

AN APPRAISAL REPORT

OF

66,168 SQUARE FEET OF VACANT LAND

LOCATED AT

**THE SOUTHWEST CORNER OF TANGERINE ROAD AND WATER
HARVEST WAY, ORO VALLEY, PIMA COUNTY, ARIZONA**

FOR

**ARIZONA DEPARTMENT OF TRANSPORTATION
205 S. 17TH AVENUE, ROOM 306
MAIL DROP 612E PHOENIX, AZ 85007**

**ADOT PARCEL: L-SC-016-E
ORDER NO: PO 0000258796-1
PROJECT NO.: 989 PM 000 H0757
ADOT PROJECT: S-483-701
HIGHWAY: TANGERINE ROAD
SECTION: FIRST AVE. – US 89
OWNERSHIP: STATE OF ARIZONA
TAX PARCEL NUMBER: NONE**

**EFFECTIVE DATE OF APPRAISAL
NOVEMBER 19, 2020**

**DATE OF REPORT
FEBRUARY 2, 2021**

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

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February 2, 2021

Mr. Timothy O'Connell
Arizona Department of Transportation
Right of Way Group, Appraisal Section Supervisor
205 S. 17th Avenue, Room 306
Mail Drop 612E Phoenix, AZ 85007

RE: An appraisal report of 66,168 square feet of vacant land located at the southwest corner of Tangerine Road and Water Harvest Way, in Oro Valley Pima County, Arizona

<i>Order No.:</i>	PO 0000258796-1
<i>Project No.:</i>	989 PM 000 H0757
<i>ADOT Project:</i>	S-483-701
<i>Highway:</i>	Tangerine Road
<i>Section:</i>	First Ave. – US 89
<i>Parcel:</i>	L-SC-016-E
<i>Tax Parcel Code:</i>	None
<i>Ownership:</i>	State of Arizona
<i>Effective Date of Appraisal:</i>	November 19, 2020
<i>Date of Report:</i>	February 2, 2021

Dear Mr. O'Connell:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property. This report is intended for use only by the intended users, the officials and agents of the Federal Highway Administration and the Arizona Department of Transportation involved in the subject property. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting in decision making purposes regarding potential disposition of the subject property. It is not intended for any other use.

The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal.

Extraordinary Assumption – The subject property is part of a PAD. The property owner of the adjacent shopping center has applied to the Town of Oro Valley to change the use permitted on this property to an apartment use. It is probable that this change will be approved and an apartment use will be permitted to be constructed on this property as part of a larger parcel. If this change is not approved and an apartment cannot be constructed on this property as part of a larger parcel, then the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

I have formed the opinion that, as of the effective date of the appraisal, November 19, 2020, in its “as is” condition, based on a six to twelve month market period, and subject to the assumptions and limiting conditions set forth in the report, the subject property has a market value of:

FOUR HUNDRED SIXTY-THREE THOUSAND TWO HUNDRED DOLLARS
(\$463,200)

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 Arizona Department of Transportation Appraisal Standards and Specifications. 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

C207932E

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APPRAISAL ABSTRACT - PART I

CLIENT

Arizona Department of Transportation
Right-of-Way Operations Section

APPRAISER

Thomas A. Baker, MAI, SRA

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

SUBJECT PROPERTY

A parcel of vacant land containing 66,168 square feet of land, located at the southwest corner of Tangerine Road and Water Harvest Way, in Oro Valley, Pima County, Arizona.

LAND AREA

66,168 square feet (per information provided by the Arizona Department of Transportation)

ZONING

PAD (Oro Valley) – C-2 within PAD

LEGAL DESCRIPTION

To be provided by the client.

OWNERSHIP

The subject property is currently part of the right-of-way of Tangerine Road and is adjacent to this roadway. This property is not currently identified with a tax parcel number but would become a tax parcel with a number, separate from the right-of-way, as part of any future sale.

SALES/LISTING HISTORY

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

The property owner will be making the property available for sale in the near future. While an adjacent property owner has expressed interest in the property, the property is not in escrow and there are no agreements of sale in place.

TAX PARCEL NUMBER

This property is not currently part of any tax parcel number.

FULL CASH VALUE

Not applicable- no tax parcel number

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

Not applicable- no tax parcel number

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

There are currently no taxes as this property is owned by the government which is tax exempt.

Real estate taxes are a combination of a primary tax, which is the primary tax rate applied to the limited cash value and divided by 100, plus the secondary tax, which is the secondary tax rate applied to the full cash value and divided by 100. The primary and secondary tax rates are an aggregate of various tax rates set by various jurisdictions.

DELINQUENT TAXES

None

SPECIAL ASSESSMENTS

None

LIMITING CONDITIONS

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

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide the appraiser's opinion of the market value of the subject real property as of the effective date of the appraisal, November 19, 2020.

MARKET VALUE DEFINITION

Market value, as utilized in this appraisal, and as defined in Arizona Revised Statute 28-7091 is as follows:

For the purposes of this article, "market value" means the most probable price estimated in terms of cash in the United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all the uses and purposes to which it was adapted and for which it was capable.

INTENDED USE AND USER OF REPORT

This report is intended for use only by the intended users, the officials and agents of the Federal Highway Administration and the Arizona Department of Transportation involved in the subject property. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting in decision making purposes regarding potential disposition of the subject property. It is not intended for any other use.

INTEREST VALUED

Fee Simple Interest. *Fee Simple Interest*, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, is "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

EXTRAORDINARY ASSUMPTION

The subject property is part of a PAD. The property owner of the adjacent shopping center has applied to the Town of Oro Valley to change the use permitted on this property to an apartment use. It is probable that this change will be approved and an apartment use will be permitted to be constructed on this property as part of a larger parcel. If this change is not approved and an apartment cannot be constructed on this property as part of a larger parcel, then the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

EFFECTIVE DATE OF APPRAISAL

November 19, 2020

DATE OF INSPECTION

November 19, 2020

SCOPE OF THE APPRAISAL - PART II

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

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

This appraisal assignment has been completed in response to authorization by the Arizona Department of Transportation, in a contract executed by Thomas A. Baker, MAI, SRA, for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, and the Arizona Department of Transportation Appraisal Standards and Specifications.

This report is intended for use only by the intended users, the officials and agents of the Federal Highway Administration and the Arizona Department of Transportation involved in the subject property. Use of this report by others is not intended by the appraiser. This report is intended only for use in assisting in decision making purposes regarding potential disposition of the subject property. It is not intended for any other use. The purpose of the appraisal is to provide the appraiser's opinion of the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal provides an opinion of the market value of the subject property using the sales comparison approach, which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS® Commercial Property Information Services, Real Estate Daily Comps, Tucson Multiple Listing Service (MLS), and the Pima County Real Estate Research Council), the neighborhood and the site.

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

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

The cost approach is not applicable as this property consists of vacant land. The income approach is not applicable as this type of land is typically not leased.

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

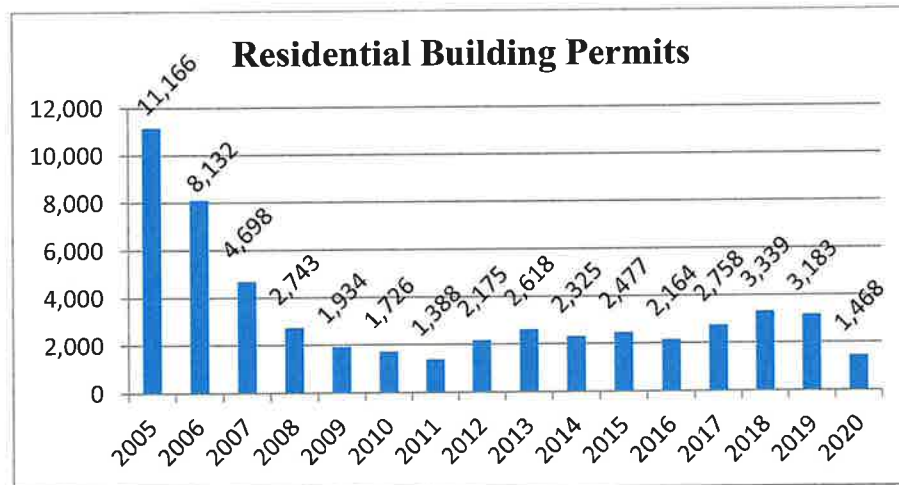
Extraordinary Assumption – The subject property is part of a PAD. The property owner of the adjacent shopping center has applied to the Town of Oro Valley to change the use permitted on this property to an apartment use. It is probable that this change will be approved and an apartment use will be permitted to be constructed on this property as part of a larger parcel. If this change is not approved and an apartment cannot be constructed on this property as part of a larger parcel, then the value ascribed in this report is subject to change. Per USPAP, use of this extraordinary assumption may have impacted the value in this report.

DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW:

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

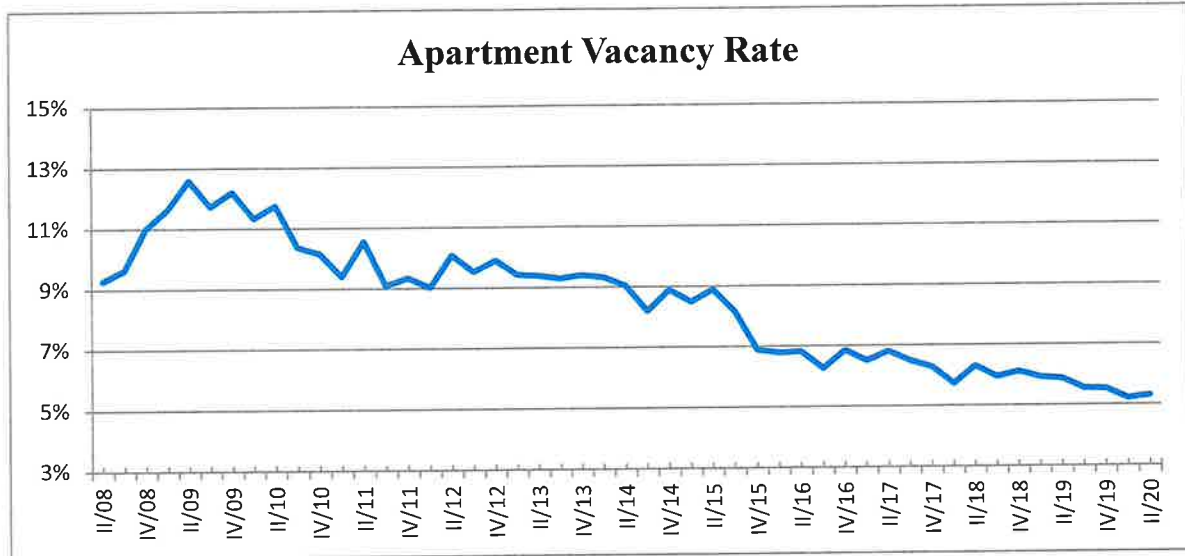
Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019. The first five months of 2020 permits were consistent with previous years. It is unknown how the number of permits in the near future will be affected by the ongoing Covid-19 pandemic.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The number of housing permits increased slightly in 2012 and 2013 and then remained relatively stable. In recent years, the number of permits has remained mostly stable with a slight increase in 2017 and 2018. The 2020 data is for the first five months of the year. In the immediate future, permits may be impacted by the Covid-19 pandemic.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining. The chart below shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Second Quarter 2020.



