

AN APPRAISAL REPORT
OF
223,350 SQUARE FEET (5.13 ACRES) OF VACANT LAND
LOCATED ON THE EAST SIDE OF KINO PARKWAY, SOUTH OF
22nd STREET, TUCSON, PIMA COUNTY, ARIZONA

FOR
MR. HECTOR F. MARTINEZ, DIRECTOR
REAL ESTATE PROGRAM, CITY OF TUCSON
TUCSON, ARIZONA

OWNERSHIP: CITY OF TUCSON

TAX PARCEL NUMBER:
129-10-1300

SECTION 19, TOWNSHIP 14 SOUTH, RANGE 14 EAST

EFFECTIVE DATE OF APPRAISAL
FEBRUARY 26, 2015

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

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

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February 26, 2015

Mr. Hector F. Martinez, Director
City of Tucson Real Estate Program
201 North Stone, Sixth Floor
Tucson, Arizona 85701-7210

RE: An appraisal report of 223,350 square feet of vacant land (5.13 acres) located on the east side of Kino Parkway, south of 22nd Street, Tucson, Pima County, Arizona.

<i>Ownership:</i>	City of Tucson
<i>Tax Parcel Nos.:</i>	129-10-1300
<i>Effective Date of Appraisal:</i>	February 26, 2015
<i>Date of Report:</i>	February 26, 2015

Dear Mr. Martinez:

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

This report is intended for use only by the client, City of Tucson Real Estate Program, and will become public information upon acceptance by the City of Tucson. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the client in determining the market value of the subject property for potential disposition of the subject property. It is not intended for any other use.

Mr. Hector Martinez, Director
City of Tucson Real Estate Program
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I have formed the opinion that, as of the date of the appraisal, February 26, 2015, and subject to the assumptions and limiting conditions set forth herein, based on a six to twelve month marketing period, the market value of the fee simple interest of the subject property is as follows:

ESTIMATED MARKET VALUE OF SUBJECT PROPERTY,
"AS VACANT," AS OF FEBRUARY 26, 2015:

FOUR HUNDRED SIXTY THOUSAND DOLLARS
(\$460,000)

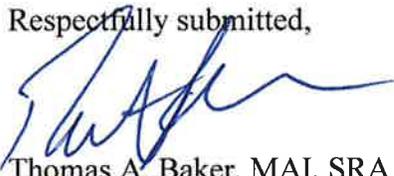
Hypothetical Condition - Dirt Piles. There are dirt piles located on the subject property. The City of Tucson plans to remove these dirt piles in the future for use as part of the 22nd Street Corridor roadway project according to Mr. Jim Rossi with the City of Tucson Real Estate Services section. The subject property is being appraised under the hypothetical condition as if these dirt piles are not located on the subject property. If it is determined at a future date that the subject property owner will not be removing these dirt piles from the property, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Hypothetical Condition - Roadway Improvements. The City of Tucson is planning and has started construction of a roadway improvement project in the area of the subject property. Upon completion of the project, the subject property will have frontage on Kino Parkway, Cherrybell Stravenue, and Cherry Avenue. Access to the property will be from Cherrybell Stravenue and Cherry Avenue. The site will not have access from Kino Parkway. The market would recognize that these planned improvements will occur and how they would impact the subject property. The subject property is being appraised under the hypothetical condition as if this roadway project has already been completed in the manner in which it has been proposed. If it is determined at a future date that the plans for the roadway project are revised, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

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

Respectfully submitted,



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

C157072B

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PART I - GENERAL INFORMATION

INTENDED USER:

City of Tucson, Real Estate Program

APPRAISER:

Thomas A. Baker, MAI, SRA

SUBJECT PROPERTY:

The subject property is located on the east side of Kino Parkway, south of 22nd Street, Tucson, Pima County, Arizona. The subject of this appraisal is vacant land totaling 223,350 square feet (5.13 acres) - per survey.

LAND AREA:

223,350 square feet (5.13 acres) - per survey

ZONING:

R-2 (Residential) and I-1 (Industrial) - City of Tucson

AREA PLAN:

Greater South Park Plan

TAX PARCEL NUMBERS:

129-10-1300

FULL CASH VALUE:

129-10-1300

\$500 (2014) \$500 (2015)

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

LIMITED CASH VALUE:

129-10-1300

\$500 (2014) \$500 (2015)

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

REAL ESTATE TAXES:

Exempt

DELINQUENT TAXES:

None

INTENDED USE OF REPORT:

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INTEREST APPRAISED:

Fee simple interest in the total property. Fee simple interest includes those rights generally associated with ownership of the property, but subject to the limitations of eminent domain, escheat, police power, and taxation.

PURPOSE:

To estimate the market value of the fee simple interest in the subject property as of the effective date of the appraisal, February 26, 2015.

MARKET VALUE DEFINITION:

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

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

EFFECTIVE DATE OF APPRAISAL:

February 26, 2015

DATE OF INSPECTION:

The subject was originally inspected on June 14, 2013. The subject was reinspected on December 12, 2013 and February 26, 2015.

LEGAL DESCRIPTION:

A portion of Kings Highway Blocks 8, 9, 10 and portions Aldadena Heights Block 20, Section 19, Township 14 South, Range 14 East, G&SRB&M, Pima County, Arizona (see Exhibits).

OWNERSHIP:

City of Tucson

SALES HISTORY:

No known sales of the subject property have occurred within the last five years.

The City of Tucson has received four offers to purchase the subject property, together with the adjacent parcel to the north, through an Invitation to Offer of Purchase. The offers received consisted of two offers of \$230,000 (from same potential buyer), one offer of \$550,000, and one offer of \$740,000.

ASSUMPTIONS AND LIMITING CONDITIONS:

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

CERTIFICATION:

See Part VI.

PART II - SCOPE OF THE APPRAISAL

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

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

This appraisal assignment has been completed in response to authorization by Mr. Hector Martinez, Real Estate Program, in a contract executed on January 30, 2015, by Thomas A. Baker, MAI, SRA, for Baker, Peterson, Baker and Associates, Inc. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by the City of Tucson, Real Estate Division.

This report is intended for use only by the client, City of Tucson, Real Estate Program and will become public information upon acceptance by the City of Tucson. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting the client in the determining the market value of the subject property for potential disposition of the subject property. It is not intended for any other use. The purpose of the appraisal is to estimate the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal estimates the market value of the subject property utilizing the direct sales comparison approach which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS[®] Commercial Property Information Services, Tucson Multiple Listing Service (MLS), Swango Land Sales, Metropolitan Tucson Land Use Study (MTLUS), and the Pima County Real Estate Research Council), the neighborhood and the site.

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

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

Hypothetical Condition - Dirt Piles. There are dirt piles located on the subject property. The City of Tucson plans to remove these dirt piles in the future for use as part of the 22nd Street Corridor roadway project according to Mr. Jim Rossi with the City of Tucson Real Estate Services section. The subject property is being appraised under the hypothetical condition as if these dirt piles are not located on the subject property. If it is determined at a future date that the subject property owner will not be removing these dirt piles from the property, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

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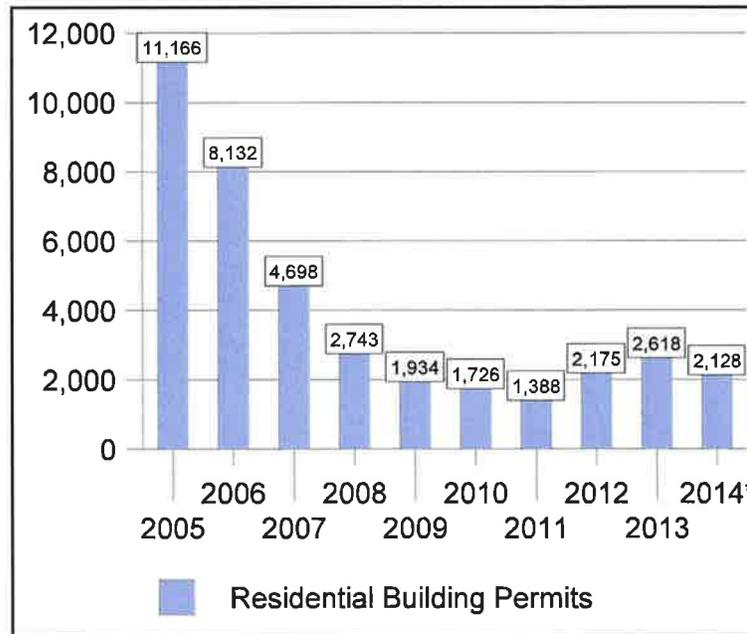
This data was correlated and an opinion of the market value of the subject property was estimated by this approach to value to arrive at a final opinion of the market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file.

PART III - DESCRIPTION OF REAL ESTATE APPRAISED

TUCSON OVERVIEW:

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

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012 and continuing through 2013. Data is provided for the first eleven months of 2014, indicating there were 2,128 permits issued in January through November of 2014.



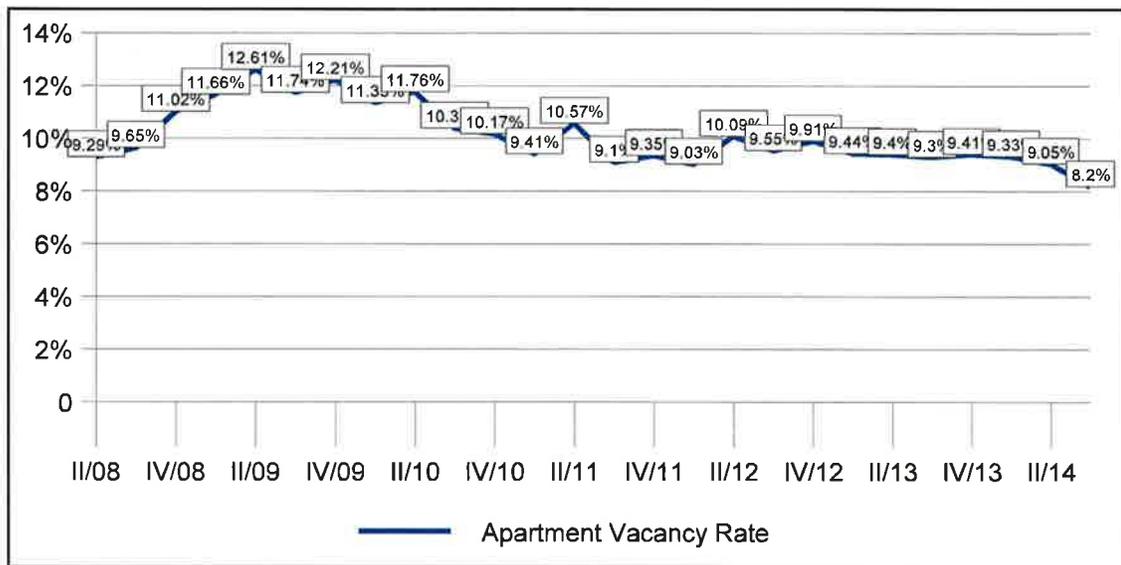
Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of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

increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, with indications of a slight decline in 2014. New home sales are still well below peak or stabilized levels seen in the past.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area continued to remain high into 2011. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Third Quarter 2014, according to Apartment Insights’ *Statistics/Trends Summary*.

The vacancy rate peaked in the Second Quarter 2009 and generally declined through early 2012, with another slight decline in mid 2014. However, vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The vacancy rate has remained mostly stable with slight fluctuations since early 2013. The current rent levels for multi-family properties have remained generally stable. There is limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities.

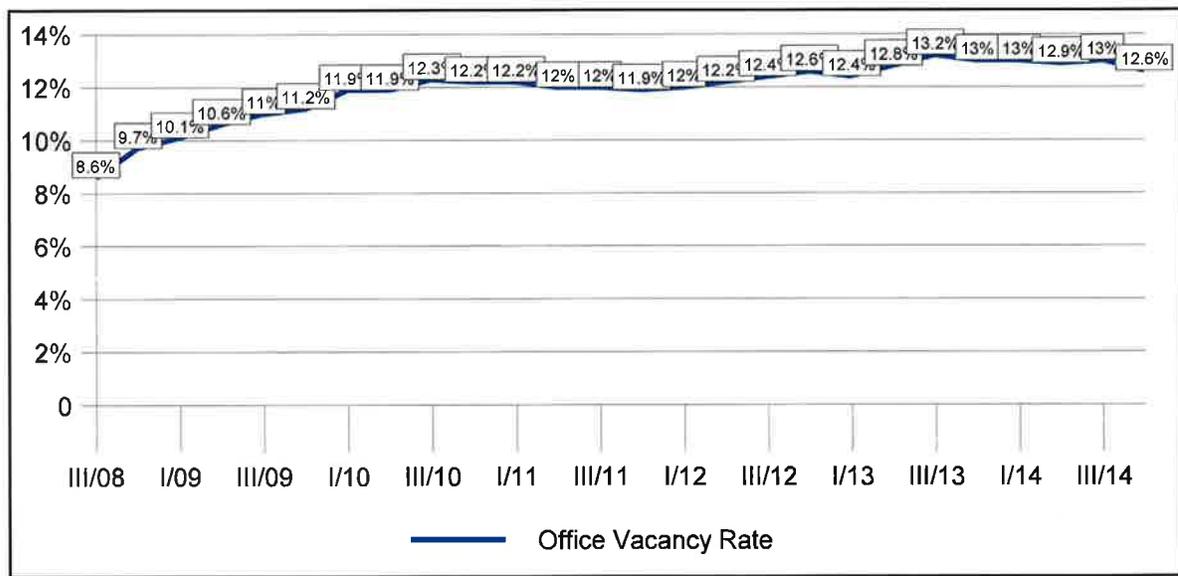


Office Market

Overall, the leasable *office market* experienced net positive absorption of 121,856 square feet in the Fourth Quarter 2014, according to *The CoStar Office Report, Tucson Office Market, Year-End 2014*. This compares to net negative absorption of 37,018 square feet in the Third Quarter 2014, net positive absorption of 54,159 square feet in the Second Quarter 2014, net positive absorption of 49,083 square feet in the First Quarter 2014, net positive absorption of 46,488 square feet in Fourth Quarter 2013, and net negative absorption of 89,389 square feet in Third Quarter 2013.

Two new office buildings containing 10,440 square feet was completed in Fourth Quarter 2014. One new office building containing 8,250 square feet was completed in Third Quarter 2014, one new office building containing 18,092 square feet was completed in Second Quarter 2014, one new building containing 67,650 square feet was completed in First Quarter 2014, and two new building containing 15,821 square feet were completed in the Fourth Quarter 2013.

Figure 3 shows trends in the vacancy rates for office properties in Tucson between Third Quarter 2008 and Fourth Quarter 2014. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid 2012. The vacancy rate increased from late 2012 through late 2013 and has remained mostly stable in the five most recent quarters, with a slight decline in 2014.



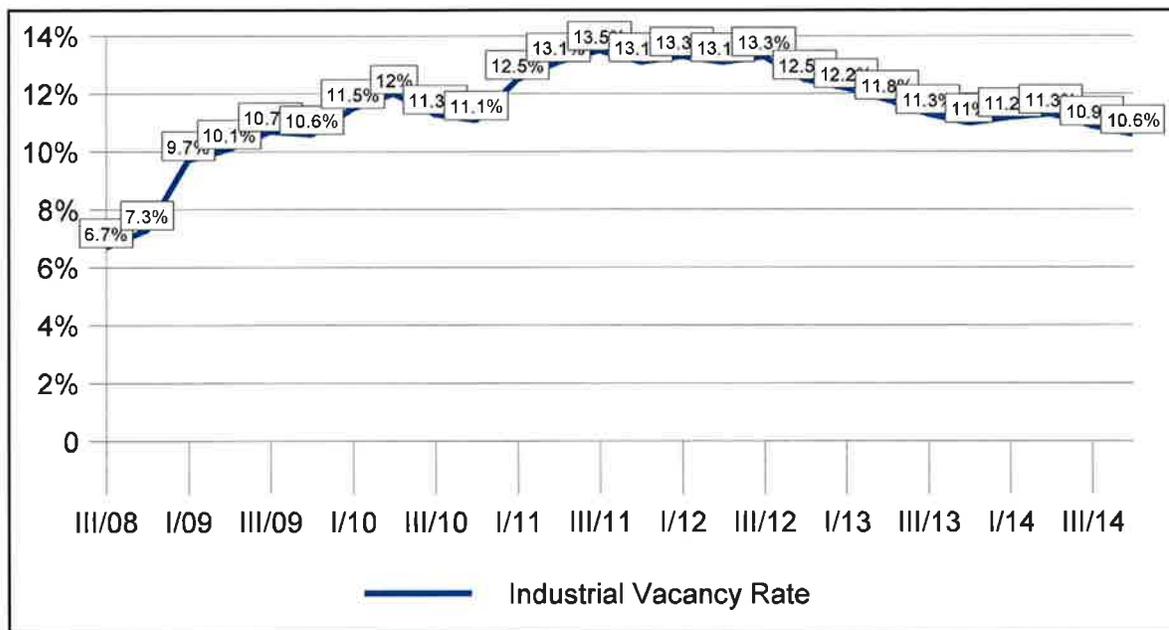
The slight increased overall annual vacancy rate indicates an office market which is coupled to the overall declining real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013.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

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80's. There has been limited new industrial space constructed recently in Tucson, with one new building containing 49,751 square feet completed in Fourth Quarter 2014, one new building containing 10,000 square feet completed in Third Quarter 2014, no new buildings completed in Second Quarter 2014, First Quarter 2014, and Fourth Quarter 2013, and two new buildings containing 18,161 square feet completed in Third Quarter 2013.

There was net positive absorption of 176,364 square feet of industrial space in the Fourth Quarter 2014. This compares to net positive absorption of 146,738 square feet of industrial space in the Third Quarter 2014, net negative absorption of 53,838 square feet of industrial space in the Second Quarter 2014, net negative absorption of 77,563 square feet in First Quarter 2014, and net positive absorption of 137,917 square feet of industrial space in the Fourth Quarter 2013, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2014*.

Figure 4 shows trends in the industrial vacancy rate in Tucson between Third Quarter 2008 and the Fourth Quarter 2014, according to *The CoStar Industrial Report, Tucson Industrial Market, Year-End 2014*.



Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties has increased slightly in early 2014 but declined again the second half of 2014. The industrial market has stabilized but there are not yet signs of improvement in the industrial market with increased prices. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. The overall decline in the economy is affecting many potential industrial users and there remains a slow demand for industrial zoned land.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the

end of 2007. Some reasons for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand.

There was net negative absorption of 48,634 square feet in the Fourth Quarter 2014, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2014*. This compares to net positive absorption of 89,209 square feet in the Third Quarter 2014, net positive absorption of 88,639 square feet in the Second Quarter 2014, net positive absorption of 280,896 square feet in the First Quarter 2014, net positive absorption of 334,326 square feet in the Fourth Quarter 2013, and net positive absorption of 257,381 square feet in the Third Quarter 2013.

In the Fourth Quarter 2014, three new buildings containing 30,817 square feet were completed. This compares to seven new buildings totaling 70,942 square feet in Third Quarter 2014, five new buildings totaling 59,028 square feet in Second Quarter 2014, six new buildings totaling 152,936 square feet in First Quarter 2014, and 13 new buildings containing 159,548 square feet in Fourth Quarter 2013.

