<u>Commercial Appraisal</u> TEMPLATE INSTRUCTIONS AND PROCEDURES

Please review the following information prior to working in this template. This will be the last place you will be in the report development. Your first step is to complete the Datappraise Web fields. You will then merge data with Excel. When Excel is complete you Merge to Word and then with this template open you will Merge from Excel. At that point you are ready to work in this template.

You Should have completed the following steps prior to your merge:

- 1) All Datappraise Web Entry including Property, Subject Sales, Listings, Leases, Surveys if applicable
- 2) All Comps should be in Comps Cart
- 3) <u>All</u> "Property Photos" and Exhibits should be completed and uploaded to web including the following named conventions as applicable:
 - a) Aerial Map (clear caption field)
 - b) Executive Summary (good photo of front of building for exec sum) (clear caption field)
 - c) Existing Floor Plan (clear caption field)
 - d) Flood Map (clear caption field)
 - e) Improved Comparables Map (clear caption field)
 - f) Land Comparables Map (clear caption field)
 - g) Location Map (City Level Altitude) (clear caption field)
 - h) Miscellaneous 1 (Costar/Other Vacancy Graph 2-mile) (clear caption field)
 - i) Neighborhood Aerial Map (2-5 mile or so altitude) (clear caption field)
 - j) Neighborhood Boundary Map (clear caption field)
 - k) Plat Map (clear caption field)
 - I) Property Photo (All property photos that will be in report should be uploaded with description in the Caption field.)
 - m) Regional Map (clear caption field)
 - n) Rent Comparables Map (clear caption field)
 - o) Sales Comparable Map (clear caption field)
 - p) Rent Comparable Map (clear caption field)
 - q) Site Plan (clear caption field)
 - r) Tax Detail Photo (Assessors tax Data) (clear caption field)
 - s) Zoning Map (clear caption field)
- 4) All Excel Tags show in Aqua and Web tags show in Gray. Once you have merged from excel and web, use Modify subject tagged fields using toolbox Edit Fields in Web tool.
- 5) The table of contents is fully integrated and can be updated by using the References Tab and selecting Update Table.
- 6) The font and color in this document can easily customized. Place your cursor in the field you want to change. Go to the Styles tool box above, right click on the highlighted style box and select Modify. This will allow you to globally change the font, color, paragraph, etc. for the entire document.
- 7) To update header tags, open header, select narrative, right-click and update field.

BEFORE YOU FINALIZE, MAKE SURE ALL ITEMS IN RED ARE DELETED OR MODIFIED AS REQUIRED FIELD COLORS HAVE BEEN TOGGLED.

A { APPRAISALREPORTTYPE } APPRAISAL OF THE { UPPERCASE_TSUDESCRIPTION } PROPERTY LOCATED AT { ADDRESS }, { CITY }, { COUNTY }, { STATE } { ZIP }

<u>FOR</u>

{ MrMrs } { ClientFirstName } { ClientLastName } { ClientName } { ClientAddress } { ClientCity }, { ClientState } { ClientZip }

BY

{ AssignedAppraiserName } { AppraisalCompany } { CompanyAddress } { CompanyCSZ }

DATE OF VALUATION

{ ValuationEffectiveDate1 }

FILE REFERENCE

SAS File: #{ InternalFileNumber } { ClientFileNumber }

Logo

{ ReportDate }

```
{ MrMrs } { ClientFirstName } { ClientLastName }
{ ClientName }
{ ClientAddress }
{ ClientCity }, { ClientState } { ClientZip }
```

Re: A { AppraisalReportType } Appraisal Report of the { LOWERCASE_TSUDescription } building located at { ADDRESS }, in { City }, { County }, { State } { Zip } SAS File #: { InternalFileNumber } { ClientFileNumber }

Dear { MrMrs } { ClientLastName }:

In accordance with your request, we have conducted an appraisal report on the above-referenced property. Our analysis and conclusions are transmitted in this { AppraisalReportType } Appraisal Report. The purpose of this appraisal is to provide an estimate the market value of the subject's { LOWERCASE_PropertyInterestAppraised1 } interest as of { ValuationEffectiveDate1 }, the date of valuation. I was asked to provide a { LOWERCASE_CurrentOrProspective1 }, { LOWERCASE_ValuationPremise1 }, { LOWERCASE_ValuationType1 } for the subject property as of the date of valuation. Other Value Types? (Disposition/Replacement?) Add from Library/Report Components/Snippets

After a careful analysis of the subject property and current market conditions, my conclusion of { LOWERCASE_ValuationType1 } of the subject property as of the date of valuation, in the "{ LOWERCASE_ValuationPremise1 }" condition is as follows.

```
FINAL INDICATED MARKET VALUE,

{ PropertyInterestAppraised1 } { ValueTypeAndPremise1 }

Final Value Estimate }
```

The value estimate above is based on a cash sale or terms equivalent to cash, with an estimated marketing period of { ValuationMarketingTime1 }. No *Hypothetical Conditions* or *Extraordinary Assumptions* have been considered in this valuation.

The subject is identified as a { NRA } leasable square foot, { Stories }-story { LOWERCASE_TSUDescription } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE_BuildingCondition } condition.

```
{ MrMrs } { ClientFirstName } { ClientLastName } { ClientName } { ReportDate } PAGE TWO
```

The subject site totals { LandSF } square feet or { LandAcres } acres. The site is generally { LOWERCASE_Shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of approximately { Depth } feet. The property has a { Zoning } zoning which is a { LOWERCASE_ZoningDescr } classification. The subject is found on FEMA map { FloodMapNumber }, revised { FloodMapEffectiveDate }. { FloodDescr } { Parking } { SiteDescription }

IF LEASED LEAVE IN THE FOLLOWING

The current lease commenced { LeaseCommenceMYr } and expires { LeaseExpirationDate }. Over the term of the base lease, the rent increased { EscalationsDescr } annually. The tenant is currently paying { CurrentRate } per square foot { LOWERCASE_RateMonthlyAnnual } on a { LOWERCASE_LeaseLeaseType } basis. { ExpenseStructure }

IF LISTED FOR SALE LEAVE IN THE FOLLOWING

The subject is currently listed at price totaling { ListingPrice } or { LandUnitValue } per square foot. The listed price would produce an Overall Rate of { OARStab }. { ListingRemarks }.

A summary of limiting conditions is contained in the beginning of this report and is an important part of the appraisal. I certify that this report has been prepared in accordance with and is subject to the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation, relevant sections of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, and the Office of the Comptroller of the Currency (OCC) Guidelines. This appraisal is intended to conform to the typical banking appraisal guidelines. My signed certification is on the second page of the limiting conditions.

I appreciate the opportunity to have been of service in this matter. If you have any questions, please do not hesitate to call.

Respectfully submitted,

{ AssignedAppraiserName } { AssignedAppraiserCertification }

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LIMITING CONDITIONS & CERTIFICATION

LIMITING CONDITIONS

- This appraisal report is to be used in whole and not in part. In particular, no part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which he or she is connected, or any reference to the Appraisal Foundation, or the MAI designation.
- The distribution of value between land and building applies only under the present program of utilization and is invalidated if used in making a summation appraisal.
- No responsibility is assumed by the undersigned Appraiser for any matter, which is of a legal nature, nor is any opinion on the title rendered herewith. Good title is assumed.
- This property has been appraised as if free and clear of all liens and encumbrances, except as herein described.
- The management of the property is assumed to be competent and the ownership in responsible hands.
- No survey has been made. Valuation is reported without regard to questions of boundaries, encumbrances and encroachments.
- The author of the report is not required to give testimony in Court unless arrangements have been previously made therefore.
- Possession of this report does not include the right to publish or advertise any of its conclusions, nor may any except the applicant use the same for any purpose without the previous written consent of the appraiser or the applicant.
- This appraisal assumes that no hazardous substances are, or have been contaminating, directly or indirectly, the subject property and that the property has been and is in compliance with all applicable federal and state environmental protection statutes and regulations.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detail requirements of the ADA has been made. It is possible that a compliance survey of the property, together with a detailed analysis of requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since no direct evidence has been made available to the appraiser relating to this issue, possible non-compliance with the requirements of ADA in estimating the value of the property was not considered.

CERTIFICATE OF APPRAISAL

I certify, to the best of my knowledge and belief, to the following:

- 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.
- { AuthorsPerspective } have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- { AuthorsPerspective } have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- { AuthorsPerspectiveMyOur_Upper } engagement in this assignment was not contingent upon developing or reporting predetermined results.
- { AuthorsPerspective } { PriorAppraisalOfSubject } appraised or provided professional appraisal services on the subject property within the 3 years prior to { AuthorsPerspectiveMyOur_Lower } engagement.
- { Authorsperspectivemyour_Lower } compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- { AuthorsPerspective } have made a personal inspection of property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- { ReviewAppraiserName } provided significant real property appraisal assistance to and under the supervision and direction of the person signing this certification and report by completing research and assisting with narrative.
- As of the date of this report, { AssignedAppraiserName } has completed the continuing education program of the Appraisal Institute.

Source: Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, Standards Rule 2-3.

