

APPRAISAL REPORT

TYPE OF REPORT: Appraisal for Market Value

PARCEL NO.: L-SC-009

OWNER'S NAME: State of Arizona

LOCATION OF PROPERTY: Section 31, Township 12 South, Range 13 East
Pima County, Arizona

PROJECT: M6975 01X

HIGHWAY: CASA GRANDE – TUCSON HIGHWAY

SECTION: INA ROAD T.I.

DATE OF APPRAISAL REPORT: February 2, 2024


EFFECTIVE DATE OF VALUE: January 30, 2024

APPRAISERS: Steven R. Cole, MAI, SRA
*Certified General Real
Estate Appraiser #30130*

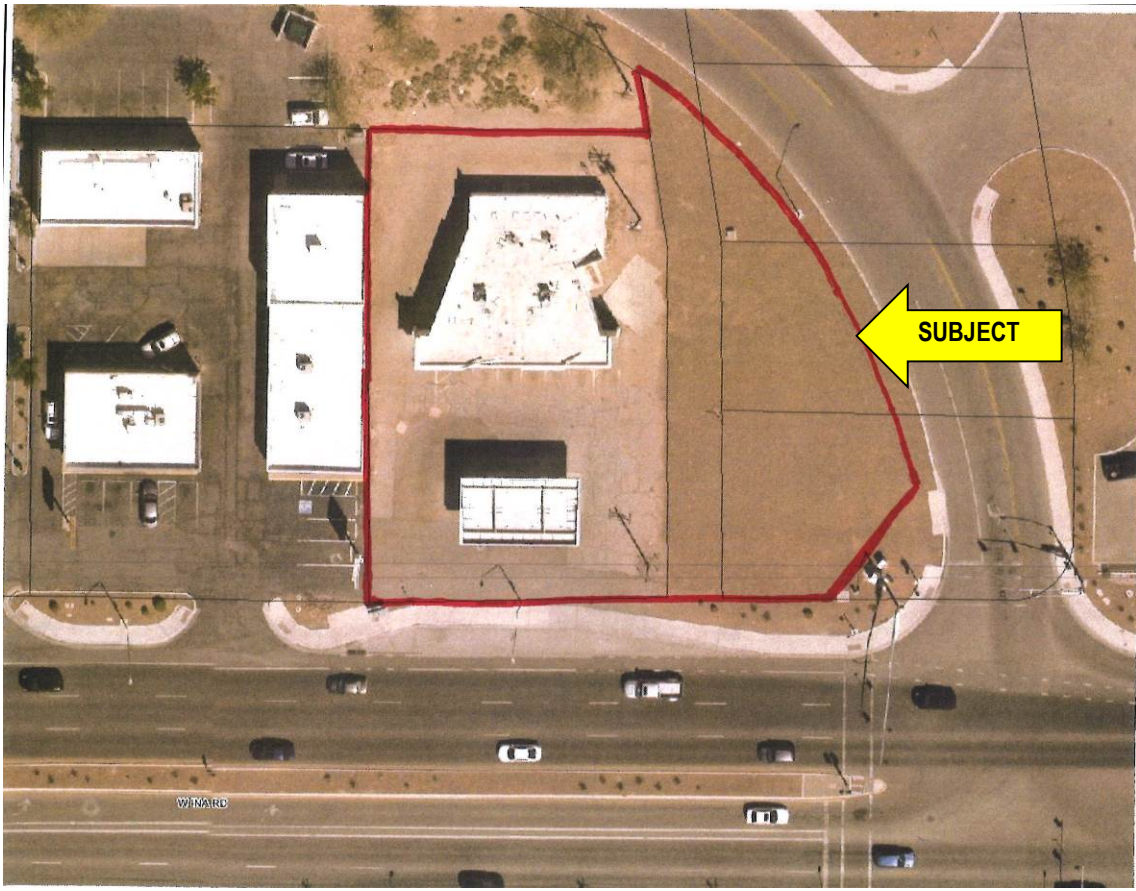
Susanne Grace-Poore
*Certified General Real
Estate Appraiser #31601*

ADOT RIGHT OF WAY AERIAL SKETCH PLAN



 ADOT Right Of Way <small>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</small>	DISPOSAL #	L-SC-009	HIGHWAY NAME:	CASA GRANDE - TUCSON	
	EXHIBIT #		PROJECT NO.:	010 PM 248 H8479	
	DATE	10/27/2023	FEDERAL AID NO.:	010-D(216)S	SHEET NO.
ROUTE NO.:	LOCATION:				
I-10	INA ROAD T.I.				

AERIAL VIEW OF ADOT PARCEL NUMBER L-SC-009





P.O. Box 16156
TUCSON, ARIZONA 85732
(520) 327-0000
FAX (520) 327-3974

TRANSMITTAL LETTER

February 28, 2024

Mr. Jim Walcutt
Arizona Department of Transportation
205 South 17th Avenue, Room 331
Mail Drop #612E
Phoenix, Arizona 85007

RE: Appraisal of ADOT Parcel L-SC-009, a former Circle K convenience store and vacant surplus land with a street address of 4500 W. Ina Road, Tucson, Arizona, identified as a portion of Section 31, Township 12S, Range 13E, G&SRB&M, Pima County, Arizona.
Appraiser's File No.: 23-186-L

Dear Mr: Walcutt:

At your request, we have provided our market value opinion for the above-referenced property located at 4500 West Ina Road in Marana, Pima County, Arizona. The former Circle K convenience store was previously identified as Pima County Assessor's Parcel Number 225-36-014C with a site size of 19,166 square feet. Camino de las Capas is a new right of way that was constructed as part of the Ina Road Traffic Interchange project. It extends from Ina Road northwest along the eastern boundary of the subject property. Additional site area was added to the Circle K parcel, which represents remainder vacant land from Pima County Assessor Parcel Numbers 225-37-0250, -0260, and -0270 after the creation of the Camino de las Capas right of way. The total site area now consists of 31,244.12 square feet, according to Arizona Department of Transportation ("ADOT").

The improvements are comprised of an average quality 2,833 square-foot retail store, a 1,104 square foot canopy, approximately 12,000 square feet of asphalt paving, and 1,200 square feet of concrete paving. The improvements have been unoccupied for about 10-12 years and are in poor "shell" condition with significant deferred maintenance, including floor covering, interior and exterior paint, doors and windows, missing HVAC and walk-in cooler equipment, plumbing and lighting fixtures, and electrical circuit box. We have provided a market value opinion for the subject property, including all improvements.

The purpose of the appraisal is to form and express an opinion of market value of the subject property pursuant to appraisal policies and guidelines promulgated by the Arizona Department of Transportation (ADOT) and Federal Highway Administration (FHWA). The effective date of the value opinion provided herein is January 30, 2024, the date of the appraisers' property inspection. The intended use of the appraisal report is to provide a value estimate to assist the client in decisions regarding the subject's sale or disposal. The

intended users of the appraisal include the officials and agents of the Arizona Department of Transportation and the Federal Highway Administration. No other use or users are intended, and any unintended use may be misleading.

Direct access to the subject is available from westbound Ina Road, a 4-lane, median-divided, asphalt-paved thoroughfare. However, eastbound traffic must make a U-turn at Camino de las Capas, a signalized intersection just east of the subject.

As part of ADOT Project Number 010 PM 248 H8479, a new bus turnout was constructed in front of the westernmost former driveway from Ina Road. The bus turnout currently restricts access along the bus turnout frontage along Ina Road. The Town of Marana reports that access from Camino de las Capas is not now and will not be available in the future. This is due to a conflict with the existing turn lanes providing access to the residential subdivision adjacent north. Thus, the subject is limited to one access point, which is on Ina Road. However, according to Marana Public Works, the depressed curb adjacent to the driveway in front of the subject site and the surplus land appears to allow about 55 feet for access from Ina Road. This width is sufficient for two-way access and the surplus land will provide sufficient area for traffic circulation with appropriate engineering. The most recent two-way daily traffic volume count on Ina Road at this location is about 38,000 vehicles per day, which provides good visibility to a high volume of traffic.

The subject is currently subject to three zoning districts under two different jurisdictions. The former convenience store portion of the property is zoned VC, Village Commercial in the Town of Marana. The surplus land, which lies east of the building, is zoned CO, Commercial Office in the Town of Marana, and CR-3, Single Residence, in Pima County. A buyer will need to present to the Town of Marana a development plan with a proposed plat map and intended use for the entire parcel, as well as apply for appropriate re-zoning. In addition, the portion located in Pima County and zoned CR-3, will likely need to be annexed by the Town of Marana and re-zoned to be consistent with the re-zoning of the remainder of the parcel. Although rezoning to VC Village Commercial is considered probable, national retailers are not likely to purchase the property on a speculative basis without the approved re-platting and rezoning completed. Thus, the most likely buyer is a local investor or an adjacent property owner.

This appraisal report is intended to comply with the requirements set forth in: (1) the Arizona Department of Transportation Appraisal Standards and Specifications; (2) the 2024 *Uniform Standards of Professional Appraisal Practice* (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation; and The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24.

Although a Circle K master lease was in effect until the property was acquired by ADOT in 2015, the building has been vacant for about 10-12 years. Thus, there is no recent rental history and given the poor condition of the improvements, no comparable rental data is available. The Cost Approach is not typically employed to value older buildings like the subject due to the difficulty in accurately estimating depreciation. Thus, the Income Approach and Cost Approach are not employed.

The Sales Comparison Approach is used and adequately supports the “as is” market value opinion provided herein. In addition, as a Test of Reasonableness, the Sales Comparison Approach is used to estimate the market value of the underlying land, as if vacant. Six land sales were reviewed with sale prices ranging from \$7.46 per square foot to \$17.21 per square foot. The average sale price was \$11.24 per square foot and the median sale price was \$9.92. Five of the six sales were located in the northwest Tucson market area, and each was exposed to average to good visibility to a high volume of traffic. Each had existing zoning suitable for commercial/retail use and required no demolition or preparation for development. According to our data and analysis, the market value of the subject, as if vacant, supports the market value as improved.

Based upon the data, analyses, opinions and conclusions contained in this report, our market value opinion as of January 30, 2024, is as follows:

**“AS IS” MARKET VALUE OPINION FOR
ADOT PARCEL L-SC-009 AS OF JANUARY 30, 2024\$450,000
This Market Value Opinion equals.....\$158.84/SF
Based on a gross building area of 2,833 square feet.**

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumptions:

In accordance with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

The following are extraordinary assumptions relative to this appraisal:

- 1) No sign of distressed vegetation, soil stains or extraordinary odors were observed during the inspection. No environmental reports were provided to the appraisers. No adverse conditions were observed. The underground gasoline storage tanks formerly installed on the site were successfully removed in May, 2010 and cleared by ADEQ. Lacking an environmental report, this appraisal assumes that there are no known environmental risks or hazardous conditions on the subject site.**
- 2) No geological or archaeological surveys were provided by the client. It is an extraordinary assumption of this appraisal that there is no known archaeological or geological significance on the subject site.**
- 3) The subject surplus land, consisting of about 12,078 square feet, is located in the Marana CO, Commercial Office zoning district and the Pima County CR-3, Single Residence zoning district. Retail use is not permitted in these zoning districts. According to the Town of Marana Development Services Department, re-zoning all the surplus land to VC, Village Commercial, to conform to the**

subject's zoning is considered probable, subject to annexing the Pima County portion to the Town of Marana. Thus, it is an extraordinary assumption of this appraisal that the subject's entire site will be able to obtain re-zoning to VC, Village Commercial. This rezoning is believed reasonably probable to occur in the foreseeable future.

Hypothetical Conditions:

A hypothetical condition is defined as follows:

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”¹

No hypothetical conditions apply to this appraisal.

The use of extraordinary assumptions and hypothetical conditions might have affected the assignment results. This appraisal and the market value provided herein are subject to change if the use of these extraordinary assumptions and/or hypothetical conditions significantly impacted the market value opinion.

This report is prepared for the client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the author, as set forth within the General Assumptions and Limiting Conditions contained in this report.

We hereby certify that to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

Respectfully submitted,



Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser #30130



Susanne Grace-Poore
Certified General Real
Estate Appraiser #31601

¹ *Uniform Standards of Professional Appraisal Practice, 2024 Ed.*, Appraisal Foundation

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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The certifications of the Appraisers appearing in the report are subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

This report is prepared for the client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraiser. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property. The legal description, if provided to me, is assumed to be correct. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

The Appraiser has made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraiser may have utilized Tax Assessor's maps or other maps which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the estimates of value contained within the report.

When possible, the appraiser has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraiser has relied upon his own measurements of the subject improvements. However, there are some factors that may limit our ability to obtain accurate measurements. Professional building area measurements are beyond the scope of this appraisal assignment.

In estimating the opinion of value of the subject property and in analyzing comparable information, the Appraiser has relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. To the extent that these plans may change, the value opinions of this report may also change.

The dates of value to which the opinions expressed in this report apply are set forth in this report. The appraiser assumes no responsibility for the economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors. These forecasts are, therefore, subject to changes with future conditions.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraiser is not qualified to detect such substances. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by me. I have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraiser assumes, and the client warrants, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraiser is not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. The client is urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be attributed to the Appraiser.

Disclosures of the contents of the report by the Appraiser are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants. They should not be judged on whether specific items in the forecasts are realized. The appraiser cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is likely that some assumptions will not materialize and that unanticipated events may occur that will affect actual performance.

The appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is 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 appraiser is not qualified to detect or analyze such plants and 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.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organization or the firm with which the appraiser are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from Southwest Appraisal Associates' President.

This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Southwest Appraisal Associates. We claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. We assume such data is accurate and such systems functional unless otherwise noted in the appraisal.

This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

This appraisal is not intended to be used in connection with a real estate syndicate or syndicates. A real estate syndicate is a general or limited partnership, joint venture, unincorporated association or other organization formed for the purpose of an investment from an interest in real property. It includes, but is not limited to a sale, exchange, trade or development of such real property. It may or may not be registered with the United States Securities and Exchange Commission or a state regulatory agency which regulates public offerings.

This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights, (mineral, gas, and oil), were not considered in this appraisal unless specifically stated to the contrary.

If any claim is filed against Southwest Appraisal Associates, its officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, only for direct compensatory damages, (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Southwest Appraisal Associates to provide this report.

All disputes shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumptions:

In accordance with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.

The following are extraordinary assumptions relative to this appraisal:

1. No sign of distressed vegetation, soil stains or extraordinary odors were observed during the inspection. No environmental reports were provided to the appraisers. No adverse conditions were observed. The underground gasoline storage tanks formerly installed on the site were successfully removed in May, 2010 and cleared by ADEQ. ***Lacking an environmental report, this appraisal assumes that there are no known environmental risks or hazardous conditions on the subject site.***
2. No geological or archaeological surveys were provided by the client. ***It is an extraordinary assumption of this appraisal that there is no known archaeological or geological significance on the subject site.***
3. The subject surplus land, consisting of about 12,078 square feet, is located in the Marana CO, Commercial Office zoning district and the Pima County CR-3, Single Residence zoning district. Retail use is not permitted in these zoning districts. According to the Town of Marana Development Services Department, re-zoning all the surplus land to VC, Village Commercial, to conform to the subject’s zoning is considered probable, subject to annexing the Pima County portion to the Town of Marana. ***Thus, it is an extraordinary assumption of this appraisal that the subject’s entire site will be able to obtain re-zoning to VC, Village Commercial. This rezoning is believed reasonably probable to occur in the foreseeable future.***

Hypothetical Conditions:

A hypothetical condition is defined as follows:

“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

No hypothetical conditions apply to this appraisal.

The use of extraordinary assumptions and hypothetical conditions might have affected the assignment results. This appraisal and the market value provided herein are subject

² *Uniform Standards of Professional Appraisal Practice, 2024 Ed.*, Appraisal Foundation

to change if the use of these extraordinary assumptions and/or hypothetical conditions significantly impacted the market value opinion.

THE APPRAISAL PROCESS

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The sections comprising the first portion of the report include: Property Identification, Date, Function and Purpose of the Appraisal, Scope of Work, Neighborhood Analysis, Site Analysis, and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value opinion is formed.

The second portion of the report contains the approaches used to support the market value opinion for the subject property. Although a Circle K master lease was in effect until the property was acquired by ADOT, the building has been vacant for about 8-10 years. Thus, there is no recent rental history and given the poor condition of the improvements, no comparable rental data is available. The Cost Approach is not typically employed for older buildings like the subject due to the difficulty in accurately estimating depreciation. Thus, the Income Approach and Cost Approach are not employed. The Sales Comparison Approach is utilized to support the market value opinion provided herein.