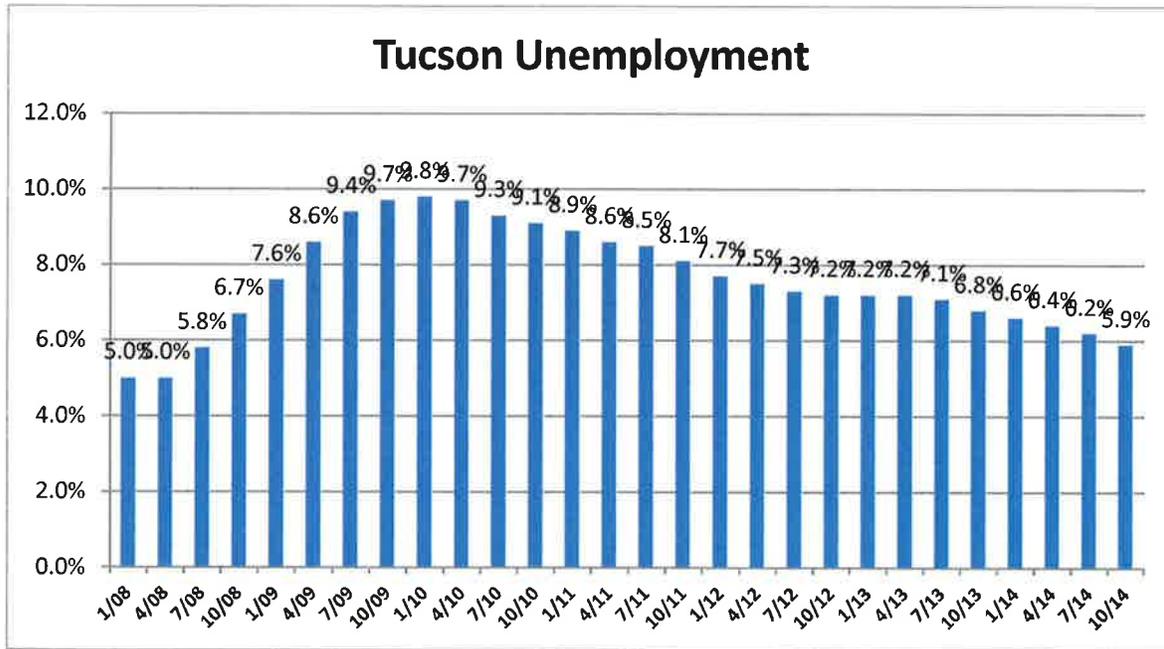
Figure 5 shows trends in the vacancy rate for retail properties in the Tucson market between Third Quarter 2008 and Fourth Quarter 2014, according to *The CoStar Retail Report, Tucson Retail Market, Year-End 2014*.



The vacancy rate for retail properties increased starting through early 2011. The retail vacancy rate remained mostly stable in 2011 but peaked in the Second Quarter 2012. The retail vacancy rate declined since that time, with the decline continuing through mid 2014.

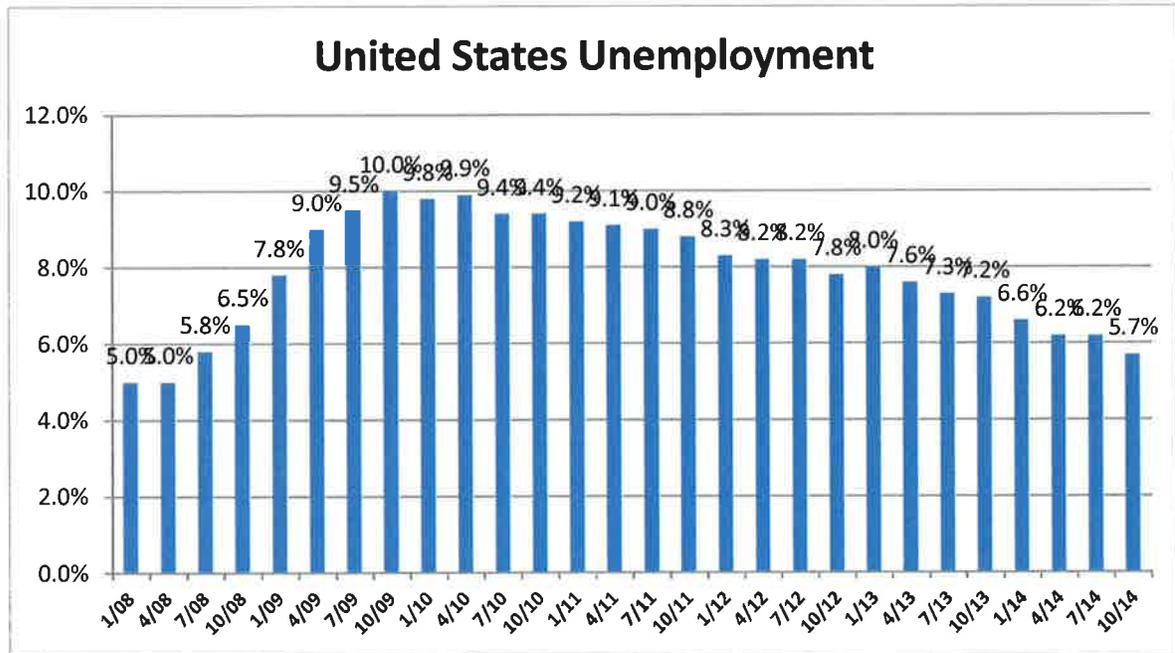
The retail market has stabilized and is starting to improve slightly in high demand areas, although there remains for little demand for older retail properties in low demand areas.

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



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

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate has also increased since 2008 through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined but remains higher than in 2008. The unemployment rate is projected to remain high as the economy recovers slowly from the recession.



Overall, the commercial real estate markets reveal that most investors hold a cautionary outlook for 2015 due to the tight credit that adversely affects tenants, owners and investors, the sequester of 2013, the government shutdown of late 2013, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in stable to slowly improving values. In the short term, limited growth is projected for Tucson over the next one to two years, with market conditions expected to remain stable and slowly start to improve during this time. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

NEIGHBORHOOD DESCRIPTION:

The subject neighborhood is located in the central part of Tucson. The subject neighborhood is located north of 36th Street, south of Broadway Boulevard, east of Park Avenue, and west of Tucson Boulevard. Major east-west arterials include Broadway Boulevard and 22nd Street. Major north-south arterials include Park Avenue, Kino Parkway, and Tucson Boulevard. Aviation Parkway and Union Pacific Railroad tracks traverse a portion of the neighborhood. The subject neighborhood is approximately three miles south and east of the central business district of Tucson, Arizona. The neighborhood includes a mix of improved properties including single and multi-family residential, limited commercial, and single and

multi-tenant industrial uses. The amount of undeveloped land is approximately 25 to 35 percent. Access to the neighborhood is considered adequate and public transportation is available to the neighborhood. That section of the neighborhood in which the subject property is located falls within the northeast portion of the Greater South Park Area Plan. Although the majority of the area is developed, there is still a substantial amount of land suitable for development and redevelopment. The Greater South Park Area's central location and greatly improved access are key features which have attracted commercial and industrial expansion.

The neighborhood is located south and east of Tucson's downtown area. Major influences in the neighborhood include the University of Arizona Campus and the university hospital. Davis-Monthan Air Force Base is located outside of the neighborhood but is considered to have a major impact on the neighborhood. Both the University of Arizona and Davis-Monthan Air Force Base are major employers in the Tucson community. The immediate subject neighborhood is the commercial/industrial area located on the north and south sides of 22nd Street between Kino Parkway and the 22nd Street overpass. This is an older commercial neighborhood which has been in a slow transition over the past 25 years with limited new development. This trend is projected to continue at a projected slow pace.

SITE DESCRIPTION:

The site is an irregularly shaped property. The property is a backage parcel from 22nd Street. It contains a total area of 323,215 square feet (5.13 acres) of vacant land, according to the survey provided by the client (see Exhibits). The subject property has approximately 810 feet of frontage on Kino Parkway along the western border, approximately 305 feet of frontage along Cherrybell Stravenue on the northeastern portion of the site, and approximately 240 feet of frontage on Cherry Avenue on the southeastern portion of the site. The site has a width of approximately 310 feet along the northern border. The site gets very narrow at the southern end, with a width of approximately 70 feet along the southern border. The southern portion of this site wraps around existing residential uses and would allow for very limited development on this portion of the site. Kino Parkway has a 2010 traffic count of 37,000 vehicles per day near this site. There is no traffic count available for Cherrybell Stravenue or Cherry Avenue in the vicinity of the subject. The site does not have access from Kino Parkway. Access to the subject property is by Cherrybell Stravenue, in the northern and central portion of the site and by Cherry Avenue near the southern end of the property.

The City of Tucson has plans for roadway improvements in the area of the subject property, which are currently under construction. According to right-of-way plans provided by the engineers designing the new roadways for the City of Tucson, 22nd Street will have a concrete median, three traffic lanes in each direction, concrete curbs, sidewalks, landscaping and streetlights. Vehicular access from 22nd Street for eastbound traffic will continue to be available in a similar condition to the condition that existed prior to the construction of the roadway improvements. Vehicular access from 22nd Street for westbound traffic will be from a signalized left-turn bay that will be installed at the Cherry Avenue/Cherrybell Stravenue alignment. A right-turn-only traffic lane will be installed at the intersection of Cherrybell Stravenue and 22nd Street to provide vehicular access from Cherrybell Stravenue to eastbound

22nd Street. Traffic will not be able to turn west onto 22nd Street from Cherrybell Stravenue. Westbound vehicular traffic from Cherrybell Stravenue to 22nd Street will not be direct. To travel west, vehicular traffic will proceed east on 23rd Street, traveling under the 22nd Street roadway elevated over the railroad tracks and return to Cherry Avenue via surface streets north of 22nd Street. A new right-of-way known as 23rd Street has been constructed and provides a traffic link between Cherrybell Stravenue on the west and Neff Street and Campbell Avenue on the east. Kino Parkway at the subject property will be elevated above the subject property and will have an off ramp allowing traffic to proceed east or west onto 22nd Street.

Once the roadway improvements are completed, potential buildings on the site will have some visibility from northbound Kino Parkway, but views will be limited as Kino Parkway will be elevated above potential buildings on the subject property. The subject property will not have visibility from southbound Kino Parkway, except by potential signage on the site. The site does not have any visibility from 22nd Street.

Properties bordering the subject property include vacant land owned by the City of Tucson followed by commercial and industrial uses to the north; a U.S. Post Office and industrial commercial uses to the east; single-family residences, and commercial and industrial uses to the south; and Kino Parkway, vacant land, and a student housing development to the west.

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

The topography is mostly level, sloping generally in a southerly direction. There is a local wash that traverses the property in an east/west direction. There is a 25 foot building setback from the wash. According to FEMA Flood Insurance Rate Map 040192C2279L, dated June 16, 2011, the subject property is not identified as being located in a Special Flood Hazard Area (see Exhibits). However, the western portion of the subject property is located in a flood plain regulated by the City of Tucson (locally regulated flood plain). Some ponding occurs along the westernmost part of the property, particularly in the areas closest to the existing box culvert that is adjacent to the west of the property at 25th Street and the box culvert that will be adjacent to the west of the property near the 23rd Street roadway alignment (see the Proposed Conditions Drainage Map in Exhibits). Development of this portion of the flood prone area on the subject property with structures would require that the site be built up one foot above base flood elevations. Alternatively, the flood prone area could be used for parking or as a yard area without having to build up the land. The property is not in a known seismic zone.

There are several easements recorded for the subject property. The first easement is located along the northern property line (along the 23rd street alignment). This easement consists of a 50 foot wide water line easement that runs from across the width of the property in an east/west direction. Approximately 25 feet of the 50 foot wide easement is located on the

subject property and approximately 25 feet of the 50 foot wide easement is located on the adjacent property to the north.

The second easement is located near the central portion of the property (along the 24th Street alignment). This easement consists of a 60 foot wide water line easement that runs from across the width of the property in an east/west direction.

The third easement is a utility easement that consists of a narrow strip located along the eastern edge of the property, starting from the northeastern corner of the property running south to the 24th Street alignment. This easement also runs east/west along the 23rd Street alignment.

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

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

Hypothetical Condition - Dirt Piles. There are large dirt piles located on the subject property. The City of Tucson plans to remove these dirt piles in the future for use as part of the 22nd Street Corridor roadway project according to Mr. Jim Rossi with the City of Tucson Real Estate Services section. The subject property is being appraised under the hypothetical condition as if these dirt piles are not present on the subject property. If it is determined at a future date that the subject property owner will not be removing these dirt piles from the property, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

Hypothetical Condition - Roadway Improvements. The City of Tucson is planning and has started construction of a roadway improvement project in the area of the subject property. Upon completion of the project, the subject property will have frontage on Kino Parkway, Cherrybell Stravenue, and Cherry Avenue. Access to the property will be from Cherrybell Stravenue and Cherry Avenue. The site will not have access from Kino Parkway. The market would recognize that these planned improvements will occur and how they would impact the subject property. The subject property is being appraised under the hypothetical condition as if this roadway project has already been completed in the manner in which it has been proposed. If it is determined at a future date that the plans for the roadway project are revised, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

CURRENT USE:

Vacant land

ZONING:

The majority of the subject is zoned R-2, according to the City of Tucson Zoning Code. The purpose of this zone is to provide for medium density single-family and multi-family residential development, together with schools, parks, and other public services necessary for an urban residential environment. The minimum site area is 2,904 square feet per unit for multi-family residences and 5,000 square feet per unit for single family residences. A maximum building height of 25 feet is permitted. Specific building setbacks for the subject vary depending on the type of uses allowed on adjacent sites. The Tucson Zoning Code requires that multi-family dwellings have 1.55 parking spaces on-site per unit (for studio, one bedroom, and two bedroom units).

A very small portion of the site on the eastern border of the site is zoned I-1, according to the City of Tucson Zoning Code. This zoning allows commercial, industrial, and manufacturing uses. No dwelling uses are permitted except for caretakers' residences. Under an I-1 zoning, there are no front, side, or rear yard setback requirements. There is a maximum building height of 140 feet.

The subject appears to be in conformance with all of these requirements.

POTENTIAL FOR RE-ZONING:

The subject property is located in the Greater South Park Area Plan, which is bounded by the Union Pacific Railroad on the north; 36th Street and Interstate 10 on the south; Campbell Avenue on the east; and the Union Pacific Railroad-Nogales Spur Line on the west. The Greater South Park Plan was intended to guide future development while protecting and improving existing neighborhoods. This area has undergone major improvements with the construction of the north-south Kino Boulevard alignment which transects the eastern portion of the plan area, and with the construction of the Aviation Parkway located just north of the plan area across the Union Pacific Railroad tracks. The improvements brought significant changes to the Greater South Park Area, in re-zoning requests for more intense land uses for industrial and commercial expansion; in necessary modifications to the transportation circulation system; and in increased awareness by the Tucson community of centrally located vacant land, services by utilities, with increased accessibility.

The subject property is located in Subarea 4 of the Greater South Park Area Plan. As indicated on p.19 of the plan, Subarea 4 includes that area located south of 22nd Street, east of Kino Boulevard alignment, north of Silverlake Road, and west of Campbell Avenue. Subarea 4 contains a mixture of uses. The Greater South Park Area Subarea 4 has been transitioning to a more commercial and industrial use area. The western portion of this subarea along Campbell Avenue is within the Erosion Review Zone. Consideration is given to the compatibility of the more intense uses with existing residential uses in the form of restricted hours of operation, screened or covered storage, noise buffers, additional landscaping, and special air pollution controls. Additionally, all development proposed

within the Erosion Review Zone must adhere to the regulations specified in the flood plain ordinance.

According to Mr. Manny Padilla, Planner with the City of Tucson Development Services Department, the subject property could potentially be re-zoned to commercial or industrial uses in conformance with the Greater South Park Area Plan, specifically the subject can be re-zoned up to I-2 for industrial uses or up to C-2 for commercial uses. Because of the residential uses to the south, a buffer would be required between different types of land uses.

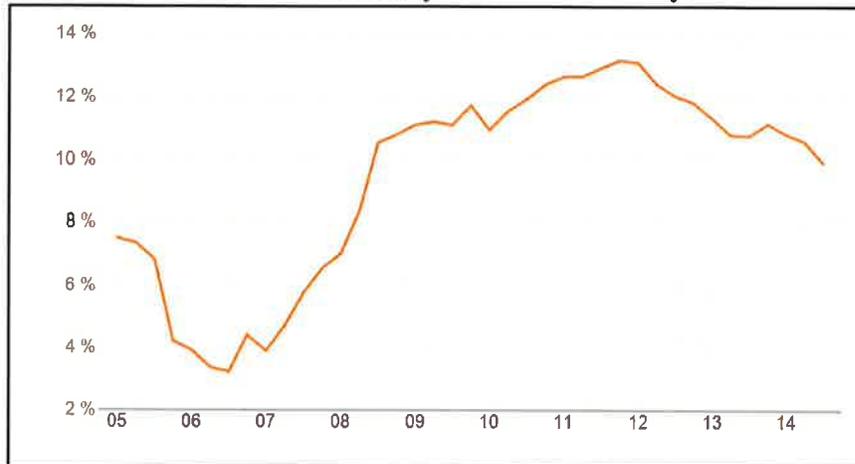
MARKET PROFILE:

The subject property contains vacant land with 223,350 square feet of area, according to the land survey provided by the client. The topography of the site is mostly level. The property is flood prone in the westernmost portions of the site. The subject property has frontage on Kino Parkway, Cherrybell Stravenue, and Cherry Avenue. Direct access to the property will be from Cherrybell Stravenue and Cherry Avenue. There will not be any direct access from Kino Parkway.

Industrial Statistics:

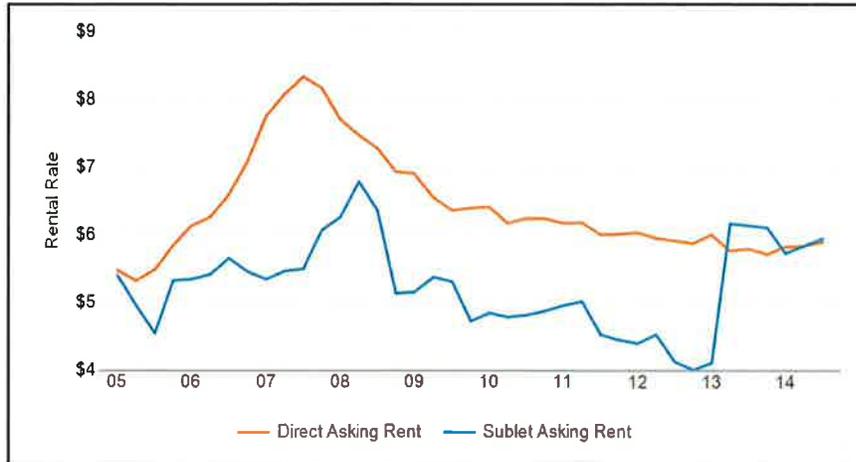
The following is the vacancy rate for industrial properties in Pima County. This data indicates that the vacancy rate for industrial properties in the Tucson market has increased since 2007, according to CoStar. The vacancy rate peaked in mid 2012. Since the peak, the vacancy rate has declined gradually through 2014, but remains significantly above 2007 vacancy levels.

Industrial Vacancy Rate, Pima County



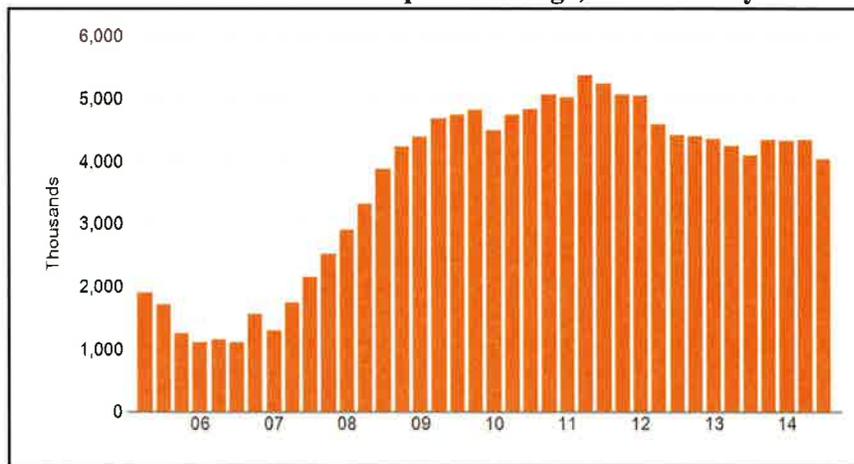
The following is the average rental rate for industrial properties in Pima County, according to CoStar. This data indicates that the average rental rate peaked in the First Quarter 2008, then declined sharply through 2009. While the rental rates have continued to decline since that time, the decline has been much more gradual through the 2014 and appears to have stabilized.

