
Doc #	2017-0461256	**Adjusted Price / sf**	**$132.89**

Buyer's Primary Analysis	Owner/Occupier
Occupancy at Sale	50%

Comments

The comparable represents a four-story, multi-tenant office building located at 3411 North 5th Avenue in central Phoenix, AZ. The improvements were built in 1968 and reportedly in sold in average overall condition. The broker reported that the property had been listed on the market for nearly 18 months before selling at $4,200,000, or $107.89 per square foot on June 23, 2017. The buyer was from Canada, who had plans to relocate their company headquarters to this location as an owner-user for administrative office use. The broker reported that the buyer would occupy about 50% of the building and continue leasing the remaining space. It was also reported that the buyer renovated their space for approximately $50 per square foot or $973,225 after the close of escrow. Thus, the buyer's total consideration for the property was $5,173,225, or $132.89 per square foot.

Sale — Office - Single Tenant — No. 5

Property Name	Owner-User Office Building
Address	8950 N. Oracle Road Oro Valley, AZ 85704
County	Pima
Govt./Tax ID	225-12-066E
Net Rentable Area (NRA)	41,134 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 4.84:1,000 sf
Year Built/Renovated	2007/ N/A
Floor Count	2
Occupancy Type	Owner/User
Land Area Net	4.436 ac/ 193,214 sf
Actual FAR	0.21
Zoning	C-1, Commercial Zone
Construction Class/ Type	C/ Good
External Finish	Masonry
Amenities	N/A

Transaction Details

Type	Sale	Primary Verification	Listing broker, public records
Interest Transferred	Fee Simple	Transaction Date	12/19/2017
Condition of Sale	None	Recording Date	12/21/2017
Recorded Buyer	220Properties, LLC	Sale Price	$4,500,000
Buyer Type	End User	Financing	Market Rate Financing
Recorded Seller	N-Vista 8950, LLC	Cash Equivalent	$4,500,000
Marketing Time	24 Month(s)	Capital Adjustment	$930,000
Listing Broker	Buzz Isaacson - CBRE	Adjusted Price	$5,430,000
Doc #	2017-3550407	**Adjusted Price / sf**	**$132.01**

Buyer's Primary Analysis	Owner/Occupier
Occupancy at Sale	0%

Comments

This comparable represents the sale of a 41,134-rentable square foot office building located at 8950 North Oracle Road in Oro Valley, AZ (northwest Tucson). The two-story improvements were originally developed as a build-to-suit for Pulte Homes in 2007, which never fully occupied the building and eventually vacated the space. The property includes 199 onsite parking spaces, including 52 covered spaces, equating to a parking ratio of 4.84 spaces per 1,000 square feet of building area. Marketed for sale at $4,936,000, or for lease at $16.00 per square foot, triple-net, the property sold in December 2017 for $4,500,000, or $109.40 per square foot to an end user. According to the listing broker, the property was marketed for approximately two years, with very little interest until this buyer submitted an offer. The buyer, Simpleview, is a software company that intends to fully occupy the building as an owner-user. The listing broker estimated the buyer will spend an additional $20 to $25 per square foot to retrofit the building for their needs. Thus, the buyers total consideration for the property is $5,430,000, or $132.01 per square foot.

Available/Listing — Office - Single Tenant — No. 6

Property Name	Tucson Convention & Visitors Bureau Building	
Address	100 S. Church Avenue Tucson, AZ 85701	
County	Pima	
Govt./Tax ID	117-20-016H	
Net Rentable Area (NRA)	22,471 sf	
Condition	Good	
Number of Buildings	1	
Parking Type/Ratio	Above Grade Structure/ 2.49:1,000 sf	
Year Built/Renovated	1973/ 2017	
Floor Count	3	
Occupancy Type	Owner/User	
Land Area Net	0.244 ac/ 10,614 sf	
Actual FAR	2.23	
Zoning	OCR-2, Office Commercial Residential (City of Tucson)	
Construction Class/ Type	C/ Good	
External Finish	Stucco	
Amenities	N/A	

Transaction Details

Type	Available/Listing	Primary Verification	Broker, CoStar, Listing flyer
Interest Transferred	Fee Simple	Transaction Date	01/10/2019
Condition of Sale	Listing	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	$2,800,000
Buyer Type	End User	Financing	Cash to Seller
Recorded Seller	Metropolitan Tucson Convention & Vistors Bureau	Cash Equivalent	$2,800,000
Marketing Time	12 Month(s)	Capital Adjustment	$0
Listing Broker	Buzz Isaacson, Buzz Isaacson Realty, 520-529-1300	Adjusted Price	$2,800,000
Doc #	Current	**Adjusted Price / sf**	**$124.61**
Buyer's Primary Analysis	Owner/Occupier		
Occupancy at Sale	0%		