The vacancy rate peaked in the Second Quarter 2009 and generally declined since that time. Vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in many recent quarters. There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. However, due to the Covid-19 pandemic and associated business shutdowns, some segments of the apartment market are predicted to soften in the short-term with increasing vacancy rates and a potential for decreasing rents in Class B and Class C apartments. Class A apartments are not expected to experience the same effects. Rent collection was also slightly lower for Class C apartments compared to Class A apartments in April through June 2020. It is uncertain how long and to what extent the apartment market will be impacted and what affect this may have on the apartment sale market. This will be affected by the length of business shutdowns, the severity and length of decline in GDP and the overall economy, and the severity of the increase in unemployment.

Office Market

Overall, the Pima County leasable *office market* experienced net negative absorption of 28,143 square feet in the Second Quarter of 2020, according to *CoStar*. This compares to net negative absorption of 67,727 square feet in the First Quarter of 2020, net negative absorption of 103,120 square feet in the Fourth Quarter of 2019, positive absorption of 229,830 square feet in the Third Quarter of 2019, net positive absorption of 168,352 in the Second Quarter of 2019, net positive absorption of 211,446 in the First Quarter of 2019, net

negative absorption of 27,218 square feet in the Fourth Quarter of 2018, net positive absorption of 70,648 square feet in the Third Quarter of 2018, net positive absorption of 82,517 square feet in the Second Quarter 2018, and net positive absorption of 40,068 square feet in the First Quarter of 2018.

One new building containing 28,000 square feet were completed in the First Quarter of 2020. This compares to three new buildings containing 45,085 square feet in the First Quarter of 2020, two new buildings containing 33,341 square feet in the Fourth Quarter of 2019, two new buildings containing 206,737 in the Third Quarter 2019, two new buildings containing 330,300 square feet in the Second Quarter 2019, three new buildings totalling 205,000 square feet in the First Quarter 2019, one new building containing 14,952 square feet in the Fourth Quarter 2018, four new buildings containing 57,516 square feet in the Third Quarter 2018, one new building containing 61,000 square feet completed in the Second Quarter of 2018, and one new building containing 20,000 square feet completed in the First Quarter of 2018.

The following figure shows trends in the vacancy rates for office properties in Pima County between mid-2005 and Second Quarter of 2020. The vacancy rate increased until late 2013 and has declined since that time. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through the second quarter of 2020.



The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was a decline in demand for owner/user office buildings, which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings. It is uncertain the effects the Covid-19 pandemic will have on the office market and if these effects will be short-term. Possible effects in the near-term include

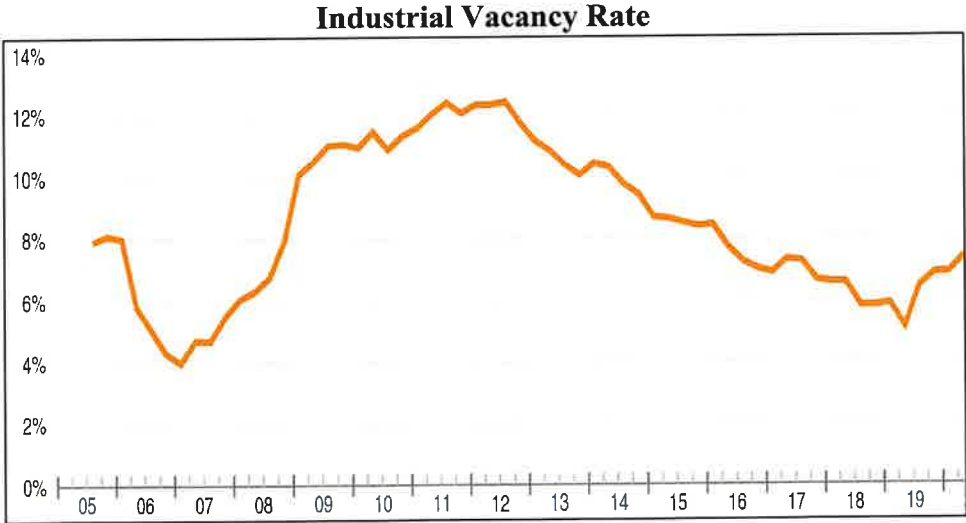
increased vacancy rates, decreased rents and leasing deals, and potential delays in construction starts. With many office employees currently working from home during the pandemic, it is not yet known if work from home will remain in demand when the pandemic slows, permanently impacting office trends and demand.

Industrial Market

Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial space constructed recently in Tucson, with no new buildings completed in the Second Quarter of 2020, no new buildings in the First Quarter of 2020, one new building containing 157,000 square feet completed in the Fourth Quarter of 2019, four new buildings containing 286,434 square feet in the Third Quarter of 2019, two new buildings containing 906,900 square feet in the Second Quarter of 2019, no new buildings completed in the First Quarter of 2019, the Fourth Quarter of 2018, or the Third Quarter of 2018, two new buildings containing 306,966 square feet completed in the Second Quarter of 2018, and no new buildings completed in the First Quarter of 2018, according to *CoStar*. Many of the recently constructed buildings are larger buildings constructed for a specific user.

There was net negative absorption of 219,537 square feet in the Second Quarter of 2020. This compares to net negative absorption of 13,087 square feet in the First Quarter of 2020, net negative absorption of 37,187 square feet in the Fourth Quarter of 2019, net negative absorption of 324,676 square feet in the Third Quarter of 2019, net positive absorption of 1,197,300 square feet in the Second Quarter of 2019, net negative absorption of 27,432 square feet in the First Quarter of 2019, net negative absorption of 1,203 square feet in the Fourth Quarter 2018, net positive absorption of 310,355 square feet in the Third Quarter 2018, net positive absorption of 286,613 square feet in the Second Quarter 2018, and net positive absorption of 24,184 square feet in the First Quarter 2018, according to *CoStar*.

The following chart shows trends in the industrial/flex vacancy rate in Tucson from Second Quarter 2005 through Second Quarter 2020, according to *CoStar*.



Overall, the industrial vacancy rate increased through late 2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing slightly in the second half of 2019. The industrial market had stabilized but there were not yet signs of significantly 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. In March 2020, the Covid-19 pandemic led to a shutdown of many businesses. It is not yet known what extent this pandemic will impact the industrial real estate market, although it is projected that the industrial market may be less significantly impacted and will recover more quickly than other markets. There may potentially be long-term impacts due to changing demand for warehouses and cold storage due to potential changes in supply chains and delivery and storage models.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some signs for a decline in market conditions 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. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. With many businesses temporarily closed, there is anecdotal evidence of many retail tenants not paying rent in April 2020. However, the effects on the retail real estate market are not yet known, with demand remaining for some retail uses that remained open. Some sales and leases in process continued, with others temporarily paused. It is not known how long any impacts will continue, and the extent to which this will impact sale prices and rents. While the vacancy rate may increase in the short term, it is currently too soon to see these impacts.

There was net positive absorption of 63,365 square feet in the Second Quarter of 2020, according to *CoStar*. This compares to net negative absorption of 34,152 square feet in the First Quarter of 2020, net positive absorption of 92,942 square feet in the Fourth Quarter of 2019, net negative absorption of 53,635 square feet in the Third Quarter of 2019, net positive absorption of 64,570 square feet in the Second Quarter of 2019, net negative absorption of 171,303 square feet in the First Quarter of 2019, net positive absorption of 178,618 square feet in the Fourth Quarter of 2018, net positive absorption of 144,704 square feet in the Third Quarter of 2018, net positive absorption of 235,232 square feet in the Second Quarter of 2018, and net positive absorption of 376,239 square feet in the First Quarter 2018.

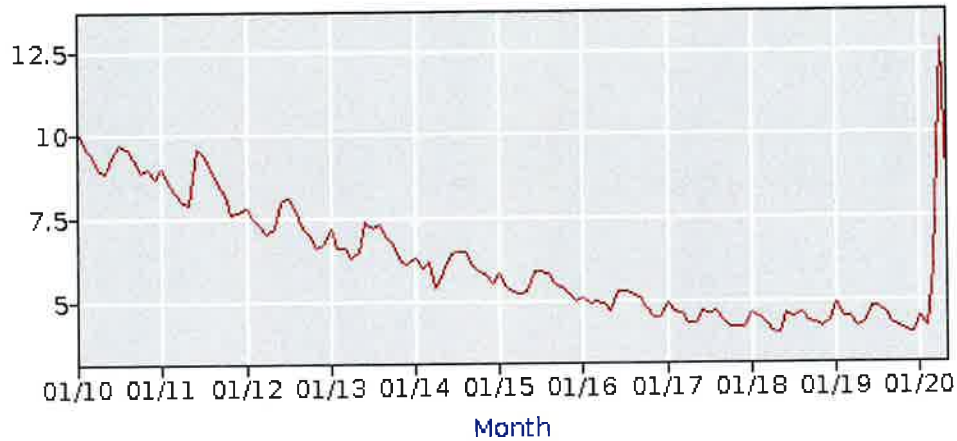
The following shows trends in the vacancy rate for retail properties in the Tucson market between Second Quarter 2005 and Second Quarter 2020, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. Most recently, there was a decline though 2018, with a slight increase in the vacancy rate from late 2018 through the first quarter of 2020. The retail market has stabilized and prices and rents were increasing in high demand areas or for high demand property types, although there remains little demand for older retail properties in low demand areas. The Covid-19 pandemic may potentially impact the retail market in the short-term, although the extent and length of any impact is currently unknown.

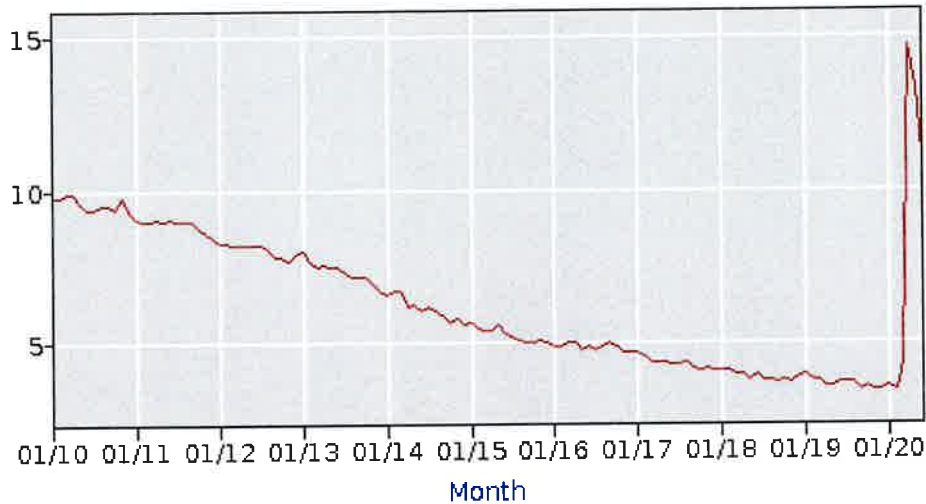
In the Second Quarter 2020, ten new buildings containing 28,939 square feet were completed. This compares to eleven new buildings containing 62,783 square feet in the First Quarter of 2020, six new buildings containing 29,862 square feet in the Fourth Quarter of 2019, 14 new buildings containing 77,860 square feet in the Third Quarter of 2019, six new buildings containing 16,232 square feet in the Second Quarter of 2019, ten new buildings containing 87,989 square feet in the First Quarter of 2019, nine new buildings containing 114,424 square feet in the Fourth Quarter of 2018, fourteen new buildings containing 182,955 square feet in the Third Quarter 2018, thirteen new buildings containing 227,232 square feet in the Second Quarter of 2018, and eighteen new buildings containing 196,508 square feet in the First Quarter of 2018.