Industrial Rental Rates, Pima County

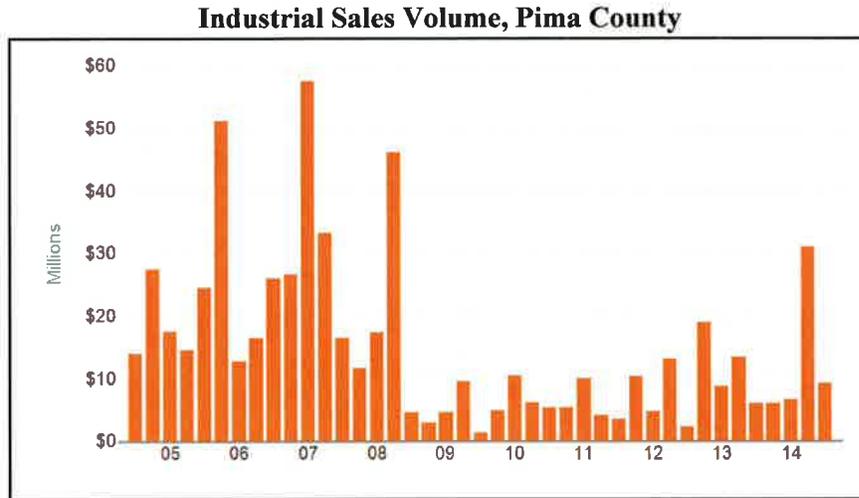


According to CoStar, there has been a significant increase in the amount of industrial space available for lease in Pima County. The amount of industrial space available for lease has increased since 2006, then remained relatively stable from the beginning of 2009 through 2014. These results are significantly higher than the amount of available space in 2006. This indicates that there is an oversupply of available industrial space. As market conditions improve, this space will begin to be absorbed.

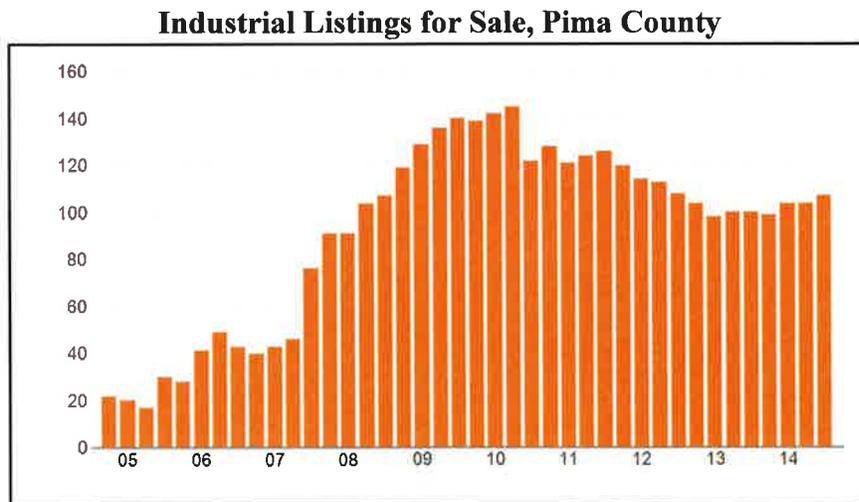
Industrial Available Square Footage, Pima County



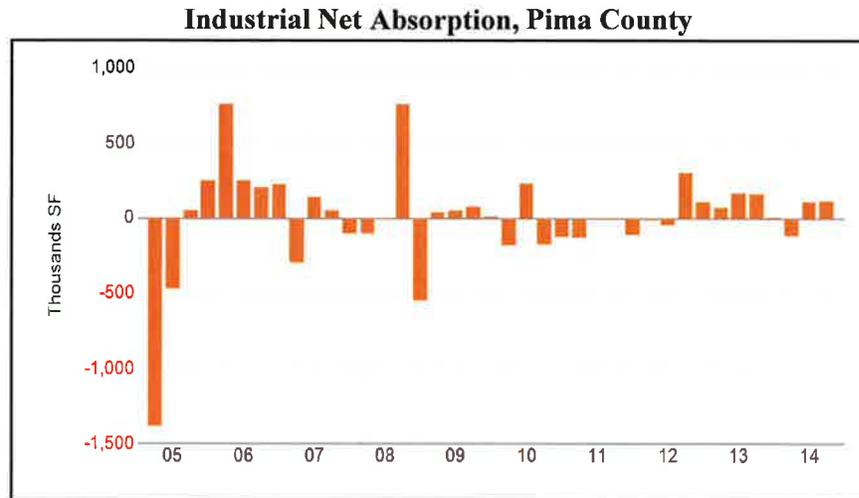
According to CoStar, there has been a decrease in the amount of industrial sales volume in Pima County since the peak in 2007. The decline began to stabilize in 2009 and has remained relatively stable through 2014 with a few quarters of increased volume in 2013 and 2014.



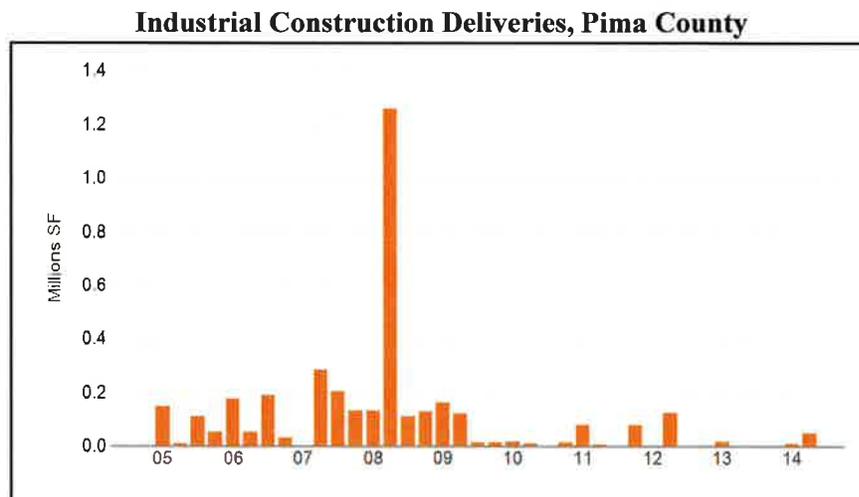
There has been an increase in the number of industrial listings for sale in Pima County since the low point in 2007. Although the number of listings has remained fairly stable since 2009, with a slight decline starting in 2012 through 2014. There is an oversupply of available industrial space.



The following is the net absorption for industrial properties in Pima County. This indicates that there has been a mix of net positive and net negative absorption in Pima County since 2006. Eight of the last nine quarters have seen a small net positive absorption rate.

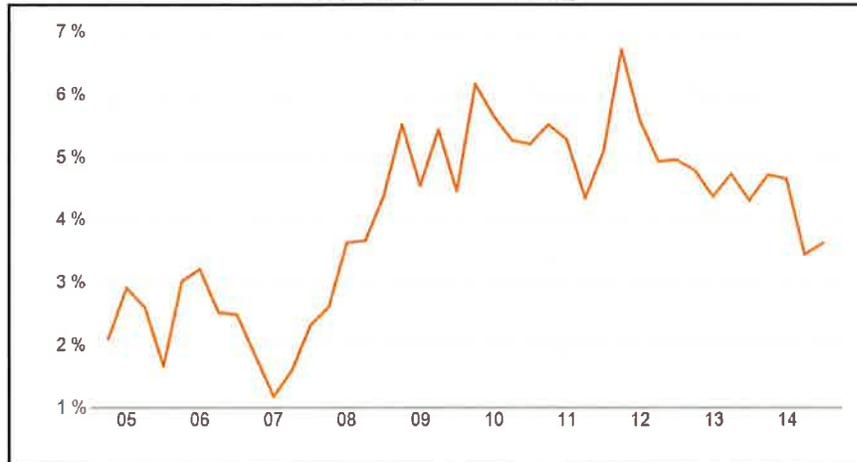


There has been a significant decrease in new industrial construction deliveries since 2008. There has been limited industrial construction since 2009. As market conditions improve and the oversupply of available industrial properties is absorbed, new construction will increase, however this is not projected to occur for at least several years.



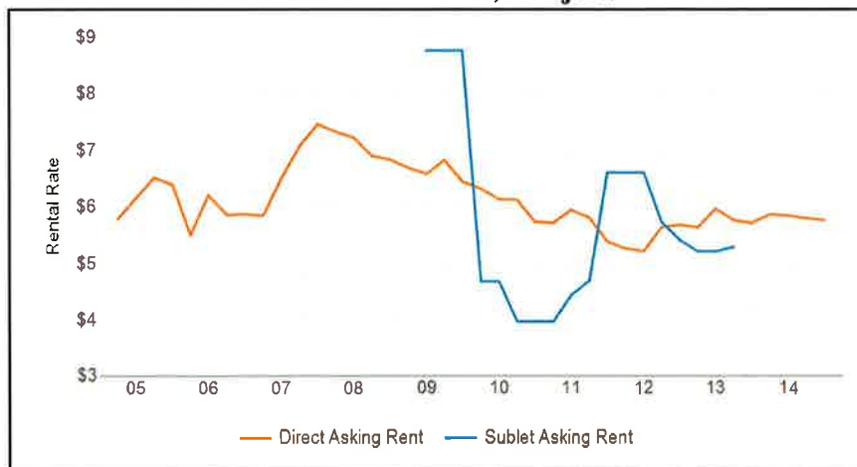
The following is the vacancy rate for industrial properties in the subject sector, according to Costar. This data indicates that the vacancy rate climbed significantly since the low point in mid 2007. The vacancy rate in the subject neighborhood peaked in 2012. While vacancy rates in the sector have declined, vacancy rate remains well above 2007 levels through 2014.

Industrial Vacancy Rate, Subject Sector



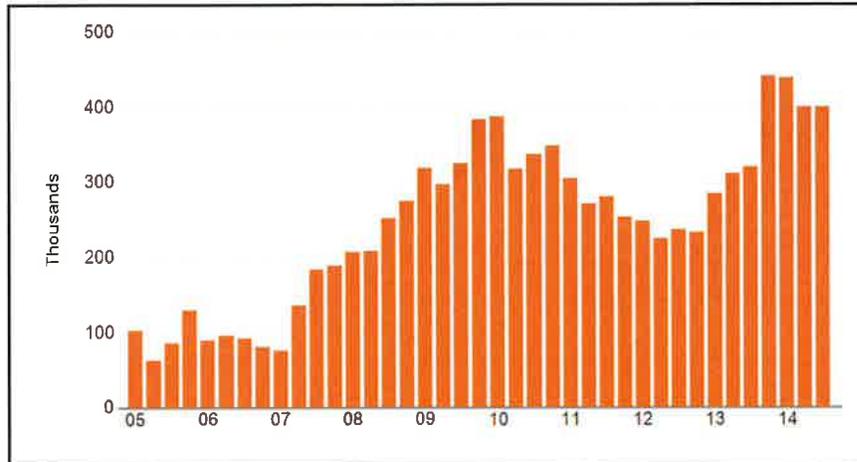
The following is the average rental rate for industrial properties in the subject sector, according to Costar. This indicates that the average rental peaked at the end of 2008, before gradually declining until the low point in mid 2012. The results since 2012 have remained relatively stable.

Industrial Rental Rates, Subject Sector



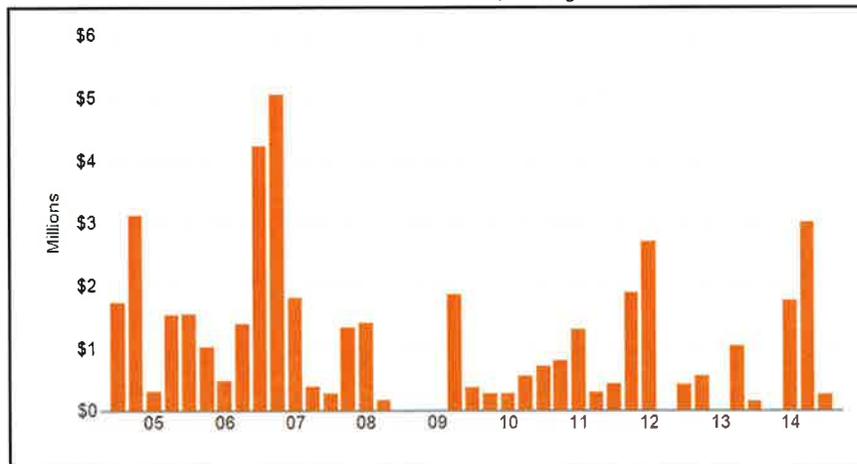
The following is the industrial space available for lease in the subject sector, according to CoStar. This data indicates that available space remains high, similar to the overall Pima County market. There is currently an oversupply of available industrial space.

Industrial Available Square Footage, Subject Sector



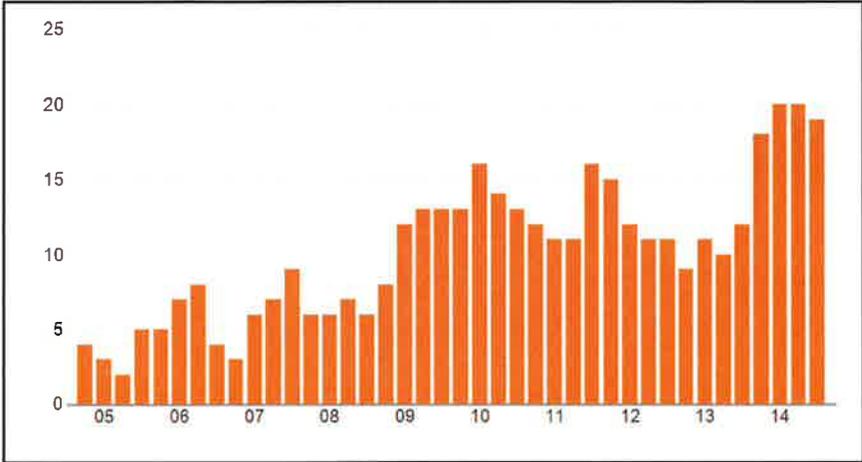
According to CoStar, there has been limited Industrial Sales Volume in the subject neighborhood since 2007, with a few quarters of increased activity.

Industrial Sales Volume, Subject Sector



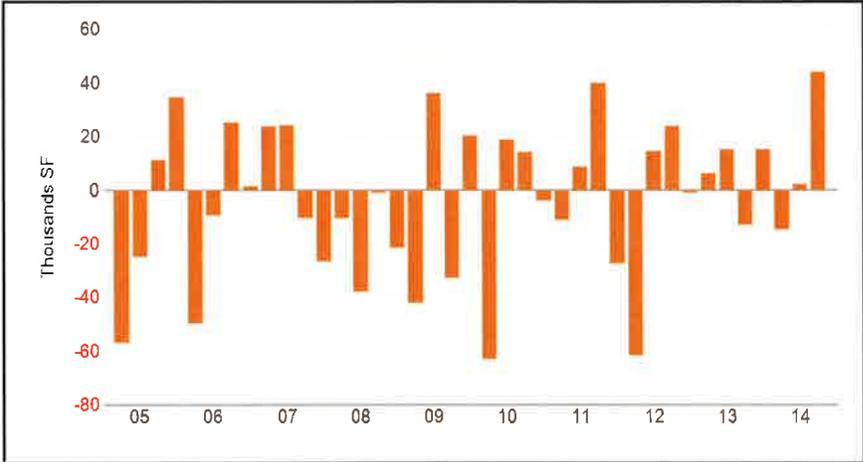
The following is the number of industrial listings for sale in the subject sector according to Costar. The number of listings has increased since the bottom level in 2005, with a larger increase in listings occurring in 2014.

Industrial Listings for Sale, Subject Sector

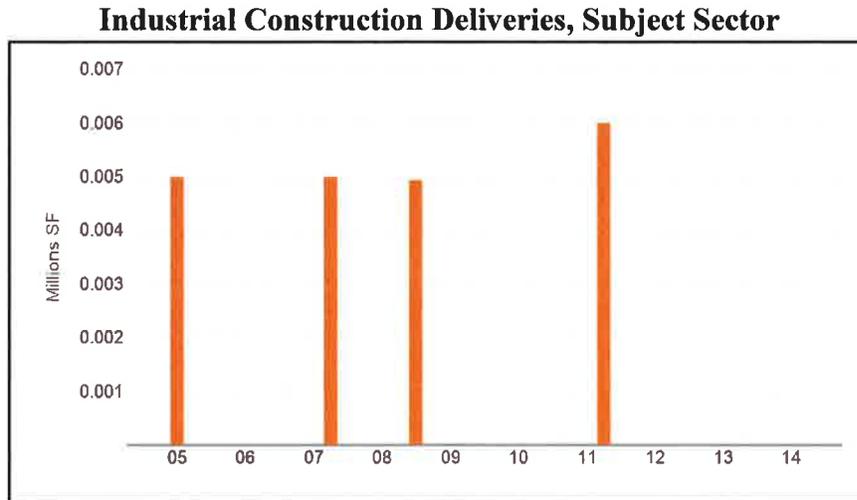


The following is the net absorption for industrial properties in the subject sector, according to Costar. This indicates that there has been a mix of net positive and net negative absorption in the subject neighborhood market since 2005. Five of the last Seven quarters have seen a net positive absorption rate.

Industrial Net Absorption, Subject Sector



There was no industrial space under construction in the subject sector since 2011, according to Costar. Like the overall Tucson market, as market conditions improve and the oversupply of available industrial properties is absorbed, new construction will increase.

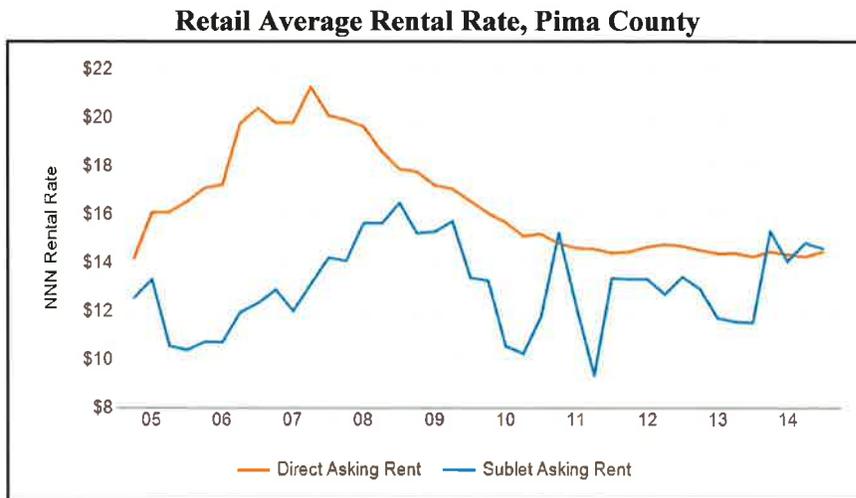


Retail Statistics:

The following is the vacancy rate for retail properties in Pima County. This data indicates that the vacancy rates for retail properties in the Tucson market have increased since 2005, according to CoStar. The vacancy rate peaked in second quarter of 2012. The vacancy rate has declined slightly, but remains significantly above 2007 vacancy levels.

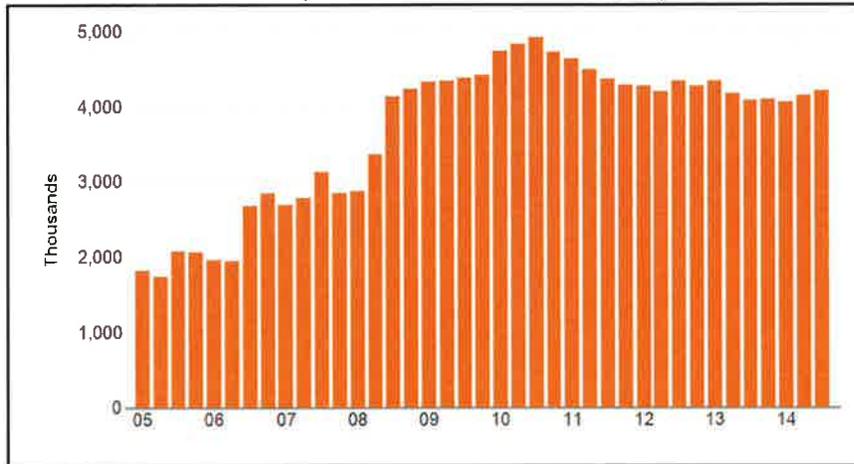


The following is the average rental rate for retail properties in Pima County, according to CoStar. This data indicates that the average rental rate peaked in the fourth quarter 2007 and has steadily declined since that time. Since 2012, rental rates have remained relatively stable.