Comments

This comparable represents the active listing of a 22,471-rentable square foot, single-tenant office building located at 100 South Church Avenue in downtown Tucson, AZ along the streetcar route. It is physically located at the southwest corner of the signalized intersection of Broadway Boulevard and Church Avenue (highly visible). The three-story improvements were originally developed as a bank and administrative office in 1973. It was most recently renovated in late 2017. The building area does not include the 3,263 square foot basement area, which has been used for storage. The ownership rights include the right to lease up to 56 parking spaces (at $75 per month/space) in the La Placita Garage, across the street, equating to a parking ratio of 2.49 spaces per 1,000 square feet of building area. The property has been marketed for sale at $2,800,000, or $124.61 per square foot for about 12 months. According to the listing broker, the property had some investor interest but, could not make the deal "pencil out" due to CC&R restrictions, the lack of on-site parking and building layout. The listing broker further indicated that they will have the property in escrow to an end user at around $100 per square foot, or about $2.25 million.

Addendum B

RENT COMPARABLE DATA SHEETS

Rental Survey — Office - Multi Tenant — No. 1

Property Name	5151 Broadway
Address	5151 E. Broadway Boulevard Tucson, AZ 85711
County	Pima
Govt./Tax ID	127-01-005D
Net Rentable Area (NRA)	270,763 sf
Condition	Good
Number of Buildings	N/A
Parking Type/Ratio	Above Grade Structure/ 4.62:1,000 sf
Year Built/Renovated	1975/ N/A
Floor Count	17
Occupancy Type	Multi-tenant
Land Area Net	7.800 ac/ 339,933 sf
Actual FAR	0.80
Zoning	OCR-2, Office/Commercial/Residential
Construction Class/ Type	B/ Good
External Finish	Glass
Amenities	24-hour Security, Indoor Athletic Facility, On-Site Management

Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3%/Yr.
Occupancy	65%	Free Rent	N/A
Tenant Size	796 - 13,238 sf	TI Allowance	N/A
Lease Term	36 - 120 Mo(s).	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	N/A
Verification	Tom Hunt, Rein & Grossoehme 520.288.1231 / (520) 288-1231	Annual Base Rent	$22.00 - $25.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Bayview Loan Servicing	Office	39,627	64	New	May 2017	NNN	3%/Yr.	2.00	$25.00	$14.00

Comments

This comparable represents a 17-story, 270,763-square foot, multi-tenant office building located at 5151 East Broadway Boulevard in central Tucson, AZ. The property is located at the northeast corner of Broadway Boulevard and Rosemont Boulevard, west of Craycroft Road, and across from Williams Center, a high-end mixed-use master planned development. The improvements were built in 1975 and have undergone various renovations over the past few decades (most recently in 2015). The property includes a secured parking garage, floor-to-ceiling glass walls with excellent views, and secured storage available. The property is currently about 64.8% occupied, and was considered to be in good overall condition at the time of our research. Asking rates for vacant spaces currently range from $22.00 to $25.00 per square foot, full-service, depending on location. Bayview Loan Servicing signed a new 64-month lease for 39,627 square feet on multiple floors that commenced in May 2017. The starting rent was $24.00 per square foot, per annum, full-service, and escalates 3.0% annually. The tenant received half-rent concession for four months (two months free), as well as a TI allowance of approximately $25.00 per square foot to renovate the space. The spread to a triple net (NNN) lease is approximately $10.00 per square foot; thus, the NNN equivalent rent is $14.00 per square foot, per annum.