	{ ReportDate }
{ AssignedAppraiserName }	Date
{ Assigned Appraiser Certification }	

EXECUTIVE SUMMARY

Location Map

«RegionalMap_All_Photos»

Subject Property

«ExecutiveSummary_All_Photos»

EXECUTIVE SUMMARY

The { LOWERCASE_TSUDescription } building located **Property Identification:**

at { ADDRESS }, in { City }, { County }, { State } { Zip }

Census Tract/MSA: { CensusTract } / { MSA }

{ Latitude }/{ Longitude } Latitude/Longitude:

Assessor's Parcel No.: { TaxID }

Ownership: Ownership to the property is held under the name of {

> Owner recorded under LOWERCASE PriorSaleBookPage } on { PriorSaleDate }, according to { County } Assessor's Record. The subject { Sentence SubjectHasHasntSoldLast3Years } sold in the past 3 years. If it has sold, leave in the following; The subject was acquired by the current owner on {

ContractDate } at a price totaling { SalePrice }.

IF LEASED LEAVE IN THE FOLLOWING

The current lease commenced { LeaseCommenceMYr } and expired May 1, 2012. { LeaseOptionsDescr } Over the term of the base lease, the rent increased { EscalationsDescr \ annually. \ LeaseRemarks \ \

IF LISTED FOR SALE LEAVE IN THE FOLLOWING

The subject is currently listed at price totaling { ListingPrice } or { ListingPricePerSFNRA } per square

foot. { ListingRemarks }.

Land Data: The subject site totals { LandSF } square feet or {

> LandAcres } acres. The site is generally LOWERCASE_Shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of approximately { Depth } feet. The property has a { Zoning } zoning which is a { LOWERCASE_ZoningDescr } classification. The subject is found on FEMA map { FloodMapNumber }, revised { FloodMapEffectiveDate }.

{ FloodDescr } { Parking } { SiteDescription }

As If Vacant: { HighestAndBestUseAsVacant } **Highest and Best Use:**

As Improved: { HighestAndBestUse }

Improvements: The subject is identified as a { NRA } leasable square foot,

{ Stories }-story { LOWERCASE_TSUDescription } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE BuildingCondition } condition

is in { LOWERCASE_BuildingCondition } condition.

Extraordinary Assumption: { ExtraOrdinaryAssumtion1 }

{ ExtraOrdinaryAssumtion2 }

Hypothetical Conditions: { HypotheticalCondition1 }

{ HypotheticalCondition2 }

Value Indicators:

Cost Approach: { Cost_Indicated_Value_Rounded }

Income Approach: { Income_Indicated_Value_Rounded }

Sales Comparison Approach { Sale_Indicated_Value_Rounded }

FINAL INDICATED MARKET VALUE,

{

Final_Value_Estimate }

Marketing Time: Typical, approximately { ValuationMarketingTime1 }

Exposure Time: Typical, approximately { ValuationExposureTime1 }

INTRODUCTION

INTRODUCTION

Property Identification

The subject of this appraisal is the { LOWERCASE_PropertyType } property located at { ADDRESS }, in { City }, { County }, { State } { Zip }.

Intended Use

This appraisal is intended to be used by the { ClientName } in establishing a basis of { LOWERCASE_CurrentOrProspective1 } { LOWERCASE_ValueTypeAndPremise1 } for the ownership of a { LOWERCASE_PropertyInterestAppraised1 } interest in the subject property as of { ValuationEffectiveDate1 } for the purpose of { AppraisalPurpose }.

Intended User

This appraisal is intended for the sole and exclusive use by the { ClientName } and/or affiliates, collectively, identified as my client. This appraisal is not intended for third party use without the written consent of the appraiser.

Appraisal Assignment

This appraisal has been completed at the specific request of { MrMrs } { ClientFirstName } { ClientLastName } of the { ClientName }, as evidenced by the Letter of Engagement found within the addenda of this appraisal. I was asked to provide a { LOWERCASE_CurrentOrProspective1 } { LOWERCASE_ValuationType1 } for the property in the "{ LOWERCASE_ValuationPremise1 }" condition as identified herein. Copy Other Value Types from letter or Add from Library/Report Components/Snippets (Disposition/Replacement?)

Limiting Conditions

The Limiting Conditions for this appraisal are located on page 2 of this appraisal report.

Certification

A Certification as prescribed by the Uniform Standards of Professional Appraisal Practice is contained on page 3 of this appraisal report.

Definitions

A glossary of general appraisal terminology is contained in Addendum A. Following are some of the more pertinent definitions that will be used in this appraisal.

Market Value

"Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

- 2. Both parties are well informed or well advised, and acting in what they consider their best interests;
- 3. A reasonable time is allowed for exposure in the open market;
- 4 Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Source: (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

{ AppraisalReportType } Appraisal Report

A written report prepared under Standards Rule 2-2(b) or 8-2(b) of the Uniform Standards of Appraisal Practice, 2012/2013 ed.

Source: The Dictionary of Real Estate Appraisal by The Appraisal Institute, 5th Edition.

Note: A Summary Appraisal report contains a summary of all information significant to the solution of the appraisal problem. The essential difference between a Self-Contained appraisal report and a summary appraisal report is the level of detail of presentation.

Competency Provision

The appraiser completing this assignment has had prior experience appraising { LOWERCASE_TSUDescription } buildings within the State of { State }. The appraiser has also had experience valuing the types of interests appraised. With this experience, the appraiser is competent to complete the assignment as described in the Scope and Intended Use of this appraisal.

Marketing and Exposure Time

Marketing time is defined by the Appraisal Institute as "an opinion of the amount of time it might take to sell a real of personal interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from Exposure time, which is always presumed to precede the effective date of an appraisal." Marketing Time and Exposure Time would ordinarily be the same, unless a temporary market condition existed prior to the date of valuation that would not be a factor post date of value or vice versa. Market influences like a road widening, local or national election could be considered. Sources of support data include national surveys, comparable sales data and broker interview.

The marketing time for a property such as the subject has been determined to be within a range of approximately { LOWERCASE_ValuationMarketingTime1 }. This estimate is based upon the comparable sales analysis and interviews with commercial real estate brokers in the { City } area. This marketing time assumes the final concluded market value.

Exposure time is presumed to precede the effective date of the appraisal, and reflects the estimated length of time the property would need to be offered prior to the date of the appraisal to achieve a market value sale on the effective date of the appraisal.

Based on an analysis of market conditions, the exposure time is determined to be within a range of approximately { LOWERCASE_ValuationExposureTime1 }.

Market Participant Interviews

REFRESH FROM LIBRARY AND KEEP UPDATED

DELETE QUICK SALE DISCOUNT IF NOT NEEDED

Legal Description { County } Assessor

{ LegalDescr }

Interest Appraised

The interest appraised arrises from { LOWERCASE_PropertyInterestAppraised1 } ownership as defined in Addendum A of this report.

Property Ownership and History

The subject site was improved in { YOC } with a { NRA } rentable square foot, { Stories }-story building with a ceiling clear height of approximately { CeilingHeight } feet. The property has been occupied by { OccupancyType } dba { DoingBusinessAs }, for { currentuse } use.

Ownership to the property is held under the name of { Owner } as recorded under { LOWERCASE_PriorSaleBookPage } on { PriorSaleDate }, according to { County } Assessor's Record. The subject { Sentence_SubjectHasHasntSoldLast3Years } sold in the three years prior to the date of valuation. If it has sold, leave in the following; The subject was acquired by the current owner at a price totaling { PriorSaleAmount }.

IF LEASED LEAVE IN THE FOLLOWING

The current lease commenced { LeaseCommenceMYr } and expired May 1, 2012. { LeaseOptionsDescr } Over the term of the base lease, the rent increased { EscalationsDescr } annually. { LeaseRemarks }

IF LISTED FOR SALE LEAVE IN THE FOLLOWING

The subject is currently listed at price totaling { ListingPrice } or { LandUnitValue } per square foot. The listed price would produce an Overall Rate of { OARStab }. { ListingRemarks }.

Important Dates

Effective Date	Inspection Date	Date of Report
{ ValuationEffectiveDate1 }	{ SubjectInspectionDate	{ ReportDate }

Scope of the Appraisal

This report is intended to be a { AppraisalReportType } Appraisal Report, as defined by the Appraisal Foundation in the current Uniform Standards of Professional Practice. All data pertinent to the solution of the appraisal problem has been collected, confirmed and reported. The difficulty of the appraisal problem is reflected in the extent of the Scope of the Appraisal.

To accomplish the stated purpose of the appraisal, a field inspection of the subject property and the surrounding neighborhood and marketing area was conducted. In addition, extensive research regarding sales, rentals and other information was

collected, confirmed and analyzed to support the valuation analysis. The specific activities included the following.

- Inspection of the property appraised, comparable rentals and comparable improved sales.
- A complete survey of the competitive supply and demand was conducted by interviewing brokers and property managers. Information was also obtained from a variety of published sources including Costar Property, brokerage firms, the Chamber of Commerce, newspapers and other sources.
- Research was performed into the local economy that drives the demand for this style of { LOWERCASE_PropertyType } space.
- A brief investigation into the ownership history of the property was conducted to ascertain current ownership, recent transfers and other information.
- Research was conducted for comparable sales and listings to help support the conclusions of market value of the subject property. The data sources included Costar Comps, LoopNet, broker interviews, { County } Recorder, and other sources. The data was confirmed to the greatest extent possible and analyzed within the report.