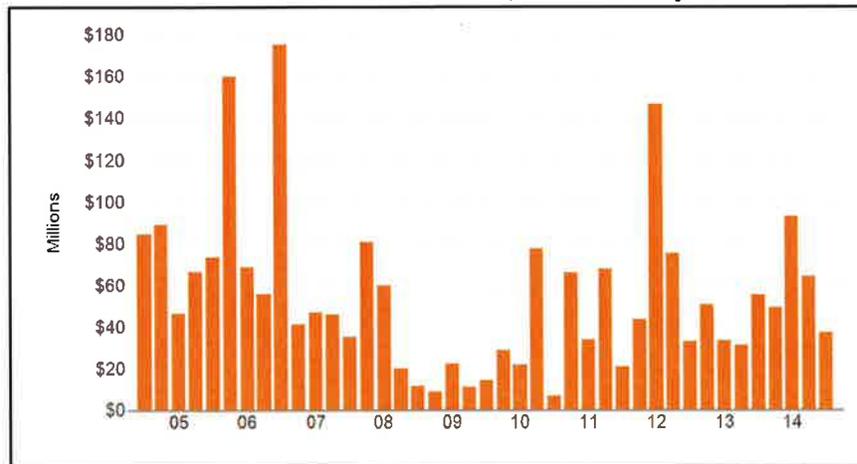
According to CoStar, there has been a significant increase in the amount of retail space available for lease in Pima County. The amount of retail space available for lease has increased since 2006, then remained relatively stable from the beginning of 2011 through 2014, but significantly higher than the amount of available space in 2006 through 2008. This indicates that there is an oversupply of available retail space. As market conditions improve, this space will begin to be absorbed.

Retail Space For Lease, Pima County



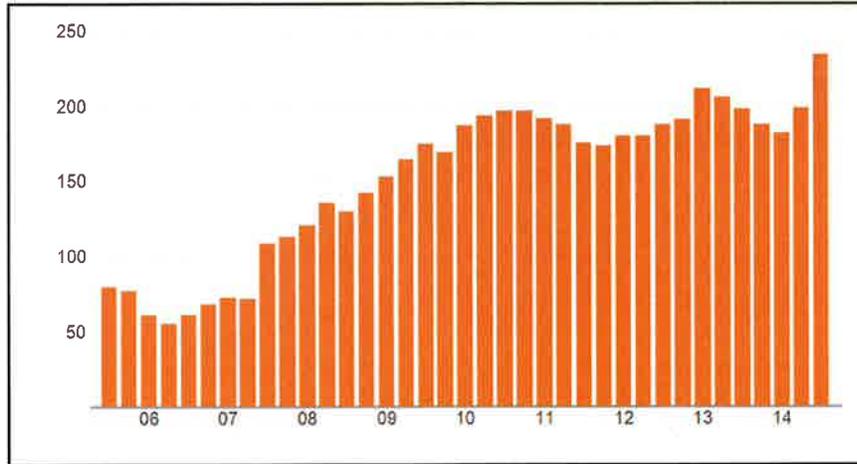
According to CoStar, there has been a decrease in the amount of retail sales transactions in Pima County since the peak in late 2006. The decline began to stabilize in 2010, and has remained relatively stable through 2014, with a few quarters of increased activity.

Retail Sales Transactions, Pima County



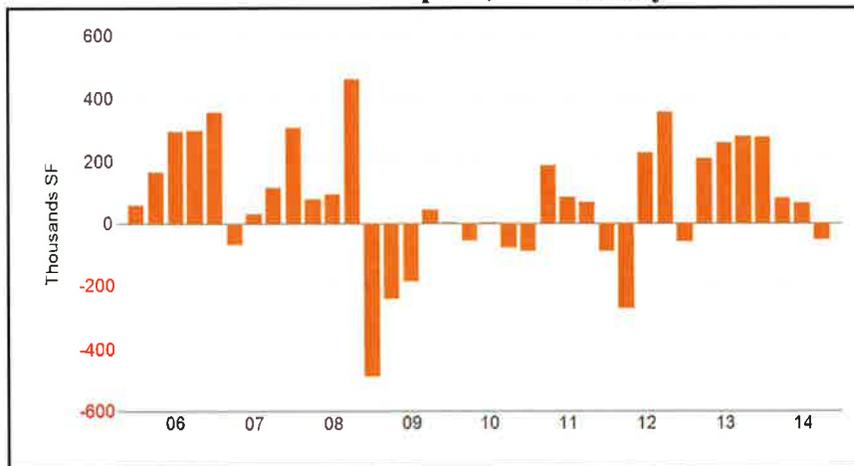
There has also been an increase in the amount of retail space available for sale in Pima County, according to Costar. Although the amount of available space has remained fairly stable from the 2011 through 2014, with a jump in the last quarter of 2014, there is an oversupply of available industrial space.

Retail Listings For Sale, Pima County



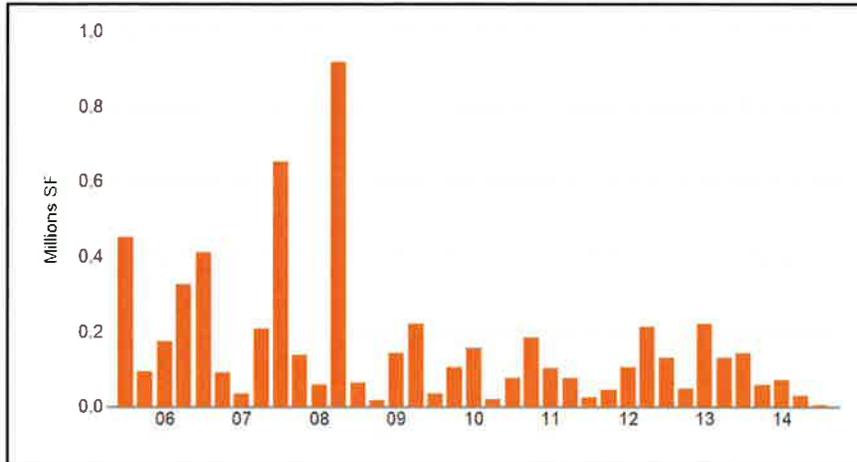
The following is the net absorption for retail properties in Pima County, according to Costar. This indicates that there has been a mix of net positive and net negative absorption in the Tucson market since 2006. There has been a net positive absorption for six out of the last quarters going back from the end of 2014.

Retail Net Absorption, Pima County



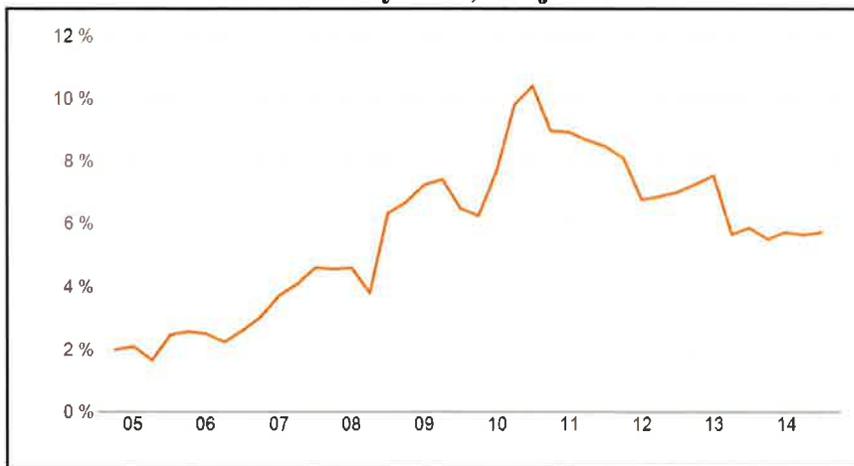
There has been a significant decrease in retail construction deliveries since 2008, according to Costar. As market conditions improve and the oversupply of available retail properties is absorbed, new construction will increase, however this is not projected to occur for at least several years.

Retail Construction Deliveries, Pima County



The following is the vacancy rate for retail properties in the subject sector, South Tucson Retail, according to Costar. This data indicates that the vacancy rate peaked in the fourth quarter 2010, followed by a sharp drop immediately after the peak. The vacancy rate stabilized beginning around mid 2013 and remained stable through 2014.

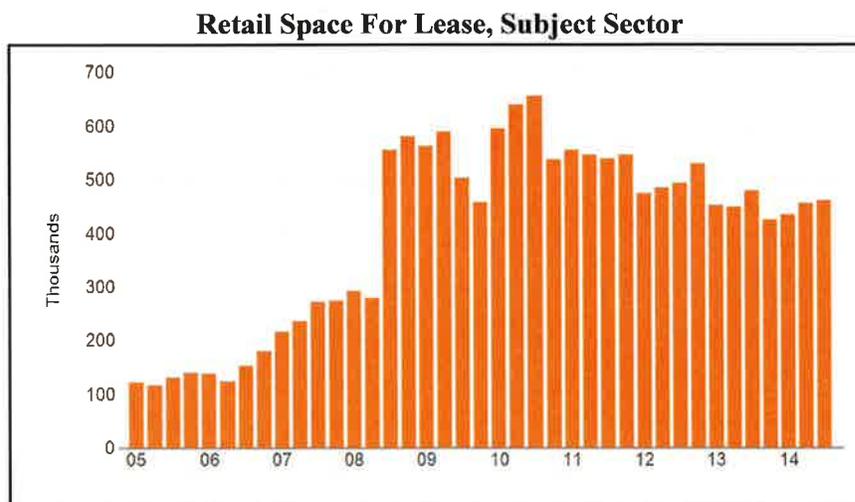
Retail Vacancy Rate, Subject Sector



The following is the average rental rate for retail properties in the subject sector, according to Costar. This indicates that the average rental rate increased from 2005 to the peak in the third quarter of 2007. Rental rates then dropped after that time through late 2010. Rates have remained relatively stable since that time, with a slight upward trend.

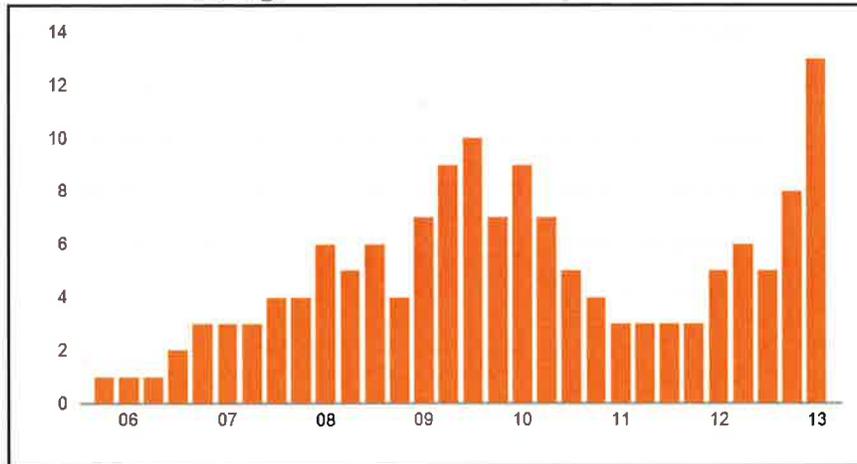


The following is the retail space available for lease in the subject sector, according to CoStar. This data indicates that available space remains high, similar to the overall Tucson market. There is currently an oversupply of available retail space. There was a significant increase in available retail space from the end of 2008 through 2014, with a slight downward trend.



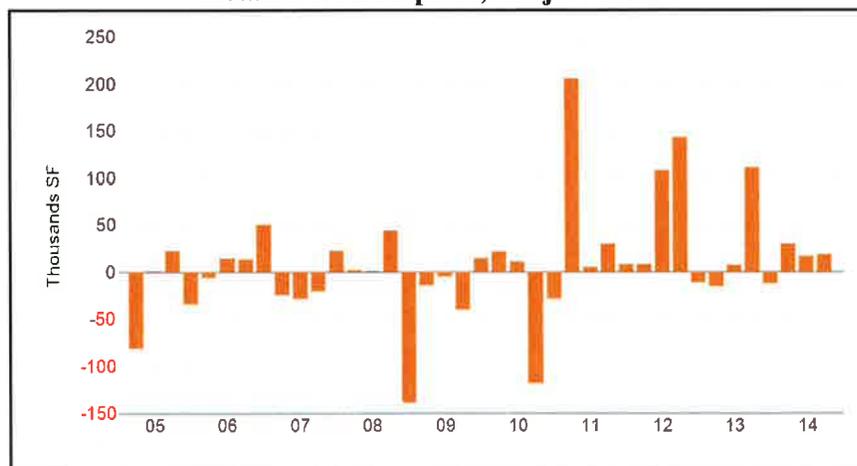
There has also been an increase in the amount of retail space available for sale in the subject sector compared to 2006 levels, according to Costar. There was an increase in listings from 2007, peaking in late 2009, followed by a decline that stabilized in 2011. Beginning in 2012, there was an increase in listings that continued. Overall, the subject sector has a limited amount of listings, and as with the overall Tucson market, there is still an oversupply of available retail space.

Retail Listings For Sale, Subject Neighborhood



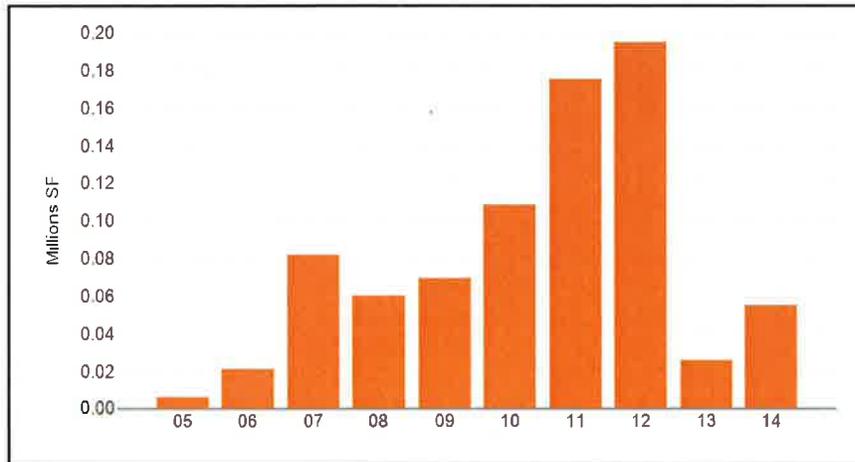
The following is the net absorption for retail properties in the subject sector, according to Costar. This indicates that there has been a mix of net positive and net negative absorption in the subject sector, similar to the overall Tucson market.

Retail Net Absorption, Subject Sector



There has been limited retail construction deliveries in the subject sector starting in 2013 through 2014, according to Costar. Like the overall Tucson market, as market conditions improve and the oversupply of available industrial properties is absorbed, new construction will increase.

Retail Construction Deliveries , Subject Sector



The following information discusses the general state of the real estate market conditions. The first section will show the decline in land values over the past several years as a result of the downturn in the economy.

The following land sales demonstrate declining prices as a result of the current market conditions when paired. The sales are as follows:

1. A 63,188 square foot parcel of land sold on March 1, 2006 for \$1,850,000, or \$29.28 per square foot. This property is located at the northeast corner of Tangerine Road and Thornydale Road. This property is a pad at the corner of Tangerine and Thornydale in an anchored shopping center. The property was purchased for development of a Wells Fargo bank branch building that was not developed. This property sold in March 2012 for \$460,000. According to the broker, the property sold approximately 5% below market for a quick sale before the end of the quarter. Based on a market price of \$485,000 (5% higher than \$460,000), this reflects a decline in prices of 73.7%.
2. A 169,600 square foot parcel of land is located on the west side of Highway Drive and the south side of Wetmore Road. This property is zoned CI-2 and is irregular in shape. This land sold in October 2004 for \$550,000, or \$3.24 per

square foot. This property resold in November 2012 for \$200,000, or \$1.18 per square foot. This reflects a 74% decline between the two dates of value.

3. An MU zoned lot on Desert Gold Place in Shamrock Business Park contains 29,420 square feet of land area. This lot sold in November 2006 for \$129,448. This lot resold in April 2013 for \$100,000, indicating a decline of 23%. The decline from the peak of the market is likely greater as prices increased from late 2006 through the end of 2007.
4. An O-3 zoned parcel of land containing 87,512 square feet is located east of Swan Road, north of Fort Lowell. This land sold in February 2006 for \$1,000,000. The bank acquired this property through a deed in lieu of foreclosure in May 2011. The bank sold this property in June 2013 for \$366,500. This indicates a decline of 63% between the two dates of sale.
5. An LI zoned parcel of land containing 65,340 square feet of land is located on Travel Center Drive. This is a finished pad with some visibility from I-10. This land sold in June 2007 for \$514,559 and resold in July 2013 for \$400,000. This indicates a decline of 22% between the two sale dates.
6. A C-2 zoned parcel of land is located on the north side of Speedway, west of Wilmot. This parcel has a net usable size of 88,209 square feet of land. The property sold in January 2008 for \$1,800,000 and resold in March 2014 for \$1,300,000. This indicates a decline of 28%.

The previously described paired sales indicate a range of decline in prices from 22% to 74%. Comments from market participants indicate that the decline is a result of the current economic conditions, a lack of demand, and a lack of available financing.

B. Decline in Improved Commercial and Industrial Property Prices

The following paired sales of commercial and industrial buildings indicate declining prices as a result of the current market conditions. The sales are as follows:

7. An office building with high-end finishes containing 2,819 square feet is located on the north side of Skyline Drive south of Pima Canyon Drive. This property sold in September 2007 for \$900,000. This property resold in February 2012 for \$710,000, indicating a decline of 21% for this type of property.
8. An office building contains four tenant spaces in 2,980 square feet of building area. This property is located on the north side of Prince Road, west of Campbell Avenue. This building sold in April 2005 for \$400,000. This property resold in March 2012 for \$190,000, indicating a decline of 53%.

9. A 3,220 square foot retail building on Speedway Boulevard sold on August 3, 2012 for \$240,000, or \$74.53 per square foot. This property consists of a typical retail layout with mostly open retail space with a few offices in the rear. This property previously sold in August 2007 for \$430,000, or \$133.54 per square foot. This indicates a decline of 44%.
10. A 3,668 office condominium previously sold in December 2009 for \$875,000, or \$238.55 per square foot. This office is located on Kolb Road and was constructed in 2002. This was a typical office layout with offices, open work area, break room, and conference room. This property resold in August 2012 for \$690,000 or \$188.11 per square foot. This indicates a decline of 21% between the two dates of sales.
11. An office condominium containing 2,015 square feet is located on 1st Avenue. This property sold on November 15, 2012 for \$275,000, or \$136.48 per square foot. This property previously sold in July 2007 for \$483,600, or \$240.00 per square foot. This indicates a decline of 43% between the two dates of sale.
12. An industrial building on Huachuca Drive contains 24,920 square feet of building area and was built in 1977. This building sold in August 2007 for \$1,775,000. This building resold in April 2013 for \$1,170,000, indicating a decline of 35% between the two sale dates.
13. An office building is located in Plaza Campana Condominiums. This building is on Oracle Road and was built in 2002. This building sold in July 2008 for \$603,245 and resold in April 2013 for \$346,545. This indicates a decline of 43% between the two dates of sale.
14. An industrial building at Pennsylvania and Santa Rita contains 38,988 square feet of building area and was built in 1978. This building sold in March 2006 for \$4,821,684. This building resold in May 2012 for \$2,025,000, indicating a decline of 58% between the two dates of sale.
15. There is an office building on 7th Avenue that contains 7,627 square feet of building area. This building sold in May 2006 for \$855,000 and resold in April 2013 for \$475,000. This indicates a decline of 44% between the two sale dates.

The previously described paired sales indicate a range of decline in prices from 21% to 58% percent. Comments from market participants indicate that the decline is a result of the current economic conditions, a lack of demand, and a lack of available financing.

Overall, the commercial and industrial real estate markets have eroded due to a weak economy, employment cutbacks and tight credit that adversely affects tenants, owners and investors. The weakened supply and demand fundamentals have resulted in declining values

due to rising capitalization rates and shortages of capital. However, there are indications that market conditions for many types of commercial property have started to stabilize since 2012. In the short term, limited growth and stable values are projected for Tucson over the next several years. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME:

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

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

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

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

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

HIGHEST AND BEST USE:

The 5th edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010), defines highest and best use as follows:

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property - specific with respect to the user and timing of the use - that is adequately supported and results in the highest present value.”