Rental Survey — Office - Multi Tenant — No. 2

Property Name	University of Arizona Tech Park - Building 9070
Address	9070 S. Rita Road Tucson, AZ 85747
County	Pima
Govt./Tax ID	141-22-034 (portion)
Building Area	N/A
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Open Asphalt/ 3.14:1,000 sf
Year Built/Renovated	2003/ N/A
Floor Count	3
Occupancy Type	Multi-tenant
Land Area Net	N/A/ N/A
Actual FAR	N/A
Zoning	Research Park (UA Tech Park)
Construction Class/ Type	N/A/ Good
External Finish	Steel
Amenities	N/A

Quoted Terms

Reimbursements	NNN	Rent Changes/Steps	3%/Yr.
Occupancy	89%	Free Rent	N/A
Tenant Size	1,707 - 5,033 sf	TI Allowance	$20.00 per sf
Lease Term	60 - 84 Mo(s).	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	$7.50 per sf
Verification	University of Arizona property management	Annual Base Rent	$15.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Ascensus	Office	27,423	120	New	Jul 2017	NNN	Flat	2.00	$70.00	$10.50

Comments

This comparable represents a three-story, multi-tenant office building composed of 73,608-rentable square feet, located at 9070 South Rita Road in southeast Tucson, AZ. The property is located within the 1,345-acre UA Tech Park, a mixed-use research park improved with approximately two million square feet of manufacturing, office, and research and development space, and roughly 200 acres designated for solar power generation. The improvements were constructed in 2003, and were considered to be in good overall condition at the time of our research. Currently, the property is roughly 89.2% occupied by four tenants and Campus Research Corporation (CRC), an owner-occupant. Most recently, Ascensus signed a 10-year lease for 27,423 square feet with commencement occurring in July 2017. The base rental rate of $10.50 per square foot, triple-net (NNN), remains flat during the initial term. The tenant also has two, 5-year renewal options available at 95% of fair market rent. The tenant received two months free rent and a significant TI allowance of $70.00 per square foot to build-out the space.

Rental Survey — Office - Multi Tenant — No. 3

Property Name	One South Church
Address	1 S. Church Avenue Tucson, AZ 85701
County	Pima
Govt./Tax ID	117-12-098A, 099A & 103C
Net Rentable Area (NRA)	240,811 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Garage/ N/A
Year Built/Renovated	1986/ 2008
Floor Count	23
Occupancy Type	N/A
Land Area Net	1.480 ac/ 64,815 sf
Actual FAR	3.72
Zoning	N/A
Construction Class/ Type	N/A/ N/A
External Finish	Glass
Amenities	N/A

Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	2%-3%/Yr.
Occupancy	68%	Free Rent	N/A
Tenant Size	1,474 - 12,445 sf	TI Allowance	N/A
Lease Term	36 - 120 Mo(s).	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	N/A
Verification	Buzz Isaacson, CBRE / 520-323-5151	Annual Base Rent	$27.50 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Caterpillar Global Mining	Office	26,093	21	New	Aug 2017	NNN	3%/Yr.	5.00	$0.00	$16.13

Comments

This comparable represents One South Church, a 241,355-rentable square foot, multi-tenant, high-rise, Class A office building located at 1 South Church Avenue in downtown Tucson, AZ. The 23-story tower is situated on a 0.93-acre site and includes a parking garage with onsite parking at a ratio of 2.04/1,000 SF (493 spaces which will be shared with Urban Flats development). The improvements were completed in 1986, and were considered to be in good condition at the time of our research. Caterpillar Global Mining leased 26,093-square feet between the 1st and 2nd floors at a starting rent of $27.13 per square foot, per annum, full service. The rent escalates 3% annually and the tenant received 5 months of free rent in exchange for TI's. The spread to a triple net (NNN) lease is approximately $11.00 per square foot; thus, the NNN equivalent rent is $16.13 per square foot.

Rental Survey　Office - Multi Tenant　No. 4

Property Name	44 E Broadway
Address	44 E. Broadway Boulevard Tucson, AZ 85701
County	Pima
Govt./Tax ID	117-13-2190, -2200, -2210, -2220 & -2270
Net Rentable Area (NRA)	32,000 sf
Condition	Good
Number of Buildings	1
Parking Type/Ratio	Open and Covered/ 1.56:1,000 sf
Year Built/Renovated	1979/ 2017
Floor Count	4
Occupancy Type	Multi-tenant
Land Area Net	0.559 ac/ 24,332 sf
Actual FAR	1.32
Zoning	OCR-2
Construction Class/ Type	C/ Good
External Finish	Brick
Amenities	N/A

Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3%/Yr.
Occupancy	100%	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	N/A
Verification	Patricia Schwabe / 520-603-6103	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Community Partners	Office	14,985	60	New	Jan 2018	NNN	3%/Yr.	0.00	$5.00	$14.95