According to the Bureau of Labor Statistics, the unemployment rate for metropolitan Tucson was as follows:



This data shows that the unemployment rate in the Tucson metropolitan area has slowly been declining since early 2010. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unemployment rate peaked at 12.8% in April and declined to 8.4% in May 2020. Areas with significant increases in unemployment include hospitality, restaurant, and retail jobs, although many job categories have seen increases in unemployment. It is uncertain how long it will take employment to recover.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.7% in April 2020, then declined slightly to 13.3% in May 2020 and 11.1% in June 2020.



Overall, the commercial real estate markets reveal that most investors held a cautionary but improving outlook due to continued oversupply of available space in many markets which adversely affects tenants, owners and investors, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in slowly improving values. In the short term, market conditions are unstable and projected to decline for at least some property types in the immediate future due to impacts of Covid-19. As of the end of the first half of 2020, there was not yet evidence of declining market conditions including decreasing prices and rents as the effects of the pandemic are not yet known. The market appears to be on “pause” as market participants wait to see the impact of the pandemic and businesses shutdown. Many real estate deals already in progressing are closing, with others put on hold or cancelled. It is hoped that economic improving growth will be seen by the third quarter of 2020 but this is uncertain. However, it is projected that declines will be short-term, with good prospects for Tucson in the long term. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA

The subject market area is that area known as the northwest side, located in the town of Oro Valley, an incorporated township which is situated north of the Tucson city limits. The neighborhood incorporates the planned unit development area known as Rancho Vistoso, west of State Highway 77, north of the Naranja Road alignment, east of La Cholla Boulevard, and north of Honey Bee Canyon, where multi-million dollar homes on large parcels have been constructed. Existing property types in the neighborhood include single family residences on large parcels, planned unit developments, some limited multi-family residential use, patio homes and master-planned communities such as Rancho Vistoso.

The market area contains the Rancho Vistoso Center and several medical and related type improved properties. Between Rancho Vistoso Boulevard on the north and Tangerine Road on the south is the Innovation Park development, including Ventana Medical Systems, the Northwest Medical Center Hospital, and a considerable number of projects in process. Major retail development has occurred in the Oro Valley Marketplace at Tangerine and Oracle Roads and along Oracle Road in the area of First Avenue. Some of the main stores at Oro Valley Marketplace opened in the fall of 2008. This includes a Walmart Supercenter and other national chain stores, with vacant land and pads available for additional construction. There has been additional retail development along Oracle Road, with significant development at Oracle Road and First Avenue. North of that is Steam Pump Village, a commercial development on the west side of Oracle Road.

There was an increase in recent years of development of medical facilities in the general area in connection with the Northwest Medical Center. This includes private medical and specialty doctor and dental offices. East of Oracle Road is government-owned land in the Coronado National Forest. There is ample vacant land in the general area for continued growth in the foreseeable future. Demand for vacant land had slowed significantly after 2008 during the recession, but started to increase after 2014 as market conditions improved with greater demand and the availability of land in the area. The demand for office land has slowed in the current market. The demand for multi-family land and specialized retail uses has remained strong in the subject market area.

SITE DESCRIPTION

The site is a rectangular shaped corner property with 203.44 feet of frontage on Water Harvest Way on the eastern property line and 325.44 feet of frontage on Tangerine Road on the northern property line. The property is located at the southwest corner of Tangerine Road and Water Harvest Way, which is a signalized intersection. If developed as an independent parcel, the property would be provided access on Tangerine Road. If the property was combined with the adjacent property to the south, then the property would have access from Water Harvest Way through the adjacent parcel. The site contains a total area of 66,168 square feet (1.52 acres). Tangerine Road is a four-lane, asphalt-paved roadway with a center median, turn lanes at the intersection, and a walking path on the south side of the street in the vicinity of this property. Tangerine Road has a 2019 traffic count of 18,895 vehicles per day just west of this site, per the Arizona Department of Transportation. Water Harvest Way is a four-lane, asphalt-paved roadway with turn lanes at the intersection with Tangerine Road, a center median, concrete curbs, and sidewalks in the vicinity of this property. No traffic count

can be found for Water Harvest Way (renamed from Innovation Market Drive). The topography is sloping slightly in a southerly direction. Soil conditions appear to be typical of the area. Properties bordering the subject property include vacant land to the west and south, vacant land followed by a shopping center use to the east, and a hospital use to the north.

Utilities available in the vicinity of the property include electric (Tucson Electric Power Company), telephone (CenturyLink), water (Town of Oro Valley Water), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1090L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

ZONING

The subject site is zoned C-2 according to the Rancho Vistoso Planned Area Development [PAD] approved by the Town of Oro Valley Zoning Department (see Exhibits).

The C-2 commercial zone allows business and professional uses, limited residential uses, retail sales, and services. There are additional requirements for setback, lot size, landscaping, and building height limitations.

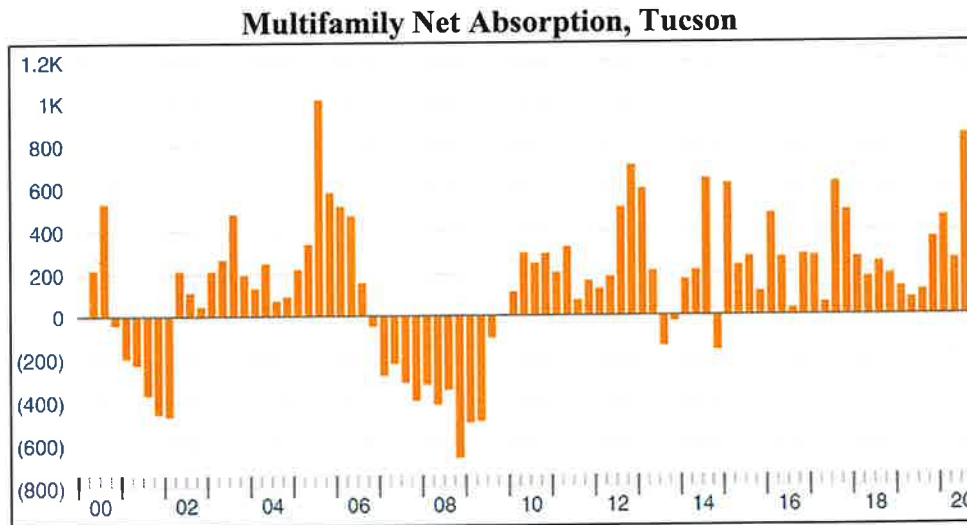
The property is located adjacent to vacant pads within the Oro Valley Marketplace. This is a major mixed-use development, serving the subject market area. The property owner of the adjacent development has applied to amend the development plan, under the name Oro Valley Village Center. The plan would be modified to allow for development of an apartment on the adjacent land to the south. The plan also indicates that there is some interest in incorporating the subject property, as well as the right-of-way to the west, as part of the apartment land. While this has not yet been finalized, the Town of Oro Valley has indicated they are supportive of the change in use to apartments for this land.

MARKET PROFILE - MULTIFAMILY:

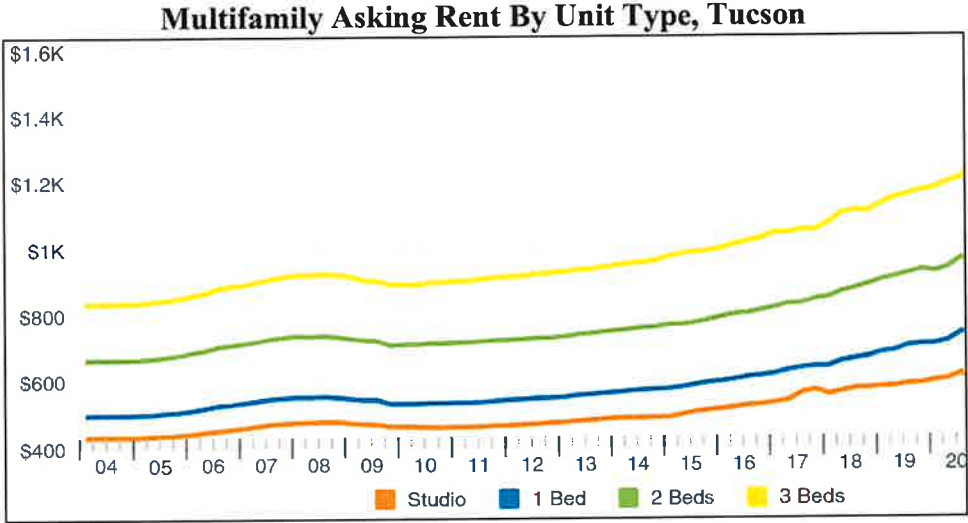
The following is the multifamily vacancy rates for the Tucson/Pima County Market, according to CoStar. This data indicates that the vacancy rate increased substantially from mid-2006 to a peak in late-2009. Beginning in 2010, the vacancy rate began to decline, with this trend continuing through 2018. There was a slight increase in vacancy rates in 2019 with a slight decrease in 2020 through the third quarter of 2020.



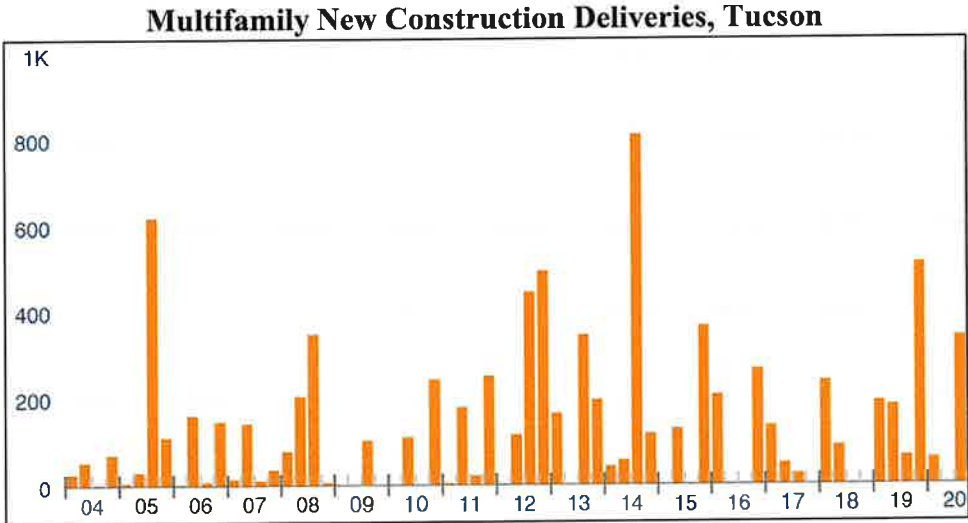
The following is the multifamily unit net absorption for the Tucson Market, according to Costar. There has been a net-positive unit absorption rate in nearly every quarter from 2010 through the third quarter of 2020.



The following is the asking rent by unit type for multifamily properties in the Tucson Market, according to Costar. This data indicates that rents have gradually increased between 2009 through the third quarter of 2020.



The following is the multifamily property new construction deliveries in the Tucson/Pima County Market, according to Costar. This shows that there was limited new construction of multifamily units after 2003 through 2011. Beginning in 2012 and continuing through 2014, there was a substantial increase in multifamily construction deliveries. This increase was primarily due to new student housing units and low density, high-end apartments. The number of new units delivered declined starting in 2015 with a slight increase in 2019 due to new construction projects. The majority of these recent and planned new construction projects are high end units in the downtown market area.