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

1. *The Dictionary of Real Estate Appraisal* (Chicago: Appraisal Institute, Fifth Edition, 2010), p. 121

2. *Ibid*, p. 73

HIGHEST AND BEST USE, AS VACANT:

The subject site is located on the east side of Kino Parkway, south of 22nd Street. The site is vacant land containing 223,350 square feet (5.13 acres). The site is a backage property from 22nd Street. Vehicular access to the site is available from the Cherrybell Stravenue/Cherry Avenue alignment. The site is mostly level, sloping in a southerly direction. The western portion of the site is identified as being located in a local flood plain. This flood prone portion of the site experiences ponding in the area immediately adjacent to Kino Parkway. The balance of the property is not flood prone. There is a small wash that traverses the middle of the property in an east/west direction. There is a 25 foot building setback from this wash. There are large dirt piles located on the subject property. The City of Tucson plans to remove these dirt piles in the future for use as part of the 22nd Street Corridor roadway project according to Mr. Jim Rossi with the City of Tucson Real Estate Services section. The subject property is being appraised under the *hypothetical condition* as if these dirt piles do not exist on the subject property. If it is determined at a future date that the subject property owner will not be removing these dirt piles from the subject property, then the value of the subject property concluded in the is appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

The City of Tucson is planning a roadway improvement project in the area of the subject property that is currently under construction. Upon completion of the project, the subject property will have frontage on Kino Parkway, Cherrybell Stravenue, and Cherry Avenue. Access to the property will be from Cherrybell Stravenue on the northern and central portion of the with Cherry Avenue providing access to the southern part of the site. The site will not have access from Kino Parkway. The market would recognize that these planned improvements will occur and how they would impact the subject property. The subject property is being appraised under the *hypothetical condition* as if this roadway project has already been completed in the manner in which it has been proposed. If it is determined at a future date that the plans for the roadway project as proposed are revised, then the value of the subject property concluded in this appraisal is subject to modification. Per USPAP, the use of this hypothetical condition might have affected the assignment results.

The site is within the jurisdiction of the City of Tucson and is zoned almost entirely R-2 (residential). It is located in the Greater South Park Area Plan which allows for commercial and industrial uses. According to Mr. Manny Padilla, Planner with the City of Tucson Development Services Department, the subject property could potentially be re-zoned to commercial or industrial uses in conformance with the Greater South park Area Plan, specifically the subject can be re-zoned up to I-2 for industrial uses or up to C-2 for commercial uses. Because of the residential uses to the south, a buffer would be required between different types of land uses.

The highest and best use of a property must meet four criteria. The highest and best use must be legally permissible, physically possible, financially feasible, and maximally productive. These criteria are usually considered in order; however, the four criteria interact and may be considered together.

Legally Permissible.

The current R-2 subject zoning allows for medium density, single-family and multi-family residential development, together with schools, parks, and other public services necessary for an urban residential environment. The subject property is located in Subarea 4 of the Greater South Park Area plan, which allows for commercial and industrial uses. According to a memo from Mr. John Beall, Principal Planner with the City of Tucson Development Services Department, the subject property could potentially be re-zoned to commercial or light industrial uses in conformance with the Greater South Park Area Plan. This was confirmed in a discussion with Mr. Manny Padilla with the City of Tucson Development Services Department.

Physically Possible.

The physically possible use of the site is dictated by the size, shape, and utility of the property. The subject site is irregular in shape and contains 223,350 square feet (5.13 acres) of vacant land. The City of Tucson has plans for roadway improvements in the area of the subject property. Upon completion of the planned roadway improvements, the subject will have frontage on Kino Parkway, and the Cherrybell Stravenue/Cherry Avenue alignment. Access to the subject will be from Cherrybell Avenue with Cherry Avenue providing access to the southern portion of the site. The subject property will not have access from Kino Parkway. Potential buildings on the subject site will have some visibility from northbound Kino Parkway; however, these views will be limited as Kino Parkway will be elevated above the subject property. There will be no visibility of the site from 22nd Street. A portion of the subject property is located in a local flood plain. Any potential development of this flood prone area of the site would require the land to be built up one foot above base flood elevations. There is a local wash that traverses the site in an east/west direction with a building setback of 25 feet.

There are residential uses immediately to the south of the subject property. According to Mr. Padilla, because of its proximity to these residential uses, any future development of the subject property with commercial or industrial uses would require a building setback buffer along the southern property line such as a landscape buffer or parking.

Therefore, based on the overall shape of the site, the physically possible uses of the site are considered to be those use that can function on a larger parcel or could be developed with multiple uses. These uses include commercial uses and/or industrial uses.

Financially Feasible and Maximally Productive Use.

The subject site has been analyzed for potential commercial and industrial uses. The general area where the subject is located includes a mix of older commercial, industrial, and residential uses. Twenty-Second Street in the area of the subject is mostly developed but there is land available for further development. The development of 22nd Street has been slow due to 22nd Street being used for vehicular traffic that is destination-oriented to employment centers. The area has had limited new development over the past several years.

Based on market conditions, the highest and best use of the subject is for land investment with future development of a commercial or industrial use. From among those uses which are legally permissible and physically possible, one dominant use emerges as being most

marketable. That use is for land investment for the near term until market conditions and neighborhood conditions dictate a need for new development of a commercial or industrial use.

PART IV - SUMMARY OF ANALYSIS AND VALUATION

Sales Comparison Approach.

In arriving at the market value of the subject land, the ***sales comparison approach*** has been utilized for the subject property. It is based on the theory of substitution: a purchaser will not pay more for one property than the cost of acquiring a similar property. Thus, sales of competitive properties have been compared to the subject property and adjusted for differences.

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Land Size (Sq. Ft)	Price Per Sq. Ft.	Zoning
1.	01/12	West side of Belvedere Avenue, south of 22 nd Street	\$1,075,000	424,389	\$2.53	C-2
2.	12/13	Southeast corner of Campbell Avenue and 34 th Street	\$174,500	76,883	\$2.27	C-1/R-2
3.	07/14	North side of Corona Road, west of Palo Verde, East of Country Club	\$2,574,821	1,157,127	\$2.23	I-1
4.	12/14	South side of Irvington Road, west of Swan Road	\$830,000	448,677	\$1.85	I-2
		Subject Property		223,350		R-2/ I-1*
* Potential re-zoning up to I-2 or C-2						

ADJUSTMENT SUMMARY OF COMPARABLE LAND SALES

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Sale Date		01/2012	5/2013	06/2014	12/2014
Site Size (Sq. Ft.)	223,350	424,389	76,883	1,157,127	448,677
Zoning	R-2*	C-1/C-2	C-1/R-2	I-1	I-2
Utility	Fair	Superior	Superior	Superior	Similar
Sale Price		\$1,075,000	\$174,500	\$2,575,821	\$830,000
Price per Sq. Ft.		\$2.53	\$2.27	\$2.23	\$1.85

*Potential rezoning up to C-2, I-2

Summary of Adjustments

Unadjusted Price / Sq. Ft.	\$2.53	\$2.27	\$2.23	\$1.85
Property Rights	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$2.53	\$2.27	\$2.23	\$1.85
Financing	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$2.53	\$2.27	\$2.23	\$1.85
Conditions of Sale	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$2.53	\$2.27	\$2.23	\$1.85
Date/Market Conditions	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$2.53	\$2.27	\$2.23	\$1.85
Physical Adjustments (%)				
Location/Exposure	-10	10	0	10
Zoning	-10	-5	-10	-10
Site Size	10	-10	25	10
Site Utility	<u>-10</u>	<u>-10</u>	<u>-10</u>	<u>0</u>
Net Adjustment	-20%	-15%	5%	10%
Indicated Value / Sq. Ft.	\$2.03	\$1.93	\$2.34	\$2.03

Market Sales Analyses:

Four sales of similar land were analyzed on the basis of price per square foot. This is the sale price divided by the square footage of the site. Sales prices range from \$1.85 to \$2.53 per sq. ft. before adjustment. The reflected adjustments have been indicated in the adjustment grid on the facing page. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

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

Physical adjustments include a downward adjustment for location/exposure as this sale is in a general location that has greater demand than the subject property. There is a downward adjustment warranted for zoning as this property does not need to be re-zoned, which is needed for the subject. There is an upward adjustment indicated for site size as this sale is larger than the subject property. Larger properties tend to sell for less on a square foot basis than smaller properties, all else being equal. There is a downward adjustment for site utility warranted as this sale has less of the ponding issues that occur on the subject property, the shape is more regular compared to the subject, and there are no known easements on this sale that impact the developability of the site, compared to the subject. Overall, this sale is adjusted downward in comparison to the subject property.

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

Physical adjustments include an upward adjustment for location/exposure as this sale is in a general location that has less demand than the subject property. There is a downward adjustment warranted for zoning as a portion of this does not need to be re-zoned, which is needed for the entire subject property. There is a downward adjustment indicated for site size as this sale is smaller than the subject property. Smaller properties tend to sell for more on a square foot basis than larger properties, all else being equal. There is a downward adjustment for site utility warranted as this sale does not have the ponding issues that occur on the subject property, the shape is more regular compared to the subject, and there are no known easements on this sale that impact the developability of the site, compared to the subject. Overall, this sale is adjusted downward in comparison to the subject property.

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

Physical adjustments include a downward adjustment for zoning as this property does not need to be re-zoned, which is needed for the subject. There is an upward adjustment indicated for site size as this sale is larger than the subject property. Larger properties tend to sell for less on a square foot basis than smaller properties, all else being equal. There is a downward adjustment for site utility warranted as this sale does not have the ponding issues that occur on the subject property, the shape is more regular compared to the subject, and there are no known easements on this sale that impact the developability of the site,

compared to the subject. Overall, this sale is adjusted upward in comparison to the subject property.

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

Physical adjustments include an upward adjustment for location/exposure as this sale is in a general location that has less demand than the subject property. There is a downward adjustment warranted for zoning as a portion of this does not need to be re-zoned, which is needed for the entire subject property. There is an upward adjustment indicated for site size as this sale is larger than the subject property. Larger properties tend to sell for less on a square foot basis than smaller properties, all else being equal. There are offsetting adjustments for site utility warranted as this sale does not have the ponding issues that occur on the subject property, there are no known easements on this sale that impact the developability of the site, compared to the subject. This is offset as there is no public sewer nearby the property. Overall, this sale is adjusted downward in comparison to the subject property.

Direct Sales Comparison Summary.

	Comp 1	Comp 2	Comp 3	Comp 4
Adjusted Price Per Sq. Ft.	\$2.03	\$1.93	\$2.34	\$2.03

These four comparables indicate a price range of \$1.93 to \$2.34 per square foot after adjustment. All the sales were given equal weight as each sale required a similar number and magnitude of adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of February 26, 2015, is \$2.05 per square foot, times 223,350 square feet, equaling \$457,878, rounded to \$460,000.

Market Value Conclusion.

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the estimated market value of the subject property, "as vacant," as of the effective date of the appraisal, February 26, 2015, is \$460,000.

ESTIMATED MARKET VALUE OF SUBJECT PROPERTY,
"AS VACANT," AS OF FEBRUARY 26, 2015:

FOUR HUNDRED SIXTY THOUSAND DOLLARS (\$460,000)

PART V - ASSUMPTIONS AND LIMITING CONDITIONS

1. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
3. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraiser responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
4. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
5. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraiser. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraiser assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

6. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
7. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
8. **Adjustments.** The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
9. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
10. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
11. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
12. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.
13. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraiser. Therefore, it is assumed that existing soil conditions are capable of supporting development of the subject

- property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsurface which would render the subject more or less valuable by knowledge thereof.
14. ***Court Testimony.*** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
 15. ***Exhibits.*** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
 16. ***Statute, Regulation, and License.*** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
 17. ***Hidden or Unapparent Conditions.*** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
 18. ***Hazardous/Toxic Substances.*** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to “cure” such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.
 19. ***Americans with Disabilities Act of 1990.*** The ADA became effective on January 26, 1992. I have not made a specific compliance survey and analysis of this property to

determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

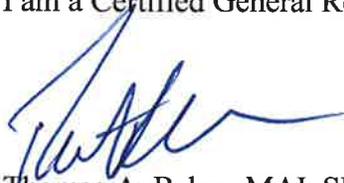
20. **Disclosure.** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
21. **Endangered and Threatened Species.** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
22. **Acceptance of Report.** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

PART VI - CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is February 26, 2015.
12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has appraised the subject property within three years prior to this assignment.
14. It is noted that Dan F. Orłowski assisted significantly with this report by performing the following tasks under the direction of the appraiser:
Researched the subject and comparable sale information, assisted in comparable sale selection, inspected the subject property, provided analysis and value conclusion input based on research, and developed the report. The final analysis and value conclusion is that of Thomas A. Baker, MAI, SRA.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.



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

PART VII - EXHIBITS

- Exhibit A Legal Description
- Exhibit A.2 Legal Description and Maps of Easements
- Exhibit B Subject Map
- Exhibit C Zoning Map
- Exhibit C.2 Rezoning Memorandum
- Exhibit D Aerial Photograph
- Exhibit E Flood Plain Map
- Exhibit E.2 Drainage Map
- Exhibit F Map of 22nd Street Corridor Project
- Exhibit G Site Plan Overview
- Exhibit H Subject Photographs
- Exhibit I Comparable Sales Location Map
- Exhibit J Comparable Land Sales, Maps and Aerial Photographs
- Exhibit K Qualifications

EXHIBIT A - LEGAL DESCRIPTION

Arrow Land Survey, Inc.

3121 E. Kleindale Road

Tucson, AZ 85716

Phone (520) 881-2155

Fax (520) 881-2466

LEGAL DESCRIPTION

Job # 10091

December 13, 2010

PARCEL II

A portion of Kino Boulevard Right-of-Way as shown on the City of Tucson City Engineer's Plan No. R-82-02, also known as the *KINO BOULEVARD, IRENE VISTA TO 22ND STREET RIGHT OF WAY PLAN*, on file in Maps and Records in the Office of said City Engineer, and a portion of Cherrybell Stravenue as shown Book 9 of Maps and Plats at page 29, in the records of the Pima County Recorder, Pima County, Arizona, and a portion of Lots 3, 4, and 5 in Block 20 of Altadena Heights and a portion of the alley west of and adjacent to said Lot 5, all as shown in Book 2 of Maps and Plats at page 16 in the records of the Pima County Recorder, more particularly described as follows:

COMMENCING at the intersection of the monument line of 22nd Street and the centerline of Kino Boulevard, monumented by a 2" brass disk in hand well, stamped "City of Tucson", from which point a 2" brass disk in concrete, stamped "City of Tucson RLS 29873" bears North 89° 06' 48" East a distance of 503.96 feet (Basis of Bearings);

THENCE North 89° 06' 48" East upon said monument line, 289.04 feet;

THENCE South 00° 53' 12" East perpendicular to said monument line, 95.00 feet;

THENCE North 89° 06' 48" East parallel with and 95.00 feet south of said monument line, 184.97 feet to a point of curvature;

THENCE along a curve to the right, having a radius of 25.00 feet and a central angle of 89° 50' 23", an arc distance of 39.20 feet;

THENCE South 01° 02' 49" East, 266.01 feet to a point of curvature;

THENCE along a curve to the left, having a radius of 750.00 feet and a central angle of 07° 10' 43", an arc distance of 93.97 feet to the **POINT OF BEGINNING**;

THENCE continuing along said curve to the left, having a radius of 750.00 feet and a central angle of 20° 37' 38", an arc distance of 270.01 feet to a point of reverse curvature;

PARCEL II (continued)

THENCE along a curve to the right, having a radius of 25.00 feet and a central angle of 97° 06' 46", an arc distance of 42.37 feet;

THENCE South 68° 15' 36" West, 66.61 feet to a point of curvature;

THENCE along a curve to the left, having a radius of 83.32 feet and a central angle of 69° 11' 51", an arc distance of 100.63 feet;

THENCE South 00° 56' 15" East, 209.78 feet;

THENCE South 89° 04' 38" West, 173.63 feet;

THENCE South 39° 03' 01" West, 157.67 feet;

THENCE South 00° 46' 46" East, 81.38 feet;

THENCE South 89° 32' 36" West, 73.63 feet to a point of curvature, from which point the radius bears North 89° 10' 00" East;

THENCE along a non-tangent curve to the right, having a radius of 2804.79 feet and a central angle of 5° 03' 05", an arc distance of 247.28 feet;

THENCE North 15° 08' 55" East, 60.15 feet;

THENCE North 06° 05' 29" East, 89.37 feet to a point of curvature, from which point the radius bears North 30° 08' 55" West;

THENCE along a curve to the left, having a radius of 82.00 feet and a central angle of 102° 05' 53", an arc distance of 146.12 feet;

THENCE North 06° 05' 29" East, 244.89 feet;

THENCE South 89° 04' 00" West, 7.05 feet;

THENCE North 06° 05' 29" East, 42.06 feet;

THENCE North 89° 04' 00" East, 308.22 feet to the **POINT OF BEGINNING**.

The above described parcel contains 223,350 square feet, or 5.127 acres.
This legal description not valid without Exhibit B-1, attached and hereto made a part.

PARCEL II (continued)

EASEMENT

Certain portions of the above described PARCEL I lying within certain streets in Kings Highway Addition as shown in Book 3 of Maps and Plats at page 2, and a portion of Cherrybell Stravenue as shown in Book 9 of Maps and Plats at page 29, described as follows:

Cherry Avenue (formerly Douglas Avenue) according to Kings Highway Addition, from the north line of 23rd Street to the north line of 24th Street, and

Vine Avenue (formerly H Avenue) according to Kings Highway Addition, from the south line of 23rd Street to the north line of 25th Street, and

23rd Street according to Kings Highway Addition, from the east line of Vine Avenue to the west line of Cherry Avenue, and

24th Street (formerly Witt Street) according to Altadena Heights, from the east line of Vine Avenue to the west line of Cherry Avenue, and

Cherrybell Stravenue according to Book 9 of Maps and Plats at page 29, from the south line of 22nd Street to the north line of 24th Street.

This legal description not valid without Exhibit B-2, attached and hereto made a part.

PARCEL II (continued)

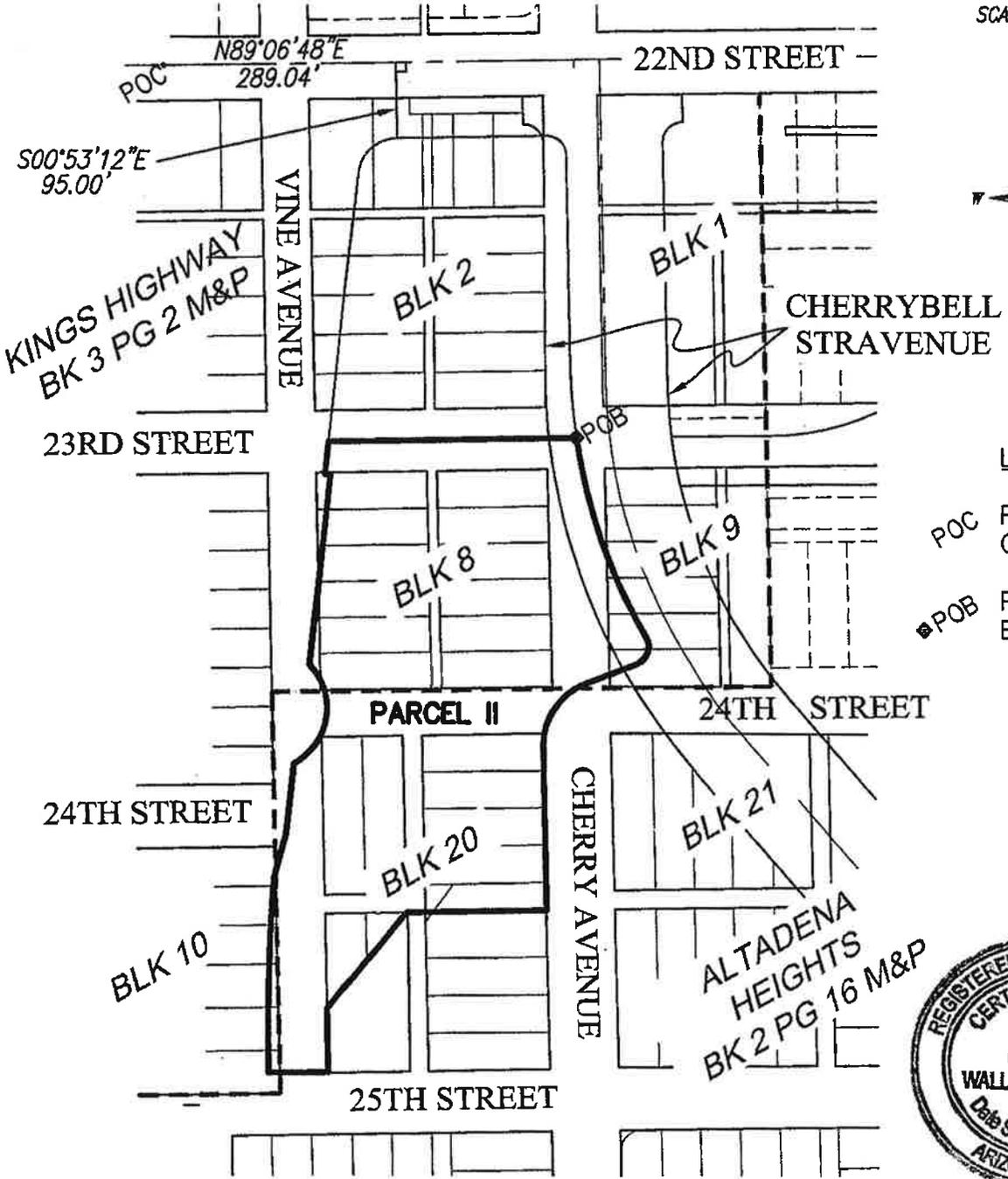
SUBJECT TO perpetual non-exclusive easements for the maintenance, repair and replacement as necessary of existing sewer, gas, electric, communications and cable television lines and facilities, including the right of ingress/egress thereto, in favor of Pima County, Southwest Gas Corporation, Tucson Electric Power Company, Qwest Communications, and Cox Communications Company, respectively, in, on, under, over, across and through the above-described EASEMENT. Said easements, or portions thereof, may be fully extinguished and abandoned upon relocation of the existing facilities, or portions thereof, and recordation of Affidavit(s) signed by each entity with an interest in the particular easement. Said Affidavit(s) must state the Affiant's interest in the easement and that the Affiant no longer owns facilities in the easement area being extinguished and abandoned.