Comments

This comparable represents a multi-tenant, Class B, office building located at 44 East Broadway Boulevard in downtown Tucson, AZ. The four-story building totals about 32,000-rentable square feet of space, of which the ground floor space is for retail use while the 2nd and 3rd floors are office space, with residential on the 4th floor. The property also includes tuck under covered parking and open surface parking consisting of about 50 total space (ratio at 1.56 spaces/1,000 SF). The improvements were built in 1979, fully renovated in 2017, and were considered to be in good condition at the time of our research. Most recently, Community Partners leased the entire 2nd and 3rd floors consisting of 14,985 square feet for an initial term of 5 years. The lease commenced in January 2018 with a starting base rent of $22.95 per square foot, per annum, modified gross. The spread to a triple net (NNN) lease is about $8.00 per square foot. Thus, the NNN equivalent rent is $14.95 per square foot. The space was delivered largely completed, with the tenant getting a TI allowance of $5.00 per square foot. The lease includes 3% annual increases.

Rental Survey	Office - Multi Tenant	No. 5

Property Name	Pioneer Building
Address	100 N. Stone Avenue Tucson, AZ 85701
County	Pima
Govt./Tax ID	117-11-096D & -121C
Net Rentable Area (NRA)	101,937 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	None/ 0.00:1,000 sf
Year Built/Renovated	1929/ 2000
Floor Count	11
Occupancy Type	Multi-tenant
Land Area Net	0.450 ac/ 19,924 sf
Actual FAR	5.12
Zoning	OCR-2
Construction Class/ Type	B/ Average
External Finish	Concrete
Amenities	N/A

Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3%/Yr.
Occupancy	87%	Free Rent	N/A
Tenant Size	661 - 3,462 sf	TI Allowance	N/A
Lease Term	36 - 60 Mo(s).	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	N/A
Verification	Buzz Isaacson, CBRE / 520-323-5151	Annual Base Rent	$18.50 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Sinfonia RX, Inc.	Office	13,530	101	New	Jan 2018	NNN	$0.25 PSF/Yr.	N/A	$30.00	$7.50

Comments

This represents an 11-story, multi-tenant, Class C, office building in downtown Tucson, AZ. The building is approximately 87% leased and has an asking rent of $18.50 per square foot, per annum, full service. Tenant improvements and rental concessions are dependent on the tenant and the lease term, with typical quoted terms of 3 to 5 years. There is no onsite parking available and the load factor is approximately 18%. Sinfonia RX, Inc. leased 13,530 square feet of space for an initial term of 101 months (8.42 years) at a starting rent of $17.50 per square foot, per annum, full service. The lease includes annual escalations of $0.25 per square foot and the tenant received a TI allowance of $30 per square foot. The spread to a triple net (NNN) lease is about $10.00 per square foot; thus, the NNN equivalent rent is $7.50 per square foot.

CBRE

Rental Survey — Office - Multi Tenant — No. 6

Property Name	Transamerica Building
Address	177 N. Church Avenue Tucson, AZ 85701
County	Pima
Govt./Tax ID	117-11-017
Net Rentable Area (NRA)	126,221 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Garage/ 0.51:1,000 sf
Year Built/Renovated	1961/ N/A
Floor Count	11
Occupancy Type	Multi-tenant
Land Area Net	0.600 ac/ 26,136 sf
Actual FAR	4.83
Zoning	OCR-2
Construction Class/ Type	C/ Good
External Finish	Concrete
Amenities	N/A

Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3%/Yr.
Occupancy	94%	Free Rent	N/A
Tenant Size	1,088 - 3,595 sf	TI Allowance	N/A
Lease Term	36 - 60 Mo(s).	Reimbursement Amount	N/A
Survey Date	01/2019	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	$18.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Forensic Logic, LLC	Office	12,036	84	New	Mar 2018	NNN	4%/Yr.	N/A	$35.00	$8.00

Comments

This comparable represents the Transamerica Building, a multi-tenant, Class C office building located in Downtown Tucson, AZ at 177 North Church Avenue. This is an 11-story, 126,221-rentable square foot building that sits on a 0.60-acre site. A total of 65 garage spaces are available onsite at a ratio of 0.51 spaces per 1,000 square feet of building area. The improvements were constructed in 1961, and were considered to be in average condition at the time of our research. The load factor is about 15%. Forensic Logic, LLC leased 12,036 square feet of space for an initial term of 84 months (7 years) at a starting rent of $18.00 per square foot, per annum, full service. The lease includes 4% annual escalations and the tenant received a TI allowance of $35 per square foot. The spread to a triple net (NNN) lease is about $10.00 per square foot; thus, the NNN equivalent rent is $8.00 per square foot.