Market conditions for apartment properties had improved for the last several years. Tucson has a large number of older apartments constructed before 1980 with small, aging units. In the last few years, there has been some new construction, primarily of student housing near downtown and the University of Arizona, and some high end, low density complexes throughout Tucson, particularly in the northwest. There has also been some renovation of older apartment complexes, which allows for increases in rents for these renovated units. According to market participants, including Chuck Corriere of Keller Williams, Allan Mendelsberg of PICOR, Bob Kaplan of PICOR, and James Robertson of Realty Executives, starting in 2012, market conditions for apartments started to stabilize after the previous recession. After this, there was an increase in prices for most property types and capitalization rates declined. Market conditions have improved and there is demand for new Class A apartments in good locations. Demand will continue to remain strong with greater demand for Class A apartment complexes in good locations. There has been an increase in Class A multifamily developments beginning in 2011 through 2017. There are several Class A multifamily developments currently under construction or planned for construction. The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The effect of the recent COVID-19 pandemic is unknown in the market as of the effective date of this appraisal because there is not yet sufficient data to support changes in market conditions. At this time, market conditions for this type of property remain generally static. It is not yet known how market conditions may be affected in the coming months. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal. While it is possible that apartment vacancy rates may increase slightly in 2021 due to Covid-19, it is not certain this will happen. The long-term result should be a more balanced level of supply and demand - more conducive to steady long term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME

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

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

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

The estimated length of time that the property interest being appraised would have been offered on the market prior to the

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

hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. ²

The reasonable exposure and marketing time is estimated to be six to twelve months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property. This is consistent with the location, property type, physical characteristics, and overall market conditions.

HIGHEST AND BEST USE

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

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

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

Highest and Best Use as Vacant

Legal Considerations

The subject site is zoned C-2 according to the Rancho Vistoso Planned Area Development [PAD] approved by the Town of Oro Valley Zoning Department (see Exhibits).

The C-2 commercial zone allows business and professional uses, limited residential uses, retail sales, and services. There are additional requirements for setback, lot size, landscaping, and building height limitations.

The property is located adjacent to vacant pads within the Oro Valley Marketplace. This is a major mixed-use development, servicing the subject market area. The property owner of the adjacent development has applied to amend the development plan, under the name Oro Valley Village Center. The plan would be modified to allow for development of an apartment on the adjacent land to the south. The plan also indicates that there is some interest in incorporating the subject property, as well as the right-of-way to the west, as part of the apartment land. While this has not yet been finalized, the Town of Oro Valley has indicated they are supportive of the change in use to apartments for this land.

The property could legally be developed as an independent parcel with a commercial use. The property could also legally be developed as part of a larger parcel with the adjacent parcel to the south.

2. Ibid, p. 83

Physical Considerations

The site is a rectangular shaped corner property with 203.44 feet of frontage on Water Harvest Way on the eastern property line and 325.44 feet of frontage on Tangerine Road on the northern property line. The property is located at the southwest corner of Tangerine Road and Water Harvest Way, which is a signalized intersection. If developed as an independent parcel, the property would be provided access on Tangerine Road. If the property was combined with the adjacent property to the south, then the property would have access from Water Harvest Way through the adjacent parcel. The site contains a total area of 66,168 square feet (1.52 acres). Tangerine Road is a four-lane, asphalt-paved roadway with a center median, turn lanes at the intersection, and a walking path on the south side of the street in the vicinity of this property. Tangerine Road has a 2019 traffic count of 18,895 vehicles per day just west of this site, per the Arizona Department of Transportation. Water Harvest Way is a four-lane, asphalt-paved roadway with turn lanes at the intersection with Tangerine Road, a center median, concrete curbs, and sidewalks in the vicinity of this property. No traffic count can be found for Water Harvest Way (renamed from Innovation Market Drive). The topography is sloping slightly in a southerly direction. Soil conditions appear to be typical of the area. Properties bordering the subject property include vacant land to the west and south, vacant land followed by a shopping center use to the east, and a hospital use to the north.

Utilities available in the vicinity of the property include electric (Tucson Electric Power Company), telephone (CenturyLink), water (Town of Oro Valley Water), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1090L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

The physical characteristics of the subject property would allow for commercial or multi-family development on the property. The property could also be developed with the adjacent property to the south, planned for a multi-family development.

Financial Feasibility

The physical characteristics of the subject property would allow for commercial/multifamily development on the property such as a retail use or a multi-family use. However, there is already an oversupply of retail and office uses within the adjacent shopping center, with these parcels providing more than adequate supply of commercial sites for the limited demand for commercial uses in the area. The property could also be developed with the adjacent property to the south. While the property could be developed as an independent parcel, development with the adjacent parcel to the south would provide better access to utilities and would allow for more potential uses due to the increased depth and size of the larger parcel. There is a small riprap drainage channel between this property and the adjacent property to the south that would require some site work to combine the properties for use together. As previously discussed, the property owner of the adjacent development has

applied to amend the development plan, under the name Oro Valley Village Center. The plan would be modified to allow for development of an apartment on the adjacent land to the south. The plan also indicates that there is some interest in incorporating the subject property, as well as the right-of-way to the west, as part of the apartment land. While this has not yet been finalized, the Town of Oro Valley has indicated they are supportive of the change in use to apartments for this land. This would allow for development of the subject property, combined with the adjacent property to the south, with an apartment use as part of a larger parcel. However, as discussed, there is uncertainty in the market due to Covid-19. Market conditions are static. Therefore, it is likely that the property would be held for short-term investment until market conditions improve in the near future. At that time, the property would be combined with the adjacent property and the larger property would be developed with an apartment use.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for short-term investment due to Covid-19, followed by development of an apartment use as part of a larger parcel with the adjacent property to the south.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

SALES COMPARISON APPROACH

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

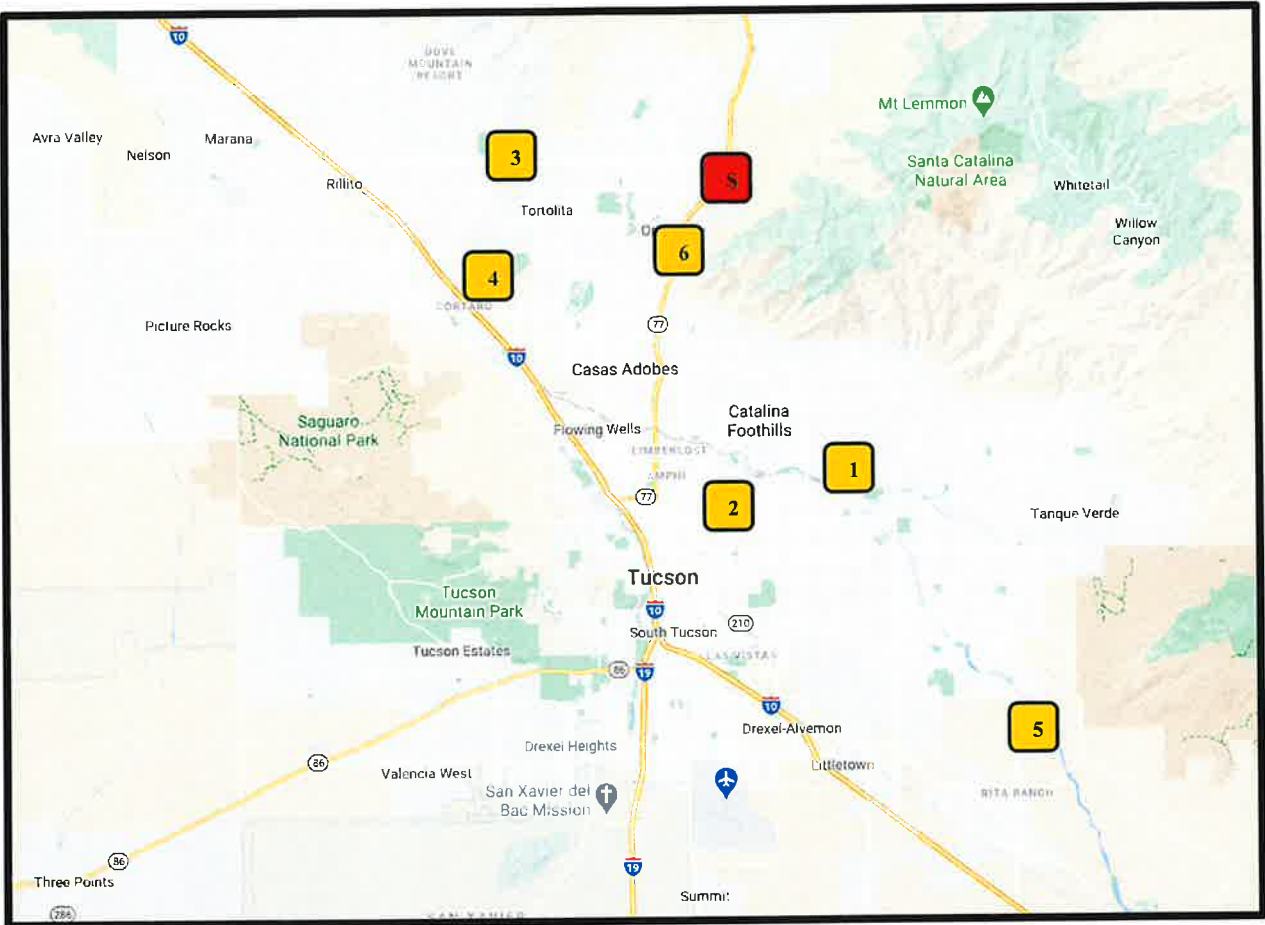
This approach analyzes sales and listings of properties similar to the subject. This analysis uses those sales most relevant as indicators of value of the subject property, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. Sales used in this approach must contain these elements; 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available, and not affected by special or unusual terms. The summary below illustrates the comparable sales used in this report.