Important Assumptions and Limitations

- This appraisal report is based on a substantial amount of information obtained from a variety of sources. These include property owners, sellers, brokers and government agencies. No information requested that was deemed pertinent to the completion of this report was withheld by representatives of the property ownership. Where possible we have attempted to independently verify all data. However, we must assume that all information obtained is reasonable and accurate.
- This appraisal has been made subject to my interpretation of current government regulations. It is possible that a number of factors could change which could impact the value of the property. Possible modifications of the regulations that could impact the property include zoning, building safety, flood plain regulations, and a host of other similar ordinances. Our appraisal assumes that no substantial changes in these regulations occur in the foreseeable future.
- I have not been provided with an environmental study or soil analysis of the subject property. This appraisal assumes that there are no hazardous substances on the site or adjoining properties that would affect the value or marketability of the property.
- The Americans with Disabilities Act (ADA) became effective January 26th, 1992. No specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detail requirements of the ADA has been made. It is possible that a compliance survey of the property,

{

together with a detailed analysis of requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since no direct evidence has been made available to the appraiser relating to this issue, possible non-compliance with the requirements of ADA in estimating the value of the property was not considered.

Method of Valuation: { PropertyInterestAppraised1 }

The valuation of commercial real estate is typically based on the traditional approaches to value. These are described as follows.

- Income Approach to Value This approach analyzes a property based on a stabilized income that it can produce. The estimated expenses are deducted from the effective gross income, resulting in an estimate of net income that can be a stabilized amount, or a forecast of net income over several years. The net income is then converted into value by the use of an overall rate of return applied to a stabilized income stream, or a discount rate applied to a projected income stream and reversion.
- Cost Approach to Value This approach to value calculates the market value of improved real estate by the summation of the market value of the land and the contributing value of the improvements. The value of the land is estimated by first valuing the subject site as if vacant. The improvement value is based on the replacement cost.
- Direct Sales Comparison Approach to Value This approach is based on sales of similar properties. The differences are analyzed based on different units of comparison. The results are then correlated into an indication of value.

This appraisal will use the { Sentence_ApproachesUsed } to value.

IncomeApproachReason } { SaleApproachReason } { CostApproachReason }

Report Organization

The following report is divided into several sections. The sections and the contents are summarized as follows.

DELETE THIS LINE AND UNUSED VALUATION SECTION

- Introduction This section contains a brief introduction to the property including descriptive data, definitions and important assumptions.
- Property Identification This section contains the neighborhood overview, property description, improvements description and photographs of the subject.
- Highest and Best Use Analysis This section includes an analysis of the Highest and Best Use which will form the basis of the valuation.
- Income Approach to Value This section will analyze income of similar styles of { LOWERCASE_PropertyType } buildings, and compare them to the subject property to form a value conclusion.
- Cost Approach to Value The Cost Approach will include an estimate of land value and the contributing value of the improvements based on the depreciated replacement cost.
- Direct Sales Comparison Approach This section will analyze sales of similar styles of { LOWERCASE_PropertyType } buildings, and compare them to the subject property to form a value conclusion.
- Reconciliation and Final Estimate of Value This section correlates the value conclusion from each section, resulting in a single value estimate for the subject property.
- Addenda The Addenda contains supporting data for the report including
 { LOWERCASE_Addendum_1 }, { LOWERCASE_Addendum_2 }, {
 LOWERCASE_Addendum_3 }, { LOWERCASE_Addendum_4 }, {
 LOWERCASE_Addendum_5 }.

PROPERTY IDENTIFICATION

PROPERTY IDENTIFICATION

Metropolitan Area Description

«LocationMap_All_Photos»

INSERT METRO AREA DESCRIPTION FROM LIBRARY

Neighborhood Description

The neighborhood is located in the { Neighborhood } area of Metropolitan { City }. In general, the area is considered to be { LOWERCASE_PropertyType } in nature. The neighborhood boundaries are generally defined as follows:

North: { NeighborhoodBoundaryNorth }
South: { NeighborhoodBoundarySouth }
East: { NeighborhoodBoundaryEast }
West: { NeighborhoodBoundaryWest }

The neighborhood is described as an area of homogeneous use. These uses are influenced by Social Factors, Economic Status, Governmental Influences and Environmental Concerns. These influences are discussed in the following sections.

«NeighborhoodBound_All_Photos»

Social Factors

In the analysis of a market area, it is important to identify and describe social characteristics that are relevant to property value. These influences can be generally compared to other market areas in forming an opinion of market value. Relevant Social Influences include population, education levels of area residents, age level, household size, employment levels and crime.

According to { DemographicDataSource }, the population within the neighborhood totals approximately { CurrentPopulation } people which is moderately dense for the metropolitan area. The median age for the area is 35.2 years. The median age in the { City } Metropolitan area is 31.9 years while the County median is { AgeMedianCounty }

years and state is { AgeMedianState } years. The median age in the United States is 35.6 years. { AgeCorrelationSentence }. The average household size in the neighborhood is { HouseholdSizePerPerson } persons which is similar to regional and national averages.

Approximately { EducationPercentHSGradNeighbor } of the population within the neighborhood has a high school or higher level of education. Approximately 85% of the { City } Metropolitan area population has a high school or higher level of education. This ratio compares closely to { State } at { EducationPercentHSGradState } and the United States at 85.4%.

The Bureau of Labor Statistics reported that the unemployment rate for { City } was { UnemploymentRateCity } in most recent study, { UnemploymentRateAsOfDate }. For the same month, the { City } and { State } unemployment rates were { UnemploymentRateCity } and { UnemploymentRateState } respectively. The unemployment rate in { City } peaked in October 2009 at 9.4%. { UnemploymentRateSentence }.

Crime risk within the subject neighborhood is { CrimeRiskNeighborhood } when compared to other neighborhoods, according to the { City } Police.

Socially, the subject neighborhood is considered to be { SocialMakeupNeighborhoodGrade } when compared to others in the metropolitan area.

Economic Influence

The neighborhood economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the populations appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction.

The following table summarizes the median income for the subject neighborhood, metropolitan area and the State of { State }.

Income; 2010	Neighborhood	{ County	{ State
US Census		}	}
Median	{	\$44,293	\$46,772
Household	IncomeMedHouseholdNeighborhood		
Income	}		
Per Capita	{ IncomePerCapita }	\$19,785	\$26,838
Income			

Approximately { OwnershipPercentNeighborhood } of the housing units within the area are owner occupied which contrasts with the { City }, State and National averages of { OwnershipPercentCity }, { OwnershipPercentState } and { OwnershipPercentNation }.

Neighborhood real estate market conditions in the metropolitan area are generally stable, however, declined significantly in 2009 and into 2010. A general stabilization was apparent in all sectors beginning in the 3rd ½ 2010. Market activity remains stagnant, however, broker are reporting a moderate increase in activity. According to Costar

property, { LOWERCASE_PropertyType } vacancy in the area of the subject totaled vacancysubmkt } as of the { _vacancyqtr }. Vacancy and rents are generally in a holding pattern with no definitive trend up or down. Following is a graph of the data.

{ PROPERTYTYPE } Vacancy; 2 mile radius

«Miscellaneous1_All_Photos»

Source: Costar Property

Government Influence

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax and empowerment zones.

Zoning in the area is mixed, including commercial, residential and industrial designations. Zoning code is enforced by the municipality and enforcement in all areas of { City } is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

Insert Flood Plain Information from library if relevant. Otherwise leave the following.

There are no floodplain concerns that have an overall effect on property in the neighborhood.

Property taxes in the area are established by { County } and are assessed based on valuation. Considering broad authority of the county administration, the assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are no know special assessments that affect property in the neighborhood. The neighborhood is served by all utilities in adequate quantity.

Environmental Concerns

Environmental concerns are primarily associated with contamination. Contamination can occur from leaking underground fuel storage tanks, chemical spills, etc. Under current federal and state regulations, contamination on a broad scale is unlikely. { State } Department of Environmental Quality (ADEQ) established a Registry of sites in { State } where groundwater and/or soil contamination is present and which qualify for funds from the Water Quality Assurance Revolving Fund (WQARF). These areas are also referred to as Superfund areas. Sites on the WQARF Registry are monitored and remediated over the long term and do not pose a significant health risk. Based on a review of historic sales data, a location within a Superfund area does not measurably affect property value and does not impact Highest and Best Use. There are 7 WQARF sites in the metropolitan area.

Look in Datappraise/Neighborhood/Environmental at ADEQ map to see if neighborhood is in Superfund Area. *If it is not*, delete this and leave the following *APPROPRIATE* statement.

The subject neighborhood has no known WQARF sites within its boundary.

<u>If it is</u>, go in to library and pull the appropriate description and delete this and the following **APPROPRIATE** statement.

The subject neighborhood is affected by the ______ WQARF site. INSERT HERE.

Public Transportation

The streets within the neighborhood are laid out in a grid pattern with major streets generally along the section and ½ section lines. The major north/south streets in the neighborhood include { StreetNeighborhoodNSMajor }. The major east/west streets include { StreetNeighborhoodEWMajor }. { StreetAccessSentenceNeighborhood }. With the existing transportation system, all areas of metropolitan { City } are accessible from the subject neighborhood and access is considered average for the metropolitan area. Public bus service is available throughout the area. Overall, access within the neighborhood is average for the metropolitan area.