Addendum C

OPERATING DATA

Report ID:	DA-ER-0002-B
Run Date:	12/26/18
Run Time:	7:42 AM
Last Update:	5/30/17

Departmental Analysis
Bureau Expenditure and Revenue Report
For Fiscal Years 2014, 2015, 2016, 2017, 2018, 2019
Current FY 2019 Period Ending 5

B016 Facilities Management

			2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	FY 2019 YTD Actuals	FY 2019 FY Adopted	FY 2019 Revised Budget	FY 2019 Remain (Revised - YTD)
REVENUE											
Revenue Sources	4400	RENT & ROYALTIE	208,628	218,915	221,211	407,164					
	4404	MISCREVGOV					148	490			490
	4404	MISC REV OPR	4,679	2,676	2,528	1,555					
	4414	NSF CHARGE	25								
	FM100005 Revenue		**213,332**	**221,591**	**223,740**	**408,718**	**148**	**490**			**490**
Total Revenue Sources			**213,332**	**221,591**	**223,740**	**408,718**	**148**	**490**			**490**
Funding Source	6506	CASH DEF	(236,381)	(220,001)	(217,909)	(195,741)	146,199				
	FM100006 Funding Source		**(236,381)**	**(220,001)**	**(217,909)**	**(195,741)**	**146,199**				
Total Funding Source			**(236,381)**	**(220,001)**	**(217,909)**	**(195,741)**	**146,199**				
Operational Transfers	4717	TRFR IN OSR				30,409					
	4717	TRFR IN SPC REV	220,546	223,443	216,679						
	FM100007 Operational Transfers		**220,546**	**223,443**	**216,679**	**30,409**					
Total Operational Transfers			**220,546**	**223,443**	**216,679**	**30,409**					
TOTAL REVENUE			**197,497**	**225,033**	**222,510**	**243,386**	**146,346**	**490**			**490**
EXPENSES											
Operating Expenses	5400	SALARY & WAGES	36,503	36,566	33,778	32,528	13,110	1,985	36,882	36,882	34,897
	5401	OVERTIME		68	343	784	220		124	124	124
	5403	SHIFT DIFF	143	51		1			100	100	100
	5409	FICA & MEDICARE	2,576	2,562	2,283	2,494	962	152	2,740	2,740	2,588
	5410	UNEMPLOYMENT	62	52	33	27	10	1	19	19	18
	5411	HLTH INS PREM	13,299	13,757	14,006	12,059	1,600	1	4,110	4,110	4,109
	5412	WORKERS COMP	1,389	1,372	1,275	1,655	665	109	1,974	1,974	1,865
	5413	LIFE INSURANCE	60	59	32	34	12	2	34	34	32
	5416	RETR AZ ST	4,229	4,255	3,761	4,048	1,533	234	4,227	4,227	3,993
	5422	DENTAL INS PREM	51	52	47	50	18		51	51	51
	5423	INTER SALARY CR				(103)	(17)	(92)			92
	5424	INTER SALARY DR		1,238	1,785	2,044	1,912	841	1,989	1,989	1,148

Departmental Analysis
Bureau Expenditure and Revenue Report
For Fiscal Years 2014, 2015, 2016, 2017, 2018, 2019
Current FY 2019 Period Ending 5