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Sq. Ft.)	Price/Sq. Ft.	Zoning
1.	08/17	East of Craycroft Road, south of River Road	\$2,987,950	522,155	\$5.72	PAD
2.	01/18	Southeast corner of Mountain Avenue and Adelaide Drive, north of Glenn Street	\$1,262,500	133,891	\$9.43	R-2
3.	03/18	Northeast corner of Drove Centre Road and Mountain Centre Road	\$1,683,000	256,156	\$6.57	F
4.	05/18	East side of Marana Center Boulevard, south of Linda Vista	\$3,700,000	591,967	\$6.25	F
5.	05/19	Southwest corner of Houghton Road and Drexel Road	\$4,083,280	777,546	\$5.25	PAD
6.	12/19	Northwest corner of Oracle Road and Linda Vista Boulevard	\$2,600,000	425,145	\$6.12	C-N
Subject Property				66,168*		PAD

*As part of a larger 417,691 square foot parcel

COMPARABLE LAND SALES LOCATION MAP



Subject: Southwest corner of Tangerine Road and Water Harvest Way, Oro Valley

Sale 1: East of Craycroft Road, south of River Road

Sale 2: Southeast corner of Mountain Avenue and Adelaide Drive, north of Glenn Street

Sale 3: Northeast corner of Dove Centre Road and Mountain Centre Road, Marana

Sale 4: East side of Marana Center Boulevard, south of Linda Vista Boulevard, Marana, Pima County, Arizona

Sale 5: Southwest corner of Houghton Road and Drexel Road

Sale 6: Northwest corner of Oracle Road and Linda Vista Boulevard

COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID PAD 0010 7460

LOCATION: East of Craycroft Road, south of River Road

LEGAL DESCRIPTION: Portion of Block 9, Rio Verde Village, Pima County, Arizona

STATE TAX PARCEL: 109-22-452A

RECORD DATA: Fee number 20172430719

DATE OF SALE: August 31, 2017

SELLER: Craycroft River Holdings, LLC

BUYER: Block 9 Holdings, LLC

CONFIRMED BY: Ross McCallister, buyer (520-404-3400)
SRB; April 2018

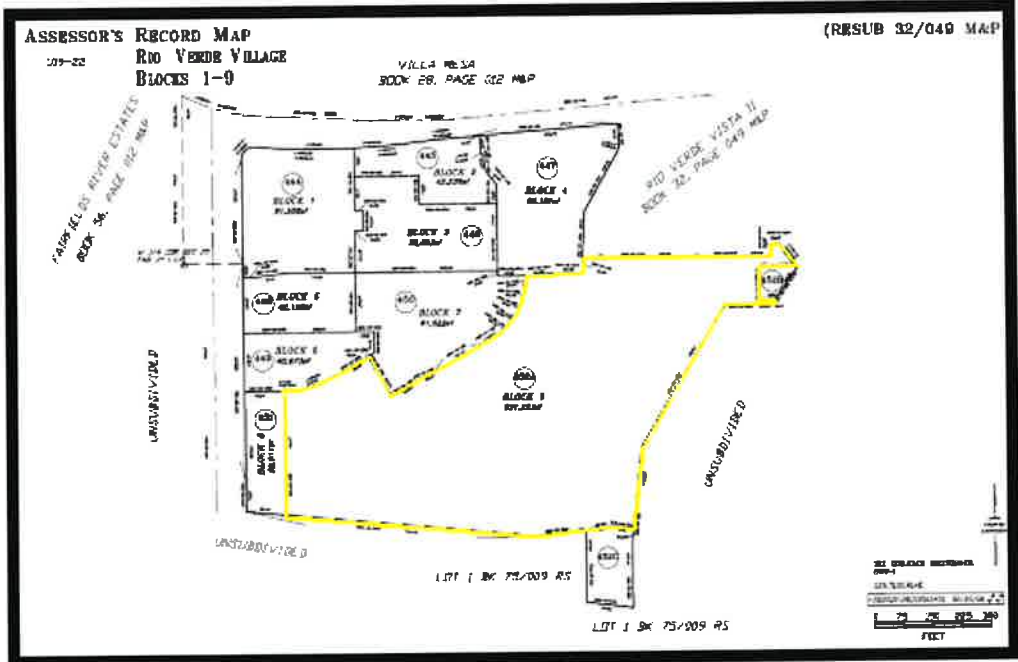
LAND DESCRIPTION: This site is an irregular shaped backage property located east of Craycroft Road and south of River Road. The property has a maximum depth of approximately 750 feet on the eastern property line and 315 feet on the western property line. The property has a length of approximately 890 feet on the southern property line and approximately 700 feet on the northern property line. The northwest portion of the property has approximately 235 feet of frontage along an asphalt-paved drive which connects to Craycroft Road. This drive is part of the Rio Verde Village development and is a shared drive that provides access to the buildings in this development. Craycroft Road is a four-lane, asphalt-paved roadway with a center turn lane (turning to a median at the north end), concrete curbs, sidewalks and streetlights in the vicinity of this property. There is a dedicated right turn lane from northbound Craycroft Road onto the shared drive. Craycroft Road has a 2015 traffic count of 18,600 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. The topography is rolling and slopes in a southwesterly direction. The property required significant site work, including fill, to obtain a level site

for development. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C1713L, dated June 16, 2011, the northern portion of the land (approximately 85%) is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. A portion of land along the full length of the south property line falls in Zone X-Shaded, with a designation of 500-year flood. A wash is located on the west portion of the property, running from the north property line to the south property line. This wash requires a 50 foot erosion hazard setback for buildings. The Tanuri Wash is located directly south of the property line, requiring a 75 foot erosion hazard setback for buildings. The Tanque Verde Wash is located to the south of the subject. The southwest portion of the property falls within a Riparian Habitat area with a designation of Xeroriparian B. This area will be retained as a riparian mitigation area.

LAND SIZE:	522,155 square feet or 11.99 acres
ZONING:	PAD-22 (Rio Verde Village) – City of Tucson
REPORTED SALE PRICE:	\$2,987,950
PRICE PER SQ. FT.:	\$5.72
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 market transactions occurred within three years of this sale. A transaction dated November 9, 2017 was a transaction between related parties and was not a market transaction.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Development of a 210-unit apartment complex.

COMMENTS:

The sale included more than 26,000 yards of fill, obtained from the adjacent site. The property required significant site work, including fill work, in order to develop. The buyer estimated the development costs were approximately \$1,000,000 more than a typical apartment site. The property has good views and is in a strong location.



LOCATION: Southeast corner of Mountain Avenue and Adelaide Drive, north of Glenn Street

LEGAL DESCRIPTION: Lots 1, 2, 3, and a portion of Lot 4, Block H, Hedrick Acreage Tract No. 3, Pima County, Arizona

STATE TAX PARCEL: 113-07-243A; -2440; -2450; 246D; -246J

RECORD DATA: Fee number 20180220807

DATE OF SALE: January 22, 2018

SELLER: Heritage 21 Foundation

BUYER: AB Mountain Avenue Apartments, LLC

CONFIRMED BY: Barry Baker, buyer representative (520-490-5334)
TAB; January, 2019

LAND DESCRIPTION: This site is a mostly rectangular shaped corner property with approximately 325 feet of frontage on Mountain Avenue along the western property line and approximately 500 feet of frontage on Adelaide Drive along the northern property line. It is located at the southeast corner of Mountain Avenue and Adelaide Drive which is a minor corner. Mountain Avenue is a two-lane, asphalt-paved roadway with bike lanes, concrete curbs, sidewalks and streetlights in the vicinity of this property. Mountain Avenue has a 2017 traffic count of approximately 7,500 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. Adelaide is a two-lane, asphalt-paved residential roadway with concrete curbs, but no sidewalks or streetlights in the vicinity of this property. There is no traffic count available for Adelaide as this is a residential street. The topography is mostly level, sloping slightly in a northwesterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C1689L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent

annual chance floodplain. Mountain Avenue Wash runs along Mountain Avenue, adjacent to the site, with a portion of the site within the Mountain Avenue Wash Floodplain as part of a local floodplain study.

LAND SIZE: 3.07 acres, or 133,891 sq. ft.

ZONING: R-2, City of Tucson

REPORTED SALE PRICE: \$1,262,500

PRICE PER SQ. FT.: \$9.43

PRICE PER UNIT: \$21,042 (60 proposed units)

MARKETING TIME: N/A

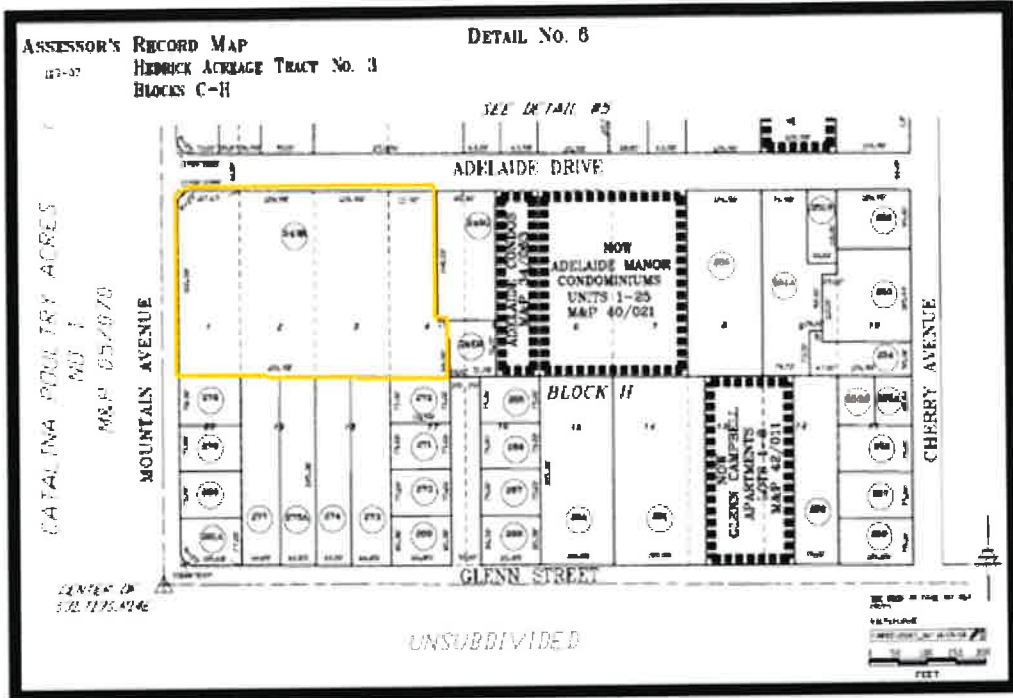
TERMS OF SALE: This was an all cash to the seller transaction

PRIOR SALE: Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation. Transaction dated July 21, 2017 was an internal transfer and not a market sale.

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

INTENDED USE: Development of a rental community consisting of 12 two-story residential buildings with a total of 60 market rate units, a community building, a swimming pool, fitness center, covered parking, and gated entry.

COMMENTS: Development plans of the rental units were approved prior to the closing of the sale. At the time of sale, there were improvements on the site consisting of a religious facility and a single-family residence. These improvements were considered to offer no contributory value to the site and will be demolished in favor of the proposed rental community. This will be an additional cost to the developer.