Environmental Influences

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances of hazards. Public utilities are available in adequate quantity from public and private sources. The area has both public and private schools in adequate supply and quality.

Immediate Neighborhood

The uses immediately surrounding the subject include the following:

North: { ImmediateEnvironNorth }
South: { ImmediateEnvironSouth }
East: { ImmediateEnvironEast }
West: { ImmediateEnvironWest }

«NeighborhoodAerial_All_Photos»

NEIGHBORHOOD AERIAL MAP

«PlatMap_All_Photos»

PLAT MAP

 ${\it «SUBJECTAERIALMAP_ALL_PHOTOS»}$

AERIAL MAP

PROPERTY DESCRIPTION

The subject property is located in metropolitan { City }, { State }. In order to provide complete details of the property, the physical characteristics of the site and the improvements will be discussed. Lastly, external impacts of the property such as zoning and taxes will be addressed.

Site Description

Location

{ LocationDesc } The physical address of the subject is { ADDRESS }, in { City }, { County }, { State } { Zip }.

Size and Shape

The subject site totals { LandSF } square feet or { LandAcres } acres according to { DataSource }. The site is generally { LOWERCASE_Shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of { Depth } feet.

Streets

Access to the subject site is provided by { StreetAccess }, which is an asphalt paved, publicly maintained, two lane road. { StreetAccess } carries approximately { Traffic } vehicles in a 24 hour period according to a recent municipal count. { SecondaryFrontageDesc } Overall access to the subject site is considered to be average.

Topography

The subject site is { LOWERCASE_Topography } and { LOWERCASE_GradeLevel }. Drainage appears to be { drainage } based on inspection.

Soils

The actual soil conditions are unknown. The soil is assumed to be a { LOWERCASE_SoilType } which is common to the area.

Flood Plain

The subject is found on FEMA map { FloodMapNumber }, revised { FloodMapEffectiveDate } { FloodDescr }

«SubjectFloodMap_All_Photos»

Flood Hazard

Utilities

The subject property is served by all utilities. The utility providers are as follows:

Electricity: { ElectricDescr }

Natural Gas: { GasDescr }

Water: { WaterDescr }

Sewer: { SewerDescr }

Telephone: Multiple providers

{CompanyName} Page 22

Easements/Restrictions

The subject property is assumed to be encumbered by typical easements for both ingress/egress and utilities. These types of easements and encroachments are considered to have negligible impact on the subject property as it is fully developed.

Zoning

The property has an { Zoning } zoning which is a { LOWERCASE_ZoningDescr } classification by the { ZoningJurisdiction }. *Insert Snippet for Zoning Description* The existing use and improvements conform to the zoning designation.

«SubjectZoningMap_All_Photos»



Environmental Concerns

The subject property does not display any evidence of environmental contamination based on physical inspection. As I am not trained in evaluating environmental concerns and it is a specific assumption of this report that no such hazards exist.

Real Estate Taxes

«TaxDetailPhoto_All_Photos»

According to the Pima County Treasurer's Office the taxes for the past year total { TaxRecord_TotalTaxes } and the total tax due with interest and penalties (if any) equals { TaxRecord_AmountDue }. Based on comparison, the current tax rate is reasonable.

Site Improvements

Parking: The parking area is asphalt paved with a total of { Parks }

parking spaces that are striped. { Parking } Overall, parking is

typical and adequate.

Landscaping: Adequate and typical for the area. { LandCover }

«ExistingFloorPlan_All_Photos»

FLOOR PLAN(S)

Improvement Description

The subject consists of an { LOWERCASE_PropertyType } building located at { ADDRESS }, in { City }, { County }, { State } { Zip }. The following sections will discuss the subject improvements quality, construction type and overall condition. The information is based on my physical inspection of the subject property, public record and interview with the property owner.

General Description

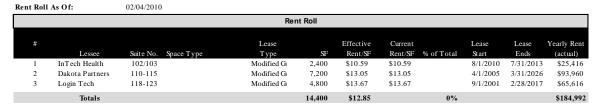
The subject is identified as a { NRA } square foot, { Stories }-story { ConstrDescr } property. The ceiling clear height equals approximately { CeilingHeight } feet. The building was constructed in { YOC } and is occupied by { OccupancyType } dba { DoingBusinessAs }, for { CurrentUse }. { BuildingDescription }

Age

The subject was constructed in { YOC } and has a chronological age of 28 years. Given the construction type, the building is expected to have a total economic life of { SubjectWebEconomicLife } years, based on Marshall Valuation Services. I estimate that the subject has an effective age of { Subject_Average_Effective_Age } years, { LOWERCASE_ValuationPremise1 }. The remaining economic life total { SubjectWebRemainingEconomicLife } years.

Building Size

The subject totals { NRA } square feet of leasable area based upon my physical measurement cross checked with the { County } Assessor records. The tenant mix is as follows:



Site Coverage

The land to building ratio equals 1 to { LandToBldg } and the coverage ratio equals { FloorAreaRatio }.

Construction

Foundation: { FoundationType }

Exterior Walls: { ConstructionTypeDesc }

Interior Walls: { WallType }

Roof: { RoofMaterial }
Floor Covering: { FloorCover }

Doors: Typical commercial store front and rear door.

Electrical: { ElectricalSupply }

Lighting: { Lighting }

Ceilings: The ceilings in the property are approximately { CeilingHeight }

Plumbing & Restrooms: { RoofHVACComment }

HVAC: { HeatingType } heat and { AC }

Environmental Issues: This appraisal assumes that the subject is free of environmental issues.

Functional Utility and Layout

Overall, the design of the property is considered to be functional and provides an average level of utility to a variety of { LOWERCASE_PropertyType } tenant types.

Quality & Condition

The subject property was developed with average quality materials and is in { LOWERCASE_BuildingCondition } condition.

PROPERTY PHOTOGRAPHS

${\it ``Subject Property_All_Photos"}$

HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE ANALYSIS

The Highest and Best Use is that probable use or program of future utilization which will generate the highest net return on land over a certain period of time. The following definition will serve as the basis for the Highest and Best Use conclusion in this appraisal.

Highest and Best Use of Land or a Site As Though Vacant

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Highest and Best Use of Property as Improved

"The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use.

Source: The Dictionary of Real Estate Appraisal, 5th Edition by The Appraisal Institute

The specific criteria which must be addressed to establish Highest and Best Use follows:

- **1.** Legal Restrictions The use must be legal and in conformance with all types of government regulations.
- **2.** *Physical Limitations* The use must be physically suited to the site.
- **3.** *Economic Feasibility* There must be demonstrated demand and a potential profit for the projected use. If more than one use is probable, the highest and best use is that use which returns the greatest income to the land, also known as the maximally productive use.
- **4.** *Maximally Productive Use* The use which generates the greatest income to the land, and provides a basis for feasible development is considered the maximally productive use of the land and also the Highest and Best Use.

In the following sections, we will more thoroughly address the issues above as they relate to the subject property. The analysis will first address the Highest and Best Use, as if vacant. The existing improvements will then be analyzed to assess whether they represent a the Highest and Best Use of the property.

Highest and Best Use, As If Vacant

Legal Restrictions

Legal restrictions are typically associated with public concerns of zoning, building codes and environmental regulations. The subject site is zoned { Zoning }, by the { ZoningJurisdiction } Zoning Ordinance. The { Zoning } zoning is a { LOWERCASE_ZoningDescr } classification. INSERT ZONING SNIPPET FROM DP

Building codes in the city are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

There are no specific environmental regulations which will be in place altering the potential uses of the subject site as outlined in the zoning classification. The only environmental issues which must be met are those regarding contamination and drainage. These considerations are typical of properties under this zoning designation.

From a legal standpoint, the development possibilities are limited only by the confines of the zoning and building code. Based on this, the use could include a number of property types.

Physical Limitations

The subject site totals { LandSF } square feet or { LandAcres } acres. The site is generally { Shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of approximately { Depth } feet. The subject is found on FEMA map { FloodMapNumber }, revised { FloodMapEffectiveDate }. { FloodDescr }

There is no known drainage or other physical problems that would impact the Highest and Best Use. From a physical standpoint, the subject could be developed with a number of uses within the confines of size and shape.

Economic Feasibility/Maximally Productive Use

To be an economic use of real estate, the use must be economically feasible. The measure of economic feasibility is that the present worth of the economic benefits to be derived from the property is greater than the development costs. If the present worth of the economic benefits, or market value, of the property is greater than development costs, then a developer's profit would be indicated and the project would be considered feasible. If the costs were greater than potential value, then the project would not be feasible. An inherent assumption is that there must be adequate demand for the proposed use for it to be an economic use.

The subject site has an average location with average demographic characteristics. Given the legal and physical considerations, the Highest and Best Use of the subject would be for { CurrentUse } use.

INSERT COSTAR { UPPERCASE_PropertyType } MARKET DATA FROM DOC LIBRARY

«Miscellaneous1 All Photos»

The subject is located in the { markettype } area of Metropolitan { City }. As of the { Average_Sub_Market_Vacancy_As_Of }, this submarket vacancy totaled { VacancyMarket }. All things considered, the Highest and Best Use of the subject, if vacant, is to remain vacant until an owner occupant could support { LOWERCASE_PropertyType } development. Speculative development would not be prudent.