B016 Facilities Management

			2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	FY 2019 YTD Actuals	FY 2019 FY Adopted	FY 2019 Revised Budget	FY 2019 Remain (Revised - YTD)
Operating Expenses	5425	INTER FRINGE CR				(37)	(6)	(23)			23
	5426	INTER FRINGE DR		439	647	762	699	284	670	670	386
	5427	INTRA FRINGE CR									
	5427	LDFRCR	(1,842)	(1,169)	(1,990)	(8,970)	(2,700)	(120)	(4,398)	(4,398)	(4,278)
	5428	INTRA FRINGE DR									
	5428	LDFRDR	1,595	1,858	2,828	12,159	3,886	2,523	2,584	2,584	61
	5429	INTRA SALARY CR									
	5429	LDSALCR	(5,611)	(2,624)	(3,461)	(16,969)	(7,215)	(478)	(10,243)	(10,243)	(9,765)
	5430	INTRA SALARY DR									
	5430	LDSALDR	4,860	4,409	7,625	29,389	8,588	5,835	6,018	6,018	183
	5431	BUDGTD BENEFITS							210	210	210
	5436	RETIRE ADJ									
	5457	HSACONTRIB					500		1,000	1,000	1,000
	5459	HSAEXPOFFSET							(1,000)	(1,000)	(1,000)
	FM100001 Personnel Services		**57,313**	**62,944**	**62,993**	**71,955**	**23,778**	**11,254**	**47,091**	**47,091**	**35,837**
	5010	R & M SUPPLIES	3,573	3,397	9,481	20,853	5,663	1,819	5,077	5,077	3,258
	5012	CHEMICALS			989	1,188					
	5013	JANITORIAL SUP	242			642	100		240	240	240
	5014	APPAREL	878	89		65	187		250	250	250
	5020	TOOLS & EQ<1000	805		19	924	495		268	268	268
	5021	FURNITURE<1000				258	654				
	5022	SIGNAGE			121						
	5023	VANDALISM REP				2,479	2,900				
	5113	ARCHITECTRL SVC			23,161						
	5142	POSTAGE & FRGHT					29				
	5145	SECURITY	283	168	168	6,290	168	168	168	168	
	5147	LEASES & RENTAL	1,924								
	5149	R & M MACH & EQ	1,367	1,774	1,984	5,072	245				
	5149	RM MACH&EQ SVC						245	5,950	5,950	5,705
	5150	R & M BUILDINGS	53,106	50,404	48,482	77,944	11,962	1,742	8,045	8,045	6,303
	5151	R & M GROUNDS			5,850		1,165				
	5152	NON MED PRO SRV					1,098				
	5162	ADVERTISING						477			(477)

Report ID: DA-ER-0002-B
Run Date: 12/26/18
Run Time: 7:42 AM
Last Update: 5/30/17

Departmental Analysis
Bureau Expenditure and Revenue Report
For Fiscal Years 2014, 2015, 2016, 2017, 2018, 2019
Current FY 2019 Period Ending 5

B016 Facilities Management			2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	FY 2019 YTD Actuals	FY 2019 FY Adopted	FY 2019 Revised Budget	FY 2019 Remain (Revised - YTD)
Operating Expenses	5167	LEASE RNTL-OTHR				304					
	5178	JANITORIAL SVCS							1,965	1,965	1,965
	5179	PEST CONTROL						78	240	240	162
	5200	INTER SPL SV CR				(1,040)					
	5203	INTER SPL SV DR									
	5204	INTRA SPL SV DR	56	349	210	1,684	696	244	500	500	256
	5205	DEPT OH DR		453	690	716	594	270	805	805	535
	5300	PHONE INTERNET	1,589	1,576	1,028	1,113					
	5301	ELECTRICITY	77,177	78,546	73,970	62,648	72,632	34,917	71,953	71,953	37,036
	5302	WATER & SEWER	4,496	5,007	4,401	3,301	3,838	2,543	3,679	3,679	1,136
	5304	WASTE RECYCLING	5,231	5,231	5,524	1,102			2,849	2,849	2,849
	5307	RGLTRY PRMT FEE					124				
	5312	MISC CHARGES	125	50	25						
	5359	PHONEEXT					760	263	756	756	493
	5361	MOBLDEVC					386		333	333	333
	5362	PORTCHRG						880	2,112	2,112	1,232
	FM100002 Operating Expenses		**150,853**	**147,044**	**176,104**	**185,541**	**103,695**	**43,645**	**105,190**	**105,190**	**61,545**
	5560	OFF MCH CMPTR C									
	FM100003 Capital Equipment										
Total Operating Expenses			**208,166**	**209,988**	**239,098**	**257,496**	**127,473**	**54,899**	**152,281**	**152,281**	**97,382**
	9008	AMS CONVERSION									
Total											
TOTAL EXPENSES			**208,166**	**209,988**	**239,098**	**257,496**	**127,473**	**54,899**	**152,281**	**152,281**	**97,382**
FUND BALANCE B016 FACILITIES MANAGEMENT			**(10,669)**	**15,045**	**(16,588)**	**(14,110)**	**18,873**	**(64,696)**	**(152,281)**	**(152,281)**	**(87,585)**