In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

PROPERTY IDENTIFICATION

The subject property is located at the northwest corner of Camino de las Capas and West Ina Road, between Oldfather Road and Camino de Oeste, about 0.2 mile east of the Ina Road and Interstate 10 Interchange in Tucson, Pima County, Arizona. It is further identified as Pima County Assessor's Parcel Number 225-36-014C and portions of Pima County Assessor's Parcel Numbers 225-37-0250, -0260, and -0270.

The Right of Way Disposal Report was provided by the Arizona Department of Transportation and is included in the Addenda. The ADOT parcel aerial exhibit and legal description provided by ADOT are provided on the following pages.

ADOT AERIAL EXHIBIT



**SCHEDULE A-1
LEGAL DESCRIPTION**

- 1) That portion of Lot 4 of Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

Beginning at the Southwest corner of Lot 5 in Casas Del Oeste, a subdivision of Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona in Book 23 of Maps and Plats at Page 31;

Thence North 89 degrees 37 minutes 07 seconds West along the North right of way line of Ina Road, a distance of 20.00 feet to the TRUE POINT OF BEGINNING;

Thence continuing North 89 degrees 37 minutes 07 seconds West along said North line, a distance of 110.00 feet;

Thence North 0 degrees 22 minutes 53 seconds West, a distance of 175.00 feet;

Thence South 89 degrees 37 minutes 07 seconds East, a distance of 103.77 feet to the Westerly right of way line of that certain 20 foot wide alley as shown on the plat of said Casas Del Oeste Subdivision;

Thence South 9 degrees 13 minutes 47 seconds East, along said Westerly right of way line, a distance of 40.57 feet;

Thence South 0 degrees 22 minutes 53 seconds East, 135.00 feet to the TRUE POINT OF BEGINNING.

As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01870.

NOTE: Right of way for Ina Rd. and alley conveyed by Map recorded on Book 23, page 31.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 2) That portion of Lot 7, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona, located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01646.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 3) That portion of Lot 6, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona., located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01636.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 4) That portion of Lot 5, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona., located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01649.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

The property appraised consists of a 2,833 square-foot retail store with a 1,104 square-foot canopy, 12,000 square feet of asphalt paving, 1,200 square feet of concrete paving, and approximately 12,000 square feet of vacant surplus land. A portion of the surplus land consists of a 20-foot-wide utilities easement with underground water utility lines. Originally, the portion of the site on which the retail building was built consisted of 19,166 square feet. The total site area now consists of 31,244.12 square feet, according to ADOT. The street address is 4500 West Ina Road, Marana, Arizona 85741.

The site is currently identified as all or part of four Pima County Assessor's Parcel numbers. Three parcels were bifurcated when Camino de las Capas, a new right of way, was created in conjunction with the Arizona Department of Transportation (ADOT) Ina Road/Interstate 10 traffic interchange project. A new plat has not been prepared that combines all four parcels into one parcel and there are currently three different zoning districts, under two different jurisdictions, as follows.

- 225-36-014C - VC, Village Commercial - Marana
- 225-37-0250 - CO, Commercial Office - Marana
- 225-37-0260 - CO, Commercial Office - Marana
- 225-37-0270 - CR-3, Single Residence - Pima County

See the Site Analysis (Zoning) for additional information and analysis.

PURPOSE OF THE APPRAISAL

- Purpose of the Appraisal:*** The purpose of this appraisal is to estimate the market value of the fee simple estate of ADOT Excess Land Parcel #L-SC-009.
- Intended User of the Appraisal:*** The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
- Intended Use of the Appraisal:*** The intended use of the appraisal is to utilize the market value estimate to assist in decisions regarding the disposition of the property identified herein.
- Date of Value Opinion:*** The effective date of the value opinion is January 30, 2024.
- Date of the Appraisal Report:*** The date of the appraisal report is February 28, 2024.

DEFINITIONS

Definition of Market Value:

Pursuant to Arizona Revised Statute 28-7091:

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

Interest To Be Appraised:

The interest to be appraised for the subject is the fee simple estate interest, defined as follows:

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.³

³ *The Dictionary of Real Estate, 6th Ed.*, Appraisal Institute, 2015, p. 90.

OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE

ADOT Parcel # L-SC-009:

A Right of Way Disposal report was provided to the appraisers. Based on our review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject for the five years prior to this appraisal. To the best of our knowledge, the subject is not currently listed for sale.

SIGNS

There are no billboard signs located on the subject.

OWNER CONTACT

Notification of the date and time to inspect the subject property was provided to the owner of the subject property, Arizona Department of Transportation as instructed. Mr. Jim Walcutt represented the owner at the appraiser's site inspection.

SCOPE OF WORK

The Scope of Work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinion. The Sales Comparison Approach is employed to estimate the market value of the subject property. The subject improvements were originally built in 1989 and exhibit significant deferred maintenance since it has been vacant for at least 10-12 years. Buyers of old buildings like the subject do not rely on the Cost Approach for purchase decisions due to the difficulty in estimating accrued depreciation. The subject has been unoccupied for many years and requires repairs of the deferred maintenance to be usable for any commercial or retail use. For this reason, there is a dearth of actual market data for like-kind properties. Thus, the Cost and Income Approaches are excluded.

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP), effective January 1, 2024, the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, and confirmation of comparable market data.

Research included the examination of sales and listing data published by CoStar COMPS of Arizona, ARMLS, Maricopa County records, and interviews with real estate participants and brokers.

Given the significant deferred maintenance exhibited by the subject improvements, sales of retail buildings in similar condition were limited. Thus, our search for comparable sales focused on older, former convenience stores with frontage on major thoroughfares in the Tucson market area.

The comparable sales were selected based on their comparability to the subject in terms of size, location, and impact from transportation corridors. The subject currently has direct access from westbound Ina Road, about 0.2 mile east of the Ina Road and I-10 interchange. Eastbound traffic on Ina Road must make a U-turn at the signalized intersection of Ina Road and Camino de las Capas.

Research for recent data focused on improved sales in the Tucson market with access from major roadways. The most recent sales similar in terms of physical characteristics and potential use were selected for the analysis. The overall quality of the data is adequate to provide a reliable indication of value. The comparable sales and other market data that is included in the analysis are considered to be the best available. Overall, the market value opinion provided in this report is well supported.

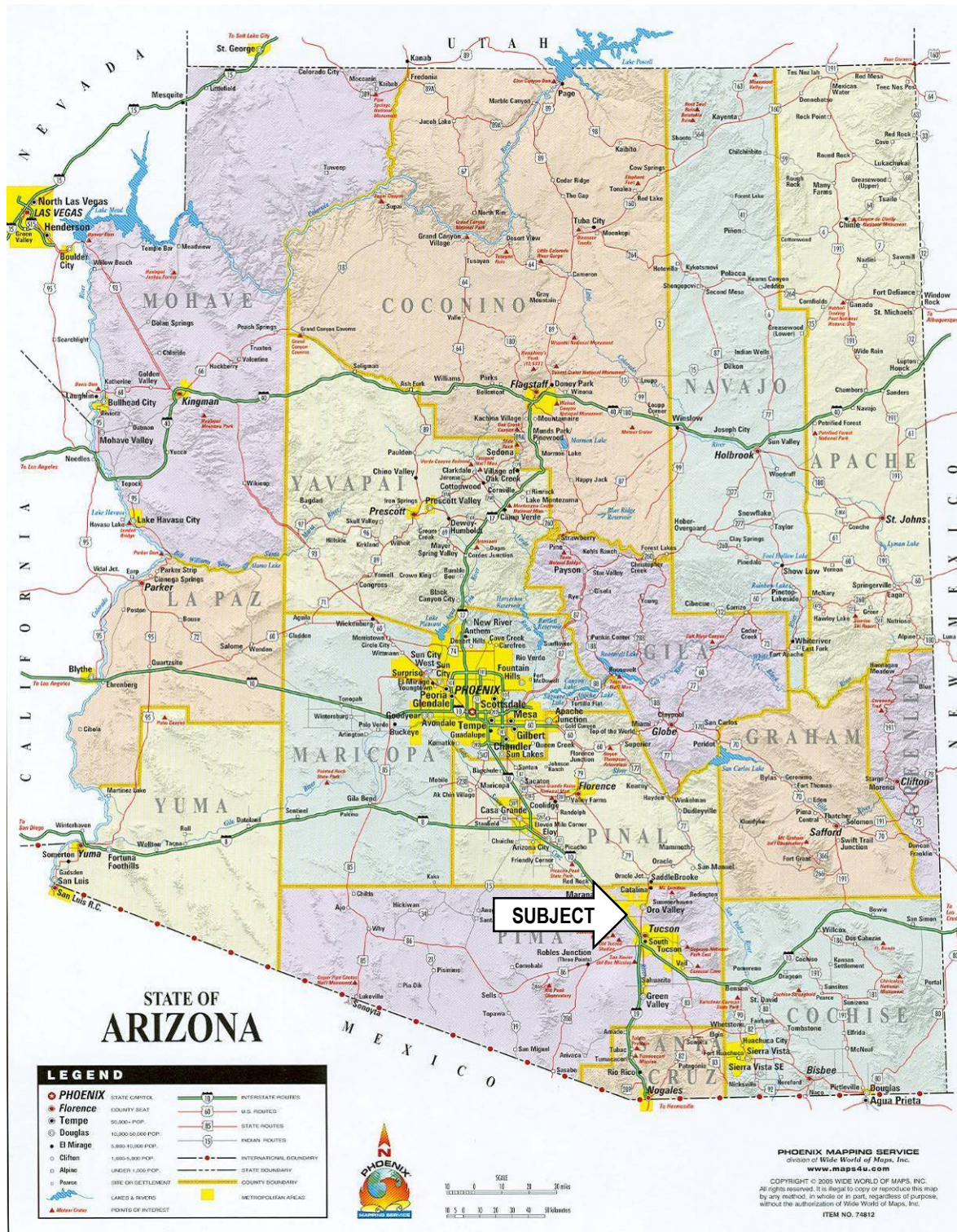
Limitation in Scope:

This report is a narrative appraisal report. There are no other limitations in the scope of the assignment, other than those discussed in the Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions.

Owner Contact and Site Inspection:

An e-mail notification regarding the inspection date and time was sent to appropriate ADOT ownership representatives to offer the opportunity to accompany the appraisers on their property inspection. The improvements are currently unoccupied. Appraisers Steven R. Cole and Susanne Grace-Poore inspected the subject property on January 30, 2024. Jim Walcutt, representative for the client, inspected the subject property with the appraisers.

REGIONAL MAP



REGIONAL ANALYSIS

Geographic Location:

The subject property is located at the northwest corner of West Ina Road and Camino de las Capas, just east of Interstate 10, in the Town of Marana, about 8 miles northwest of downtown Tucson. Tucson is the second largest city in the state of Arizona. Metropolitan Tucson is part of Pima County, the 68th largest county in the nation. It is located 100 miles south of Phoenix and 70 miles north of the Mexican border.

OVERVIEW – PIMA COUNTY

Pima County is located in southern Arizona and is about 95 miles south of Phoenix. Mexico is immediately south of Pima County. The county has five incorporated cities including Tucson, South Tucson, Marana, Oro Valley, and Sahuarita. These cities are clustered around Tucson. Green Valley, a large retirement community, is unincorporated and is about 25 miles south of Tucson.

Pima County is within an area known as the Sonora Desert, a unique eco-system. It is the only area in the World where the Saguaro cactus grows naturally. The city of Tucson is located in eastern Pima County and is the largest city in Pima County. It is in a valley surrounded by the Catalina, Rincon, Santa Rita, and Tucson Mountain ranges. Elevations within these ranges climb to over 9,000 feet. Due to its clear night skies, Pima County is home to a number of prominent observatories including the Kitt Peak National Observatory.

POPULATION – PIMA COUNTY

The population for Pima County is detailed in the following table. The County has had a positive population growth for the past decade. The population growth was 5.0% from 2018 to 2023.

Population Pima County			
Year	Total Population	Numerical Increase	Percent Increase
2018	1,028,511	N/A	N/A
2019	1,038,205	9,694	0.94%
2020	1,045,589	7,384	0.71%
2021	1,058,318	12,729	1.22%
2022	1,072,298	13,980	1.32%
2023	1,080,000	7,702	0.72%
2024	1,087,800	7,800	0.72%
2025	1,095,800	8,000	0.74%
2026	1,103,900	8,100	0.74%

Note: All estimates are as of July. 2020 is the actual Census.
Note: 2024-2026 are projections.
Source: State of Arizona, Office of Employment & Population Statistics.
<https://population.az.gov/population-estimates>

GROSS DOMESTIC PRODUCT – TUCSON (MSA)

The primary measure of an area’s economic activity is Gross Domestic Product (GDP). GDP figures for the Tucson Metropolitan Statistical Area are provided in the following table for the past six years. Published data for 2022 County GDP was available as of December 2023. The figures are in current dollars. Pima County’s GDP was \$56 million in 2022—the second highest out of 15 counties in the state. Arizona’s overall GDP was \$476 million for the year, with Pima County’s making up 11.7% of it.

Gross Domestic Product Pima County				
Year	Total	Numerical Increase	Percent Increase	
2017	\$ 42,306	N/A	N/A	
2018	\$ 44,786	\$ 2,480	3.56%	
2019	\$ 47,035	\$ 2,249	5.39%	
2020	\$ 48,112	\$ 1,077	2.29%	
2021	\$ 51,828	\$ 4,793	10.19%	
2022	\$ 55,800	\$ 7,688	15.98%	

Note: Dollars are in millions.
Source: U.S. Bureau of Economic Analysis
https://www.bea.gov/iTable/index_regional.cfm

EMPLOYMENT AND UNEMPLOYMENT – PIMA COUNTY

Total employment and unemployment rates for Pima County are provided in the following tables from 2016 through 2022. Please note that all statistics are as of December. Pima County had positive employment growth from 2016 to 2019. In 2020, there was a

large decrease in employment due to the COVID-19 pandemic. As the shock of the pandemic faded, this trend reversed dramatically with a 5.56% increase in 2021, 1.41% in 2022, and 2.01% in 2023.

Employment Pima County			
<u>Year</u>	<u>Total Employment</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
2016	452,436	N/A	N/A
2017	457,092	4,656	1.03%
2018	469,665	12,573	2.75%
2019	480,705	11,040	2.35%
2020	459,909	(20,796)	-4.33%
2021	485,470	25,561	5.56%
2022	492,300	6,830	1.41%
2023	502,200	9,900	2.01%

Note: All figures are as of December.
Source: U.S. Bureau of Labor Statistics.
<https://www.bls.gov/regions/west/arizona.htm>

Unemployment as of year-end 2023 was only 4.3%, well below the year-end 2020 figure of 6.4%, although slightly higher than 2021 and 2022. Unemployment has recovered from the impact of the jobs lost during the pandemic. Prior to the pandemic, the unemployment rate was consistently under 5%.

Unemployment Rates Pima County	
<u>Year</u>	<u>Unemployment Rate</u>
2016	4.6%
2017	4.3%
2018	4.6%
2019	4.3%
2020	6.4%
2021	2.9%
2022	3.1%
2023	4.3%

Note: All figures are as of December.
Source: U.S. Bureau of Labor Statistics.
<https://www.bls.gov/regions/west/arizona.htm>

LARGEST EMPLOYERS – PIMA COUNTY

The ten largest employers for Pima County are noted in the following table. The county’s employment base is largely government related. Seven of the top ten employers are government entities. One of three private sector employers noted, Raytheon, is largely dependent on government spending. The University of Arizona is one of the largest employers in the County. It is a nationally recognized undergraduate and graduate school with total enrollment of over 45,900 persons. Davis-Monthan Air Force base is an important defense installation, also located in Tucson.

Ten Largest Pima County Employers		
Name	Jobs	Industry
University of Arizona	10,846	Education
Raytheon	9,600	Defense
Davis Monthan Air Force Base	8,406	Defense
State of Arizona	8,508	Government
Tucson Unified School District	7,688	Education
Walmart	7,450	Retail
US Border Patrol	6,500	Government
University of Arizona Health Network	6,099	Health Care
Pima County	6,076	Government
Freeport-McMoRan Copper & Gold	5,463	Mining

Source: Phoenix Relocation Guide, 2022
<http://www.phoenixrelocationguide.com/Top-25-Tucson-Employers-and-Businesses/>

Davis Monthan jobs represent civilian only

EMPLOYMENT GROWTH PROJECTIONS – PIMA COUNTY

The University of Arizona Eller College of Management tracks the Tucson area economy. Employment figures were obtained from the Eller School of Management and are noted below. Employment growth is projected to continue but at a slower pace than 2022 growth. Please note that the figures exclude agricultural jobs.