Highest and Best Use, As Improved

The subject is identified as a { NRA } leasable square foot, { Stories }-story { LOWERCASE_TSUDescription } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE_BuildingCondition } condition.

The use satisfies the legal, physical and economically feasible uses as identified above. The overall design is considered to be functional. All things considered, the Highest and Best Use is "{ LOWERCASE_ValuationPremise1 }." Parking is adequate for this type of property. Overall, the current improvement is considered to represent the highest and best use of the property.

INCOME APPROACH TO VALUE

THE INCOME APPROACH TO VALUE

Introduction

The Income Approach is an appraisal method which converts income from real estate into value. The approach is predicated on the valuation principle of anticipation whereby a knowledgeable investor will pay for the right to receive income in the future. The same economic principles which drive the stock market and other capital markets also apply to this approach.

Before the income stream can be converted into value, several preliminary steps are necessary. First, gross contract or economic rent must be established. This income is then adjusted for vacancy and credit losses, operating expenses, and in some cases debt service. The typical methodologies exclude debt service, requiring only an estimate of net operating income.

The last step in the analysis is the conversion process. The two most commonly accepted methods available to appraisers are capitalization using an overall rate and discounting a projected periodic income stream into a single present value estimate.

The calculation of the Income Approach will begin with an overview of the appropriate methodology to use in valuing the subject property. This will be followed by the analysis of economic rent, expenses and conversion of the income into value.

Methodologies

There are two primary methodologies available in valuing income-producing properties through an Income Approach. These are:

- 1. The Direct Capitalization method and
- 2. Discounted Cash Flow

The overall rate analysis is predicated on stability in the cash flow. This is a simple application that is typically used by the buyers that may be interested in the subject property. The Discounted Cash Flow is typically applied when fluctuations in rent and/or expenses are anticipated and the property is multi-tenant in nature. Based on this consideration, the overall rate analysis will be used in this valuation.

The subject is identified as a { NRA } leasable square foot, { Stories }-story { propertytype } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE_BuildingCondition } condition.

The subject site totals { LandSF } square feet or { LandAcres } acres. The site is generally { Shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of approximately { Depth } feet. { Parking } { SiteDescription }

Option 1: IF THE SUBJECT <u>IS LEASED</u>, DELETE THIS AND PUT IN THE FOLLOWING BASED ON MULTI/SINGLE TENANCY

The current lease commenced { LeaseCommenceMYr } and expired May 1, 2012. { LeaseOptionsDescr } Over the term of the base lease, the rent increased { EscalationsDescr } annually. { LeaseRemarks }

Following is a rent roll that provides detail of the existing leases within the subject property:

Rent Roll	As Of:	02/04/2010	1								
				Ren	nt Roll						
#	Lessee	Suite No.	Space Type	Lease Type	SF	Effective Rent/SF	Current Rent/SF	% of Total	Lease Start	Lease Ends	Yearly Rent (actual)
1	InTech Health	102/103		Modified G	2,400	\$10.59	\$10.59		8/1/2010	7/31/2013	\$25,416
2	Dakota Partners	110-115		Modified G	7,200	\$13.05	\$13.05		4/1/2005	3/31/2026	\$93,960
3	Login Tech	118-123		Modified G	4,800	\$13.67	\$13.67		9/1/2001	2/28/2017	\$65,616
	Totals				14,400	\$12.85		0%			\$184,992

Option 2: IF THE SUBJECT IS NOT LEASED, HOWEVER IS LISTED DELETE THIS AND PUT IN THE FOLLOWING

There is no arm's length lease on the subject property, however, it is listed for lease. Following is a summary of the offering.

DEVELOP A SURVEY IN DP UNDER THE SUBJECT WITH LISTING INFO. SEARCH FOR SUBJECT IN COMPS AND ADD IT TO COMPS CART. PRINT LEASE TO FORMAT 3 AND INSERT HERE.

Option 3: IF THE SUBJECT IS NOT LEASED AND NOT LISTED FOR LEASE, PUT IN THE FOLLOWING.

There is no arm's length lease on the subject property.

Market Rent Analysis

Based on a review of market data, these types of properties are typically leasing on a triple net (NNN) or Modified Gross (MG) format. The { PrevailingLeaseType } type of lease agreement is most commonly found in this market based on the data.

In an effort to establish an understanding of market rental rates within the subject area, I have conducted a survey of comparable properties. I attempted to locate similar buildings in the subjects { markettype } market area, however, as I have indicated the area is predominantly owner occupied and there is a limited supply of similar, leased buildings that can be compared to the subject. I expanded my search to include other { LOWERCASE_PropertyCategory } market areas within Greater Metropolitan { City }. A summary of the comparable rental information and a map is on the following page.

The data is from buildings with similar quality, location and other attributes to the subject. A rental adjustment grid will be used to adjust the data. Photos of the comparables and detailed information is to follow.

Rent Comparable Map

«RentComparableMap_All_Photos»

Summary Table of Comparable Rentals

J = 000 = 0	r comparable re				
	Subject	Lease # 1	Lease # 2	Lease # 3	Lease # 4
Address	4001-4003 East	3955-3961 E	3755 North	2551 North	4911 E.
	Speedway	Speedway Blvd	Business Center	Dragoon Street	Broadway Blvd
City	Tucson	Tucson	Tucson	Tucson	Tucson
NRA (SF)	14,400	55,339	37,591	13,658	18,181
Year Constructed	1986	1981	1993	2001	1979
Floor to Area Ratio	0.27	0.33	0.33	0.29	0.37
Site SF	53,130	168,362	113,960	46,351	49,167
Land To Bldg. Ratio	3.69	3.04	3.03	3.39	2.7
Market Lease					
Lease Date	Aug-10	07-2009	10-2009	05-2012	07-2007
SF Leased	2,400	2,340	16,100	6,793	18,181
Effective Rate	\$10.59	\$13.00	\$12.25	\$10.44	\$22.87
Term in Months	36	60	60	48	84
Expenses	Modified Gross	Modified Gross	Modified Gross	Modified Gross	Full Service
Market Rent Indication	on	\$13.00	\$12.25	\$10.44	\$22.87
Qualitative Ratings					
Location		\$0.00	\$0.00	\$0.00	\$0.00
Size		\$0.00	\$0.00	\$0.00	\$0.00
Age/Condition/App	eal	\$0.00	\$0.00	\$0.00	\$0.00
Market Trends		\$0.00	\$0.00	\$0.00	\$0.00
Overall Rating		Inferior	Inferior	Inferior	Superior

INSERT RENT COMPS DATA SHEET 3 FORMAT

In comparing the lease information, an adjustment grid was used which allows specific considerations to be made with respect to each of the characteristics of each property. An initial adjustment will be applied for expense exposure. Further adjustments will be made for { Rental_Adjustment_1 }, { Rental_Adjustment_2 }, { Rental_Adjustment_3 } and { Rental_Adjustment_4 }. Other adjustments have been considered; however, these best provide a basis of comparison. What follows is a discussion relating to each adjustment. Please refer to the grid for the actual level of adjustment applied.

Adjustments for { Rental_Adjustment_1 }

This adjustment equalizes lease structure. Based on the data, the subject would most likely lease on a { PrevailingLeaseType } basis. All of the comparables are leased on a { PrevailingLeaseType } basis which requires no adjustment.

Adjustments for { Rental Adjustment 2 }

To adjust for location, characteristics such as area, neighborhood demographics, access and commercial exposure of the comparable sales are considered. { LocationDesc } This is an average { LOWERCASE_PropertyType } location.

Rent Comparable 1: { CompField_LC_1_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_1_Adjustment_2_Qualitative } to the subject and a { Comp_Adj_Rent_1_Adjustment_2_Percent } adjustment will be applied.

Rent Comparable 2: { CompField_LC_2_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_2_Adjustment_2_Qualitative } to the subject and a { UPPERCASE_Comp_Adj_Rent_2_Adjustment_2_Percent } adjustment will be applied.

Rent Comparable 3: { CompField_LC_3_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_3_Adjustment_2_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Rent_3_Adjustment_2_Percent } adjustment will be applied.

Rent Comparable 4: { CompField_LC_4_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_4_Adjustment_2_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Rent_4_Adjustment_2_Percent } adjustment will be applied.

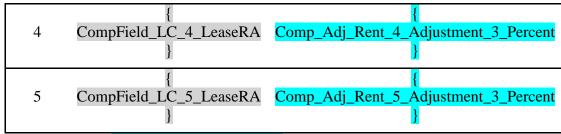
Rent Comparable 5: { CompField_LC_5_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_5_Adjustment_2_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Rent_5_Adjustment_2_Percent } adjustment will be applied.

Rent Comparable 6: { CompField_LC_6_LocationDesc } This location is { LOWERCASE_Comp_Adj_Rent_6_Adjustment_2_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Rent_6_Adjustment_2_Percent } adjustment will be applied.

Adjustments for { Rental_Adjustment_3 }

Adjustments for size are based on the general economic theory of marginal utility. Typically, larger buildings command a higher total rent, which results in fewer available buyers who either need the property or can afford it. This reduced demand results in a slightly lower rent per square foot. The subject totals { NRA } square feet of leaseable area. Individual spaces are smaller. Following are the comparable sizes and related adjustment.