Addendum D

CLIENT CONTRACT INFORMATION

VALUATION & ADVISORY SERVICES

Proposal and Contract for Services

CBRE

CBRE, Inc.
3719 North Campbell
Tucson, Arizona 85719
www.cbre.us/valuation

Byron Bridges, MAI, MRICS
Director

December 19, 2018

Jeff Teplitsky
Appraisal Supervisor
PIMA COUNTY REAL PROPERTY SERVICES
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701-1215
Phone: 520.724.6306
Email: jeffrey.teplitsky@pima.gov

RE: Assignment Agreement
Single-tenant office, 97 East Congress Street
Tucson, AZ

Dear Mr. Teplitsky:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is
Rights Appraised:	Fee Simple Estate
Intended Use:	Potential Sale or Lease
Intended User:	The intended user is PIMA COUNTY REAL PROPERTY SERVICES, and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

Inspection:	CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.
Valuation Approaches:	All three traditional approaches to value will be considered.
Report Type:	Standard Appraisal Report
Appraisal Standards:	USPAP and Pima County requirements
Appraisal Fee:	$4,500
Expenses:	Fee includes all associated expenses
Retainer:	A retainer is not required for this assignment
Payment Terms:	Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report.
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. An Adobe PDF file via email will be delivered to jeffrey.teplitsky@pima.gov. The client has requested No (0) bound final copy (ies).
Delivery Schedule:	
Preliminary Value:	Not Required
Draft Report:	45 days or less
Final Report:	Upon Client's request
Start Date:	The appraisal process will start upon receipt of your signed agreement and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within 10 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services

Byron Bridges

Byron Bridges, MAI, MRICS
Director
As Agent for CBRE, Inc.
T 520.323.5163
F 520.323.5156
byron.bridges@cbre.com

AGREED AND ACCEPTED

FOR PIMA COUNTY REAL PROPERTY SERVICES:

Signature	12/20/18 Date
J. Teplitsky Name	Appraisal Supervisor Title
520-724-6306 Phone Number	jeffrey.teplitsky@pima.gov E-Mail Address

ADDITIONAL OPTIONAL SERVICES

Assessment & Consulting Services: CBRE's Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence services (seismic risk analysis, zoning compliance services, construction risk management, annual inspections, etc.). CBRE provides our clients the full complement of due diligence services with over 260 employees in the U.S. that are local subject matter experts.

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at **WhitePlainsProposals@cbre.com.** We will route your request to the appropriate manager. For more information, please visit **www.cbre.com/assessment.**

_______ Initial Here

Addendum E

QUALIFICATIONS

Richard Lee

Senior Appraiser, Arizona

CBRE

T + 520 323 5168
M+ 520 232 4314
richard.lee6@cbre.com

3719 N. Campbell Avenue
Tucson, AZ 85719

Experience

Richard Lee is a Senior Appraiser with the Valuation & Advisory Services within the Intermountain Region of CBRE, and is located in the Tucson, Arizona office. Located in the CBRE Tucson office since 2014, Mr. Lee has over twenty years of real estate appraisal and consulting experience throughout the States of Arizona and California, with primary experience in Arizona. Mr. Lee is currently licensed as a Certified General Real Estate Appraiser in the State of Arizona.

Appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, and feasibility studies for a variety of clients, including numerous financial institutions, government agencies, fortune 500 corporations, insurance companies, and private organizations. Experience involves a broad spectrum of property types including retail centers, industrial buildings and facilities, traditional office buildings, medical offices and surgical centers, ground leases, convenience stores/gas stations, car washes, self-storage facilities, and vacant land. Experience also encompasses property types including mobile home/RV parks, residential subdivisions, master-planned communities, PUD's, assisted living facilities, private/charter schools, restaurants, apartments, automotive facilities, and a variety of special use properties with an emphasis in going-concern valuations.

The Intermountain Region of CBRE, Inc. Valuation and Advisory Services covers the states of Arizona, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, North and South Dakota, Utah and Wyoming. The regional office is located in Phoenix, Arizona

The assignments prepared were done so for various clients for a many reasons such as financial transactions, business decisions, investment speculation, estates, litigation, partnership disputes, and others.

Professional Affiliations / Accreditations

- Certified General Real Estate Appraiser, State of Arizona, #31626
- Certified General Real Estate Appraiser, State of California #AG037478
- Associate Member, The Appraisal Institute, Actively Seeking MAI Designation

Education

- Bachelor of Arts, Criminal Justice, The University of Reno, Reno, Nevada, 1997

Department of Financial Institutions

State of Arizona

CGA - 31626

This document is evidence that: **RICHARD G. LEE** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

RICHARD G. LEE

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.