Employment Projections Pima County			
Year	Total Employment	Numerical Increase	Percent Increase
2022	393,700	12,598	3.20%
2023	400,000	6,300	1.60%
2024	405,800	5,800	1.45%
2025	411,800	6,000	1.48%
2026	417,400	5,600	1.40%

Note: Excludes agricultural employment.
 Source: Eller College of Management, University of Arizona.
<https://ebr.eller.arizona.edu/economic-forecasts/forecast-data>

PIMA COUNTY COMMERCIAL MARKET TRENDS

The discussion here focuses on the four principal commercial property types. These include office, retail, industrial and apartments. Information from CoStar for each of these four property types is provided in the following table. All data is year-end information for each property type from 2010 through 2023.

Please note that the information reported is for the Tucson Metropolitan area which includes Tucson, South Tucson, Marana, Oro Valley, Sahuarita, and Green Valley. This represents the urban areas of Pima County, also known as the “Tucson Metropolitan Area.” The outlying rural areas are excluded.

Pima County - Metropolitan Tucson Commercial and Multi-Family Markets								
Year	Office		General Retail		Industrial		Apartment	
	Vacancy	Rent Per Sq. Ft.	Vacancy	Rent Per Sq. Ft.	Vacancy	Rent Per Sq. Ft.	Vacancy	Rent Unit
2010	12.0%	\$ 19.53	5.7%	\$ 11.52	11.6%	\$ 6.51	10.3%	\$ 603
2011	11.8%	\$ 18.98	5.1%	\$ 12.50	12.3%	\$ 6.34	10.0%	\$ 610
2012	12.4%	\$ 18.56	5.5%	\$ 12.98	11.9%	\$ 6.20	9.4%	\$ 618
2013	12.8%	\$ 18.62	4.7%	\$ 12.36	10.3%	\$ 6.31	9.4%	\$ 633
2014	12.1%	\$ 18.41	4.8%	\$ 11.98	9.6%	\$ 6.49	9.5%	\$ 645
2015	12.0%	\$ 18.98	3.7%	\$ 12.43	8.5%	\$ 6.80	8.6%	\$ 667
2016	10.9%	\$ 18.65	3.6%	\$ 14.10	7.1%	\$ 6.83	7.9%	\$ 692
2017	9.4%	\$ 18.93	3.2%	\$ 14.70	6.8%	\$ 6.53	6.7%	\$ 721
2018	8.5%	\$ 19.15	2.6%	\$ 14.54	5.8%	\$ 6.43	6.0%	\$ 767
2019	8.6%	\$ 20.79	7.9%	\$ 16.35	6.8%	\$ 8.69	6.5%	\$ 825
2020	9.4%	\$ 21.33	8.2%	\$ 16.93	6.4%	\$ 8.91	4.9%	\$ 874
2021	10.0%	\$ 22.21	6.1%	\$ 18.29	2.9%	\$ 8.97	4.6%	\$ 1,043
2022	10.5%	\$ 22.71	6.2%	\$ 17.57	3.1%	\$ 10.31	8.2%	\$ 1,088
2023	9.1%	\$ 23.45	5.7%	\$ 17.95	5.9%	\$ 10.72	8.5%	\$ 1,135

Source: CoStar respective year-end reports for each property type.

In 2010, vacancy rates for 3 of the 4 property types exceeded 10%. Since then, economic conditions have slowly improved. By year-end 2017 and continuing through 2020, vacancy rates for all property types were below 10%. However, the United States national economy has grown at a greater rate than the Pima County area.

At year-end 2023, the industrial and apartment vacancy rates were reported at 5.9% and 8.5%, respectively. Apartment vacancies experienced the highest vacancy increase of all categories despite higher interest rates. The office and retail vacancy rates at year-end 2023 decreased slightly to 9.1% and 5.7%, respectively. Although there have been increases in vacancy rates over the past couple of years, the data shows that rental rates have continued to increase in nearly every category.

OVERVIEW – TUCSON

Tucson was founded in 1775 and incorporated in 1877. Early occupants in the area were Indian tribes. Later the Spanish founded the San Xavier Del Bac Mission, also known as the White Dove of the Desert. This is one of the more famous landmarks in the State of

Arizona. The city occupies a valley surrounded by the Catalina, Rincon, Santa Rita, and Tucson Mountain ranges. The city’s elevation is 2,641 feet above sea level at the airport. The vegetation is natural desert.

POPULATION – CITY OF TUCSON

Population information for the City of Tucson is provided in the following table for the past six years. Tucson has by far the largest population in Pima County. The city’s current population is 547,400. The six-year population growth totals 1.7% or about 0.3% per year. This is substantially slower than Phoenix which has had an average of 1.2% growth for the past 6 years.

Population City of Tucson			
Year	Total Population	Numerical Increase	Percent Increase
2018	538,100	2,200	0.41%
2019	540,400	2,300	0.43%
2020	541,900	1,500	0.28%
2021	543,200	1,300	0.24%
2022	544,600	2,700	0.50%
2023	547,400	4,200	0.77%

Note: All estimates are as of July. 2020 is the actual Census.
 Source: State of Arizona, Office of Employment & Population Statist
<https://population.az.gov/population-estimates>

Transportation – Tucson

Tucson is adequately served by all major modes of transportation. The Tucson International Airport provides domestic and international air service to 23 different destinations. Interstate 10 connects Tucson with Phoenix and California to the north and New Mexico and Texas to the east. Interstate 19 connects Tucson with Mexico to the south. Greyhound provides local and national bus line service. Union Pacific provides freight rail service connecting between California and Texas. Passenger rail service is provided by Amtrak.

CONCLUSION – REGIONAL IMPACT ON VALUE

Pima County and the City of Tucson have experienced modest economic growth in the last 12 months. The effects of the pandemic are still seen in higher-than-normal office and retail vacancy rates although pricing has continued to increase. Employment in the area is projected to increase moderately which will continue to stimulate the economy.

During 2022, long term mortgage interest rates more than doubled from 3% in January to over 7%. As of December 2023, they are at 7.48% for a 30-year, fixed rate, home mortgage. The depressing effect of higher interest rates on demand for all forms of real estate including single family residential homes has been significant. Given the weak national economic conditions, commercial and residential real estate values in Tucson are not expected to appreciate significantly in the foreseeable future.

NEIGHBORHOOD MAP



NEIGHBORHOOD ANALYSIS

The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

Geographic Location: 4500 West Ina Road, east of Interstate 10, in Marana, Pima County, Arizona.

Submarket Area: Northwest Tucson submarket as defined by CoStar Comps

Demographics ⁴ :	<u>1 Mile</u>	<u>3 Miles</u>	<u>5 Miles</u>
<i>Population:</i>	4,955	56,383	121,866
<i>Number of Households:</i>	1,962	23,143	49,475
<i>Average Household Size:</i>	2.52	2.43	2.43
<i>Median HH Income:</i>	\$82,218	\$78,635	\$80,773
<i>Average HH Income:</i>	\$101,145	\$96,830	\$103,936

Neighborhood Boundaries:

North: Pinal County

South: Orange Grove Road

East: Shannon Road / La Cholla Boulevard

West: Silverbell Road

General Description:

The immediate area is approximately 95% built-up with established residential neighborhoods and commercial uses developed along the major arterial streets. Major east-west arterials include Cortaro Farms Road, Ina Road and Orange Grove Road. North-south arterials include Thornydale Road, La Cholla Boulevard and Interstate 10.

Governmental Forces:

Police Protection: Town of Marana Police Department

Fire Protection: Town of Marana Fire and Emergency Services

Environmental Forces:

Predominant District Use: The predominant land use in the immediate vicinity is residential on interior streets north of Ina Road. Commercial uses are on the north and south sides of Ina Road. The east side of I-10 has service businesses and restaurants along Ina Road. Single family residential neighborhoods are behind the commercial corridor. There are few vacant in-fill parcels in the area.

Quality of Surrounding Area: The subject is located about 0.2 mile east of the Ina Road/Interstate 10 interchange. The immediate area is comprised of average quality residential properties on interior streets. Commercial uses are along Ina Road.

Utilities: All utilities are available including electricity from Tucson Electric Power, natural gas from Southwest Gas, telephone from Century Link. Water service is provided by Tucson Water and sewer service is from the Town of Marana.

⁴ 2023 statistical data; Site to Do Business (STDBOnline.com)

Social Forces:

Transportation Linkages: I-10 is a short distance west of the subject and provides linkage to downtown Tucson and Phoenix and spans the breadth of the nation from California to Florida.

Schools: Flowing Wells Unified School District
Marana Unified School District.

MARKET ANALYSIS

“Market analysis is a process for the examination of the demand for, and supply of, a property type and the geographic market area for the property type.”⁵

Subject Attributes:

The subject consists of a 2,833 square-foot former convenience store building with a fueling canopy. The underground fuel tanks have been removed. As a result of the road improvements to the Ina Road/Interstate 10 interchange, a new right of way was created that extends north and west along the subject’s east property line from Ina Road, and terminates at Camino de Oeste about 0.16 mile west of the subject. The new right of way, Camino de las Capas, is a short connector street that bifurcated four lots, and added about 18,000 square feet to the subject site. As such, the subject site now consists of 31,244.12 square feet and is now at the northwest corner of Ina Road and Camino de las Capas, a signalized intersection. The subject has direct access from westbound Ina Road, a four-lane thoroughfare with a signalized intersection at Camino de las Capas, just east of the subject. The Ina Road and I-10 interchange is about 0.2 mile east.

Locational Attributes:

As stated in the “Neighborhood Analysis” section, the subject is located in the Northwest Tucson submarket as defined by TARMLS and CoStar Comps. However, other Tucson submarkets are considered given the physical characteristics of the subject property and the limited available market data.

⁵ *The Appraisal of Real Estate, 14th Edition*, Appraisal Institute, P 299

Tucson Metropolitan Housing Market

According to the *Tucson Association of Realtors*, the median sales price of a single-family residence in the Northwest Tucson submarket was \$472,000 as of December 2023, compared to \$470,000 in December 2022. The average sales price was \$611,577 in December 2023, compared to \$555,057 in December of 2022. This represented a 10.2% increase. However, the number of new listings as of December 2023 (YTD) decreased nearly 32% for the year. The decline in sales activity was most evident in the number of closed sales declining 14.2% from 2,420 in 2022 to 2,076 in 2023. With mortgage interest rates climbing to over 7% in 2023, the affordability of a home was reduced significantly. The 30-year fixed rate as of January 11, 2024, was 6.66%, compared to 2.65% as of January 7, 2021. This 4-point increase in interest rates has adversely affected the affordability of a home. As such, homeowners are choosing to stay in their current home if they have a low interest rate rather than purchase a new home at a much higher rate. Thus, the inventory of homes for sale has declined but the sale prices have not dropped significantly.

The following chart shows year-over-year differences in the single-family housing market statistics as of Year-End 2022.

HISTORICAL MEDIAN PRICES BY AREA 2018-2022

	2018	2019	2020	2021	2022	Change From 2021	Change From 2018
Tucson - Central	\$174,000	\$188,500	\$215,000	\$256,100	\$294,000	+ 14.8%	+ 69.0%
Tucson - East	\$178,000	\$191,400	\$215,000	\$260,000	\$304,500	+ 17.1%	+ 71.1%
Tucson - North	\$335,000	\$356,000	\$405,000	\$480,000	\$542,840	+ 13.1%	+ 62.0%
Tucson - Northeast	\$285,000	\$310,000	\$333,100	\$395,000	\$421,250	+ 6.6%	+ 47.8%
Tucson - Northwest	\$259,900	\$275,000	\$305,900	\$385,000	\$435,000	+ 13.0%	+ 67.4%
Tucson - South	\$145,000	\$166,000	\$182,000	\$220,000	\$259,000	+ 17.7%	+ 78.6%
Tucson - Southeast	\$230,000	\$246,000	\$267,400	\$334,600	\$377,000	+ 12.7%	+ 63.9%
Tucson - Southwest	\$180,000	\$190,000	\$215,222	\$268,900	\$314,900	+ 17.1%	+ 74.9%
Tucson - Upper Northwest	\$310,000	\$336,500	\$369,000	\$428,500	\$500,000	+ 16.7%	+ 61.3%
Tucson - Upper Southeast	\$234,085	\$255,000	\$275,000	\$340,000	\$382,000	+ 12.4%	+ 63.2%
Tucson - West	\$220,000	\$242,000	\$260,000	\$315,000	\$360,000	+ 14.3%	+ 63.6%
Tucson - Extended Northeast	\$297,000	\$297,000	\$380,000	\$505,000	\$506,250	+ 0.2%	+ 70.5%
Tucson - Extended Northwest	\$182,000	\$190,950	\$205,000	\$255,000	\$310,000	+ 21.6%	+ 70.3%
Tucson - Extended Southeast	\$345,950	\$399,500	\$320,000	\$630,000	\$615,000	- 2.4%	+ 77.8%
Tucson - Extended Southwest	\$160,000	\$175,000	\$188,000	\$245,000	\$301,500	+ 23.1%	+ 88.4%
Tucson - Extended West	\$245,450	\$255,000	\$286,000	\$349,000	\$385,000	+ 10.3%	+ 56.9%
Tucson - Pima East	\$48,825	\$0	\$0	\$0	\$0	--	- 100.0%
Tucson - Pima Northwest	\$170,288	\$0	\$240,000	\$308,660	\$0	- 100.0%	- 100.0%
Tucson - Benson / St. David	\$165,000	\$172,750	\$180,000	\$224,000	\$250,000	+ 11.6%	+ 51.5%
Tucson - Pima Southwest	\$108,950	\$125,000	\$136,000	\$191,250	\$234,500	+ 22.6%	+ 115.2%

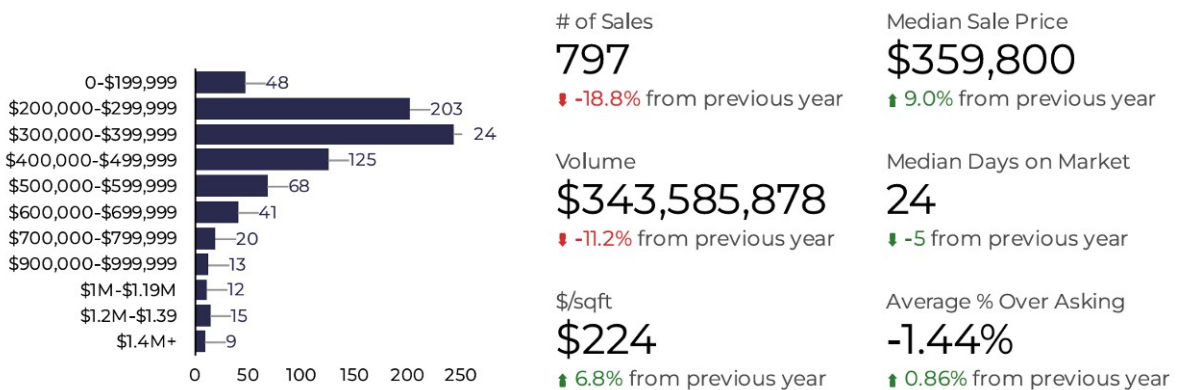
OVERVIEW – BY AREA 2022

	Total Closed Sales	Change from 2021	Median Sales Price		New Listings	Months Supply of Inventory	Days on Market	Pct. of List Price Received
			Price Single Family	Townhouse/Condo				
Tucson - Central	2,288	- 16.5%	\$317,000	\$212,000	2,810	1.6	23	100.2%
Tucson - East	1,668	- 21.4%	\$320,000	\$215,000	2,024	1.8	20	100.3%
Tucson - North	1,489	- 19.2%	\$720,000	\$305,000	1,836	2.0	21	100.7%
Tucson - Northeast	730	- 20.6%	\$502,000	\$223,500	939	2.3	19	100.5%
Tucson - Northwest	2,646	- 22.7%	\$449,900	\$350,000	3,387	2.3	21	100.6%
Tucson - South	819	- 14.0%	\$264,900	\$197,000	1,003	2.1	21	99.7%
Tucson - Southeast	411	- 25.9%	\$382,500	\$281,000	486	2.2	24	100.5%
Tucson - Southwest	855	- 3.8%	\$315,000	\$209,500	1,012	2.2	26	99.9%
Tucson - Upper Northwest	504	- 22.7%	\$514,600	\$444,975	664	2.8	22	99.4%
Tucson - Upper Southeast	1,139	- 10.2%	\$382,500	\$310,000	1,486	3.0	29	100.1%
Tucson - West	980	- 20.6%	\$382,000	\$206,900	1,233	1.8	18	100.4%
Tucson - Extended Northeast	18	- 14.3%	\$506,250	--	23	3.5	23	99.8%
Tucson - Extended Northwest	62	- 31.9%	\$310,000	--	96	4.8	22	99.8%
Tucson - Extended Southeast	11	- 26.7%	\$615,000	--	15	1.6	28	97.1%
Tucson - Extended Southwest	16	- 51.5%	\$301,500	--	31	2.5	16	101.2%
Tucson - Extended West	621	+ 36.8%	\$385,000	\$470,989	849	3.0	38	99.4%
Tucson - Pima East	0	--	--	--	1	0.0	0	0.0%
Tucson - Pima Northwest	0	--	--	--	0	0.0	0	0.0%
Tucson - Benson / St. David	143	- 5.3%	\$250,000	--	189	3.0	32	97.3%
Tucson - Pima Southwest	14	+ 27.3%	\$234,500	--	11	1.8	94	95.5%

As indicated in the above tables, the number of closed sales decreased in almost every submarket from 2021 to 2022. However, the median sales price has increased.