RESERVING UNTO the City of Tucson a perpetual easement for the maintenance of existing water, streetlights and related facilities in, on, under, over, across and through the above-described EASEMENT. Said reserved easement, or portions thereof, shall be fully extinguished and abandoned upon relocation of the existing facilities, or portions thereof, and recordation of abandonment by the City of Tucson.



Reg. Exp. 9-30-2011

SCALE: 1" = 200'



LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING



REG. EXP. 9-30-2011

EXHIBIT B-1

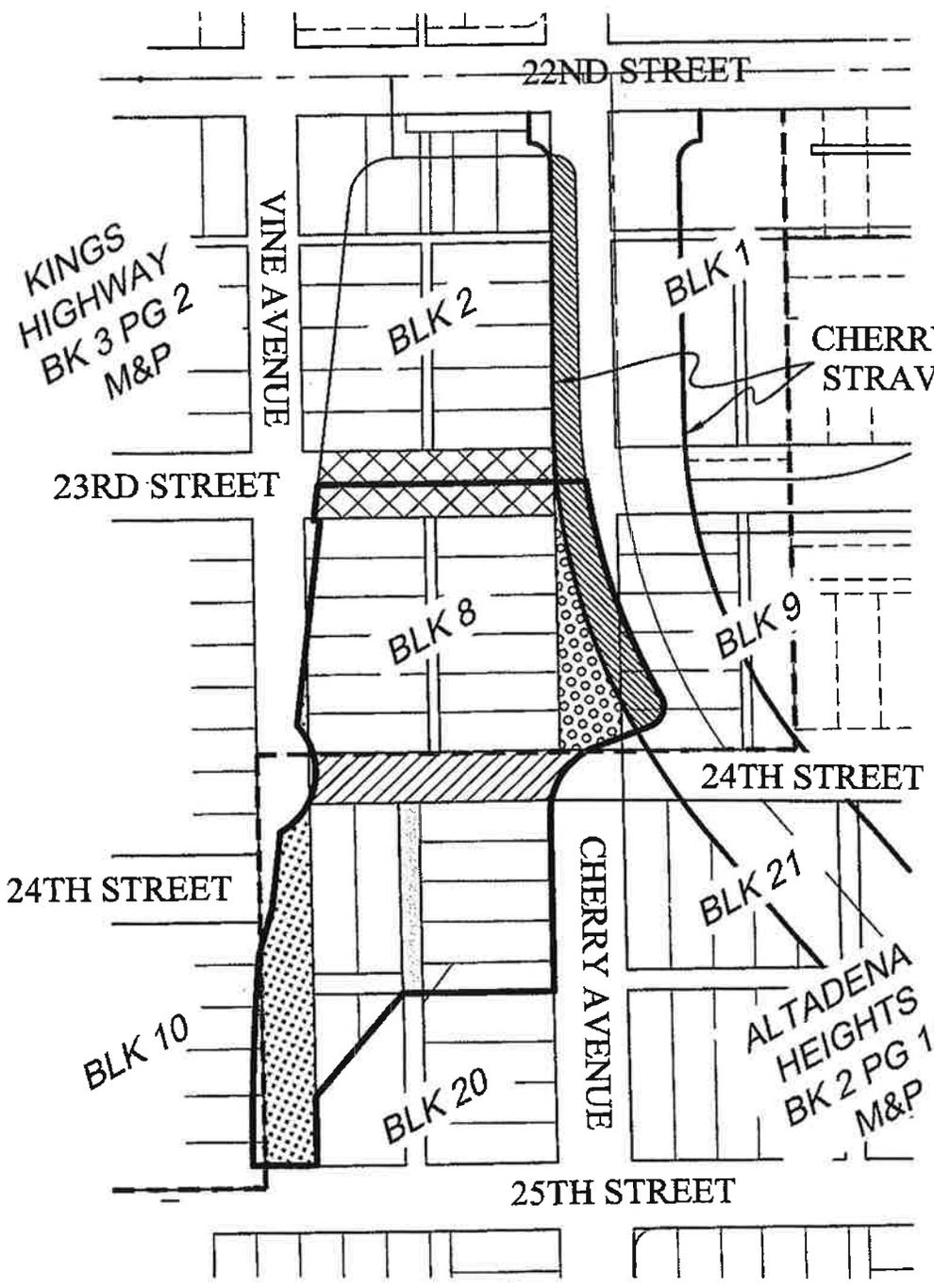
PARCEL II in the NE 1/4 of Section 19
T14S R14E, G&SRM, Pima County, Arizona.

Arrow Land Survey, Inc.

3121 E. KLEINDALE RD. TUCSON, AZ. 85716
 PHONE (520) 881-2155 FAX (520) 881-2466

LAND SURVEYING
 CONSTRUCTION STAKING

SCALE: 1" = 200'



LEGEND

- CHERRY AVENUE
- VINE AVENUE
- 23RD STREET
- 24TH STREET
- CHERRYBELL STRAV.
- ALLEY-BLK 20



REG. EXP. 9-30-2011

EXHIBIT B-2

Easements in the NE 1/4 Section 19
T14S R14E, G&SRM, Pima County, Arizona.

Arrow Land Survey, Inc.

3121 E. KLEINDALE RD. PHONE (520) 881-2155
TUCSON, AZ. 85716 FAX (520) 881-2466

LAND SURVEYING
CONSTRUCTION STAKING

EXHIBIT A.2 - LEGAL DESCRIPTION AND MAPS OF EASEMENTS

Arrow Land Survey, Inc.

3121 E. Kleindale Road
Tucson, AZ 85716

Phone (520) 881-2155

Fax (520) 881-2466

LEGAL DESCRIPTION

Job # 10091

December 13, 2010

50 foot Easement

A portion of Kino Boulevard Right-of-Way as shown on the City of Tucson City Engineer's Plan No. R-82-02, also known as the *KINO BOULEVARD, IRENE VISTA TO 22ND STREET RIGHT OF WAY PLAN*, on file in Maps and Records in the Office of said City Engineer, and a portion of Cherrybell Stravenue as shown Book 9 of Maps and Plats at page 29, in the records of the Pima County Recorder, Pima County, Arizona, more particularly described as follows:

COMMENCING at the intersection of the monument line of 22nd Street and the centerline of Kino Boulevard, monumented by a 2" brass disk in hand well, stamped "City of Tucson", from which point a 2" brass disk in concrete, stamped "City of Tucson RLS 29873" bears North 89° 06' 48" East a distance of 503.96 feet (Basis of Bearings);

THENCE North 89° 06' 48" East upon said monument line, 289.04 feet;

THENCE South 00° 53' 12" East perpendicular to said monument line, 95.00 feet to a point on a non-tangent curve concave to the southeast, from which point the radius bears South 00° 53' 12" East;

THENCE southwesterly along said curve, having a radius of 50.00 feet and a central angle of 83° 01' 19", an arc distance of 72.45 feet;

THENCE South 06° 05' 29" West, 302.95 feet to the **POINT OF BEGINNING**;

THENCE North 89° 05' 43" East, 299.22 feet to a point on a non-tangent curve concave to the east, from which point the radius bears North 84° 51' 15" East;

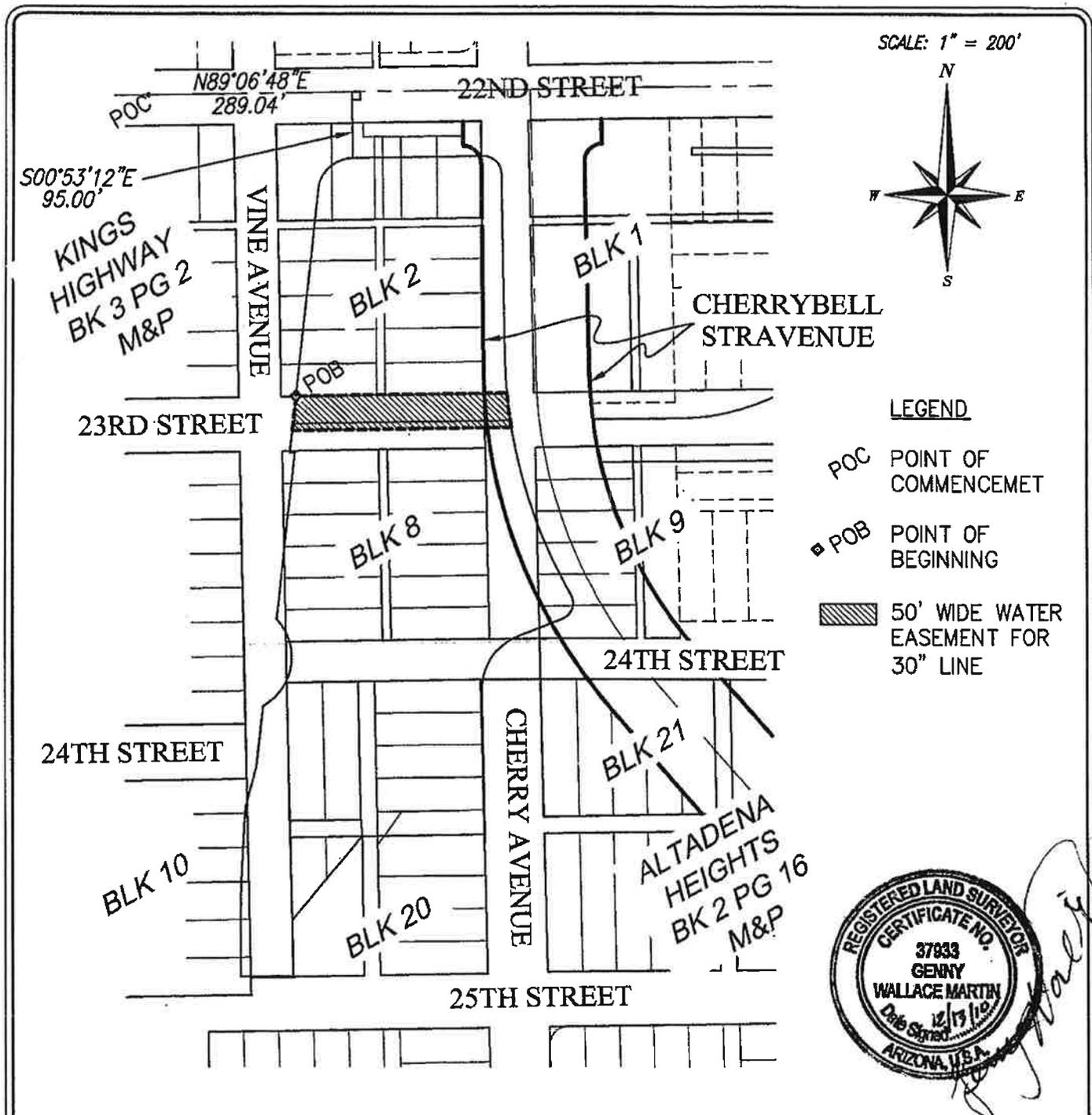
THENCE southeasterly along said curve, having a radius of 750.00 feet and a central angle of 3° 50' 34", an arc distance of 50.30 feet;

THENCE South 89° 05' 43" West, 310.75 feet;

THENCE North 06° 05' 29" East, 50.38 feet to the **POINT OF BEGINNING**.

This legal description not valid without Exhibit B, attached and hereto made a part.





SCALE: 1" = 200'



LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING
- 50' WIDE WATER EASEMENT FOR 30" LINE



REG. EXP. 9-30-2011

EXHIBIT B

Easement in the NE 1/4 Section 19
 T14S R14E, G&SRM, Pima County, Arizona.

Arrow Land Survey, Inc.

3121 E. KLEINDALE RD. TUCSON, AZ. 85716
 PHONE (520) 881-2155 FAX (520) 881-2466

LAND SURVEYING
CONSTRUCTION STAKING

Arrow Land Survey, Inc.

3121 E. Kleindale Road

Tucson, AZ 85716

Phone (520) 881-2155

Fax (520) 881-2466

LEGAL DESCRIPTION

Job # 10091

December 13, 2010

60 foot Easement

A portion of Kino Boulevard Right-of-Way as shown on the City of Tucson City Engineer's Plan No. R-82-02, also known as the *KINO BOULEVARD, IRENE VISTA TO 22ND STREET RIGHT OF WAY PLAN*, on file in Maps and Records in the Office of said City Engineer, more particularly described as follows:

COMMENCING at the intersection of the monument line of 22nd Street and the centerline of Kino Boulevard, monumented by a 2" brass disk in hand well, stamped "City of Tucson", from which point a 2" brass disk in concrete, stamped "City of Tucson RLS 29873" bears North 89° 06' 48" East a distance of 503.96 feet (Basis of Bearings);

THENCE North 89° 06' 48" East upon said monument line, 289.04 feet;

THENCE South 00° 53' 12" East perpendicular to said monument line, 95.00 feet to a point on a non-tangent curve concave to the southeast, from which point the radius bears South 00° 53' 12" East;

THENCE southwesterly along said curve, having a radius of 50.00 feet and a central angle of 83° 01' 19", an arc distance of 72.45 feet;

THENCE South 06° 05' 29" West, 385.57 feet;

THENCE North 89° 04' 00" East, 7.05 feet;

THENCE South 06° 05' 29" West, 244.89 feet to a point on a non-tangent curve, concave to the west, from which point the radius bears South 47° 45' 11" West;

THENCE southerly along said curve, having a radius of 82.00 feet and a central angle of 30° 03' 37", an arc distance of 43.02 feet to the **POINT OF BEGINNING**;

THENCE North 67° 12' 15" East, 26.91 feet;

THENCE South 89° 38' 43" East, 288.10 feet to a point on a non-tangent curve, concave to the southeast from which point the radius bears South 29° 26' 40" East;

60 foot Easement continued

THENCE southwesterly along said curve, having a radius of 83.32 feet and a central angle of 51° 42' 35", an arc distance of 75.20 feet;

THENCE North 89° 38' 43" West, 234.81 feet;

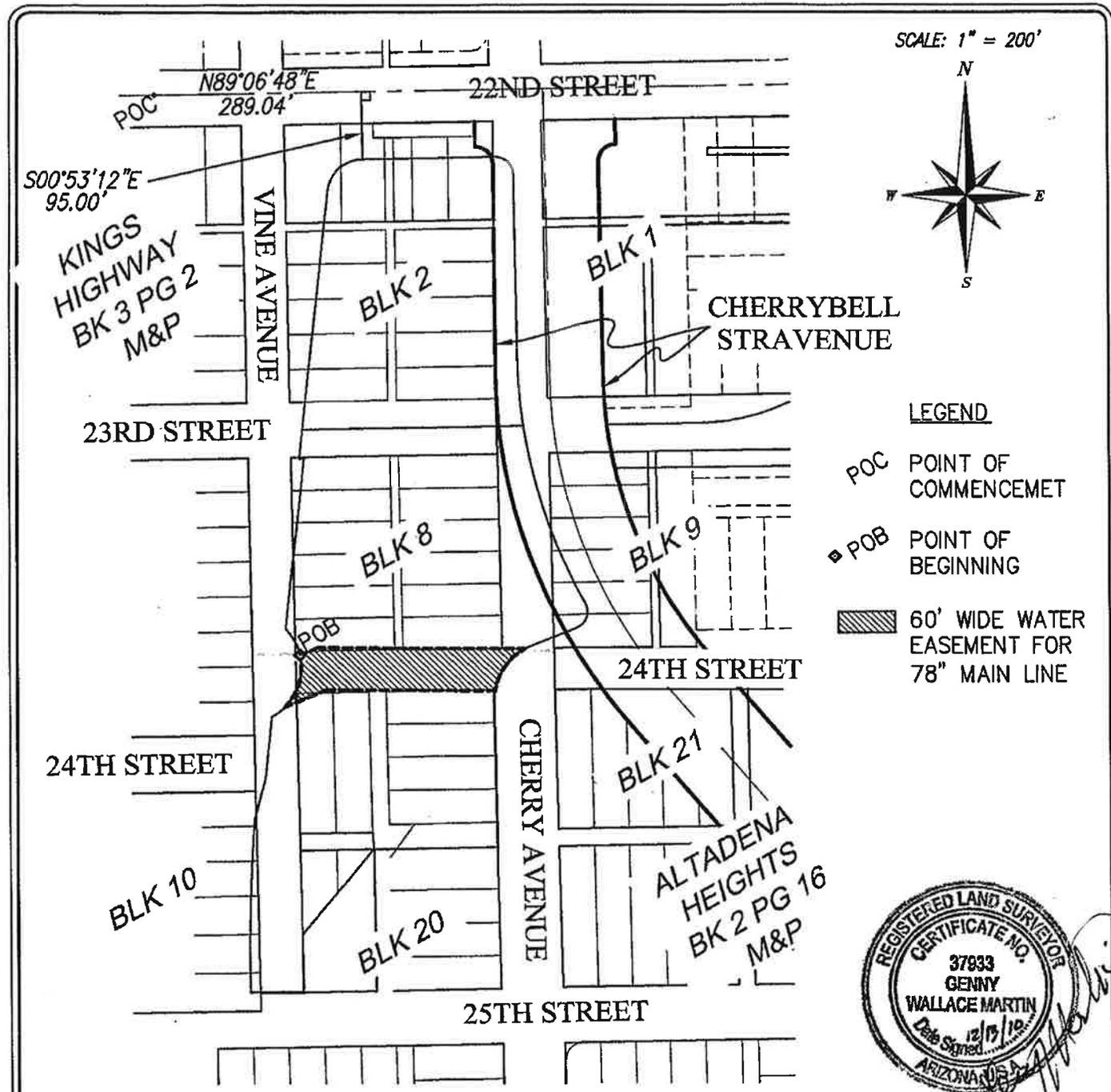
THENCE South 67° 12' 15" West, 62.29 feet to a point on a non-tangent curve, concave to the west, from which point bears North 46° 28' 26" West;

THENCE northerly along said curve, having a radius of 82.00 feet and a central angle of 55° 42' 46", an arc distance of 79.73 feet to the **POINT OF BEGINNING**.

This legal description not valid without Exhibit B, attached and hereto made a part.