LOCATION: Northeast corner of Dove Centre Road and Mountain Centre Road, Marana

LEGAL DESCRIPTION: All of Parcel 2, Dove Mountain Centre II, Pima County, Arizona

STATE TAX PARCEL: 218-55-5780 and -5790

RECORD DATA: Fee number 2018-0680576

DATE OF SALE: March 9, 2018

SELLER: Rita Land Corporation

BUYER: AZ Land Holdings, LLC

CONFIRMED BY: Bill Hallinan, seller (520-520-299-8424)
TAB; August, 2020

LAND DESCRIPTION: This site is an irregular shaped corner commercial pad property with about 650 feet of frontage on Dove Centre Road and 243 front feet on Mountain Centre Road. The site has a depth of 448.85 on the eastern property line. The intersection of Dove Centre Road and Mountain Centre Road is not signalized. Both Dove Centre Road and Mountain Centre Road are two-lane, asphalt-paved roadways with concrete curbs, some sidewalks and streetlights in the vicinity of this property. There is no traffic counts available for either Dove Centre Road or Mountain Centre Road in the vicinity of this site, according to the Pima Association of Governments. The topography is mostly level, sloping in a southerly direction. The site is above both existing street grades. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C1065L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 256,156 square feet or 5.88 acres

ZONING: F - Specific Plan (Town of Marana)

REPORTED SALE PRICE: \$1,683,000

PRICE PER SQ. FT.: \$6.57

MARKETING TIME: N/A

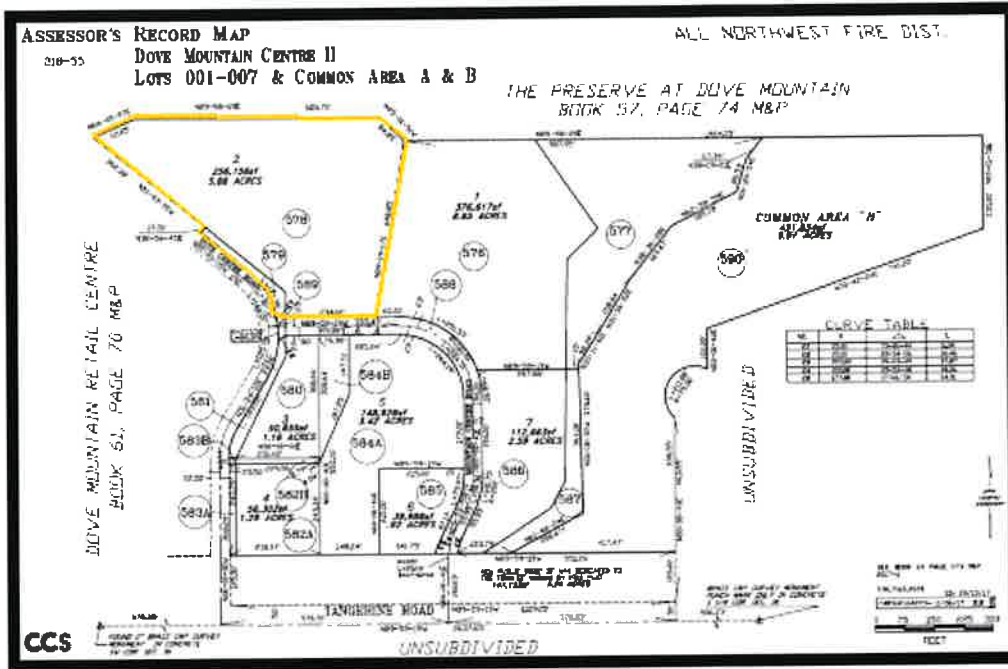
TERMS OF SALE: The terms of sale included a down payment in the amount of \$589,050 (35%), with the buyer obtaining a new conventional note in the amount of \$1,093,950, payable at market terms.

PRIOR SALE: Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation. On March 29, 2019, there was an internal transfer between related parties and is not a market transaction.

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

INTENDED USE: This site is being improved with three buildings which will contain a total of 57,655 square feet and consist of 142 units, of which 44 will be independent living units, 75 assisted living units, and 23 memory care units.

COMMENTS: This was a parcel that had access, sewer, water, and all other utilities to the site at the time of sale.



LAND COMPARABLE NUMBER FOUR (SALE)

ID: MAL 0340 7932-E

LOCATION: East side of Marana Center Boulevard, south of Linda Vista Boulevard, Marana

LEGAL DESCRIPTION: Parcel 3, Marana Center, Pima County, Arizona

STATE TAX PARCEL: 221-04-0320

RECORD DATA: Fee number 20181340364

DATE OF SALE: May 14, 2018

SELLER: VP Marana Investments, LLC

BUYER: HSL Marana Center Apartments LLC

CONFIRMED BY: Mike Chapman, listing broker (520-591-5188)
TAB; November, 2020

LAND DESCRIPTION: This site is an irregular shaped property with about 800 feet of frontage on Marana Center Boulevard along a portion of the western property line. The site has a total length of about 1,305 feet along the western property line, a length of 1,248.43 feet along the eastern property line, a width of 403.72 feet along the northern property line, and a width of 533.61 feet along the southern property line. The site has direct access from Marana Center Boulevard. Marana Center Boulevard is a two-lane, asphalt-paved roadway with a concrete median, concrete curbs, sidewalks, and street lights in the vicinity of this site. There is no traffic counts available for Marana Center Boulevard, according to the Pima Association of Governments. The topography is mostly level, sloping slightly in a southwesterly direction, and at street grade. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C1065L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is an unnamed wash which traverses across the northern property line. This area would be retained as a drainage area.

LAND SIZE: 591,967 square feet or 13.59 acres

ZONING: F - Specific Plan (Town of Marana)

REPORTED SALE PRICE: \$3,700,000

PRICE PER SQ. FT.: \$6.25

MARKETING TIME: N/A

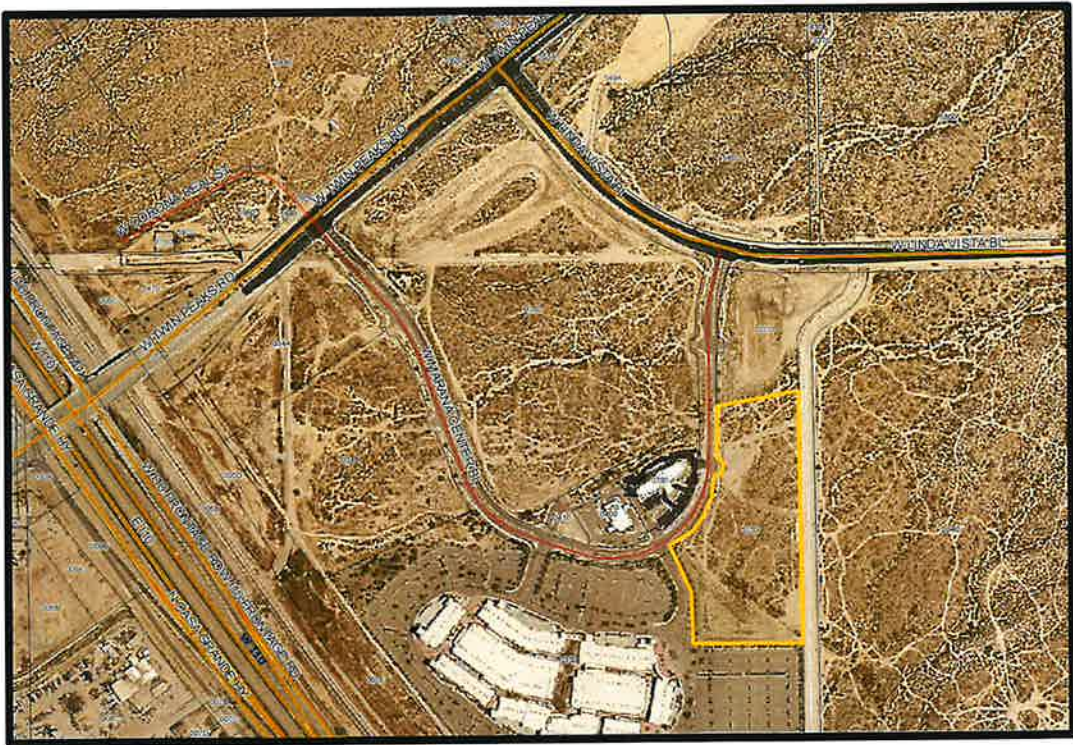
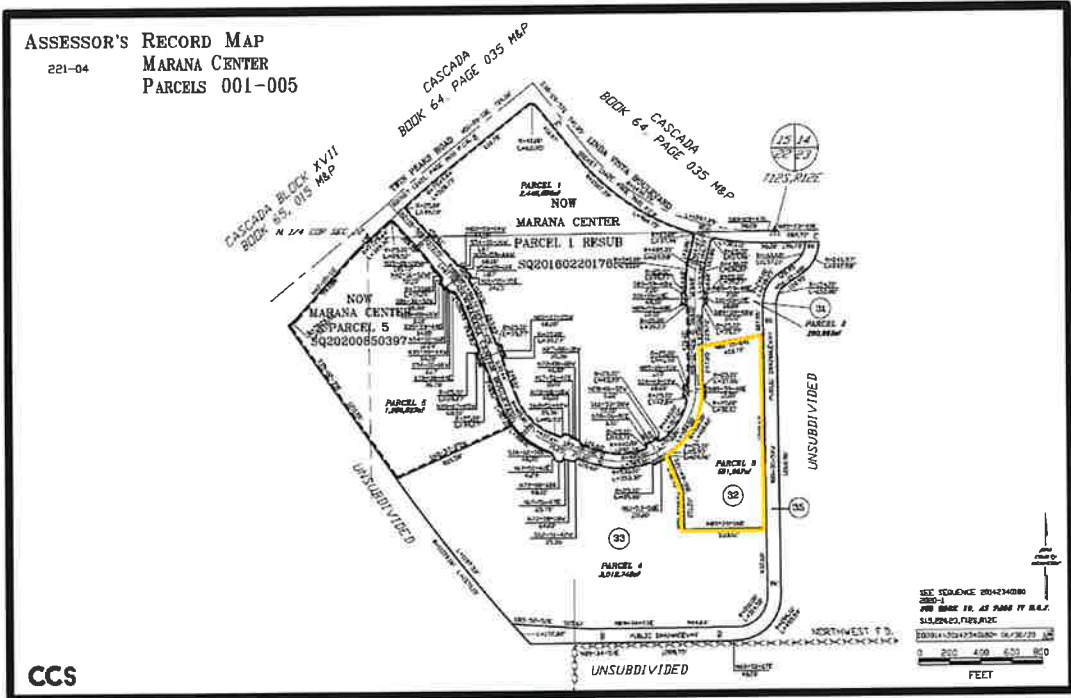
TERMS OF SALE: This was an all cash to the seller transaction

PRIOR SALE: Records of the Pima County Assessor indicate that no market 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 an apartment complex.

COMMENTS: This property is adjacent to the northeast corner of the Tucson Premium Outlets. This property is south of Linda Vista Boulevard and would have limited visibility from that road. Access is from Marana Center Boulevard, with visibility from that road.



LOCATION: Southwest corner of Houghton Road and Drexel Road

LEGAL DESCRIPTION: A Portion of Blocks 2 and 3, Saguaro Trails, Pima County, Arizona

STATE TAX PARCEL: A Portion of 141-02-0190 and -0200

RECORD DATA: Fee number 2019-1510903

DATE OF SALE: May 31, 2019

SELLER: Mattamy Tucson, LLC

BUYER: HSL Houghton Apartments, LLC

CONFIRMED BY: Will White; listing and selling agent (520-514-7454)
RMT; January, 2020

LAND DESCRIPTION: This site is a mostly rectangular shaped property at the southwest corner of Houghton Road and Drexel Road. This is a signalized intersection. The site has approximately 850 feet of frontage on Houghton Road on the eastern property line and approximately 1,225 feet of frontage on Drexel Road on the northern property line. The site has a depth of approximately 1,300 feet on the southern property line. Houghton Road is a six-lane, asphalt-paved roadway with a center median, concrete curbs, sidewalks, and streetlights in the vicinity of this property. Houghton Road has a 2019 traffic count of 26,470 vehicles per day south of this site, according to the Pima Association of Governments. Drexel Road is currently under construction, but will be a two-lane, asphalt-paved roadway with concrete curbs, sidewalks, and streetlights in the vicinity of this property. No traffic count is available for Drexel Road in the vicinity of the property. The topography is mostly level and is sloping towards the washes. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C2320L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There are two washes, Harrison Hills Wash and an unnamed

wash, that traverse north/south through the property. Both washes have a 25-foot building setback area. Approximately 15 percent of the property falls into a Riparian Habitat designated as Xeroriparian C.

LAND SIZE: 777,546 square feet or 17.85 acres

ZONING: PAD 30, City of Tucson

REPORTED SALE PRICE: \$4,083,280

PRICE PER SQ. FT.: \$5.25

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 market transaction has occurred within three years of the date of valuation. There were two internal transfers dated October 12, 2017 and March 17, 2016.