As of December, 2023, the following graph indicates that the number of closed sales is down 18.8% from 2022; Total Sales Volume is down 11.2% from the previous year; and the median sale price is up 9% from the previous year.

December 2023



Tucson Metropolitan Retail Market:

Tucson’s retail market is supported by healthy demographics, recording cumulative population growth of 1.6% over the past three years. Vacancy is currently at 5.7%, which is a modest improvement over the past 24 months and inventory of space available for lease now stands at the lowest level in over 10 years. Net absorption is currently at a positive 310,000 square feet, fueled by expansions by gyms, entertainment retailers, medical tenants, and auto stores. However, retail rent growth has been stable, rising only 0.8% annually as of early 2024. Low rent growth, combined with high interest rates, has resulted in a lack of substantial new construction. In 2023, about \$201 million worth of Tucson retail assets traded hands, substantially less than the most recent 5-year average of \$389 million per year.

According to the Tucson Retail Q3 2023 *Marketbeat* published by Picor/Cushman & Wakefield, “Marana and Vail continued to experience rapid retail development to keep pace with growth in residential rooftops, retailers’ top driver.” However, the majority of new development projects were driven by user-specific needs, primarily involving restaurant and drive-thru pad concepts.

The General Retail market is defined by CoStar as “typically single-tenant free standing general purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don’t meet any of the more detailed use code descriptions.” The subject is identified as General Retail. The following tables, published by CoStar Group, report annual trends in key retail indicators.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	6,599,558	13.4%	\$22.22	10.0%	0	0	0
Power Center	2,572,563	2.9%	\$21.28	2.9%	(1,200)	0	0
Neighborhood Center	21,013,306	7.3%	\$17.62	7.7%	(39,908)	0	31,850
Strip Center	4,239,889	5.8%	\$16.80	6.9%	6,002	0	0
General Retail	21,526,758	2.3%	\$16.87	2.4%	22,610	7,486	21,993
Other	566,304	1.4%	\$23.84	1.4%	0	0	0
Market	56,518,378	5.7%	\$18.04	5.6%	(12,496)	7,486	53,843
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	5.9%	5.7%	8.2%	2012 Q2	3.0%	2005 Q4
Net Absorption SF	275K	448,931	73,016	1,583,450	2007 Q1	(664,749)	2009 Q4
Deliveries SF	192K	609,458	120,893	2,187,697	2008 Q4	180,186	2021 Q2
Asking Rent Growth	0.6%	-0.2%	1.4%	3.6%	2007 Q2	-7.4%	2009 Q4
Sales Volume	\$208M	\$275.5M	N/A	\$761.3M	2022 Q2	\$60.2M	2009 Q3

GENERAL RETAIL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
YTD	21,526,758	7,486	0%	22,610	0.1%	0.3
2023	21,519,272	118,144	0.6%	209,959	1.0%	0.6
2022	21,401,128	100,582	0.5%	72,376	0.3%	1.4
2021	21,300,546	142,093	0.7%	187,989	0.9%	0.8

GENERAL RETAIL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
YTD	\$16.87	96	1.0%	-3.9%	488,336	2.3%	-0.1%
2023	\$16.74	95	0.3%	-4.6%	503,460	2.3%	-0.4%
2022	\$16.69	95	-1.4%	-4.9%	595,275	2.8%	0.1%
2021	\$16.93	96	1.8%	-3.5%	567,069	2.7%	-0.2%

GENERAL RETAIL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
YTD	4	\$2.1M	0.1%	\$713,333	\$202.48	-	\$203.40	131	7.3%
2023	125	\$123.6M	2.8%	\$1,093,980	\$239.72	6.5%	\$202.14	130	7.4%
2022	170	\$199.8M	4.6%	\$1,233,585	\$236.37	5.4%	\$201.21	130	7.3%
2021	215	\$304.6M	7.0%	\$1,538,275	\$219.31	6.3%	\$203.74	131	7.1%

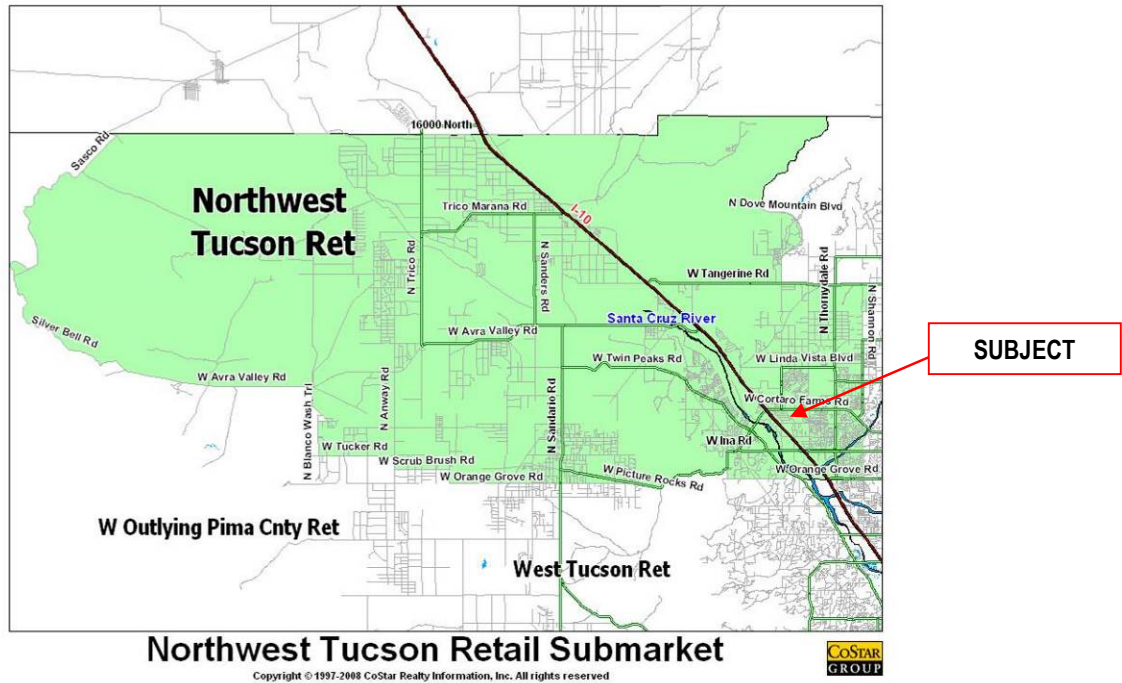
According to CoStar Group:

“The investment market is showing clear signs of cooling, as elevated debt costs make it difficult for deals to pencil. Since peaking in Q32021, sales volume has declined nearly every quarter as economic uncertainty and higher interest rates weigh on transactions.”⁶

General Retail Sales in Tucson experienced a decline in sales volume of 38%, from \$199,800,000 in 2022 to \$123,600,000 in 2023. However, the average sale price increased slightly from \$236.37 to \$239.72 per square foot, even though the number of transactions declined from 170 to 125 and the average capitalization rate increased 20% from 5.4% to 6.5% during the same time period (2022 to 2023). Overall, sale prices for general retail properties are considered stable.

⁶ Retail Market Report, Tucson, AZ, as of 1/18/2024.

Northwest Tucson Retail Market:



Specific to the subject property are the 2023 statistics for the Northwest Tucson General Retail submarket.

Data from the CoStar Tucson Retail Market Report as of January 18, 2024 is presented below for retail submarkets in the Tucson Metropolitan Area.

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central East	1,120	8,831	15.6%	2	6	19	0.2%	4	1	2	0%	6
2	Central West	766	7,381	13.0%	3	0	0	0%	-	0	-	-	-
3	Downtown Tucson	323	1,917	3.4%	11	0	0	0%	-	0	-	-	-
4	E Outlying Pima Cnty	1	6	0%	15	0	0	0%	-	0	-	-	-
5	East Tucson	789	9,835	17.4%	1	3	6	0.1%	7	2	9	0.1%	3
6	Foothills	301	5,766	10.2%	5	2	6	0.1%	8	0	-	-	-
7	North/Oro Valley	188	2,571	4.5%	8	2	7	0.3%	6	3	27	1.0%	1
8	Northeast Tucson	27	324	0.6%	14	1	7	2.3%	5	0	-	-	-
9	Northwest Tucson	306	4,668	8.2%	6	5	35	0.7%	3	1	9	0.2%	2
10	South Tucson	1,033	7,006	12.4%	4	10	43	0.6%	2	1	4	0.1%	4
11	South/SW Outlying	168	1,967	3.5%	10	0	0	0%	-	1	3	0.2%	5
12	Southeast Tucson	152	1,980	3.5%	9	1	5	0.2%	9	0	-	-	-
13	Southwest Tucson	221	3,123	5.5%	7	5	57	1.8%	1	0	-	-	-
14	W Outlying Pima Cnty	41	326	0.6%	13	0	0	0%	-	0	-	-	-
15	West Tucson	136	889	1.6%	12	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Central East	\$16.21	13	0.6%	9	16.2%	2
2	Central West	\$16.38	12	0.5%	10	15.9%	7
3	Downtown Tucson	\$17.80	10	1.8%	7	15.5%	15
4	E Outlying Pima Cnty	\$23.59	1	3.6%	1	15.6%	14
5	East Tucson	\$17.23	11	0.2%	11	17.3%	1
6	Foothills	\$22.17	2	0.9%	8	15.8%	8
7	North/Oro Valley	\$21.77	3	-1.3%	14	15.9%	5
8	Northeast Tucson	\$18.92	7	-2.0%	15	16.1%	4
9	Northwest Tucson	\$20.03	5	-0.1%	13	15.7%	10
10	South Tucson	\$15.58	15	2.1%	5	15.6%	13
11	South/SW Outlying	\$18.80	9	2.0%	6	16.2%	3
12	Southeast Tucson	\$18.81	8	-0.1%	12	15.9%	6
13	Southwest Tucson	\$20.25	4	2.5%	3	15.8%	9
14	W Outlying Pima Cnty	\$15.63	14	3.6%	2	15.6%	12
15	West Tucson	\$19.59	6	2.5%	4	15.7%	11

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Central East	770,875	8.7%	13	(58,707)	-0.7%	14	-
2	Central West	402,987	5.5%	9	13,016	0.2%	6	-
3	Downtown Tucson	66,473	3.5%	6	(1,071)	-0.1%	10	-
4	E Outlying Pima Cnty	-	-	-	0	0%	-	-
5	East Tucson	850,771	8.7%	12	70,537	0.7%	3	-
6	Foothills	180,716	3.1%	5	(20,517)	-0.4%	12	-
7	North/Oro Valley	215,489	8.4%	11	(13,229)	-0.5%	11	-
8	Northeast Tucson	19,938	6.2%	10	43,900	13.5%	4	0.2
9	Northwest Tucson	130,476	2.8%	3	197,154	4.2%	1	0.2
10	South Tucson	375,158	5.4%	8	(80,635)	-1.2%	15	-
11	South/SW Outlying	96,562	4.9%	7	(48,060)	-2.4%	13	-
12	Southeast Tucson	51,077	2.6%	2	14,007	0.7%	5	-
13	Southwest Tucson	64,756	2.1%	1	137,940	4.4%	2	0.2
14	W Outlying Pima Cnty	-	-	-	0	0%	-	-
15	West Tucson	26,715	3.0%	4	8,971	1.0%	7	-

The Northwest Tucson retail submarket has 306 retail buildings in the Tucson Retail market, which ranks 6th out of 15 submarkets with 8.2% of the retail market. There were five buildings delivered with a total of 35,000 square feet and 0.7% of the market share. There is currently one building under construction with 9,000 square feet of building space. Only the North/Oro Valley submarket has more retail space under construction.

In terms of submarket rent, the Northwest submarket ranks 5th with an average asking rent of \$20.03 per square foot. The highest market rent is \$23.59 in the East Outlying Pima County submarket, while the lowest market rent is \$15.58 in the South Tucson submarket.

Conclusion/Equilibrium Analysis:

The neighborhood has convenient access to the freeway and a major arterial that generates good demand for commercial enterprises and retail activity. The surrounding residential neighborhoods provide a stable population base that supports local businesses.

Through the past 12 months, the overall general retail market showed moderate improvement over the previous year with rents remaining stable. Market participants expect that the retail market will continue to improve moderately through 2024. This is positive for the subject property and the surrounding submarket area.

SITE ANALYSIS

- Location:** The subject site is located about 0.2 miles east of the Ina Road and Interstate 10 interchange at the northwest corner of Ina Road and Camino de las Capas, in the Town of Marana, Pima County, Arizona. The street address is 4500 West Ina Road.
- Site Area** 31,244.12 square feet, according to the Parcel Report Aerial Exhibit provided by the client. The Assessor's Parcel Number is 225-36-014C, plus portions of 225-37-0250; -0260; and -0270, which were split to create a new right of way entitled Camino de las Capas. As of the date of value, a new Assessor's Parcel Number has not been created. This appraisal relies on the site area calculated by the client.
- Topography:** The topography of the subject is level, at street grade.
- Shape:** Irregular.
- Access:** The subject currently has one direct access point from westbound Ina Road, a median-divided, four-lane arterial at this location. With the existing depressed curb, the entrance from Ina Road is about 55 feet wide, which is sufficient for two-way traffic.
- There is a signalized intersection at Camino de las Capas that provides bi-directional access via a U-turn. According to the Town of Marana, access from Camino de las Capas is not, and will not be, allowed. Access is considered average at this location.
- Visibility:** The subject site fronts Ina Road. Traffic volume on Ina Road at this location is about 38,000 vehicles per day (VPD), as of 2023, which is considered good. Volume on I-10 at Ina Road is about 100,000 VPD.
- Utilities:**
- Water: Tucson Water
 - Electric: Tucson Electric Power
 - Sewer: Town of Marana
 - Telephone: Century Link
 - Cable/TV/Internet/Phone: Comcast; Xfinity
 - Natural Gas: Southwest Gas

Surrounding Uses:

- North: Residential on interior streets
- South: Ina Road; Commercial
- East: Residential and commercial on Ina Road; Residential on interior streets.
- West: Commercial on Ina Road; residential on interior streets.

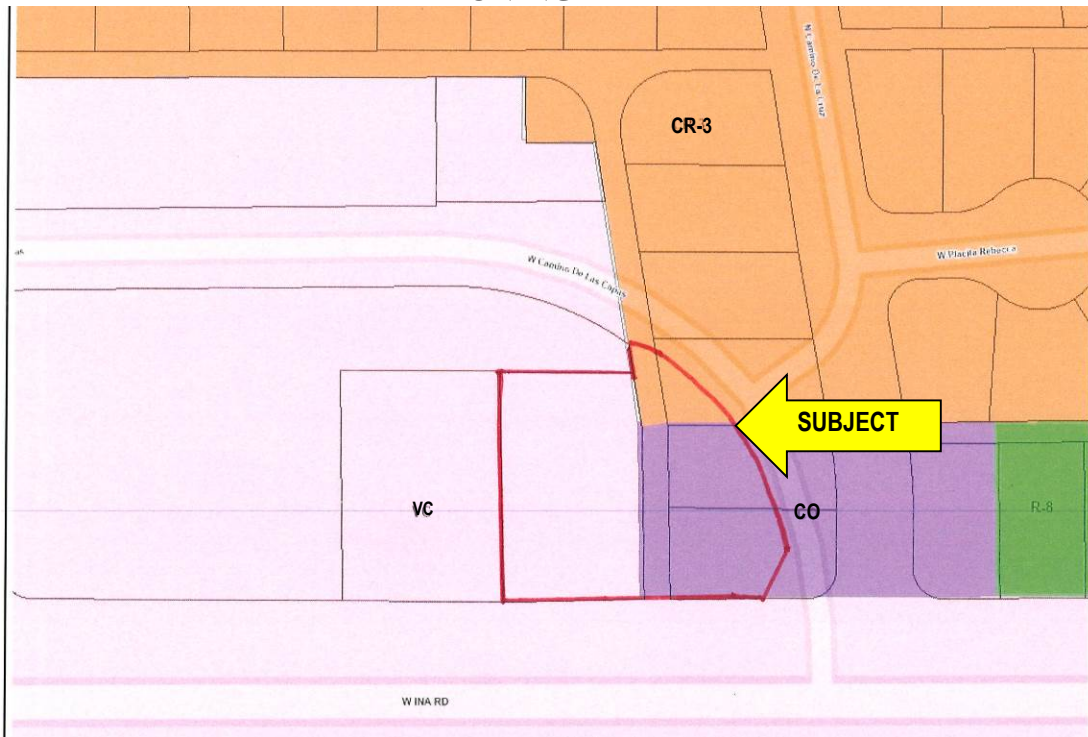
Police Protection: Town of Marana

Fire Protection; Emergency Medical Services: Marana Fire Department & Tucson Fire Department

ZONING

After the Ina Road-Interstate 10 Traffic Interchange improvements, the subject site is now in three different zoning districts, and two different jurisdictions, according to Pima County GIS maps. The original parcel, 225-36-014C, is located in the VC Village Commercial zoning district for the Town of Marana. Adjacent east, the bifurcated parcels that are now combined with the original parcel, are located in CO, Commercial Office, Marana, zoning along Ina Road, and CR-3, single-family residential Pima County zoning. Retail uses are not allowed in the CO zoning district. According to Marana Development Services, the bifurcated parcels located along Camino de las Capas will need to be re-zoned for retail or parking use.