Reg. Exp. 9-30-2011

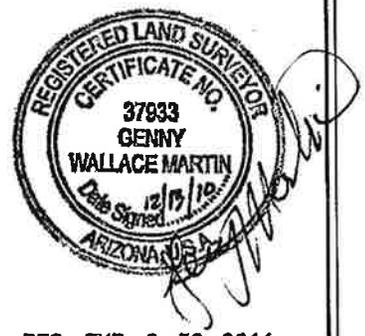


SCALE: 1" = 200'



LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING
- 60' WIDE WATER EASEMENT FOR 78" MAIN LINE



REG. EXP. 9-30-2011

EXHIBIT B

Easement in the NE 1/4 Section 19
 T14S R14E, G&SRM, Pima County, Arizona.

Arrow Land Survey, Inc.

3121 E. KLEINDALE RD. TUCSON, AZ. 85716
 PHONE (520) 881-2155 FAX (520) 881-2466

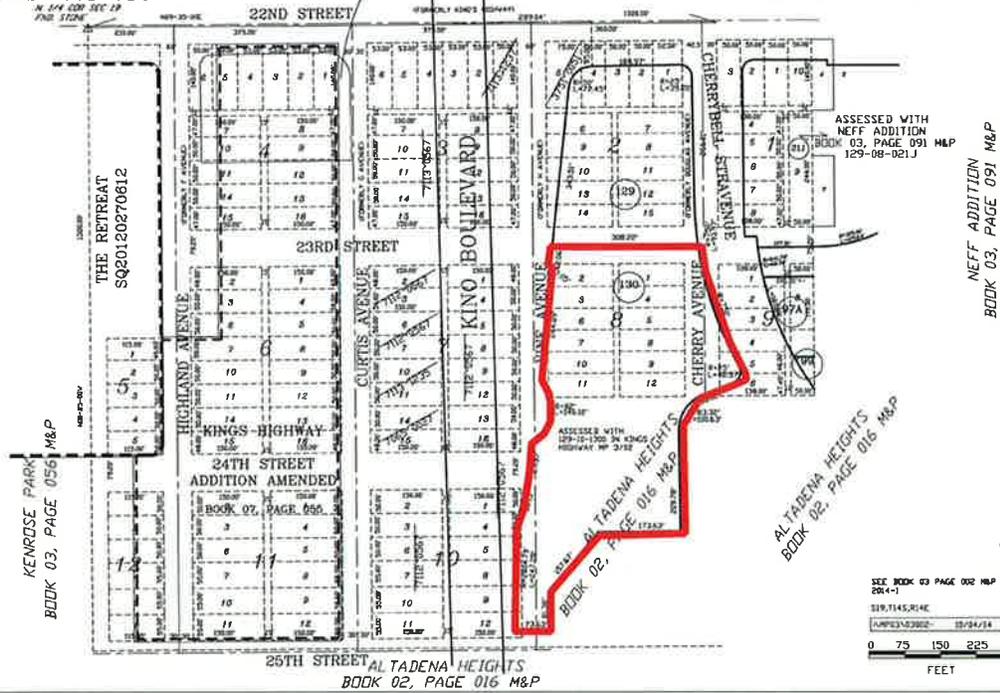
LAND SURVEYING
 CONSTRUCTION STAKING

EXHIBIT B - SUBJECT PLAT MAP

ASSESSOR'S RECORD MAP
129-10
KING'S HIGHWAY
BLOCKS 001-012

MONTCLAIR ADDITION
BOOK 02, BOOK 033 M&P

INGRAM ADDITION
BOOK 13, PAGE 042 M&P



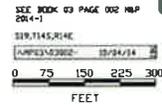
ASSESSED WITH
NEFF ADDITION
BOOK 03, PAGE 091 M&P
129-08-021.J

NEFF ADDITION
BOOK 03, PAGE 091 M&P

ASSESSED WITH
129-10-1200 IN RANGE
HIGHWAY, MP 016
BOOK 02, PAGE 016 M&P

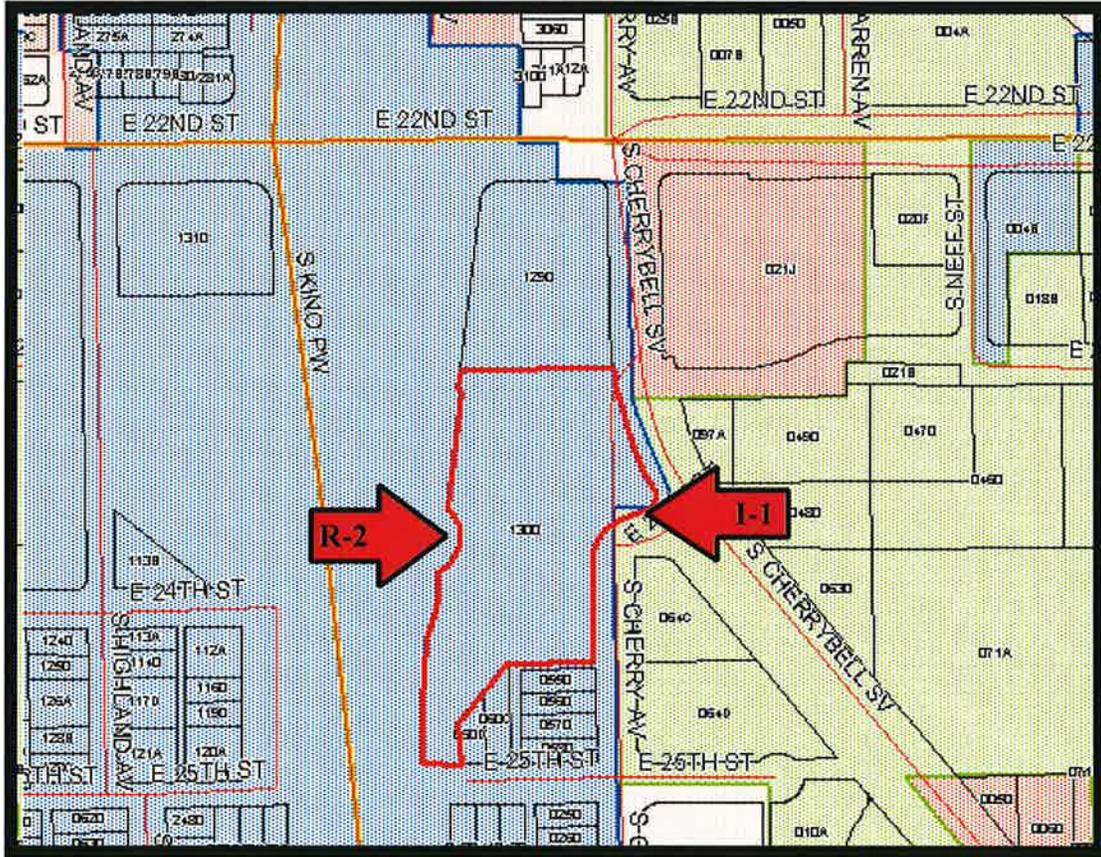
AL TADENA HEIGHTS
BOOK 02, PAGE 016 M&P

AL TADENA HEIGHTS
BOOK 02, PAGE 016 M&P



CCS

EXHIBIT C - ZONING MAP (City of Tucson)



Zoning - Tucson

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

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

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

EXHIBIT C.2 - REZONING MEMORANDUM



MEMORANDUM

DATE: May 21, 2013

TO: Dept. of Transportation
Real Estate Division

FROM: John Beall
Principal Planner
Planning and Development Services

SUBJECT: RP 3182/3183 Southeast Kino / 22nd

The Planning and Development Services Department has reviewed this offer.

- /X/ No opposition to the (Sale/Lease/Purchase/Vacation).**
- // Sale/Lease/Purchase/Vacation) supported with the reservations and/or restrictions noted below.
- // (Sale/Lease/Purchase/Vacation) opposed for the reasons noted below.

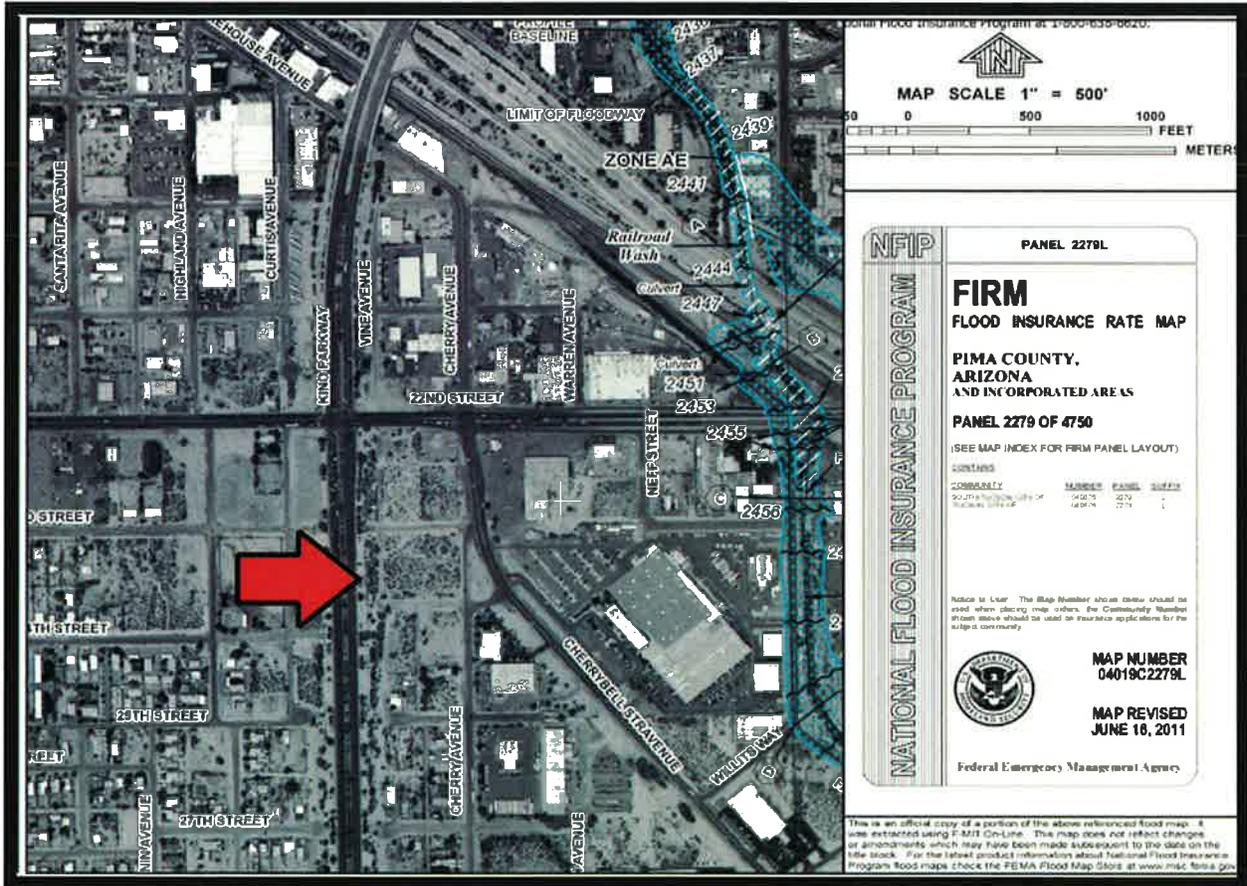
Comments:

Subject site within the Greater South Park Plan – Subarea 4: Allow additional commercial and light industrial uses in this subarea. Compatibility of industrial and commercial uses with existing uses, specifically residential uses should be ensured. Compatibility may be ensured by utilizing such elements as restricted hours of operation, screening, noise buffers, additional landscaping, and special air pollution controls. All development proposed within the Erosion Review Zone should adhere to the regulations specified in the Floodplain Ordinance (see Subarea Map B).

Reviewed by: JB _____ Telephone: 791-5550

S:\UPDfiles\DevRev\Real Estate Offers\RealEs 2013 \RP3182-3183

EXHIBIT E - FLOODPLAIN MAP



Partial Flood Insurance Program at 1700/1630/6620.



MAP SCALE 1" = 500'

0 500 1000 FEET

METER

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 2279L

FIRM
FLOOD INSURANCE RATE MAP

PIMA COUNTY,
ARIZONA
AND INCORPORATED AREAS

PANEL 2279 OF 4750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

COUNTY	TOWNSHIP	RANGE	SECTION	SHEET
SANTA RITA	27N	16W	27E	1

Notice to User: The Map Number shown above should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER
04019C2279L

MAP REVISED
JUNE 16, 2011

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using FIRM On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.fema.gov

EXHIBIT E.2 - PROPOSED CONDITIONS DRAINAGE MAP

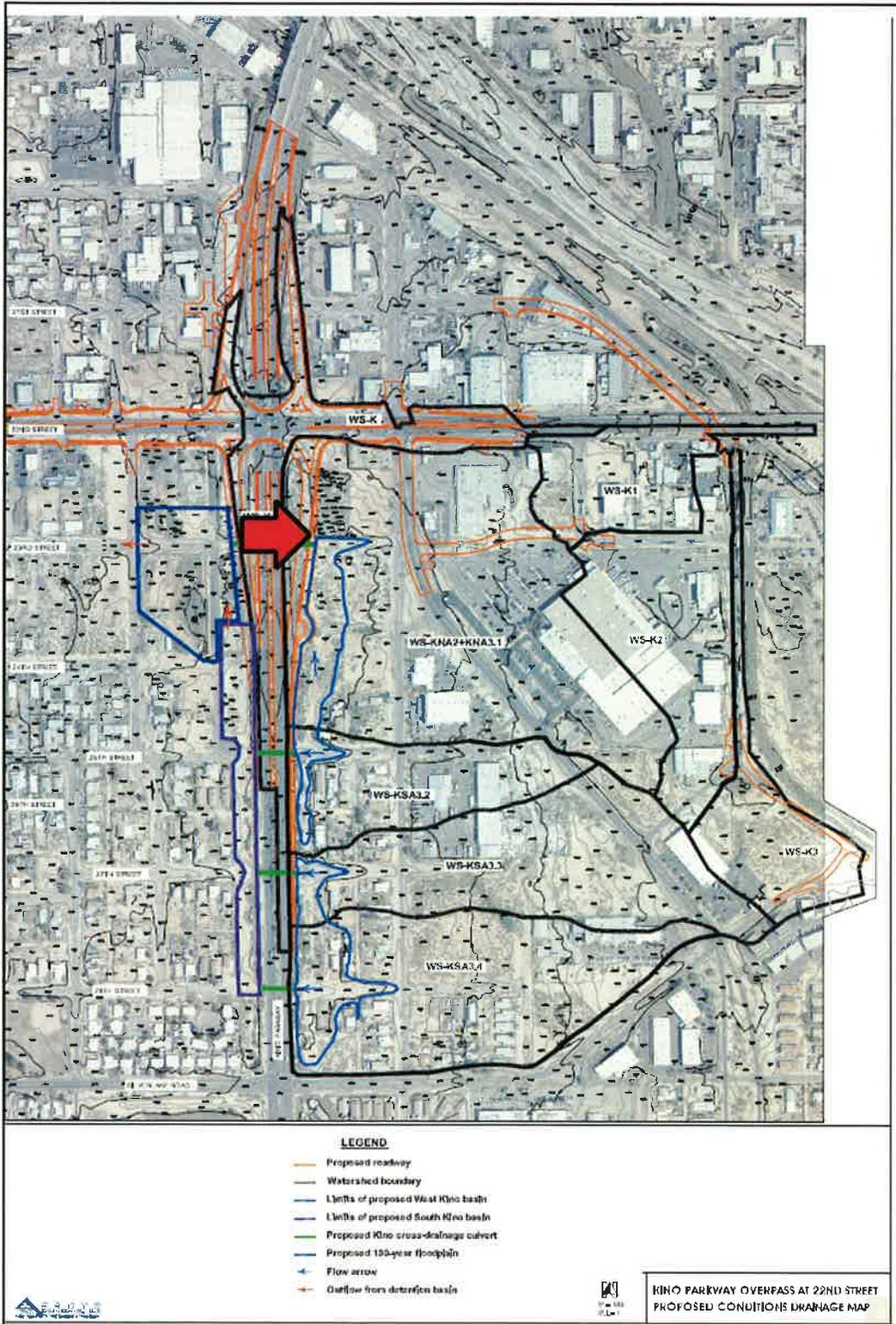


EXHIBIT F - MAP OF 22ND STREET CORRIDOR PROJECT



EXHIBIT H - SUBJECT PHOTOGRAPHS

PHOTO 1 - VIEW WEST ALONG NORTHERN PROPERTY LINE



PHOTO 2 - VIEW SOUTH FROM NORTHERN PROPERTY LINE



PHOTO 3 - VIEW NORTH FROM NORTHERN PROPERTY LINE



PHOTO 4 - VIEW EAST FROM KINO OFF RAMP



PHOTO 5 - VIEW NORTH FROM SOUTHERN PROPERTY LINE



PHOTO 6 - VIEW NORTH ACROSS CENTRAL PORTION



PHOTO 7 - VIEW SOUTH ON CHERRYBELL



PHOTO 8 - VIEW NORTH ON CHERRYBELL



PHOTO 9 - VIEW SOUTH ON CHERRY



PHOTO 10 - VIEW NORTH ON CHERRY



PHOTO 11 - VIEW WEST ON 25TH STREET

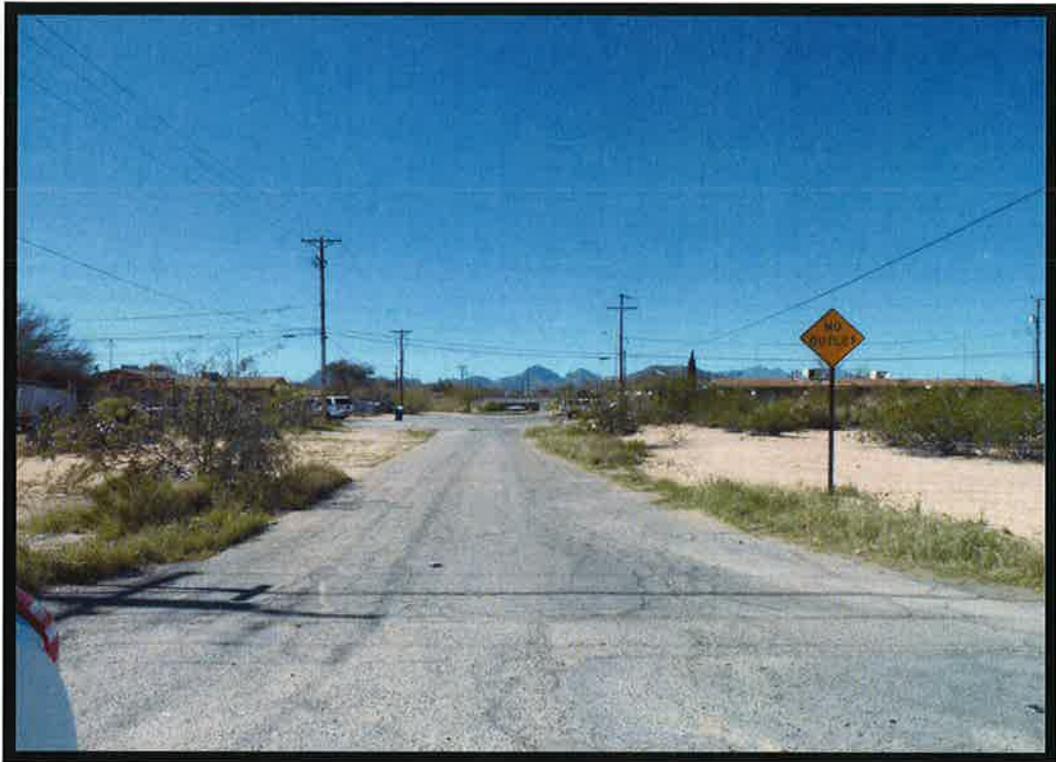
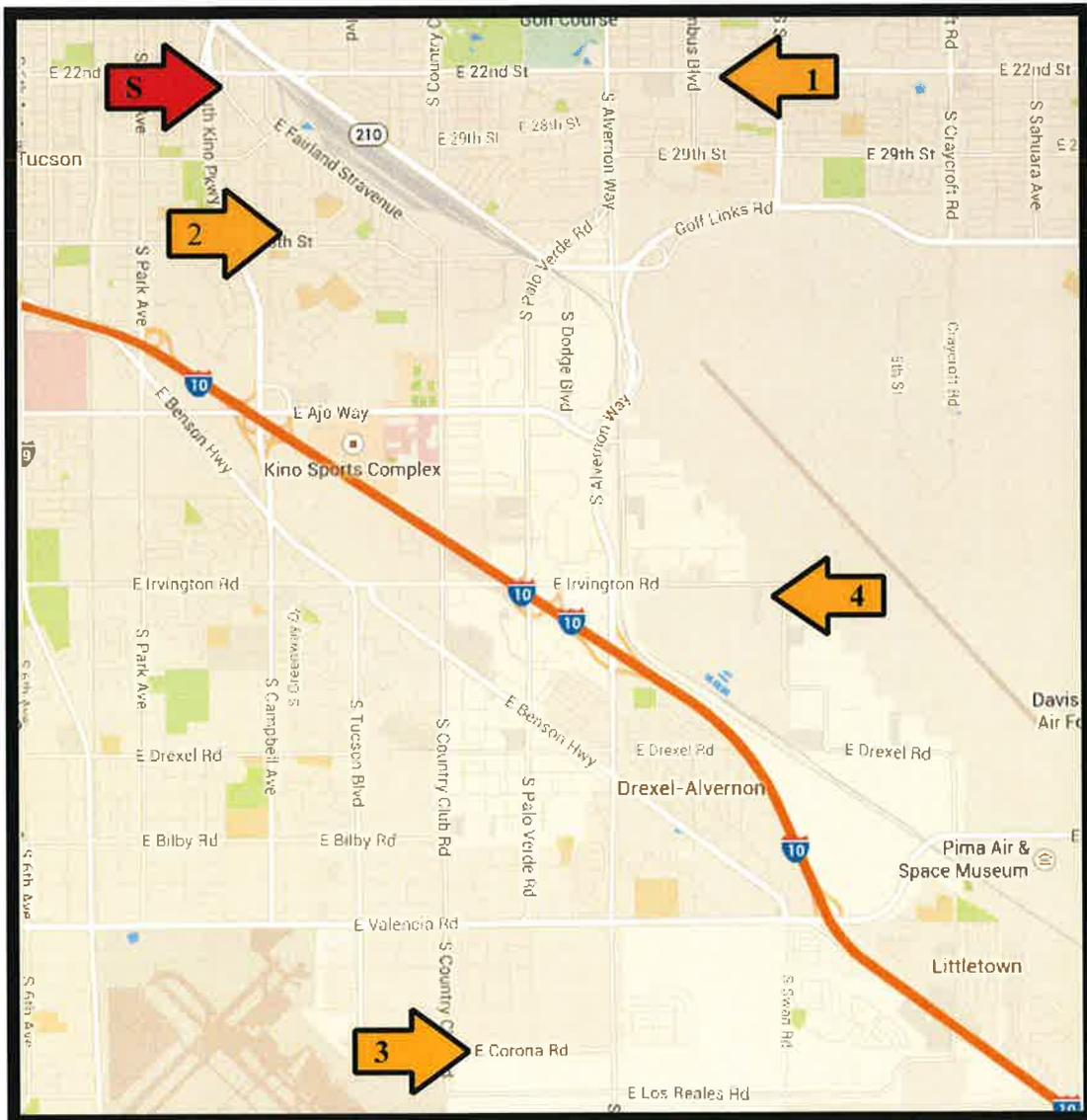