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

INTENDED USE: To develop a 312-unit apartment complex.

COMMENTS: According to the agent the sale price was slightly below market value due to a development plan not having been approved. The agent stated that if the seller had chosen to wait until a development plan had been approved that the property would have sold for a higher market price.

Some of the land is unusable due to the washes located on the property.

LOCATION: Northwest corner of Oracle Road and Linda Vista Boulevard

LEGAL DESCRIPTION: Lot 4, Section 13, Township 12 South, Range 13 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 224-31-011G

RECORD DATA: Fee number 2019-3470821

DATE OF SALE: December 13, 2019

SELLER: Oracle Vista, Inc.

BUYER: Linda Vista Luxury Rentals, LLC

CONFIRMED BY: Rick Kleiner; listing and selling agent (520-546-2745) (rkleiner@picor.com) RMT; January, 2020

LAND DESCRIPTION: This site is an irregular shaped corner property with approximately 880 feet of frontage on Oracle Road on the eastern property line, approximately 200 feet of frontage on Linda Vista Boulevard on the southern property line and approximately 140 feet of frontage on Desert Sky Road on the northern property line. The site has a total depth of approximately 1,250 feet on the western property line. The intersection of Oracle Road and Linda Vista Boulevard is a traffic controlled, lighted intersection. Oracle Road is a six-lane, asphalt-paved roadway with a center median, but no concrete curbs, sidewalks, or streetlights in the vicinity of this property. Oracle Road has a 2018 traffic count of 30,594 vehicles per day in the vicinity of this site, according to the Arizona Department of Transportation. Linda Vista Boulevard is a two-lane, asphalt-paved roadway with concrete curbs, but no sidewalks or streetlights in the vicinity of this property. Linda Vista Road has a 2018 traffic count of 1,464 vehicles per day in the vicinity of this site, according to the Pima Association of Governments. Desert Sky Road 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 Desert Sky Road in the vicinity of this property. The topography is sloping in a southwesterly direction. All utilities are available to the site. According to FEMA Flood Insurance Rate Map 04019C1089L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE: 425,145 square feet or 9.76 acres

ZONING: C-N, Oro Valley

REPORTED SALE PRICE: \$2,600,000

PRICE PER SQ. FT.: \$6.12

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 market transaction has occurred within three years of the date of valuation. There was a non-market transaction on December 13, 2019 for \$2,800,000.

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

INTENDED USE: To develop an apartment complex with 60 villa units on +/-6.5 acres and investment use on the remaining acreage. In addition to the 60-unit villa apartment complex, there are two parcels planned for office development included in the sale. The buyer is marketing the two office parcels and will develop the apartment development.

COMPARABLE SALES ADJUSTMENT GRID

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Sale Date		08/2017	01/2018	03/2018	05/2018	05/2019	12/2019
Site Size (Sq. Ft.)	66,168*	522,155	133,891	256,156	591,967	777,546	425,145
Zoning	PAD	PAD	R-2	F	F	PAD	C-N
Site Utility	Average	Inferior	Superior	Superior	Similar	Similar	Similar
Sale Price		\$2,987,950	\$1,262,500	\$1,683,000	\$3,700,000	\$4,083,280	\$2,600,000
Price per Sq. Ft.		\$5.72	\$9.43	\$6.57	\$6.25	\$5.25	\$6.12

*as part of a larger 417,691 square foot parcel

Summary of Adjustments

Unadjusted Price / Sq. Ft.	\$5.72	\$9.43	\$6.57	\$6.25	\$5.25	\$6.12
Property Rights	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$5.72	\$9.43	\$6.57	\$6.25	\$5.25	\$6.12
Financing	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price	\$5.72	\$9.43	\$6.57	\$6.25	\$5.25	\$6.12
Conditions of Sale	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>5%</u>	<u>0%</u>
Adjusted Price	\$5.72	\$9.43	\$6.57	\$6.25	\$5.51	\$6.12
Date/Market Conditions	<u>7%</u>	<u>6%</u>	<u>5%</u>	<u>5%</u>	<u>2%</u>	<u>0%</u>
Adjusted Price	\$6.12	\$10.00	\$6.90	\$6.56	\$5.62	\$6.12
Physical Adjustments (%)						
Location	-5	-15	10	5	20	10
Zoning	0	0	0	0	0	0
Site Size	0	-10	-5	0	5	0
Site Utility	<u>20</u>	<u>-5</u>	<u>-5</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Adjustment	15%	-30%	0%	5%	25%	10%
Indicated Value / Sq. Ft.	\$7.04	\$7.00	\$6.90	\$6.89	\$7.03	\$6.73

This analysis compares six sales of similar vacant land parcels to the subject property on a price per square foot basis. This is the sale price divided by the square footage of the site. Sales prices range from \$5.25 to \$9.43 per sq. ft. before adjustment. The adjustment grid on the previous page reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires an upward adjustment as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants a downward adjustment for location as this property is located in an area with greater demand than the subject property. There is an upward adjustment for utility as this property requires more site work and has higher development costs than the subject. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject property.

Comparable Sale Two requires an upward adjustment as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants a downward adjustment for location as this property is located in an area with greater demand than the subject property. There is a downward adjustment for site size as this property is smaller than the larger assembled parcel. Smaller properties tend to sell for more on a price per square foot basis than larger properties, all else being equal. This sale warrants a downward adjustment for utility as this property has better utility. There is a drainageway in the center of the larger parcel that would need site work for this portion of the property to be utilized as indicated in the site plan. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject property.

Comparable Sale Three requires an upward adjustment as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this property is located in an area with less demand than the subject property. There is a downward adjustment for site size as this property is smaller than the larger assembled parcel. Smaller properties tend to sell for more on a price per square foot basis than larger properties, all else being equal. This sale warrants a downward adjustment for utility as this property has better utility. There is a drainageway in the center of the larger parcel that would need site work for this portion of the property to be utilized as indicated in the site plan. Overall, this sale price per square foot indicates a downward adjustment in comparison to the subject property.

Comparable Sale Four requires an upward adjustment as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this property has less visibility than the subject property. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject property.

Comparable Sale Five requires an upward adjustment for conditions of sale as this property sold for slightly below market value. This sale requires an upward adjustment as market conditions for this type of property improved between the date of this sale and the date of value. This sale warrants an upward adjustment for location as this property is located in an area with less demand than the subject property. There is an upward adjustment for site size as this property is larger than the larger assembled parcel. Larger properties tend to sell for less on a price per square foot basis than smaller properties, all else being equal. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject property.

Comparable Sale Six warrants an upward adjustment for location as this property is located in an area with less demand than the subject property. Overall, this sale price per square foot indicates an upward adjustment in comparison to the subject property.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Adjusted Sale Price / Sq. Ft.	\$7.04	\$7.00	\$6.90	\$6.89	\$7.03	6.73

These six comparable sales indicate a price range of \$6.89 to \$7.04 per square foot after adjustment. All of the sales provide a reliable indicator of value. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of November 19, 2020, is \$7.00 per square foot, times 66,168 square feet, equaling \$463,176, rounded to \$463,200.

MARKET VALUE CONCLUSION

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, as of the effective date of the appraisal, November 19, 2020, is \$463,200.

**OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
AS OF NOVEMBER 19, 2020:**

**FOUR HUNDRED SIXTY-THREE THOUSAND TWO HUNDRED DOLLARS
(\$463,200)**

AUDIT BREAKDOWN:

MARKET VALUE OF LAND	\$463,200
MARKET VALUE OF IMPROVEMENTS	N/A
MARKET VALUE OF PROPERTY ACQUIRED	N/A
TOTAL PROPERTY VALUE	\$463,200

Project No.: 989 PM 000 H0757 – ADOT Project No. S-483-701
Parcel No.: L-SC-016-E

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. The appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapters 3 and 4, Appraisal Standards and Specifications (2016); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2018-2019) guidelines.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right-of-way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds. That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the Market Value of the property as of November 19, 2020 is \$463,200, based on my independent appraisal and the exercise of my professional judgment.



Date: February 2, 2021

Signature: _____

THOMAS A. BAKER, MAI, SRA
ARIZONA CERTIFIED GENERAL REAL ESTATE APPRAISER #30139

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30139

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

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

THOMAS A. BAKER

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2022**

ASSUMPTIONS AND LIMITING CONDITIONS - PART V

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(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
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.

CERTIFICATION - PART VI

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is November 19, 2020.
12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has not appraised the subject property within three years prior to this assignment.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.

A handwritten signature in blue ink, appearing to read 'T. Baker', with a long horizontal flourish extending to the right.

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

EXHIBITS - PART VII

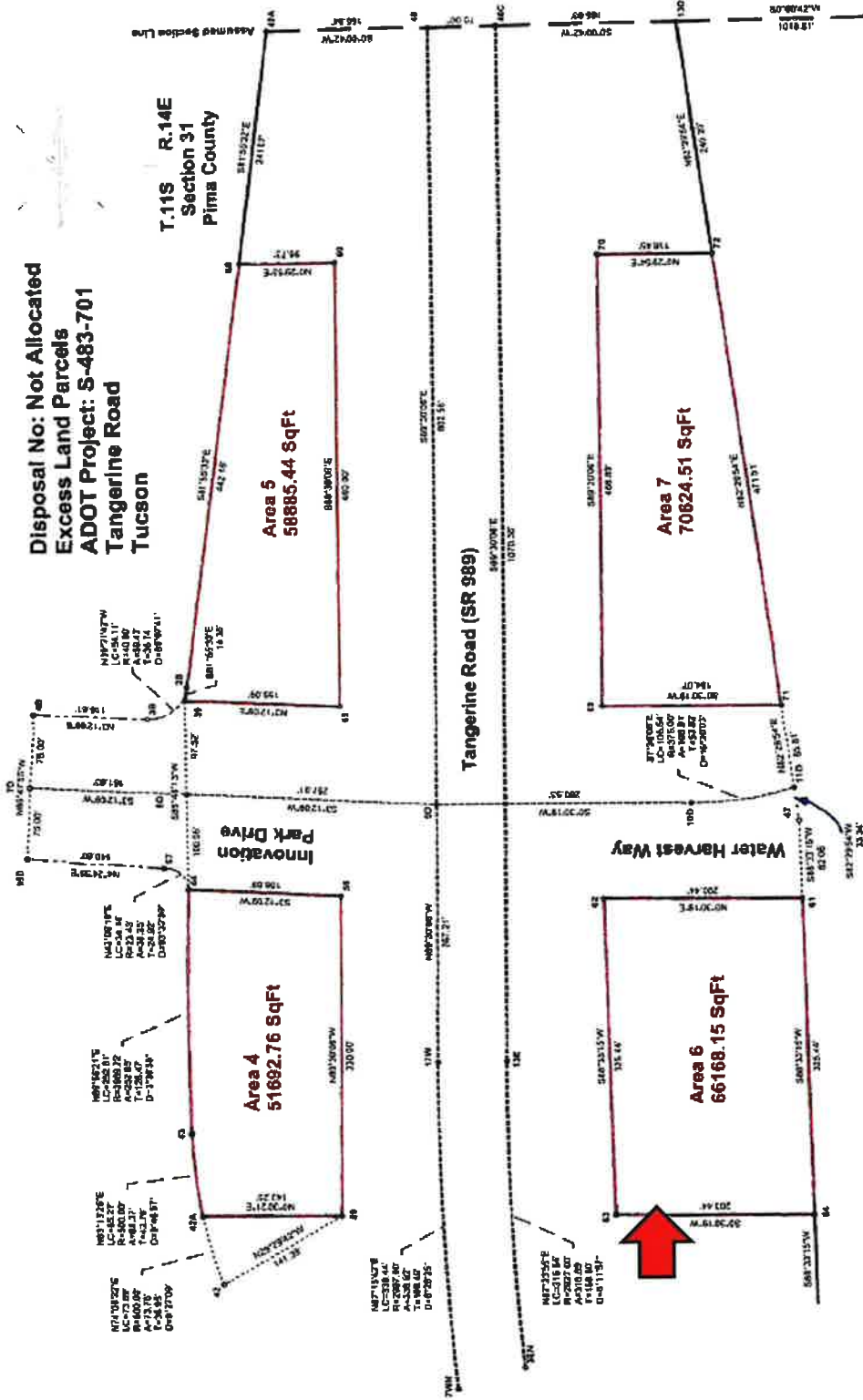
Exhibit A	Site Plan
Exhibit B	Aerial Photograph
Exhibit C	Zoning Map
Exhibit D	Proposed Development Plan
Exhibit E	FEMA Flood Plain Map
Exhibit F	Subject Photographs
Exhibit G	Qualifications