ZONING MAP



**VC, Village Commercial; CO, Commercial (Office) - Town of Marana
CR-3 Residential – Pima County**

FLOOD MAP

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

- SPECIAL FLOOD HAZARD AREAS**
 - Without Base Flood Elevation (BFE)
Zone A, V, A99
 - With BFE or Depth *Zone AE, AO, AH, VE, AR*
 - Regulatory Floodway

 - OTHER AREAS OF FLOOD HAZARD**
 - 0.2% Annual Chance Flood Hazard, Area of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone 7*
 - Future Conditions 1% Annual Chance Flood Hazard *Zone X*
 - Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
 - Area with Flood Risk due to Levee *Zone D*

 - OTHER AREAS**
 - NO SCREEN Area of Minimal Flood Hazard *Zone X*
 - Effective LOMRs
 - Area of Undetermined Flood Hazard *Zone*

 - GENERAL STRUCTURES**
 - Channel, Culvert, or Storm Sewer
 - Levee, Dike, or Floodwall

 - OTHER FEATURES**
 - 20.2 Cross Sections with 1% Annual Chance Water Surface Elevation
 - 17.5 Coastal Transect
 - Base Flood Elevation Line (BFE)
 - Limit of Study
 - Jurisdiction Boundary
 - Coastal Transect Baseline
 - Profile Baseline
 - Hydrographic Feature

 - MAP PANELS**
 - Digital Data Available
 - No Digital Data Available
 - Unmapped
- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 1/22/2024 at 5:24 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Floodplain: According to FIRM Map Panel Number 04019C1660-L, effective June 16, 2011, the subject site is located in Zone X, which is defined by FEMA to be outside the 100-year flood hazard zone. The FIRM map is provided on the preceding page.

ASSESSED VALUATION AND TAX DATA

APN	2015-2016 Assessed Value Data		
	2023 Full Cash Value	2023 Assessed Value	2023 Taxes
225-36-014C	\$293,983	\$49,977	\$0
*225-37-0250 (Ptn)	\$50,000	\$7,500	\$0
*225-37-0260 (Ptn)	\$40,000	\$6,000	\$0
*225-37-0270 (Ptn)	\$63,000	\$6,286	\$0

*These parcels were split when ADOT created Camino de las Capas, a new right of way. The Pima County Assessor has not yet revised the plat map to assign new parcel numbers and full cash values.

Division Of Realty And Personality: No personal property is associated with the subject site.

Site Improvements: 12,000 square feet asphalt paving
1,104 square-foot steel canopy
1,200 square feet concrete paving

Soil & Subsoil Conditions: A soils engineering report was not provided to the appraisers and the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the site. The surrounding improved properties indicate that subsoil conditions support development of properties of this nature.

Environmental Conditions: No sign of distressed vegetation, soil stains or extraordinary odors were observed during the inspection. No environmental reports were provided to the appraisers. No adverse conditions were observed. However, the improvements were originally built as a self-service gas station/c-mart with underground gasoline storage tanks. According to Circle K, the former property owner, the tanks were successfully removed in May, 2010 and the site cleared by Arizona Department of Environmental Quality (ADEQ). No environmental report was provided to the appraisers. Lacking an environmental report, this appraisal assumes that there are no existing environmental conditions.

Restrictions & Easements: Exceptions are contained in Schedule B of the Right of Way Disposal Report, which is provided in the Addenda.

Impact on Value: The subject has average access and good visibility, with direct access from westbound Ina Road, all utilities, and 100% of the site is located outside the 100-year floodplain. Access for eastbound traffic is available via a U-turn at the signalized intersection of Ina Road and Camino de las Capas. The site's good visibility and average access from Ina Road, and proximity to major transportation corridors and employment centers have a positive impact on value.

***SUBJECT PROPERTY
Front View***



Surplus Land - Front View from Ina Road at Camino de las Capas



Rear View



East Elevation



View of Canopy, facing east



View of Cooler area at back of store



View of Boarded Front Windows from Interior



View of former service counter area



View of Cooler Case - Interior



View of Dry Storage Area



Ceiling Damage



Interior from front to rear (Note ceiling & floor covering damage)



Street View – Ina Road facing west



Street View facing East; Subject on left



Signalized Intersection – Ina Road & Camino de las Capas



Camino de las Capas – to North/Northwest from Ina Road
Note – Subject on left with no access/curb cuts



Camino de las Capas – from West to Southeast



North property line; No access to/from Camino de las Capas



IMPROVEMENTS ANALYSIS

The existing improvements consist of a 2,833 square-foot former Circle-K convenience mart that was originally built as a self-service gas station and convenience store. The underground gasoline storage tanks were removed in 2010. The improvements are currently unoccupied.

GENERAL INFORMATION:

Gross Building Area: 2,833 Square Feet
Year Built / Age: 1989 / 35 Years
Site Coverage Ratio: 9.07%, based on a 31,244.12 square foot site.

EXTERIOR:

Foundation: Concrete slab.
Walls: Concrete.
Windows: Boarded up.
Roof: Flat, built-up composition roof.
Doors: Storefront entrance doors, boarded and secured.
Insulation: Typical – Not inspected.
Quality: Average quality, Class C, masonry construction according to *Marshall Valuation Service*.

INTERIOR:

Floors: 12" square vinyl tile throughout, except dry storage and cooler areas, which are exposed concrete slab. Most of the floor covering is missing or in poor condition.
Partition Walls: Store area is open. Dry storage has drywall demising walls.
Ceilings/Lighting: 2' x 4' acoustic panels with inset fluorescent light panels. Most of the acoustic panels are missing or damaged.
Doors: No interior doors.
Restroom: One bathroom for employee use; concrete flooring.

MECHANICAL:

Electrical: Standard electric service.

Heating & Cooling: None. Ducting is available. Units have been removed.

Plumbing: Most plumbing fixtures are missing.

Fire Sprinklers: None

PARKING: Open parking in front of store and under canopy. Additional parking is now available on the surplus land, which is graded dirt.

EFFECTIVE AGE: The actual age is 35 years, and the effective age is estimated to be 35-40 years, based on the observed condition.

LIFE EXPECTANCY: According to the Life Expectancy tables in *Marshall Valuation Service, (MVS)*, an average quality Class C retail store has a 45-year life expectancy. Based on the Remaining Life tables in *MVS*, the remaining economic life is estimated to be about 5-10 years.

FUNCTIONAL UTILITY: The functional utility is average. However, the single access point reduces the utility for some retail users such as fast food and other drive-thru businesses.

CONDITION: The overall condition is poor. If the improvements are not demolished for a new use, the deferred maintenance items will need to be cured for commercial use and occupancy.

DEFERRED MAINTENANCE: Deferred maintenance items include:
Replace HVAC
Repair/Replace/Remove the cooler/refrigerated food storage
Tenant build-out for commercial use
Replace windows and doors
Interior floor covering and paint
Exterior paint
Existing asphalt parking lot needs replacement or resurfacing; surplus land needs paving if used for parking
Roof replacement
Replace acoustic ceiling tiles & lighting panels

FLOOR PLAN SKETCH

SKETCH/AREA TABLE ADDENDUM

SUBJECT	Property Address		
	City	State	Zip
	Borrower		
	Lender/Client		
	Appraiser Name		

The sketch shows a trapezoidal structure with a canopy. The top horizontal edge is 50' long. The left vertical edge is 11' long. The right vertical edge is 23' long. The bottom horizontal edge is 76' long. The left slanted edge is 41.8' long. The right slanted edge is 6.5' long. The canopy is a rectangle measuring 76' by 16'. A separate rectangle represents the canopy/concrete slab, measuring 36' by 24'. Inside the structure, there is a cooler, dry goods storage, sink, 1/2 bath (11.2'), and storage (6.6').

Scale: 1" = 40'

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GLA1	First Floor	2776.0000	2776.0000	First Floor		
OTH	Storage	56.6925		0.5 x	26.00 x 11.50	149.5000
	Canopy	1082.5000		0.5 x	12.00 x 3.00	18.0000
	Canopy/Concrete Slab	864.0000	2003.1925	0.5 x	3.60 x 12.00	21.6000
				0.5 x	0.60 x 2.00	0.6000
				0.5 x	7.80 x 26.00	101.4000
					43.20 x 26.00	1123.2000
					32.50 x 3.00	97.5000
					23.00 x 50.00	1150.0000
					42.60 x 2.00	85.2000
				0.5 x	3.00 x 12.00	18.0000
				0.5 x	11.00 x 2.00	11.0000
Net LIVABLE Area		(rounded)	2776	11 Items	(rounded)	2776

HIGHEST AND BEST USE

According to the 14th Edition of *The Appraisal of Real Estate*, published by the Appraisal Institute, highest and best use may be defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value."
(Page 332)

The highest and best use must meet four criteria. The highest and best use must be:

- 1) **Legally Permissible:** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) **Physically Possible:** Based on the physical characteristics of the site, what uses are physically possible?
- 3) **Financially Feasible:** Which uses meeting the first two criteria will produce a positive return to the owner of the site.
- 4) **Maximally Productive:** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

AS VACANT

Legally Permissible:

The subject is currently located in three zoning districts, as follows:

VC, Village Commercial, in the Town of Marana. This zoning district is a community level retail zone and is intended to provide for the conduct of business serving the Town of Marana and surrounding communities providing the sale of goods and services and a variety of commercial and professional activities, as well as higher-density residential opportunity in a planned mixed-development area.

Permitted uses include residential uses subject to development standards, department stores, variety stores, retail warehouse outlets, showroom catalog stores, home improvement centers, automotive supplies/service stations, super drug stores (over 10,000 square feet), pet and supply stores, and other approved uses.

CO, Commercial Office, in the Town of Marana, is intended to provide for the use of designated properties for professional offices and limited commercial facilities to serve the residents of the town. Permitted uses include medical, professional, financial,

administrative, and interrelated office uses. This zone is intended to prohibit most retail commercial uses, which more properly belong in other commercial zones. It is also intended to provide multi-family residential opportunities and options to commercial and other higher-intensity districts. The permitted uses in this zoning district conflict with the permitted retail/commercial uses permitted in the VC zoning district.

The Pima County CR-3, Single Residence zoning district is intended for single-family residential with a minimum lot area of 8,000 square feet. The area located in this zoning district represents the smallest portion of the site. According to Town of Marana Development Services, it is likely that this portion of the site will have to be annexed from Pima County in order to rezone the site to conform with Marana zoning for a commercial use, given the surrounding commercial uses, frontage on Camino de las Capas, and adjacent to the subject's VC, Village Commercial zoning. Scott Radden senior planner for the Town of Marana, indicated that the probability of gaining approval for rezoning to VC is good.

Single-point access is currently available from Ina Road for westbound traffic. Eastbound traffic needs to make a U-turn at the signalized intersection of Camino de las Capas and Ina Road. Access is not currently available from Camino de las Capas. According to Diahn Swartz with the Town of Marana Public Works, access from northbound or southbound Camino de las Capas is not likely because of the existing turn lanes onto Camino de la Cruz. However, with the existing depressed curb, the driveway entrance is approximately 55 feet wide, which is sufficient for two-way traffic. As such, drive-through retail uses are feasible.

With probable rezoning to VC, the legally permissible use, as if vacant is one which conforms to the requirements of the VC Village Commercial zone in the Town of Marana.

Physically Possible:

The subject parcel now consists of 31,244.12 square feet. The site is located at the northwest corner of Ina Road and Camino de las Capas, about 0.2 mile east of the Ina Road/Interstate 10 Interchange in the Town of Marana. Visibility is good with a traffic volume of about 38,000 vehicles per day (VPD) on Ina Road. I-10 has a traffic volume of about 100,000 VPD. The site is located in Zone X, outside the 100-year floodplain. All utilities are available to the site.

The functional utility of the parcel is diminished due to the 20-foot utilities easement through the middle of the site from Ina Road to Camino de las Capas. To utilize the full width of the site, the underground water lines have to be moved.

The legally permissible and physically possible use of the subject property, as if vacant, is retail or commercial that complies with the Town of Marana zoning.

Financially Feasible and Maximally Productive:

The subject property is located in the Town of Marana, proximate to major transportation and employment corridors. The majority of residential growth in Tucson is expected to occur in the Northwest submarket. The proximity of the Ina Road/Interstate 10 Interchange will continue to generate a high volume of traffic. As such, the subject site has a desirable location for commercial development to serve the growth in the area. As discussed in the Market Analysis, the retail vacancy rate in the subject's Northwest Tucson retail submarket is 2.2%, the 2nd lowest in the Metropolitan area. As such, for well-located sites there is strong retail demand in the area.

As a Test of Reasonableness, the appraisers have considered whether the value of the subject site, as if vacant, exceeds the value, as improved. As such, we have reviewed sales of commercial-zoned land in the northwest submarket area. A national retailer such as Starbucks, McDonald's, Black Rock Coffee, or Dutch Brothers Coffee would not purchase the subject on a speculative basis without rezoning or demolition complete. Thus, a local investor would expect a purchase price that would allow sufficient return to cover demolition of the existing improvements, holding costs, rezoning and engineering costs for a development plan, and sale commissions to sell to an end user. It is our opinion that these costs would be approximately \$5.00 to \$7.00 per square foot of land area. Based on the Test of Reasonableness analysis, it does not appear that the market value, as if vacant, substantially exceeds the market value, as improved.

The financially feasible and maximally productive use, as vacant, is commercial or retail development assuming rezoning to VC, Village Commercial.

AS IMPROVED

Legally Permissible:

The former convenience store use is permitted in the VC zoning district. Other permitted uses include commercial and retail use. However, the vacant land adjacent east of the building is located in CO (Office) zoning for the Town of Marana and CR-3 (residential) zoning for Pima County. For continued retail/commercial use, rezoning the vacant land to VC is probable, according to Development Services for the Town of Marana. In addition, the Town of Marana would likely agree to annex the small Pima County portion to rezone the entire parcel to VC.

Physically Possible:

The average-quality improvements were built in 1989 as a self-service gas station and convenience market. The interior is currently in shell condition with deferred maintenance, including floor covering, interior and exterior paint, doors and windows, no HVAC, missing electrical and plumbing fixtures, and walk-in cooler equipment. The improvements have a gross building area of 2,833 square feet, according to the appraisers' measurements. According to Pima County Assessor's records, the gross building area is 2,805 square feet. This appraisal relies on the appraiser's measurements. The current site coverage ratio of 9.1% is low for convenience store use, or small commercial or retail use. As such, the surplus land could be used to provide adequate site area for traffic circulation and customer parking. However, a portion of the surplus land adjacent to the retail building is a former 20-foot-wide alley that contains underground water utilities infrastructure. As such, paved parking could cover the alley portion, but no building would be possible.

As improved, the physically possible use is commercial, retail, or other use that conforms to VC zoning. However, re-zoning of the surplus land to VC is necessary for any accessory use to the existing retail building.

Financially Feasible and Maximally Productive:

The Sales Comparison Approach includes sales of current and former convenience stores without gasoline fueling stations. Given the new Circle K store near the subject, it is not likely that another convenience store use would be feasible.

As previously discussed in the "Scope of Work" section, rental information for the subject in its current condition was not available and future convenience store use is not

likely. For the “As Is” Condition market value, the Income Approach would not provide a credible indication of value and is omitted from this appraisal.