Comp	Leased SF	Size Adj
1	{ CompField_LC_1_LeaseRA }	Comp_Adj_Rent_1_Adjustment_3_Percent }
2	{ CompField_LC_2_LeaseRA }	Comp_Adj_Rent_2_Adjustment_3_Percent }
3	{ CompField_LC_3_LeaseRA }	Comp_Adj_Rent_3_Adjustment_3_Percent }



Adjustments for { Rental_Adjustment_4

The subject was built in { YOC } according to assessor's record and was in { LOWERCASE_BuildingCondition } condition as of the date of inspection. Overall, the comparable have similar age, condition and appeal. Moderate adjustment has been applied.

Rental Adjustments

Kentai Aujustinents						
	Subject	Lease # 1	Lease # 2	Lease # 3	Lease #4	Lease # 5
Address	5700 East	3444 N	2761 N Country	4001-4003 East	2802-2826 N.	6206 E Pima
Address	Pima Street	Country Club	Club Rd	Speedway	Alvernon Way	Street
City, State	Tucson	Tucson	Tucson	Tucson	Tucson	Tucson
Rentable Area	19,964	18,550	9,240	14,400	14,327	42,000
Year Constructed	1978			1986	1985	2001
Property Type	Office	Office	Office	Office	Office	Office
Unadjusted Rent Per SF		\$12.00	\$13.50	\$13.05	\$20.50	\$18.00
Adjustments						
Expense Structure		Similar	Similar	Inferior	Similar	Similar
% Adjustment		0.0%	0.0%	23.0%	0.0%	0.0%
Location		Inferior	Inferior	Similar	Similar	Similar
% Adjustment		15.0%	10.0%	0.0%	0.0%	0.0%
Leased Area		Similar	Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Age/Condition/Appeal		Inferior	Inferior	Inferior	Similar	Superior
% Adjustment		10.0%	10.0%	10.0%	0.0%	-5.0%
Net % Adjustments		25.0%	20.0%	33.0%	0.0%	-5.0%
Net \$ Adjustments		\$3.00	\$2.70	\$4.31	\$0.00	-\$0.90
Total % Adjustments		25.0%	20.0%	33.0%	0.0%	5.0%
Total \$ Adjustments		\$3.00	\$2.70	\$4.31	\$0.00	\$0.90
Adjusted Rent per SF		\$15.00	\$16.20	\$17.36	\$20.50	\$17.10
Adjusted Rent Indications						
Minimum Adjusted Rent / SF		\$15.00				
MaximumAdjusted Rent / SF	\$20.50					
Standard Deviation / SF	Standard Deviation / SF					

Contract Rent/Conclusion of Market Rent

The subject is occupied by { LOWERCASE_OccupancyType }. The rent is generally near what the market will support. The comparables tend to indicate a rent in the range of { Minimum_Adjusted_Rent_Per_SF } to { Maximum_Adjusted_Rent_Per_SF }. A conclusion at { Income_Indicated_Rent_Per_Unit } per square foot, { PrevailingLeaseType } is reasonable. Concluding statement

Vacancy

As I have discussed in the Neighborhood section of this appraisal, the { LOWERCASE_PropertyType } market has deteriorated with little hope of improvement

in the foreseeable future. According to Costar Group Real Estate Information Services, the immediate subject neighborhood, posted a { Average_Sub_Market_Vacancy } vacancy which is lower than the Metro Area vacancy at 10% to 11%. An investor would anticipate a slight potential for vacancy, assuming the building is leased. All things considered, I will apply a { Income_Vacancy_CreditLoss_PercentOf_EGI } vacancy in the cash flow.

Expenses

The estimate of the economic rental rates for the subject in the preceding section was based on { PrevailingLeaseType } contract. I have been provided with actual operating expense information from the subject property. The majority of the expense is public record. For comparison and support, I have obtained expenses for other { LOWERCASE_PropertyType } property that will be used to support my estimates. Next is a summary of the comparable data, followed by the actual operating expenses for the subject.

		Comp # 1			Comp # 2			Comp # 3				
Location	2802-	2826 N. Alvern	on Way	11	03 Circulo Mer	cado	49	11 E. Broadway	Blvd			
Rentable Area		14,327			14,612			18,181				
Operating Expenses	Amount	Exp/SF	% of EGI	Amount	Exp/SF	% of EGI	Amount	Exp/SF	% of EGI	Minimum Exp/SF	Maximum Exp/SF	Average Exp/SF
Administration												
Management Fees	\$57,192	\$3.99	24%	\$9,149	\$0.63	5%	\$11,840	\$0.65	3%	\$0.63	\$3.99	\$1.76
Professional Fees	\$720	\$0.05	0%	\$500	\$0.03	0%	\$0			\$0.03	\$0.05	\$0.04
Total Administrative	\$57,912	\$4.04	24%	\$9,649	\$0.66	5%	\$11,840	\$0.65	3%	\$0.65	\$4.04	\$1.78
Utilities												
Total Utilities	\$4,275	\$0.30	2%	\$500	\$0.03	0%	\$61,815	\$3.40	14%	\$0.03	\$3.40	\$1.24
Repairs & Maintenance												
Total Repairs & Maintenance	\$7,908	\$0.55	3%	\$1,400	\$0.10	1%	\$16,727	\$0.92	4%	\$0.10	\$0.92	\$0.52
Trash Removal	\$3,300	\$0.23	1%	\$1,200	\$0.08	1%	\$10,000	\$0.55	2%	\$0.08	\$0.55	\$0.29
Security	\$1,620	\$0.11	1%	\$0			\$0			\$0.11	\$0.11	\$0.11
Roads & Grounds	\$5,688	\$0.40	2%	\$0			\$0			\$0.40	\$0.40	\$0.40
Total Cleaning and Janitorial							\$25,500	\$1.40	6%	\$1.40	\$1.40	\$1.40
Real Estate Taxes	\$40,682	\$2.84	17%	\$32,293	\$2.21	18%	\$54,893	\$3.02	12%	\$2.21	\$3.02	\$2.69
Property Insurance	\$3,006	\$0.21	1%	\$2,922	\$0.20	2%	\$3,600	\$0.20	1%	\$0.20	\$0.21	\$0.20
Total Taxes & Insurance	\$43,688	\$3.05	18%	\$35,215	\$2.41	19%	\$58,493	\$3.22	13%	\$2.41	\$3.22	\$2.89
TO TAL EXPENSES	\$124,391	\$8.68	52%	\$47,964	\$3.28	26%	\$184,375	\$10.14	42%	\$3.28	\$10.14	\$7.37

Pima office Historic Operating Income and Expense Summary									
Type and Year		2011		,	2012		Project	ed 2013	
	Amount	/SF	%EGI	Amount	/SF	%EGI	Amount	/SF	%EGI
REVENUE									
Rental Income	\$363,445	\$18.21	96.7%	\$360,244	\$18.04	94.2%	\$352,033	\$17.63	105.79
Expense Reimbursements	\$12,409	\$0.62	3.3%	\$20,353	\$1.02	5.3%	\$0	\$0.00	0.0%
Other Income	\$0	\$0.00	0.0%	\$1,647	\$0.08	0.4%	\$0	\$0.00	0.0%
TO TAL REVENUE	\$375,854	\$18.83	100.0%	\$382,244	\$19.15	100.0%	\$333,000	\$16.68	100.0
Total Administrative	\$17,047	\$0.85	4.5%	\$18,048	\$0.90	4.7%	\$19,980	\$1.00	6.0%
Total Utilities	\$6,882	\$0.34	1.8%	\$7,669	\$0.38	2.0%	\$6,987	\$0.35	2.1%
Total Repairs & Maintenance	\$24,030	\$1.20	6.4%	\$12,854	\$0.64	3.4%	\$14,973	\$0.75	4.5%
Trash Removal	\$2,044	\$0.10	0.5%	\$2,112	\$0.11	0.6%	\$1,996	\$0.10	0.6%
Security	\$2,660	\$0.13	0.7%	\$0	\$0.00	0.0%	\$1,996	\$0.10	0.6%
Roads & Grounds	\$12,871	\$0.64	3.4%	\$9,204	\$0.46	2.4%	\$9,982	\$0.50	3.0%
Total Cleaning and Janitorial	\$1,510	\$0.08	0.4%	\$1,160	\$0.06	0.3%	\$1,397	\$0.07	0.4%
Real Estate Taxes	\$63,184	\$3.16	16.8%	\$65,481	\$3.28	17.1%	\$67,000	\$3.36	20.1%
Property Insurance	\$3,176	\$0.16	0.8%	\$3,664	\$0.18	1.0%	\$3,993	\$0.20	1.2%
TO TAL EXPENSES	\$67,044	\$3.36	17.8%	\$51,047	\$2.56	13.4%	\$134,295	\$6.73	40.3%
NET OPERATING INCOME	\$308,810	\$15.47	82.2%	\$331,197	\$16.59	86.6%	\$198,706	\$9.95	59.7%



I have not been provided with actual operating expense information from the subject property. The majority of the expense is public record. For comparison and support, I have obtained expenses for other { LOWERCASE_PropertyType } property that will be used to support my estimates.

Administrative Fees

Administrative fees include property management. A fee of {
Projected_ManagementFees_Pct_EGI } is reasonable given the multi-tenant design.
Additional fees apply, based on historic operation and comparison. These include professional fees and other.