EXHIBIT A - SITE PLAN

Sketch Plan 5

Disposal No: Not Allocated
 Excess Land Parcels
 ADOT Project: S-483-701
 Tangerine Road
 Tucson

T.11S R.14E
 Section 31
 Pima County



PREPARED BY: [Faint text]
 DATE: [Faint text]

July, 2019

EXHIBIT B - AERIAL PHOTOGRAPH

(See following page)



L-SC-016-D
51,693 S.F.
1.19 ACRES

L-SC-016-F
58,885 S.F.
1.35 ACRES

L-SC-016-E
66,168 S.F.
1.52 ACRES

L-SC-016-G
70,625 S.F.
1.62 ACRES

TANGERINE ROAD (OLD SR 989)

INNOVATION PARK DRIVE

INNOVATION MARKET DRIVE



PLEASE NOTE: This exhibit is intended for Appraisal purposes only. Refer to Final Right-of-Way Plans for additional information.

<p>ADOT Right Of Way THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</p>	PARCEL # L-SC-016	HIGHWAY NAME: TANGERINE ROAD
	EXHIBIT # D,E,F,G	PROJECT NO. 989 PM 000 H0757
ROUTE NO.: SR 989	DATE 11/10/20	FEDERAL AID NO.: S-483-701
LOCATION: FIRST AVE - US 89	SHEET NO. 1 OF 1	

EXHIBIT C - ZONING

All areas regulated by the Rancho Vistoso
Planned Area Development

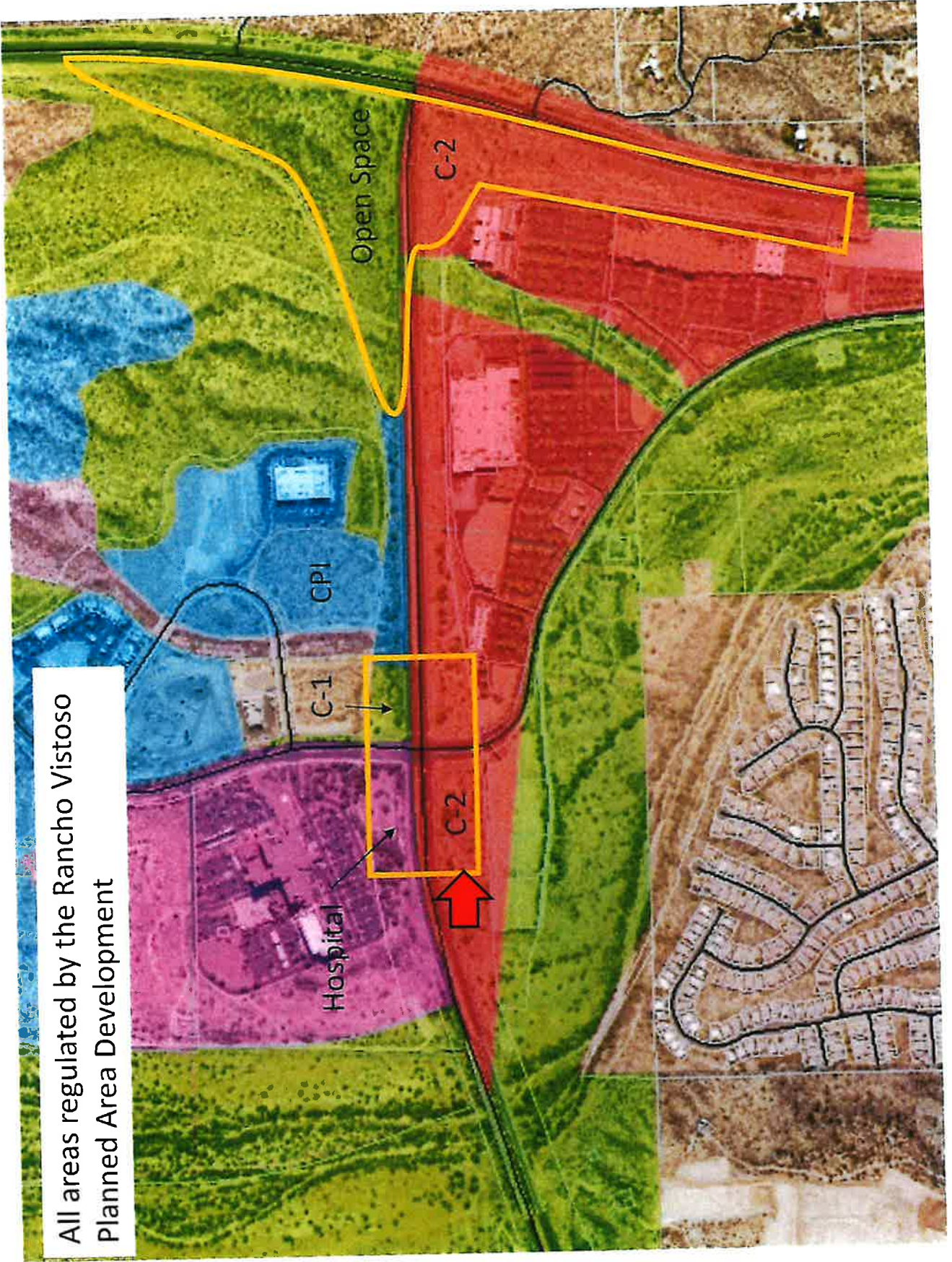


EXHIBIT E - FEMA FLOOD PLAIN

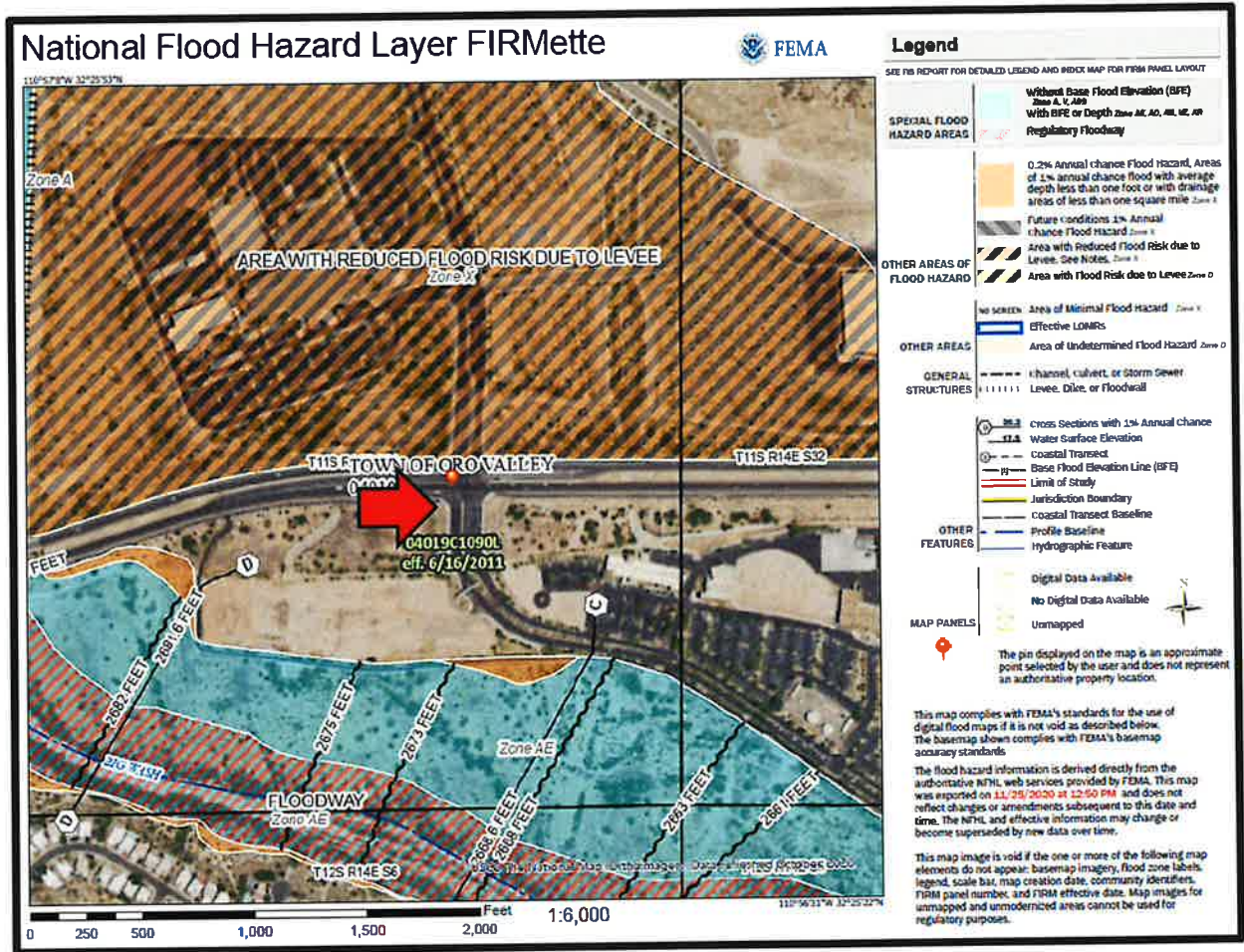


EXHIBIT F - SUBJECT PHOTOGRAPHS

PHOTO 1 – VIEW FROM TANGERINE



PHOTO 2 – VIEW EAST ACROSS PARCEL



PHOTO 3 – VIEW FROM ADJOINING PROPERTY



PHOTO 4 – VIEW FROM HARVEST WAY



PHOTO 5 – VIEW OF DRAINAGE AREA ON SOUTH BOUNDRY



PHOTO 6 – VIEW EAST ALONG TANGERINE



PHOTO 7 – VIEW WEST ALONG TANGERINE



PHOTO 8 – VIEW SOUTH ALONG HARVEST WAY



PHOTO 9 – VIEW NORTH ALONG HARVEST WAY



PHOTO 10 – VIEW FROM TANGERINE AND HARVEST WAY



EXHIBIT G - QUALIFICATIONS

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

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

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

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

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

ROBERT PARKER and **JOSHUA BAKER** are production coordinators and support technicians.