The Cost Approach is also omitted since typical buyers of existing retail or commercial properties do not rely on this approach for their purchase decisions. As indicated by the comparable sales included in this appraisal, other uses of former convenience stores include retail outlets for bakeries, floor covering, art supplies, etc.

Given the multiple zoning districts and re-platting that need approval for rezoning, the subject would not appeal to many national retailers. However, the single access point is wide enough to permit two-way traffic for right-in and right-out, and the surplus land provides sufficient area to re-engineer traffic circulation for drive-thru uses. However, the underground water lines would have to be moved to allow expansion of the building to the east. Tertiary retail/commercial use is the financially feasible use, as improved.

Highest and Best Use:

The highest and best use as improved is tertiary commercial, retail, or other business use that conforms to zoning regulations and surrounding uses, with the extraordinary assumption that the surplus land is rezoned to VC, Village Commercial.

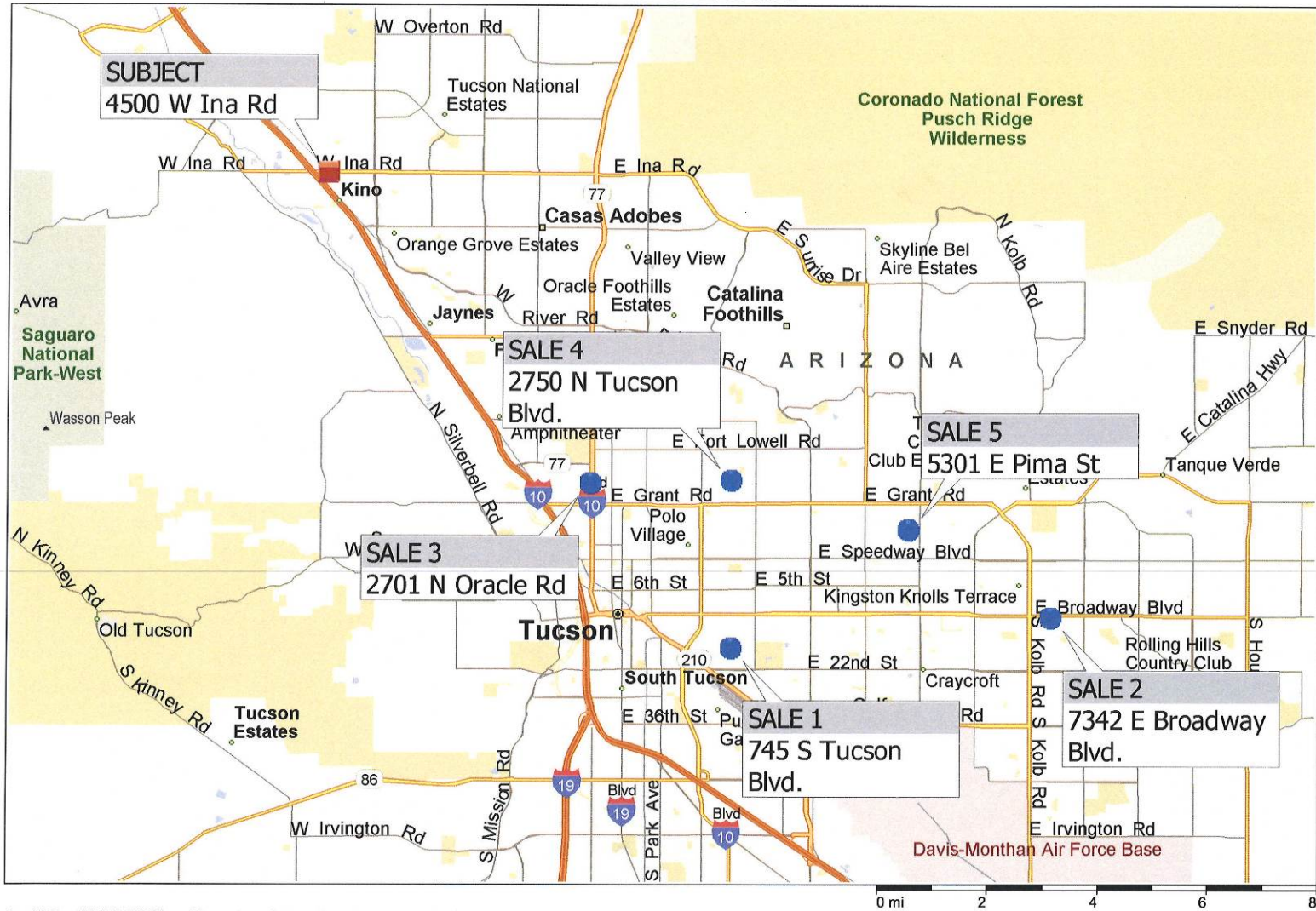
SALES COMPARISON APPROACH

In the Sales Comparison Approach to value, sales of similar improved properties are analyzed and adjusted to the subject property. This approach applies the principle of substitution, which affirms that, when a property can be replaced, its value tends to be set by the cost of acquiring of an equally desirable substitute property without undue or costly delay.

Adjustments to the comparable sales are made for each of the following elements of comparison: real property rights conveyed, financing terms, conditions of sale, market conditions, location and physical characteristics. The most appropriate unit of comparison for this type of property is the sale price per square foot. This unit of comparison is calculated by dividing the sale price by the building square footage.

Here follows a map showing the location of each sale relative to the subject property, the sale data sheets, and adjustment matrix. The analysis of the comparable sales and applicable adjustments follows the matrix.

IMPROVED SALES MAP



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COMPARABLE IMPROVED SALE



COMPARABLE:	IMPROVED SALE 1
LOCATION:	745 S Tucson Blvd Tucson, AZ 85716
ASSESSOR PARCEL NUMBER(S)	129-05-0120
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	October 10, 2023
Affidavit of Fee No:	20232830153
SELLER:	Jeanette M. DeConcini
BUYER:	Ideal Tucson Holdings LLC
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash
CONDITIONS OF SALE:	Arm's Length; Market
BUILDING AREA SQ. FT.:	2,613
SITE SIZE IN SQ. FT.:	12,600
SITE COVERAGE RATIO:	20.7%
PARKING RATIO (SPACES/1,000 SF)	5.74
SALE PRICE:	\$285,000
SALE PRICE PER GLA SQ. FT:	\$109.07
PHYSICAL DESCRIPTION:	
Location:	Avg/Central-East Retail
Access/Visibility/Traffic:	Avg-No median,no signal; 2 curb cuts/Fair-7,300 VPD
Topography / Shape:	Level / Rectangular
Construction Quality / Appeal:	Avg-Masonry/Fair
Flood Risk:	Zone X - Outside
Year Built / Condition:	1969 / Above Avg
TENANCY:	Speedy Mart / Leased Fee
ZONING:	C-1, Local Commercial; City of Tucson
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	160 Days
CONFIRMED WITH:	Affidavit of Value; Jeramy Price (520) 326-3200 (Volk Company)
DATE CONFIRMED:	1/1/2024
COMMENTS:	

This property was occupied by Speedy Mart as a convenience store. 15 surface spaces are available. There is 109 feet of frontage on Tucson Boulevard with 2 curb cuts. Tucson Boulevard at this location has no median and this property is not at a signalized intersection.

23-186-C.IS1

COMPARABLE IMPROVED SALE

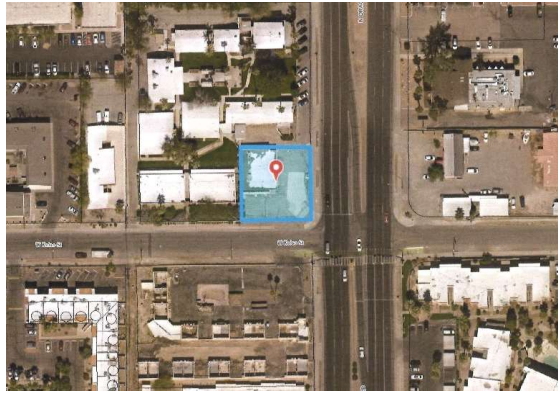


COMPARABLE:	IMPROVED SALE 2
LOCATION:	7342 E Broadway Blvd. Tucson, AZ 85710
LEGAL DESCRIPTION:	Lot 6 of Vista Del Sahuaro, a portion of Section 17, T14S Range 15E, G&SRB&M, Pima County, AZ
ASSESSOR PARCEL NUMBER(S):	134-18-0100
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	June 23, 2023
Affidavit of Fee No:	20231740113
SELLER:	Judy M. Appell
BUYER:	G&G Aguilar LLC
INTEREST CONVEYED:	Fee Simple
TERMS:	\$90,000 Down; Conventional
CONDITIONS OF SALE:	Arm's Length; Market
BUILDING AREA SQ. FT.:	2,550
SITE SIZE IN SQ. FT.:	13,760
FLOOR AREA RATIO (2 stories):	18.5%
PARKING RATIO (SPACES/1,000 SF)	3.14
SALE PRICE:	\$360,000
SALE PRICE PER GLA SQ. FT.:	\$141.18
PHYSICAL DESCRIPTION:	
Location:	Average / East Tucson Retail
Access/Visibility/Traffic:	Avg Crnr-1 curb cut-Broadway / Good / 43,000 VPD
Topography / Shape:	Level / Irregular/Corner
Construction Quality / Appeal:	Avg-Masonry / Fair
Flood Risk:	Zone X - Outside
Year Built / Condition:	1964 / Average
ZONING:	C-1, Local Commercial, City of Tucson
TENANCY:	Unoccupied
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	147 Days
CONFIRMED WITH:	Affidavit of Value; Ryan Hall, CBRE (520) 323-5126
DATE CONFIRMED:	1/1/2024

COMMENTS: This retail building was formerly an owner-occupied floor covering store on Broadway Boulevard between Kolb Road and Pantano Road. There is now a big-box floor covering store (Floor & Décor) at the northwest corner of Kolb & Broadway. The buyer will owner occupy the building for his Mesa Tortilla Factory retail store and bakery.

23-186-C.IS2

COMPARABLE IMPROVED SALE



COMPARABLE:	IMPROVED SALE 3
LOCATION:	2701 N Oracle Road Tucson, AZ 85705
LEGAL DESCRIPTION:	E 100' of Lot 10 and 11, Block 1, Miracle Mile, a portion of Section 35, Township 13S, Range 13E, G&SRB&M, Pima County, AZ
ASSESSOR PARCEL NUMBER:	107-09-0030
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	February 9, 2023
Affidavit of Fee No:	20230400384
SELLER:	Circle K Stores Inc
BUYER:	Outshine the Sun, LLC
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash
CONDITIONS OF SALE:	Arm's Length; Market
BUILDING AREA SQ. FT.:	2,400
SITE SIZE IN SQ. FT.:	11,020
SITE COVERAGE RATIO:	21.8%
PARKING RATIO (SPACES/1,000 SF)	4.17
SALE PRICE:	\$230,000
SALE PRICE PER GBA SQ. FT:	\$95.83
PHYSICAL DESCRIPTION:	
Location:	Avg / Central West Retail
Access/Visibility/Traffic:	Good-2 curb cuts on Oracle / Avg / 25,000 VPD
Topography / Shape:	Level / Rectangular
Construction Quality / Appeal:	Avg-Masonry / Fair
Year Built / Condition:	1981 / Fair-Unoccupied
FLOOD PLAIN	Zone X
ZONING:	C-2, General Commercial, City of Tucson
TENANCY:	Unoccupied
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	Not disclosed
CONFIRMED WITH:	Affidavit of Value; Greg Furrier, PICOR 520-546-2735
DATE CONFIRMED:	1/1/2024
COMMENTS:	
This is a former convenience store/gas station that was closed by Circle K. According to PICOR, the property will be restricted against uses competitive with convenience stores.	

23-186-C.IS3

COMPARABLE IMPROVED SALE

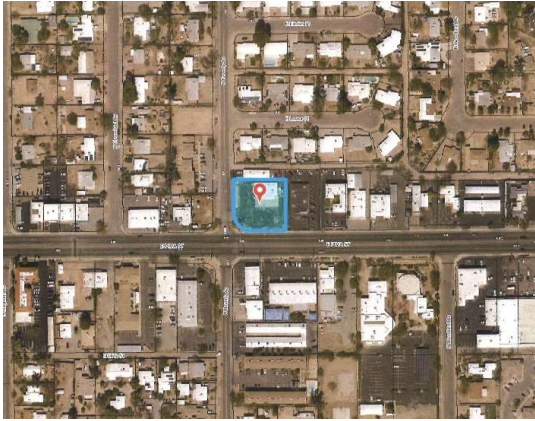


COMPARABLE:	IMPROVED SALE 4
LOCATION:	2750 N Tucson Blvd. Tucson, AZ 85716
ASSESSOR PARCEL NUMBER:	112-07-2400
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	November 30, 2022
Affidavit of Fee No:	20223340451
SELLER:	Circle K Stores Inc.
BUYER:	The Drawing Studio
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash
CONDITIONS OF SALE:	Arm's Length; Market
BUILDING AREA SQ. FT.:	2,720
SITE SIZE IN SQ. FT.:	9,000
SITE COVERAGE RATIO:	30.2%
PARKING RATIO (SPACES/1,000 SF)	3.68
SALE PRICE:	\$321,000
SALE PRICE PER GBA SQ. FT:	\$118.01
PHYSICAL DESCRIPTION:	
Location:	Avg-Central East Retail
Access/Visibility/Traffic:	Avg-2 curb cuts on Tucson Blvd / Fair / 12,546 VPD
Topography / Shape:	Level / Rectangular, off-corner
Construction Quality / Appeal:	Avg-Masonry / Fair
Year Built / Condition:	1978 / Avg-Fair
FLOOD PLAIN	Zone X
ZONING:	C-1, Local Commercial, City of Tucson
TENANCY:	Circle K; Restricted Non-Compete
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	412 Days
CONFIRMED WITH:	Affidavit of Value; Greg Furrier (520) 546-2735
DATE CONFIRMED:	January, 2024

COMMENTS: This property was formerly a Circle K convenience store that sold with a non-compete restriction. The buyer purchased the property to assemble it with the adjacent property at 2760 N Tucson Boulevard for expansion. It took the Seller 3 months to draw up a contract for the sale and it was in escrow for 9 months to get approval to purchase from the Buyer's Board of Directors. It is currently being renovated to expand with the adjacent building. The Drawing Studio is a not-for-profit organization that promotes art with a mission to inspire people of all ages and backgrounds to embrace art practice as a pathway to personal growth and a healthy community. They offer art classes and workshops, host events and exhibits, and solicit donations through memberships, gift certificates, and classes.

23-186-C.IS4

COMPARABLE IMPROVED SALE



COMPARABLE:	IMPROVED SALE 5
LOCATION:	5301 E Pima St Tucson, AZ 85712
ASSESSOR PARCEL NUMBER:	121-09-0120
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	October 17, 2022
Affidavit of Fee No:	20222900376
SELLER:	Circle K Stores Inc.
BUYER:	Camino Principal Plaza LLC
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash
CONDITIONS OF SALE:	Arm's-Length; Market
BUILDING AREA SQ. FT.:	2,853
SITE SIZE IN SQ. FT.:	20,085
SITE COVERAGE RATIO:	14.2%
PARKING RATIO (SPACES/1,000 SF)	3.51
SALE PRICE:	\$400,000
SALE PRICE PER GBA SQ. FT:	\$140.20
PHYSICAL DESCRIPTION:	
Location:	Avg / Central East Retail
Access/Visibility/Traffic:	Avg-1 curb cut on Pima; 1 on Beverly/ Avg / 15,143
Topography / Shape:	Level / Rectangular / Corner
Construction Quality / Appeal:	Avg-Masonry / Avg
Year Built / Condition:	1978 / Fair
FLOOD PLAIN	Zone X
ZONING:	C-1, Local Commercial, City of Tucson
TENANCY:	Unoccupied
THREE YEAR HISTORY:	No prior sales within 3 years.
MARKETING TIME:	536 Days
CONFIRMED WITH:	Affidavit of Value; PICOR (520) 546-2735
DATE CONFIRMED:	January, 2024
COMMENTS:	

This property was a former Circle K convenience store that sold with a non-compete restriction. According to Greg Furrier, the seller's broker, the buyer intends to renovate to operate as a Coffee Exchange.

23-186-C.IS5

SALES COMPARISON ANALYSIS

Five sales of retail buildings that are or were formerly convenience stores are analyzed in the following paragraphs. Adjustments are applied to the comparable sales for each of the following elements of comparison: real property rights conveyed, financing terms, conditions of sale, market conditions, location and physical characteristics. The sale price per square foot unit of comparison is the most appropriate for this type of property. This unit of comparison is calculated by dividing the sale price by the gross building area.