Utilities

Utilities expense has been in the range of { IEHistory_Total_Utilities_Low } to { IEHistory_Total_Utilities_High } per square foot. This is primarily a common area expense as tenants pay their own utility cost. Based on comparison an expense of { Projected_Total_Utilities_PerSF } per square foot is reasonable.

Repair & Maintenance

Repair and maintenance is associated primarily with common areas. The historic statements indicate a range from { IEHistory_Total_Repairs_and_Maintenance_Low } to { IEHistory_Total_Repairs_and_Maintenance_High } per square foot. The subject had some extraordinary expenses in the 2011 and 2012 for HVAC and exterior paint that will not be reoccurring. After isolating these expenses, under normal operations the Repair and Maintenance budget should be close to { Projected_Total_Repairs_and_Maintenance_PerSF } per square foot. Based on comparison this is reasonable.

INCOME A	APPROACH	TO VALUE
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Trash Removal

Trash removal is done by 3rd party contract. The historic statements indicate a range from { IEHistory_Trash_Removal_Low } to { IEHistory_Trash_Removal_High } per square foot. Based on the historic operation, an amount equal to { Projected_Trash_Removal_PerSF } per square foot will be applied. Based on comparison this is reasonable.

Roads and Grounds

Roads and Grounds maintenance includes landscaping, parking lot sweeping, graffiti removal, signage repairs and other. The historic statements indicate a range from { IEHistory_Roads_and_Grounds_Low } to { IEHistory_Roads_and_Grounds_High } per square foot. Based on the historic operation, an amount equal to { Projected_Roads_and_Grounds_PerSF } per square foot will be applied. Based on comparison this is reasonable.

Cleaning and Janitorial

Cleaning and janitorial is associated with common area cleaning and not individual tenant spaces. The historic statements indicate a range from { IEHistory_Total_Cleaning_and_Janitorial_Low } to { IEHistory_Total_Cleaning_and_Janitorial_High } per square foot. Based on the historic operation, an amount equal to { Projected_Total_Cleaning_and_Janitorial_PerSF } per square foot will be applied. Based on comparison this is reasonable.

Real Estate Taxes

Based on historic operation with support from comparison, a tax expense of { Projected_Real_Estate_Taxes_PerSF } per square foot is reasonable.

Property Insurance

Based on historic operation with support from comparison, an insurance expense of {
Projected_Insurance_PerSF } per square foot is reasonable.

Reserves for Replacement

Reserves for replacement are short and medium-lived items and typically include budgeting for roof covering, heating and air conditioning systems, hot water heaters and other similar items. The allowance for each item is usually the anticipated cost to replace it, pro-rated over the economic life of the item provided it does not exceed the remaining life of the structure. An amount of { Projected_Replacement_Allowance_PerSF } per square foot appears reasonable.

Net Operating Income

Stabilized Income &	Expense Summar	y	
	Totals	Per SF	% of EGI
Rental Income			
InTech Health (2,400 SF at \$10.59/SF)	\$25,416	\$1.77	14.1%
Dakota Partners (7,200 SF at \$13.05/SF)	\$93,960	\$6.53	52.2%
Login Tech (4,800 SF at \$13.67/SF)	\$65,616	\$4.56	36.4%
Gross Potential Rent	\$184,992	\$12.85	102.7%
Parking Income	\$2,600	\$0.18	1.4%
Total	\$187,592	\$13.03	104.2%
Less Vacancy & Collection Loss (4.0%)	(\$7,504)	(\$0.52)	-4.2%
Effective Gross Income	\$180,088	\$12.51	100.0%
Less Expenses	Totals	Per SF	% of EGI
Administration			
Management Fees	\$9,004	\$0.63	5.0%
Professional Fees	\$1,100	\$0.08	0.6%
Total Administrative	\$10,104	\$0.70	5.6%
Utilities			
Electricity	\$864	\$0.06	0.5%
Water & Sewer	\$2,592	\$0.18	1.4%
Total Utilities	\$3,456	\$0.24	1.9%
Repairs & Maintenance			
HVAC	\$2,880	\$0.20	1.6%
Electrical & Plumbing	\$720	\$0.05	0.4%
Structural & Roof	\$2,880	\$0.20	1.6%
Pest Control	\$720	\$0.05	0.4%
Other Repairs & Maintenance	\$1,440	\$0.10	0.8%
Total Repairs & Maintenance	\$8,640	\$0.60	4.8%
Trash Removal	\$5,040	\$0.35	2.8%
Security	\$1,584	\$0.11	0.9%
Roads & Grounds	\$2,880	\$0.20	1.6%
Cleaning and Janitorial			
Cleaning 'Contract Services	\$900	\$0.06	0.5%
Total Cleaning and Janitorial	\$900	\$0.06	0.5%
Taxes & Insurance			
Real Estate Taxes	\$17,280	\$1.20	9.6%
Property Insurance	\$2,448	\$0.17	1.4%
Total Taxes & Insurance	\$19,728	\$1.37	11.0%
Replacement Allowance (Reserves)	\$3,600	\$0.25	2.0%
Total Expenses	\$55,932	\$3.88	31.1%
Net Operating Income	\$124,156	\$8.62	68.9%

Direct Capitalization

This method values a property by converting a stabilized net income stream into value. The income stream is based on the projected income to be generated on a stabilized basis. The Net Operating Income is divided by an appropriate; market derived Overall Rate of Return.

There are three generally accepted methods to estimate the appropriate Overall Rate of Return. The first that will be utilized is the Band of Investment. The second is based on survey and broker interview and the third is the most commonly used method which is based on market sales data.

Band of Investment

The Band of Investment technique is based on the premise that properties are purchased with debt and equity capital and the overall capitalization rate must satisfy the market return requirements of both investment positions. In this methodology, separate capitalization rates for the debt and equity components are combined to calculate a single overall rate for the property.

The capitalization rate for the debt component is the mortgage constant which is the ratio of the annual debt service to the principal amount of the mortgage loan and is a function of the interest rate, frequency of amortization and the term of the loan. I have interviewed loan officers from ______Add Bank Names, all of which are currently lending in this market on similar property type. I found a consensus that a current rate of { OAR_Models_Loan_Rate }% on a loan with a { OAR_Models_Amortization_Period } year amortized loan, compounding monthly.

The equity side of the combined rate is referred to as the equity capitalization rate. This is the ratio of the annual pre-tax cash flow to the amount of equity investment. As this rate is technically a rate of rerun on and of capital it includes a yield component. For appraisal purposes, a properties equity capitalization rate is the anticipated return to the investor, usually for the first year of the holding period. An investor in this type of property would typically be an owner/occupant with the intent to use the building for a business. Not many investors anticipate any return over the short term; however, do expect a yield over time. Buyers in the market anticipate profit over a longer term hold.

Following is a summary of common capitalization rate models that are based on the preceding analysis:

C	many of Co	mman Canita	ligation Data Ma	dola		
	mmary of Co	mmon Capita	lization Rate Mo	tels		
Assumptions						
Loan Term		io (M)	80.00%			
	Mortgage Rat					
	Amortization I		6.300%	110000		
				years		
	Mortgage Cor		0.07428			
	Holding period	,	15			
D	Percent of loan	n paid	28.0%			
Required I		nd mata (Da)	9.400/			
	Equity divider		8.40%			
	Equity Yield R	late (Ye)	18.00%			
Other	DILG	D (DCD)	1.25			
	Debt Coverage		1.35			
	Annual Incom		2.00%			
	Sinking fund f	actor	0.016403			
	J-Factor		0.177338			
	Income Appre		34.59%			
	Net Appreciat	ion	34.59%			
Band of Investment) () ()					
		$mponent = M \times R$				
		nent = (1 - M) x				
	Ro = Mortgag	e Component +	Equity Component			
	Mortage Component = 0.80000 x 0.07428 = 0.05942					
	Equity Component = $(1 - 0.80000) \times 0.08400 = 0.01680$					
	Ro = 0.05942 + 0.01680					
	Ro = 0.07622					
	Rounded to: =	7.60%				
Debt Coverage Ratio						
	Ro = DCR x	Rm x M				
	$Ro = 1.35 \times 0.0$	7/28 v 0 80000				
	Ro = 0.08022	7428 X 0.80000				
	Rounded to: =	· 8 000/				
Mortgage/Equity (with		- 8.00%				
Mortgage/Equity (with	J-ractor)	Ye - MC - (cha	nge in value x SFF)			
	Ro =		=			
		1 + (change in	income x J Factor)			
	C =	$Ye + P \times SFF - P$	Rm			
	C =	0.18000 + (0.28	039 x 0.01640) - 0.0742	28		
	C =	0.11032				
	Ro =		000 x 0.11032) - (0.345 34587 x 0.17734)	87 x 0.01640)		
	Ro =	0.08607 1.06134	,			
	Ro =	0.08109				
	Rounded =	8.10%				

The preceding Capitalization rate models produce a range in Overall Rates from { Income_Cap_Rate_Model_Low } to { Income_Cap_Rate_Model_High }.

Survey/Interview

Present day capitalization rates for { LOWERCASE_PropertyType } properties are in the range of approximately 8.0% to 11% or higher for properties with limited upside potential. Nationally, the Korpacz Report and CBRE indicate that apartment buildings are selling currently at capitalization rates between 7.5% and 10.5%. Rates have been trending downward in recent quarters due to the availability of low mortgage interest rates. { PROPERTYTYPE } brokers in { City } indicate that overall rates for leased property similar to the subject should be trading in the range of 7% to 9%, depending on the property.