EXHIBIT I - COMPARABLE LAND SALES LOCATION MAP



- Subject:** Southeast corner of 22nd Street and Kino Parkway
- Sale 1:** West Side of Belvedere Avenue, south of 22nd Street
- Sale 2:** Southeast corner of Campbell Avenue and 34th Street
- Sale 3:** North side of Corona Road, west of Palo Verde Road, east of Country Club Road
- Sale 4:** South side of Irvington Road east of Alvernon Way

EXHIBIT J - COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: C2 0307 6433

LOCATION: West side of Belvedere Avenue, south of 22nd Street

LEGAL DESCRIPTION: Lots 10-13, a portion of Common Area A, and Common Area B, 22nd Street Commerce Center, Pima County, Arizona

STATE TAX PARCEL: 130-14-435, 130-14-436, 130-14-437, 130-14-438, 130-14-439A, 130-14-440 (now 130-14-4500)

RECORD DATA: Fee Number 2012-0260549

DATE OF SALE: January 26, 2012

SELLER: Fidelity National Title Agency Trust No. 10,747

BUYER: Every Voice, LLC

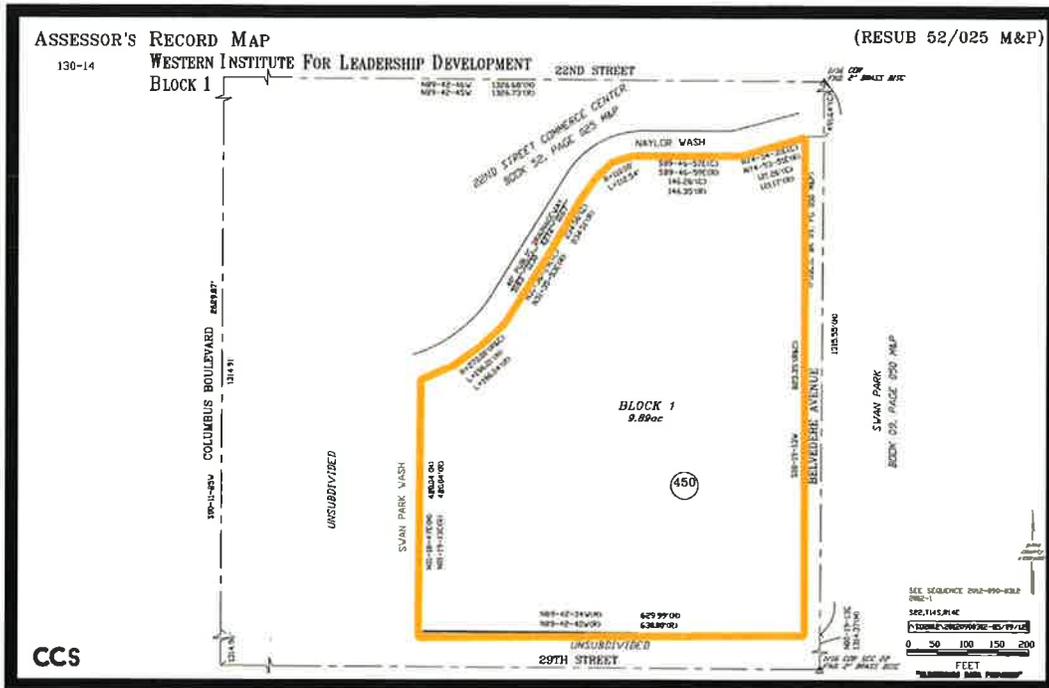
CONFIRMED BY: Pete Villaescusa, buyer/broker (520-323-5112)
TAB; March, 2012

LAND DESCRIPTION: This site is an irregular shaped backage property with about 1,489 feet of frontage on Belvedere Avenue. The site has a depth of approximately 630 feet. Access to the site is from Belvedere Avenue. Belvedere Avenue is a two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. No traffic count is available for Belvedere Avenue. The site is not visible from 22nd Street to the north. The topography is level. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C2284L, dated June 16, 2011, a majority of the property is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. Approximately one acre of land along the northern property line adjoins Naylor Wash, and is identified as being located in Zone AH which are areas with a 1% annual chance of flooding with depths generally between 1 to 3 feet (usually areas of ponding).

LAND SIZE: 424,389 square feet or 9.742 acres

ZONING:	C-1 and C-2 (City of Tucson)
REPORTED SALE PRICE:	\$ 1,075,000
PRICE PER SQ. FT.:	\$2.53
MARKETING TIME:	This was a direct sale to the buyer.
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a private high school.
COMMENTS:	A one-acre portion of the property is located within the floodplain, however, this did not have an impact on the selling price or transaction terms. The buyer plans to use the area for parking and field sports with no buildings being constructed in those areas.

COMPARABLE LAND SALE ONE - PLAT MAP AND AERIAL PHOTO



LAND COMPARABLE NUMBER TWO (SALE)

ID: C-1 0314

LOCATION: Southeast corner of Campbell Avenue and 34th Street

LEGAL DESCRIPTION: A portion of Lot 1, Block 15, Pueblo Gardens Addition, Pima County, Arizona

STATE TAX PARCEL: 130-05-303H

RECORD DATA: Fee Number 2013-3390285

DATE OF SALE: December 5, 2013

SELLER: Elizabeth L. Stapleton, Surviving Trustee

BUYER: Tocando Corazones, LLC

CONFIRMED BY: Missy Steinbuch, listing agent (520-250-1946)
JT; June, 2014 and DFO; February, 2015
George Munguia, buyer (520-798-2358)
DFO; February, 2015

LAND DESCRIPTION: This site is a mostly rectangular shaped corner property with 400 feet of frontage on Campbell Avenue and approximately 180 feet of frontage on 34th Street. Campbell Avenue is a two-lane, divided asphalt-paved roadway with a sidewalk, but no concrete curbs or streetlights in the vicinity of this property. Thirty-Fourth Street is a two-lane, asphalt-paved roadway with curbs, but no sidewalk on the property side. There is a streetlight at the northwest corner of the property. The topography is level. All utilities are available to the property. According to FEMA Flood Insurance Rate Map 04019C2279L, dated June 16, 2011, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 76,883 square feet or 1.76 acres

ZONING: C-1 (majority portion to south), City of Tucson
R-2 (north portion), City of Tucson

REPORTED SALE PRICE: \$174,500

PRICE PER SQ. FT.: \$2.27

MARKETING TIME: 156 days

TERMS OF SALE: The terms of sale included a down payment in the amount of \$34,900 (20.0%), with the seller carrying a note at undisclosed terms.

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

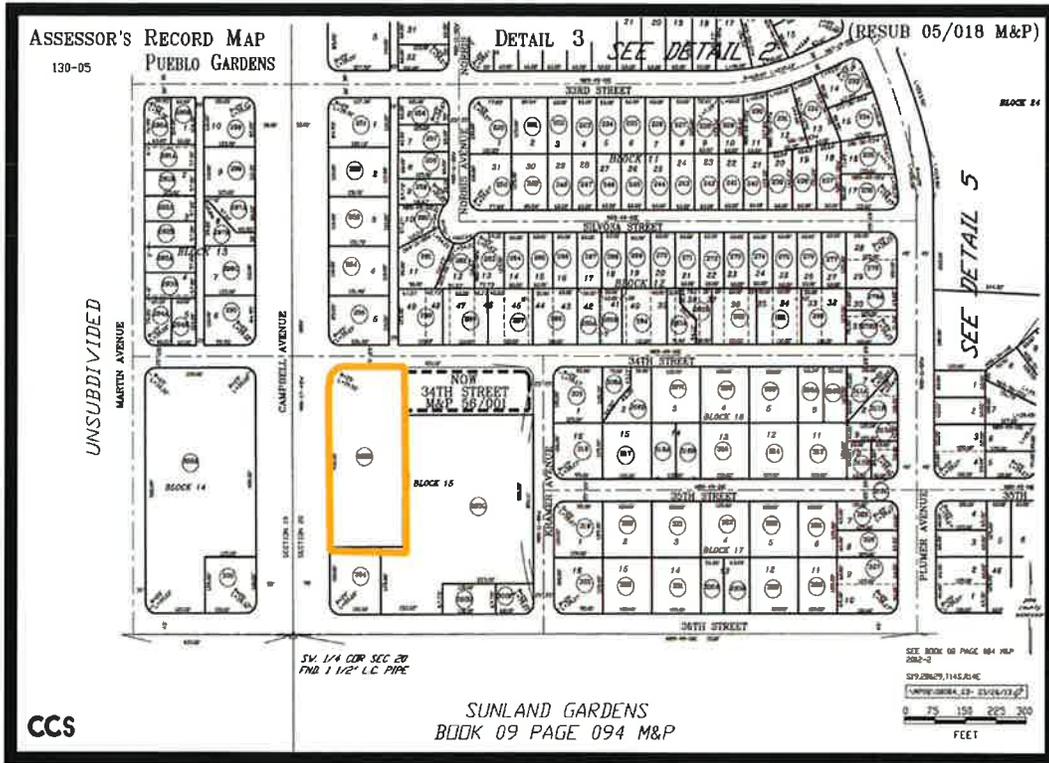
CONDITIONS OF SALE: This sale is reported to have occurred under normal market conditions.

INTENDED USE: Land investment with development of an adult care facility

COMMENTS: The property has a mixed zoning. The north 131 feet is zoned R-2, and the remaining land area is zoned C-1.

Per the buyer, he intends to develop an undisclosed size adult care facility under the existing zoning.

COMPARABLE LAND SALE TWO - PLAT MAP AND AERIAL PHOTO



LAND COMPARABLE NUMBER THREE (SALE)

ID: I1 0242 6967

LOCATION: North side of Corona Road, West of Palo Verde Road,
East of County Club Road

LEGAL DESCRIPTION: A portion of Business Park in The Desert Block 2 and
Block 3 and a portion of Banded Lot 9

STATE TAX PARCEL: 140-41-1300, 140-41-8660, 141-41-867A

RECORD DATA: 2014-1970603 and 2014-1970604

DATE OF SALE: July 16, 2014

SELLER: Business Park of the Desert LLC and Country Club
Corona LLC

BUYER: Westco Tucson LLC and Westco Tucson II LLC

CONFIRMED BY: Henry Jacone, Seller (520-529-0199)
DFO; August, 2014

LAND DESCRIPTION: This site is an irregular shaped interior property with
approximately 805 feet of frontage on Corona Road
along the southern border. The site has a depth of
approximately 1,025 feet along the western border and a
length of approximately 1,265 feet along the northern
border. Corona Road is a two-lane, asphalt-paved
roadway with concrete curbs, but no sidewalks or
streetlights in the vicinity of this property. There is no
traffic count available for Corona Road in the vicinity
of the subject. Direct access to the property is from a
private driveway from Palo Verde. While the property
has visibility and frontage along Corona Road, there is
no direct access from Corona Road. The topography is
mostly level, sloping in a westerly direction. All
utilities are available to the property. According to
FEMA Flood Insurance Rate Maps 04019C2293L and
04019C2900L, dated June 16, 2011 the property is not
located in a Special Flood Hazard Area.

LAND SIZE: 26.56 acres (1,157,127 square feet)

ZONING: I-1, (City of Tucson)

REPORTED SALE PRICE: \$2,574,821.40

PRICE PER SQ. FT.:	\$2.23
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no sales of this property occurred within the 3 years of the date of this transaction.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	To develop a FedEx facility
COMMENTS:	This transaction was the assemblage of three parcels of land purchased from two different sellers of adjacent properties. The sales were coordinated between the sellers and the buyer.



LOCATION: South side of Irvington Road, west of Swan Road

LEGAL DESCRIPTION: A portion of Lot 1 of Section 3, Township 15 South, Range 14 East , G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 140-02-003C

RECORD DATA: Fee Number 2014-3630730

DATE OF SALE: December 29, 2014

SELLER: Harry Adkins

BUYER: Tucson Electric Power Company

CONFIRMED BY: Affidavit

LAND DESCRIPTION: This site a rectangular shaped interior property. The site is located on the south side of Irvington Road, west of Swan Road. The site has approximately 380 feet of frontage on Irvington Road along the northern border. The site has a depth of approximately 1,195 feet. Irvington Road is at two-lane, asphalt-paved roadway with no concrete curbs, sidewalks, or streetlights in the vicinity of this property. There is no traffic count for Irvington Road near this site. The topography is somewhat level, sloping slightly in a southwesterly direction. All public utilities except for public sewer are available to the property. The nearest public sewer is located approximately 1,150 feet to the north of the subject property and approximately 3,000 feet to the west along Irvington Road. The subject property is located within the Airport Avigation Easement and Disclosure Area and within the Davis Monthan Air-force Base Vicinity, Davis Monthan Land Use Overlay Zone 3, and Noise Environs Zone A. According to FEMA Flood Insurance Rate Map 04019C2295L, dated June 16, 2011, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. An area of the property located in the southwest portion of the property is within a riparian area with a designation of Xeroriparian C where there is a local wash that traverses the southwestern portion of the site.

LAND SIZE: 448,677 square feet or 10.30 acres

ZONING: I-2

REPORTED SALE PRICE: \$830,000

PRICE PER SQ. FT.: \$1.85

MARKETING TIME: Not Available

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

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

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

INTENDED USE: Unknown

COMMENTS: The buyer owns a majority of the adjacent properties to the south and west of this parcel.

COMPARABLE LAND SALE FOUR - PLAT MAP AND AERIAL PHOTO

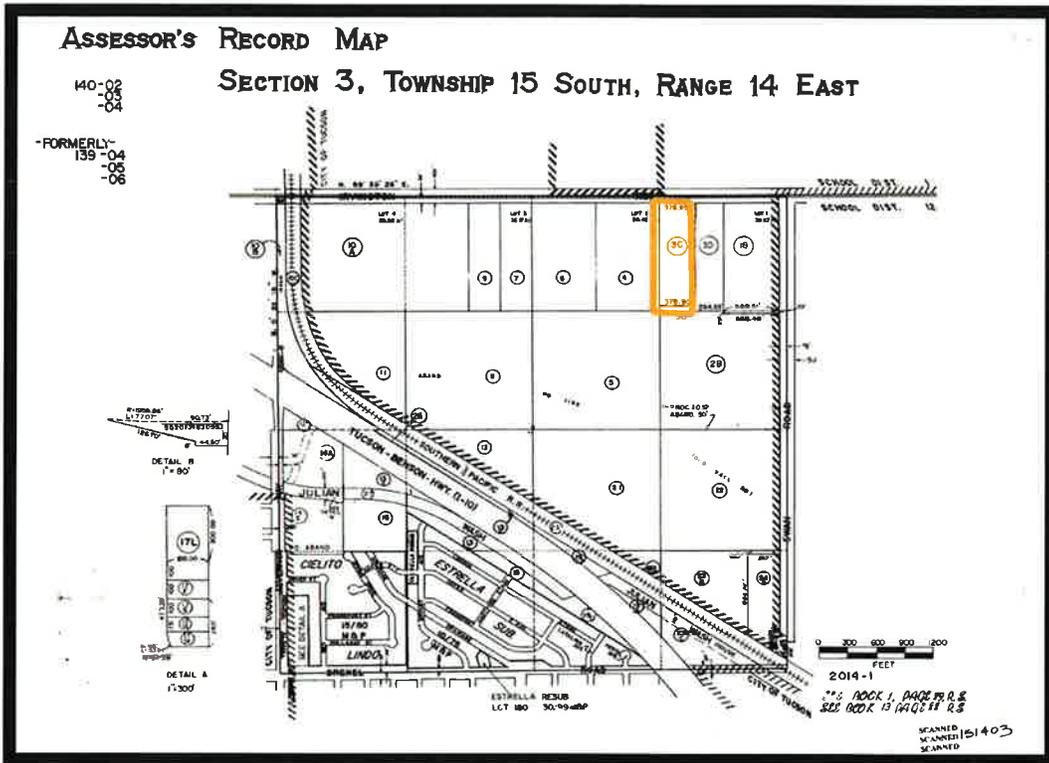


EXHIBIT K - QUALIFICATIONS

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

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

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

JEFF TEPLITSKY is a staff appraiser in commercial valuation. He specializes in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 30151). He is a graduate of the University of Arizona, with a Bachelor of Arts degree in Political Science. He is a Practicing Affiliate of the Appraisal Institute. He is a licensed real estate broker in the State of Arizona. He qualifies as an expert witness in the Superior Court of Pima, Santa Cruz, and Yuma Counties.

SARA R. BAKER, MAI, SRA, is a staff appraiser in commercial valuation. She specializes in valuation and consultation services related to commercial, income-producing, and residential properties. She is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 31679). She holds the MAI and SRA Designations of the Appraisal Institute. Sara is on the 2013 Board of Directors of the Appraisal Institute, Southern Arizona Chapter and serves as the chapter Secretary and Chair of Continuing Education. She graduated from Washington University in St. Louis with a Bachelor's Degree in Comparative Literature and earned a Master's Degree at the University of California at Los Angeles.

DAN F. ORLOWSKI is an appraiser trainee in commercial valuation. He graduated from San Diego State University with a Bachelor's Degree in Business Administration and also received a Master's Degree from the University of Phoenix in Accountancy.

ROBERT A. PARKER, SUSAN A. CLEVELAND and **STEFANIE MICHELS** are production coordinators and support technicians.