All comparable sales were confirmed by an agent or party to the transaction or by public records. Analysis of the appropriate elements of comparison is presented in the following paragraphs. Arithmetic adjustments are applied and correspond with the following adjustment matrix.

Property Rights Conveyed:

The interest appraised for the subject property is the fee simple interest in accordance with the client's instructions. The subject improvements have been unoccupied for at least 12 years.

Sale One conveyed the leased fee interest with a lease to Speedy Mart in place. Sales Two, Three, Four and Five conveyed the fee simple interest. After analyzing the data, no adjustments are indicated for different property rights conveyed.

Financing Terms:

Consideration is given to the effect of financing terms on the sale prices of the comparable sales. Since the definition of market value requires that the property be appraised in terms equivalent to cash to the seller with the buyer typically obtaining conventional financing, an adjustment may be necessary for favorable financing terms.

The transactions for Sales One, Three, Four, and Five were all cash sales. Sale Two involved a \$90,000 down payment (25%) with conventional financing for the balance. Adjustments are unnecessary.

Conditions of Sale:

An adjustment for conditions of sale is made when the transaction is influenced by external factors such as financial duress, lack of sales commission, or related-party transaction. No extraordinary conditions of sale were reported for Comparable Sales One, Two, Three, and Five and price adjustments are unnecessary. Sale Four was purchased by the adjacent property owner for expansion of existing facilities. However, there is no

indication the price was affected by the assemblage. The list price was only \$4,000 more than the sale price. Although it was on the market for over one year (412 days), the Seller (Circle K) took 3 months to draw up a purchase agreement and it was in escrow for 9 months for the buyer to obtain a permit for its expansion with the adjacent property. Thus, no price adjustment is applied.

Date of Sale (Market Conditions):

Reference is made to the “Market Conditions” discussion in the preceding analysis of improved sales. The transaction dates for the closed sales are from October 15, 2022, to October 10, 2023, and the effective date of value for this appraisal is January 30, 2024. As previously discussed in the “Market Analysis” section, market conditions in Tucson’s retail sector have been gradually improving. However, there has not been enough activity to put upward pressure on prices. No evidence was discovered to support a change in improved sale prices. No adjustments are made for market conditions.

Location:

The subject property is located at the northwest corner of the signalized intersection of Ina Road and Camino de las Capas. Ina Road is a major east-west commercial corridor with an average weekday two-way traffic count of about 38,000 vehicles. The traffic interchange for I-10 is less than one-quarter mile west.

For retail use, access, visibility to a high volume of traffic and surrounding demographics are valuation factors. The following table summarizes the location characteristics considered for this element of comparison:

LOCATION DEMOGRAPHICS						
Category	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
CoStar Retail Submarket	Northwest	Central East	East	Central West	Central East	Central East
2023 Average Household Income	\$101,145	\$84,924	\$59,606	\$43,478	\$70,834	\$61,542
2023 Median Household Income	\$82,218	\$58,935	\$43,067	\$30,514	\$48,233	\$42,161
Median Home Value	\$224,118	\$301,271	\$207,372	\$145,706	\$285,600	\$247,247
2023 Population	4,955	8,603	15,753	14,745	16,729	13,541
Traffic Count	38,000	7,300	38,913	24,718	12,865	26,000
Access	One 2-way Access; median; signalized corner	2 curb cuts; no median; no signal; off corner	1 curb cut-Broadway; 1 curb cut side median; corner; no signal	1 curb cut; median; signalized corner	2 curb cuts; no median; off corner; no signal	1 curb cut-Pima 1-Beverly; no median; signalized corner

In the retail sector, the subject ranks 6th out of 15 submarkets in supply of retail space, 5th in asking rent, and 3rd in vacancy and net absorption.

Sale One at 745 S Tucson Boulevard is in the CoStar Central-East retail submarket. The Central East retail submarket ranks 13th in market asking rent, 13th in vacancy and

absorption, and 2nd in inventory. Also, the household income in this submarket is significantly lower than the subject's submarket, and the traffic count is only 7,300 vehicles per day. As such, the subject's submarket is superior to the Central East submarket and an upward price adjustment for general location is applied. Sale One has average access with no median and no traffic signal. Thus, bi-directional access is allowed and there are two curb cuts for access. However, the average two-way traffic count at this location is only 7,300 vehicles per day. The subject's greater visibility to a high volume of traffic offsets the single access point, given its width that permits two-way circulation. Thus, an upward price adjustment is applied for the subject's superior visibility.

Sales Four and Five are also in the Central East retail submarket. Household incomes and home values are also inferior. Thus, upward price adjustments are indicated for inferior retail location. Sale Four has fair to average daily traffic volume of 12,865 vehicles per day and two curb cuts on Tucson Boulevard. There is no median and the off-corner location is inferior to the subject. An upward price location is applied. Sale Five has average visibility to a traffic count of about 26,000 vehicles per day and it has one curb cut from Pima Street and one from Beverly Street, which is a signalized intersection with no median. Overall, access and visibility is inferior to the subject and an upward adjustment is applied.

Sale Two is located on Broadway Boulevard west of Pantano Road in the East Tucson Retail submarket. It is ranked 1 in submarket inventory, but 11th in asking rent and 12th in vacancy and absorption. Household incomes are inferior, home values are similar and traffic volume is similar. An upward price adjustment is applied for the inferior retail location. Access and visibility, with a similar traffic count are considered similar to the subject and no price adjustment for visibility is made.

Sale Three is located on Oracle Road in the Central West retail submarket. This submarket is ranked 3rd in submarket inventory, 12th in asking rent, and 9th in vacancy and absorption. Household incomes and home values are inferior. An upward price adjustment for inferior retail location is indicated. The traffic count of 24,718 vehicles per day is considered average. However, this location has only one curb cut and a median, like the subject. A slight upward price adjustment for the inferior is applied.

Physical Characteristics:

Adjustments for physical characteristics include the size of the building, the age and condition of the building, quality of construction and its site coverage ratio.

Size: The subject property is comprised one freestanding building with a gross building area of 2,833 square feet. Based on economies of scale, larger properties tend to sell for a lower price per square foot. Conversely, smaller properties will generally sell for the higher price per square foot. The comparable sales are similar in size, ranging from 2,400 to 2,853 square feet. Downward price adjustments are applied to Sales Two and Three for their slightly smaller building area. No price adjustments are made to the remaining sales due to their similar size.

Quality: The subject improvements are average quality masonry construction with a combination roof line. All of the sales are similar in quality and type of construction/appeal and adjustments are unnecessary.

Year Built/Condition: The subject improvements were built in 1989. The interior has been stripped of improvements and is considered a shell. Deferred maintenance items include interior and exterior paint, floor covering, lighting and plumbing fixtures, HVAC equipment, and walk-in cooler equipment. Cost estimates to restore the improvements to usable condition were not available. However, based on Marshall & Swift Valuation Service depreciation tables, the subject has a life expectancy of 45 years and an effective age of 35 to 40 years. Physical depreciation is estimated to be approximately 60-65%. Since the subject has no HVAC system, plumbing or electrical fixtures, most of the improved sales are in better condition, overall.

Sale One is an operational Speedy Mart built in 1969. Although it is older in year of construction, it is in superior operational condition. As such, a significant downward price adjustment for condition is applied.

Sale Two was originally a Circle K built in 1964 that was most recently operated as a floor covering store. According to the buyer, it required few repairs to convert it to a tortilla bakery and retail outlet. A downward price adjustment is applied.

Sale Three was built in 1981 and sold with a non-compete restriction. Circle K had closed the store and removed interior furniture and furnishings and equipment. Based on conversations with the listing broker and listing pictures, it was in fair condition at the time of sale. A slight upward price adjustment is applied. The buyer will operate a fabric store.

Sale Four was built in 1978 and was an unoccupied Circle K convenience store. The buyer intends to renovate and convert the improvements to expand their existing business in the adjacent building. A downward price adjustment is applied for its better condition, overall.

Sale Five was built in 1978 and was an unoccupied Circle K convenience store. The buyer intends to renovate to operate a coffee shop. A downward adjustment is applied for its better overall condition.

Tenancy: The subject closed in 2010 and the interior was gutted of improvements. Sale One sold as an existing Speedy Mart with a lease in place. A downward price adjustment is applied. The remaining sales were unoccupied and the Fee Simple interest conveyed. No price adjustments are applied.

Site Coverage Ratio: The site coverage ratio is the relationship of the gross building area to the land area. Properties with lower ratios have more land available for site utility, parking, traffic circulation, or expansion. The subject property has a site coverage ratio of about 9.1%. As such, the subject has room to expand or add parking and traffic circulation. The comparable sales have ratios that are in the range of 14.2% to 30.2%. Upward price adjustments are applied to Sales One, Two, Three, and Four for their significantly higher site coverage ratio. Sale Five has a site coverage ratio of 14.2, which is slightly higher than the subject. A lesser upward adjustment is applied.

Zoning: The subject property is currently located in three zoning districts and two jurisdictions. The retail building is in the VC, Village Commercial Zone for the Town of Marana. The zoning permits commercial, office and service business uses. However, the adjacent surplus land is located in CO, Commercial Office, zoning district for Marana, and a small portion is located in the CR-3, Single Residence, zoning district for Pima County. A buyer will have to get a development plan approved for retail or commercial use of the entire parcel and get the entire property re-zoned to VC. While Development Services in Marana has indicated that rezoning to VC is probable, it will take time, effort, and money to engineer a development plan, replat the parcel, and gain approval for rezoning. All of the comparable sales already have zoning that permits retail or commercial use. A downward price adjustment is applied to each comparable sale in consideration of the cost and time needed to redevelop the subject to a new retail or commercial use.

The Adjustment Matrix follows.

COMPARABLE IMPROVED SALES ADJUSTMENT MATRIX - "AS IS CONDITION"

ELEMENTS OF COMPARISON	SUBJECT	IMPROVED SALE 1		IMPROVED SALE 2		IMPROVED SALE 3		IMPROVED SALE 4		IMPROVED SALE 5	
	4500 West Ina Road Marana, AZ 85741	745 S Tucson Blvd Tucson, AZ 85716	Price / sq ft Adjustments	7342 E Broadway Blvd. Tucson, AZ 85710	Price / sq ft Adjustments	2701 N Oracle Road Tucson, AZ 85705	Price / sq ft Adjustments	2750 N Tucson Blvd. Tucson, AZ 85716	Price / sq ft Adjustments	5301 E Pima St Tucson, AZ 85712	Price / sq ft Adjustments
SALE PRICE / PER SQUARE FOOT	---	\$285,000	\$109.07	\$360,000	\$141.18	\$230,000	\$95.83	\$321,000	\$118.01	\$400,000	\$140.20
PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Adjustment		0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
FINANCING TERMS	Assume Cash to Seller	Cash		\$90,000 Down; Conventional		Cash		Cash		Cash	
Adjustment	N/A	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
CONDITIONS OF SALE	Assume Arm's -length	Arm's Length; Market		Arm's Length; Market		Arm's Length; Market		Arm's Length; Market		Arm's Length; Market	
Adjustment	N/A	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
MARKET CONDITIONS (TIME)	January 30, 2024	October 10, 2023		June 23, 2023		February 9, 2023		November 30, 2022		October 17, 2022	
Adjustment	Date of Value	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
ADJUSTED SALE PRICE PER SF			\$109.07		\$141.18		\$95.83		\$118.01		\$140.20
LOCATION	Good / Northwest Tucson Retail;	Avg/Central-East Retail		Average / East Retail		Avg / Central West Retail		Avg-Central East Retail		Avg / Central East Retail	
General	N/A	25%	\$27.27	25%	\$35.29	25%	\$23.96	25%	\$29.50	25%	\$35.05
Adjustment											
Access/Visibility/Traffic	Avg-2-way access from WB Ina / Good / 38,000 VPD	Avg-No median,no signal; 2 curb cuts/Fair-7,300 VPD		Avg Cmr-1 curb cut-Broadway; 1- side; median; no signal/ Good / 38,913 VPD		Avg-1 curb cut,median; signalized corner/ Avg / 24,718 VPD		Avg-2 curb cuts-Tucson Blvd;No median; off corner / Fair / 12,865 VPD		Avg-1 curb cut-Pima; 1-Beverly; no median; signalized corner/ Avg/ 26,000 VPD	
Adjustment	N/A	20%	\$21.81	0%	\$0.00	10%	\$9.58	10%	\$11.80	5%	\$7.01
PHYSICAL CHARACTERISTICS	2,833	2,613		2,550		2,400		2,720		2,853	
Retail Building - SF	N/A	0%	\$0.00	-10%	(\$14.12)	-10%	(\$9.58)	0%	\$0.00	0%	\$0.00
Adjustment											
Construction Quality / Appeal	Avg-Concrete/Fair	Avg-Masonry/Fair		Avg-Masonry / Fair		Avg-Masonry / Fair		Avg-Masonry / Fair		Avg-Masonry / Avg	
Adjustment	N/A	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00
Year Built / Condition	1989 / Poor	1969 / Above Avg		1964 / Average		1981 / Fair		1978 / Avg-Fair		1978 / Above Avg	
Adjustment	N/A	-25%	(\$27.27)	-20%	(\$28.24)	5%	\$4.79	-20%	(\$23.60)	-25%	(\$35.05)
Tenancy	Unoccupied	Speedy Mart / Leased Fee		Unoccupied		Unoccupied; Restricted Non-Compete		Circle K; Restricted Non-Compete		Unoccupied; Restricted Non-Compete	
Adjustment		-10%	(\$10.91)	0%	\$0.00	10%	\$9.58	10%	\$11.80	0%	\$0.00
Site Coverage Ratio	9.1%	20.7%		18.5%		21.8%		30.2%		14.2%	
Site Size (SF)	31,244	12,600		13,760		11,020		9,000		20,085	
Adjustment	N/A	20%	\$21.81	20%	\$28.24	20%	\$19.17	20%	\$23.60	5%	\$7.01
Zoning	VC, CO-Marana; CR-3-Pima Co.	C-1, Local Commercial, City of Tucson		C-1, Local Commercial, City of Tucson		C-2, General Commercial, City of Tucson		C-1, Local Commercial, City of Tucson		C-1, Local Commercial, City of Tucson	
Adjustment	N/A	-10%	(\$10.91)	-10%	(\$14.12)	-10%	(\$9.58)	-10%	(\$11.80)	-10%	(\$14.02)
ADJUSTED SALE PRICE / SF			\$130.88		\$148.24		\$143.75		\$171.12		\$140.20

Average: \$146.84
 Median: \$143.75
 Indicated Value: \$160.00 /SF
 \$453,280
 \$450,000 \$1440 /SF Land

Conclusion:

The unadjusted price per square foot range from the comparable sales is from \$95.83 to \$141.18. After adjustments, the estimated value range for the subject is from \$130.88 to \$171.12 per square foot. The arithmetic mean is \$146.84 per square foot; the median is \$143.75 per square foot. Strong consideration is given to the subject's very good retail location on Ina Road, near the Interstate 10 interchange. As such, the "as is" market value should be at the upper end of the adjusted range for the comparable sales.

Based on the foregoing data and analysis, it is our opinion that the "as is" value of the subject property through the Sales Comparison Approach is \$160.00 per square foot, as calculated below:

$$\begin{aligned} \$160.00/\text{SF} \times 2,833 \text{ SF} &= \$453,280 \\ &\text{Rounded to } \$450,000 \end{aligned}$$

"AS IS" MARKET VALUE OPINION FOR THE SUBJECT THROUGH THE SALES COMPARISON APPROACH

AS OF JANUARY 30, 2024..... \$450,000

The above market value is equal to \$158.84 per square foot, based on a gross building area of 2,833 square feet.

EXPOSURE TIME

Exposure time is defined as:

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive market."*⁷

The reported marketing times from the comparable sales and other market data are analyzed to support the estimated exposure time for the subject property.

The marketing times for the comparable sales are as follows:

Sale One	160 Days
Sale Two	147 Days
Sale Three	Not Disclosed
Sale Four	412 Days
Sale Five	536 Days

Based on the foregoing, the exposure period for the subject property is estimated to be 12 months or less.

⁷ *The Dictionary of Real Estate Appraisal, 7th Ed.*, Appraisal Institute, 2022, p 67-68

***TEST OF REASONABLENESS
MARKET VALUE “AS IF VACANT”***

As discussed in the Financial Feasibility section of the Highest and Best Use, As Vacant, we reviewed recent commercial-zoned land sales in Tucson to ascertain whether the market value of the subject property, as if vacant, exceeds the market value as it is currently improved. Our search focused on land sales from 0.5 acres to 2.0 acres on major retail corridors. No vacant land sales on Ina Road in the subject market area were discovered. Five land sales in the northwest Tucson market area and one sale in the East Tucson retail submarket were selected. These land sales are all zoned for commercial/retail uses and are ready for development. In comparison, the subject must be rezoned to VC, Village Commercial, in Marana, which is considered to be a probable result. In addition, the site must be re-surveyed and a preliminary development plan approved for a new retail use. Also, a portion of the site is currently located in Pima County and annexation into the Town of Marana is necessary for rezoning of the entire site.