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 18th day of April, 2018.

Expiration Date : **April 30, 2020**

Robert D. Charlton
Superintendent

Byron Bridges, MAI, MRICS

Director, Tucson

T + 520 323 5163
M +520 903 8962
Byron.bridges@cbre.com

3719 North Campbell Avenue
Tucson, Arizona 85719

Clients Represented

- Bank of America
- Caliber Companies
- Capital Source Bank
- CarVal Investors
- CEMEX
- Citibank
- Compass Bank
- Commerce Bank
- Exclusive Resorts
- Freddie Mac
- Fortress Investment Group
- Goldman Sachs
- Grupo Presidente
- ING
- Kerzner International
- Merrill Lynch
- MIRA Companies
- Mister Car Wash
- Morgan Stanley
- Ohana Real Estate
- PriceWaterhouseCoopers
- Promecap
- Snell & Wilmer
- State Farm Insurance
- U.S. Army Corps of Engineers
- Western Alliance Bank

Experience

Mr. Bridges is the director of the Valuation & Advisory Services Group's Tucson office in the Intermountain Region and has over 17 years of real estate appraisal and consulting experience. Mr. Bridges is a designated the Member of the Appraisal Institute (MAI). Mr. Bridges's primary geographical location is Southern Arizona. Mr. Bridges is also a member of CBRE's Latin America Valuation & Advisory Team.

His appraisal experience has been in the fee preparation of real estate appraisals, rent analyses, demand and absorption studies, and feasibility studies for a variety of clients, including numerous financial institutions, government agencies, Fortune 500 corporations, insurance companies, and private organizations. Experience involves a wide variety of property types as well as conservation easements, special purpose real estate holdings, agriculture properties, among others. Mr. Bridges has considerable experience with litigation cases.

Mr. Bridges has conducted many appraisals, market studies and feasibility analyses of master-planned communities, condominium projects, land, hospitality resort properties, residential properties, and commercial properties within and around the major beach front communities in Mexico, Costa Rica, and Belize. Mr. Bridges has extensive knowledge of the Mexico and Latin America real estate marketplace and since 2001 has performed valuation and consultation assignments in Latin America countries in excess of over 650 individual assignments.

Mr. Bridges areas of concentration include the oceanfront beach resorts of Mexico, Costa Rica, and Belize, and other Latin America countries. Within Baja California Sur resort areas, he has completed extensive valuation and consultation work in Los Cabos (Cabo San Lucas, San Jose del Cabo), East Cape, Todos Santos, the Pacific Ocean area, La Paz, and Loreto; in Quintana Roo, Riviera Maya, Playa del Carmen, Cancun, Tulum, Cozumel, Isla Mujeres, and Riviera Maya; in Jalisco and Nayarit, Puerto Vallarta, Punta Mita, Nuevo Vallarta, Sayulita, and the Riviera Vallarta; in Baja California, Rosarito, Ensenada, and San Felipe; in Sonora, Puerto Peñasco (Rocky Point) and San Carlos/Guaymas; in Costa Rica, Guanacaste, and Jaco.

The assignments prepared were done for various clients for many reasons such as financial transactions, business decisions, investment speculation, estates, litigation, partnership disputes, easements, and others.

Professional Affiliations / Accreditations

- State Certified General Real Estate Appraiser-State of Arizona, No. 31173
- State Certified General Real Estate Appraiser-State of New Mexico, No. 03487-G
- Appraisal Institute, Designated Member (MAI), No. 534642
- Member of the Royal Institution of Chartered Surveyors (MRICS)

Education

- University of Arizona
- Bachelor of Science; Regional Development/Planning
- Bachelor of Science in Business Administration; Entrepreneurship
- Appraisal Institute and other appraisal-related coursework

Department of Financial Institutions

State of Arizona

CGA - 31173

This document is evidence that: **BYRON L. BRIDGES** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

BYRON L. BRIDGES

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.

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310, in the City of Phoenix, State of Arizona, this 28th day of September, 2017.

Expiration Date : **September 30, 2019**

Robert D. Charlton
Superintendent

CBRE VALUATION & ADVISORY SERVICES

RICHARD LEE
Valuation & Advisory Services
(520) 323-5168
Richard.Lee6@cbre.com

BYRON BRIDGES, MAI, MRICS
Valuation & Advisory Services
(520) 323-5163
Byron.Bridges@cbre.com

www.cbre.com