Currently, the water and electrical lines that run through the middle of the site would have to be moved if a new building extends beyond the existing utilities easement adjacent to the former Circle K building. As such, preparing the subject site, as if vacant, involves demolishing the existing improvements, rezoning, preparing a new preliminary development plan, holding costs, and moving the water lines (if necessary), and sale commissions for the resale to an end user. It is estimated that these costs will be \$5.00 to \$7.00 per square foot, based on a site size of 31,244 square feet.

A summary tabulation of the land sales we reviewed is provided on the following page.

SUMMARY OF COMPARABLE LAND SALES

Comp	Property Location Traffic Count	Sale Date	Site Size (SF)	Sale Price	Price PSF
1	13956 N Sandario Rd, Marana, AZ E of Sandario Rd; W side of I-10 Frontage Road; 21,508 VPD	12/13/21	35,505	\$463,725	\$13.06
2	W side Cerius Stravenue; S of Cortaro Road, Marana, AZ; 22,000 VPD-Cortaro Rd.	01/02/22	55,839	\$550,000	\$9.85
3	7229 N Camino de Oeste, Marana, AZ N side Ina Road; W side Camino de Oeste; 38,522 VPD (Ina & Cmo de Oeste)	08/05/22	27,609	\$275,000	\$9.96
4	5375 W Cortaro Farms Rd, Marana, AZ; 22,000 VPD	08/25/23	43,560	\$325,000	\$7.46
5	11403 W Tangerine Rd, Marana, AZ; 16,000 VPD	02/05/20	79,504	\$785,000	\$9.87
6	2744 E Broadway Blvd, Tucson, AZ 40,789 VPD	09/07/21	37,178	\$640,000	\$17.21
				Average	\$11.24
				Median	\$9.92
Subj.	4500 West Ina Road, Tucson, AZ 85741; 38,000 VPD	---	31,244	---	---

Sale One, located on Sandario Road just west of the Interstate 10 frontage road, sold December 13, 2021. It was developed into a Dutch Brothers coffee drive-through. The site size is similar to the subject and the traffic count is lower. However, it does have visibility from Interstate 10 at the Marana Road exit. The sale price was \$13.06 per square foot, based on a site size of 35,505 square feet.

Sale Two is located on the west side of Cerius Stravenue, south of Cortaro Road in Marana. The site was purchased for future development and has access from Cortaro Road, just east of the I-10 interchange. The pad will allow development building size up to 8,500 square feet. There is distant visibility from I-10. Overall, this site is inferior in access and visibility.

Sale Three is located on the north side of Ina Road and the West side of Camino de Oeste, with a traffic count of 38,522 vehicles per day. This sale closed on August 5, 2022 for \$275,000, or \$9.96 per square feet based on a site size of 27,609 square feet.

Sale Four has frontage along Cortaro Farms Road with a traffic volume of about 22,000 vehicles per day. All utilities, including sewer are available and the site is proximate to Quick Trip, Circle K, Wendy's, IHOP, Serial Grillers, and Dutch Brothers.

However, the site is inferior to the subject in access and visibility to a high volume of traffic.

Sale Five is a corner parcel at a signalized intersection on Tangerine Road. After the sale, it was improved with a Circle K convenience store and drive-through car wash. The traffic volume at this location is about 16,000 vehicles per day. As such, it is an inferior location. The sale price of \$785,000 equals \$9.87 per square foot based on a site size of 79,504 square feet.

Sale Six is located in the Central East Tucson retail submarket at 2744 E Broadway Boulevard. The sale occurred September 7, 2021, and the site consists of 37,178 square feet. It has one access point on Broadway Boulevard at a signalized corner with Treat Avenue. The daily traffic volume on Broadway Boulevard at Treat Avenue is about 43,000 vehicles per day. The sale price of \$640,000 equals \$17.21 per square foot. The buyer has built a Freddie's Steakburger fast food restaurant on this site, which is currently listed for sale.

No demolition or rezoning are necessary for development of these sites. The sale prices range from \$7.46 per square foot to \$17.21 per square foot, with an average of \$11.24 and a median of \$9.92 per square foot.

We believe that the cost to prepare the subject site for development and potential purchase by a national retailer would be about \$6.00 to \$7.00 per square foot. Adding this cost to the market value of the land, as improved, of \$14.40 per square foot equals about \$20.40 to \$21.40 per square foot. The entity that completes the rezoning, development plan, demolition, and moving water lines, if necessary, will require an entrepreneurial profit for the time, cost and effort. As indicated by Greg Furrier with PICOR, a national chain is not likely to be willing to speculatively purchase a site that will not generate a return on investment for at least one to two years.

Based on the foregoing data and analysis, we believe that the market value, as improved, represents the highest and best use. However, the market value as improved provides sufficient margin for a speculative buyer to redevelop the property for resale to a more intensive retail use.

RECONCILIATION

As discussed in the Scope of Work, the Income Approach is omitted from the appraisal due to the lack of comparable rental data. The Cost Approach is reasonably omitted from the appraisal. The subject is an existing commercial property with

improvements that are 35 years old. Investors typically do not base their purchase decisions on the Cost Approach when analyzing existing, the Sales Comparison Approach

Cost Approach	N/A
Income Approach	N/A
Sales Comparison Approach	\$450,000

The Sales Comparison Approach included recent sales of a variety of convenience stores with have characteristics similar to the subject. The data and analysis from the Sales Comparison Approach provide a reliable indication of value.

Given the poor condition of the improvements and the size of the underlying land, we have also utilized the Sales Comparison Approach to estimate the value of the underlying land, as if vacant.

Based on the foregoing, it is our opinion that the “as is” market value for the subject property, as of January 30, 2024, is as follows:

**“AS IS” MARKET VALUE OPINION FOR THE SUBJECT
PROPERTY, AS OF JANUARY 30, 2024.....\$450,000
The above market value opinion equals \$158.84/SF, based on 2,833 square feet GBA**

CERTIFICATE OF APPRAISER

PROJECT: M6975 01X
HIGHWAY: CASA GRANDE – TUCSON HIGHWAY
SECTION: INA ROAD TI
PARCEL: L-SC-009
CONTRACT: ADSP014-052973

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 materials, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. This 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.

My analysis, opinion, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, 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 that 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 result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property 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 I am Certified General Real Estate Appraiser #30130 in the State of Arizona and meet the requirements of A.R.S. 32-3603.

That my opinion of the MARKET VALUE of the subject property as of the 30th day of January, 2024, is based upon my independent appraisal and the exercise of my professional judgment, as follows:

	Parcel #L-SC-009	\$450,000
--	-------------------------	------------------

Date: February 28, 2024

Signature: 

Steven R. Cole, MAI, SRA
*Certified General Real
Estate Appraiser #30130*

CERTIFICATE OF APPRAISER

PROJECT: H847901R
HIGHWAY: CASA GRANDE – TUCSON
SECTION: INA ROAD TI
PARCEL: L-SC-009
CONTRACT: ADSP014-052973

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 materials, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. This 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.

My analysis, opinion, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, 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 that 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 result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property 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 I am Certified General Real Estate Appraiser #30130 in the State of Arizona and meet the requirements of A.R.S. 32-3603.

That my opinion of the MARKET VALUE of the subject property as of the 30th day of January, 2024, is based upon my independent appraisal and the exercise of my professional judgment, as follows:

	Parcel #L-SC-009	\$450,000
--	-------------------------	------------------

Date: February 28, 2024

Signature: 

Susanne Grace-Poore
*Certified General Real
Estate Appraiser #31601*

CERTIFICATION – STEVEN R. COLE

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

I have performed no other services as an appraiser or in any other capacity regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

Neither my engagement in this assignment, nor my compensation for completing this assignment, is 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 the appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and any governmental authorities referenced within the appraisal report, including the Arizona Department of Transportation's Right of Way Appraisal Standards and Specifications.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this certification, except as stated in the report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and to the requirements of the Arizona Board of Appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers Statement of Qualifications.

No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

As of the date of this report, Steven R. Cole has completed the continuing education program of the Appraisal Institute.

Date: February 28, 2024



Steven R. Cole, MAI, SRA
*Certified General Real
Estate Appraiser #30130*

CERTIFICATION – SUSANNE GRACE-POORE

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

I have performed no other services as an appraiser or in any other capacity regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

Neither my engagement in this assignment, nor my compensation for completing this assignment, is 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 the appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and any governmental authorities referenced within the appraisal report, including the Arizona Department of Transportation's Right of Way Appraisal Standards and Specifications.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this certification, except as stated in the report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and to the requirements of the Arizona Board of Appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers Statement of Qualifications.

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The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

Date: February 28, 2024



Susanne Grace-Poore
*Certified General Real
Estate Appraiser #31601*

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA

FORMAL EDUCATION:

Bachelor of Arts Degree with high honors, University of California,
Santa Barbara, 1971

Master's Degree in Business Administration, University of California,
Los Angeles, 1973. Concentration: Urban Land Economics

PROFESSIONAL EDUCATION:

Successful Completion of Examinations for the following courses given by the
Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"

"Capitalization Theory & Techniques", Parts 1, 2, and 3

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

"Standards of Professional Practice", Part A, B & C

"Market Analysis"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2017.

Senior Residential Appraiser (SRA), of the Appraisal Institute.

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, leased fee and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

"A New Methodology for Estimating Highest and Best Use",

Real Estate Appraiser and Analyst, Summer, 1987
“Estimating the Value of Proposed Developments by Discounting
Cash Flow”, *Real Estate Review*, Summer, 1988

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, Pima Community College for “Real Estate Appraisal Principals” and “Basic Valuation Procedures”, 2000-2006

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84

President for the Arizona State Chapter #41, Appraisal Institute, 1990

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2006.

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

Arizona Certified General Real Estate Appraiser Number 30130. Currently certified through August 31, 2024.

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30130

This document is evidence that:
Arizona Revised Statutes, relating to the establishment and operation of a:

STEVEN R. COLE

has complied with the provisions of

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

STEVEN R. COLE

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

Expiration Date : **August 31, 2024**

QUALIFICATIONS OF SUSANNE GRACE-POORE

EXPERIENCE:

2004 to Present: Southwest Appraisal Associates

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, leased fee and leasehold interest.

FORMAL EDUCATION:

Bachelor of Arts Degree, summa cum laud, National University, 1988

PROFESSIONAL EDUCATION:

Successful Completion of Examinations for the following courses given by the Appraisal Institute:

“Real Estate Appraisal Principles” and “Basic Valuation Procedures”
"Basic Income Capitalization"
“Advanced Sales Comparison & Cost Approaches
"Market Analysis and Highest and Best Use"
"Uniform Standards of Professional Appraisal Practice”

Continuing Education Courses:

“Evaluating Commercial Construction”
“2007 CCIM Commercial Real Estate Market Forecast”
“Pima County Real Estate Council Forecast
“AI Reports - The New Appraisal Report Option

PROFESSIONAL MEMBERSHIPS:

Arizona Certified General Real Estate Appraiser Number 31601. Currently certified through January 31, 2026.

Department of Insurance and Financial Institutions
State of Arizona

CGA - 31601

This document is evidence that: **SUSANNE GRACE-POORE** 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 Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

SUSANNE GRACE-POORE

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

Expiration Date : **January 31, 2026**

A D D E N D A

1. ADOT Right of Way Disposal Report
2. ADOT Aerial Exhibit
3. Purchase Order

**ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY DISPOSAL REPORT**

The undersigned has examined the title to the property described in SCHEDULE A-1 herein, and the Fee owner is:

The State of Arizona, by and through its Department of Transportation

Address: 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007-3212

By virtue of that certain: See Right of Way / Vesting Section.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed buyers.

LEGAL DESCRIPTION

SEE SCHEDULE A-1 ATTACHED

REMARKS: The Schedule B Items shown, if any, reflect only those matters that have occurred subsequent to the acquisition of the subject property.

Date of Search: September 15, 2023	Examiner: Jim Gregg	Reviewer: N/A
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Pima	Tax Arb: 225-36-014C, 225-37-270, 225-37-260 and 225-37-250
Disposal: L-SC-009	Tracs No.: 010PM248H8479 Highway: CASA GRANDE-TUCSON
Excess Land: N/A	Fed. No.: 010-D(216)S Section: Ina Rd. T. I.
Parcel Nos.: 10-01636, 10-01646, 10-01649 and 10-01870	

**SCHEDULE A-1
LEGAL DESCRIPTION**

- 1) That portion of Lot 4 of Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

Beginning at the Southwest corner of Lot 5 in Casas Del Oeste, a subdivision of Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona in Book 23 of Maps and Plats at Page 31;

Thence North 89 degrees 37 minutes 07 seconds West along the North right of way line of Ina Road, a distance of 20.00 feet to the TRUE POINT OF BEGINNING;

Thence continuing North 89 degrees 37 minutes 07 seconds West along said North line, a distance of 110.00 feet;

Thence North 0 degrees 22 minutes 53 seconds West, a distance of 175.00 feet;

Thence South 89 degrees 37 minutes 07 seconds East, a distance of 103.77 feet to the Westerly right of way line of that certain 20 foot wide alley as shown on the plat of said Casas Del Oeste Subdivision;

Thence South 9 degrees 13 minutes 47 seconds East, along said Westerly right of way line, a distance of 40.57 feet;

Thence South 0 degrees 22 minutes 53 seconds East, 135.00 feet to the TRUE POINT OF BEGINNING.

As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01870.

NOTE: Right of way for Ina Rd. and alley conveyed by Map recorded on Book 23, page 31.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 2) That portion of Lot 7, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona, located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01646.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 3) That portion of Lot 6, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona., located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01636.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

- 4) That portion of Lot 5, of Casas Del Oeste, according to Book 23 of Maps, page 31, records of Pima County, Arizona., located in Section 31, Township 12 South, Range 13 East, Gila and Salt River Base and Meridian Pima County, Arizona. As depicted on Sheet P-8, of ADOT Drawing D-10-T-423, the Right of Way Plans of CASA GRANDE-TUCSON HIGHWAY, Section Ina Rd. T. I., Project 010PM248H8479 01R / Parcel No. 10-01649.

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Final Order of Condemnation in Civil Case No. C20165251 of the Arizona Superior Court, Pima County, entitled the State of Arizona, ex rel., John Halikowski, Director, Department of Transportation, Plaintiff, vs. RI CS1, LLC, an Arizona Limited Liability Company, et al, Defendants, dated September 20, 2017, recorded October 4, 2017, in Document No. 2017-2770438, containing an easement for roadway purposes.
[Parcel 10-01870, Project 010PM248H8479]
- 2.) Warranty Deed from Joseph D. Rinkowski, a single man, to the State of Arizona, by and through its Department of Transportation, dated May 6, 2015, recorded June 5, 2015, in Document No. 2015-1560242.
[Parcel 10-01646, Project 010PM248H8479]
- 3.) Warranty Deed from Cheryl K. Copperstone, a married woman, as her sole and separate property, to the State of Arizona, by and through its Department of Transportation, dated May 28, 2015, recorded August 3, 2015, in Document No. 2015-2150284.
[Parcel 10-01636, Project 010PM248H8479]
- 4.) Warranty Deed from Feig Rentals, LLC, an Arizona limited liability company, to the State of Arizona, by and through its Department of Transportation, dated May 12, 2015, recorded June 22, 2015, in Document No. 2015-1730695.
[Parcel 10-01649, Project 010PM248H8479]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Vesting No. 1 (Document No. 2017-2770438) Repurchase rights do not apply due to the property being acquired by a Final Order of Condemnation.

NOTE: Vesting Nos. 2, 3 and 4 Repurchase rights do not apply due to the property being acquired more than 8 years prior to this transaction.

END OF REQUIREMENTS

SCHEDULE B

1. None.

END OF SCHEDULE B

EXAMINER'S NOTE

Schedule A-1, parcel 1, line 4 reads: "Thence continuing North 89 degrees 37 minutes 07 seconds West along said North line, a distance of 110.00 feet;"

The Assessors Map shows a distance of 115.00 feet.

ADOT AERIAL EXHIBIT



<p>ADOT Right Of Way <small>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</small></p>	DISPOSAL #	L-SC-009	HIGHWAY NAME:	CASA GRANDE - TUCSON
	EXHIBIT #		PROJECT NO.	010 PM 248 H8479
	DATE	10/27/2023	FEDERAL AID NO.:	010-D(216)S
ROUTE NO.:	I-10	LOCATION:	INA ROAD T.I.	SHEET NO. 1 OF 1