Market Sales Data

Overall rate information can be obtained through comparable sales data by dividing the Net Income of the comparable by the sales price. The comparable sale data used in the Direct Sales Comparison Approach of this appraisal provided limited Overall Rate data. Only one sale involved an investment property with multiple tenants. Sale 3 is a multitenant building in Rio Rico that was acquired by a tenant. The transaction was based on a 9% OAR on stabilized income and expense. The building had a long term 15% vacancy and an inferior location when compared to the subject.

Conclusion; Direct Capitalization

All things considered, an appropriate Overall Rate in the range of 7.5% and 8.5% appears reasonable based on the preceding analysis. The interviews are the most reliable indicators with support from the Band of Investment. All things considered, a conclusion at an { Income_Indicated_OAR } Overall Rate is reasonable. Following is calculation of the value based on this Overall Rate.

Direct Capitalization Summary					
Net Operating Income	\$124,156				
Divided By Overall Rate	8.00%				
Capitalized Value Indication \$1,55					
Rounded (\$107.64 per SF)	\$1,550,000				

FINAL INDICATED MARKET VALUE
AS IS CONDITION, INCOME APPROACH
INCOME_INDICATED_VALUE_ROUNDED {

{

COST APPROACH TO VALUE

COST APPROACH TO VALUE

The Cost Approach provides an indication of the market value of the subject property by separately estimating the value of the land and the contributing value of the improvements. The market value of the land is based on recent sales of similar sites, which are then adjusted for differences as compared to the subject. The contributing value of the improvements is based on the estimated replacement cost less accrued depreciation. The actual steps that will be undertaken are:

- Estimate the land value as if vacant.
- Estimate the replacement cost of the improvements, if new.
- Estimate developer's profit, if appropriate.
- Estimate the accrued depreciation from all sources, including physical deterioration and functional or external obsolescence.
- Calculate the total development cost of the property, excluding land, and deduct the accrued depreciation to arrive at a contributing value of the improvements.
- Add the land value to arrive at a total value indication through the Cost Approach.

The following sections contain the analysis of the value of the property through the Cost Approach. The analysis will begin with the estimate of land value and proceed through the other steps needed to complete the Cost Approach. The land will be valued as a single parcel. The value of the vacant parcel will be concluded at the end of this section.

Land Value

The land is valued using the Direct Sales Comparison Approach. Under this approach, sales of comparable land are gathered and compared to the subject. I searched for vacant land sales in the immediate area of the subject property. A lack of available data required that I search the entire metropolitan { City } area. Five sales were discovered which are considered useful in this analysis. The comparables presented on the following page represent the best available information in the market place. A map showing the location of these comparable sales is on the following page with a summary of the sales data. Detailed descriptions of each transaction are on the following pages.

The subject site totals { LandSF } square feet or { LandAcres } acres. The site is generally { shape } in shape and has { FrontFt } feet of frontage along { StreetAccess } , with a depth of approximately { Depth } feet. The property has an { Zoning } zoning which is a { LOWERCASE_ZoningDescr } classification. The subject is found on FEMA map { FloodMapNumber }, revised { FloodMapEffectiveDate }. { FloodDescr } { SiteDescription }

Comparable Land Sales Map

${\bf \&LandSaleMap_All_Photos}{\bf >}$

Land Sales

East 1765 W Prir	nce Rd 3335 E Grant	_ NE Glenn St & 1st	2015 W. C
. 1703 W IIII		Dd I'll olemi bi ce i's	3915 W Costco
7	ice Ru 3333 E Grant	Ave	Dr
Tucson	n Tucson	Tucson	Tucson
90,00	\$150,000	\$740,000	\$550,000
ct 5/7/201	2 2/27/2012	8/24/2011	5/10/2010
36,590	13,939	63,162	46,174
\$8.20	\$10.76	\$11.72	\$11.91
0.840	0.320	1.450	1.060
C-2	C-1	C-2	НІ
	\$8.20 0.840	\$8.20 \$10.76 0.840 0.320	\$8.20 \$10.76 \$11.72 0.840 0.320 1.450

INSERT LAND SALE SUMMARIES FORMAT

Analysis and Adjustment

In comparing the sales information, an adjustment grid will be used which allows specific considerations with respect to each of the characteristics of each transaction. The adjustment grid is considered to be an accurate method of valuation when the market information involves property similar to the subject type and use. The analysis and adjustments will take into consideration Quantitative Adjustments including property rights conveyed, financing terms, conditions of sale and market conditions. These adjustments are made individually. Qualitative Adjustments follow for observable differences such as location, size, percent office, coverage ratio, etc. Other adjustments have been considered; however, the characteristics listed in the table have been identified has having a measurable effect on value.

Quantitative Adjustments

Adjustments for { Cost LandAdjustment 1 }

The estimate of market value for the subject property is based on Fee Simple Interest. Therefore, I have looked for sales that sold under similar conveyance. All sales used in this analysis are Fee Simple and, therefore, no adjustments are warranted for property rights conveyed.

Adjustments for { Cost_LandAdjustment_2 }

The estimate of market value for the subject property is based on all cash or terms equivalent to cash. All sales used in this analysis were all cash sales or considered equivalent to cash and, therefore, require no adjustment for financing terms.

Adjustments for { Cost_LandAdjustment_3 }

Adjustments for condition of sale are typically required in the event that seller/buyer motivation occurred which has skewed the sales price. Adjustments for condition of sale are also required for transactions that are not considered arm's length. All of the sales used in this analysis were considered arm's length and involved no out-of-the-ordinary motivation. Therefore, no adjustment for these sales is required.

Adjustments for { Cost LandAdjustment 4 }

The comparable sales occurred between { MinLandSaleDate_CostApproach } and { MaxLandSaleDate_CostApproach }. The { LOWERCASE_PropertyType } land prices within the metropolitan { City } increased significantly between 2005 and 2006 and appear to level during 2007. Land prices declined between 2008 and 2010 with a general stabilization midyear. There is a distinct division in the market. Users are willing to pay the listed price, however, there are very few investors buying vacant parcels. Sales of { LOWERCASE_PropertyType } land remains anemic and this trend is expected to continue throughout 2013. Market conditions made most adjustment in early 2009, however, the market continued to decline through the 3rd ½ 2010. Again, however, users have not adjusted the price they are willing to pay. All things considered, no adjustment will be applied to the data.

Qualitative Adjustments

Adjustments for { Cost_LandAdjustment_5 }

To adjust for location, characteristics such as area, neighborhood demographics, corner influence, access and commercial exposure of the comparable sales are considered. The subject is located { PropertyIdentification }. This location is considered to be { LOWERCASE_LocationQuality } when compared to the sale located in this analysis.

```
Comparable Sale 1: { CompField_LS_1_LocationDesc } This location is {
comp_adj_land_1_adjustment_5_qualitative } to the subject and a {
Comp_Adj_Land_1_Adjustment_5_Percent } adjustment will be applied.
```

```
Comparable Sale 2: { CompField_LS_2_LocationDesc } This location is { comp_adj_land_2_adjustment_5_qualitative } to the subject and a { Comp_Adj_Land_2_Adjustment_5_Percent } adjustment will be applied.
```

```
Comparable Sale 3: { CompField_LS_3_LocationDesc } This location is { LOWERCASE_Comp_Adj_Land_3_Adjustment_5_Qualitative } to the subject and a { Comp_Adj_Land_3_Adjustment_5_Percent } adjustment will be applied.
```

Comparable Sale 4: { CompField_LS_4_LocationDesc } This location is { LOWERCASE_Comp_Adj_Land_4_Adjustment_5_Qualitative } to the subject and a { Comp_Adj_Land_4_Adjustment_5_Percent } adjustment will be applied.

Comparable Sale 5: { CompField_LS_5_LocationDesc } This location is { LOWERCASE_Comp_Adj_Land_5_Adjustment_5_Qualitative } to the subject and a { Comp_Adj_Land_5_Adjustment_5_Percent } adjustment will be applied.

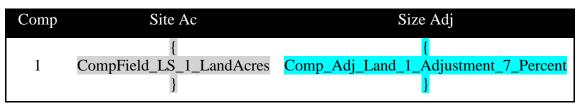
Comparable Sale 6: { CompField_LS_6_LocationDesc } This location is { LOWERCASE_Comp_Adj_Land_6_Adjustment_5_Qualitative } to the subject and a { Comp_Adj_Land_6_Adjustment_5_Percent } adjustment will be applied.

Adjustments for { Cost LandAdjustment 6 }

The subject is zoned for { ProposedUseDescr } use. The comparables have similar zoning and highest and best use characteristics. Higher intensity zoning does not translate to a higher value of marketability in this market. Moderate adjustment is considered as identified in the grid.

Adjustments for { Cost_LandAdjustment_7 }

In general, smaller parcels tend to sell for a higher price per square foot than larger parcels. This is consistent with the general economic theory of marginal utility. The higher price results in fewer available buyers who either need the property or can afford it. This reduced demand results in a slightly lower price per square foot. The subject site totals { LandAcres } acres or { LandSF } square feet. Moderate adjustment will apply as follows.



2	CompField_LS_2_LandAcres }	{ Comp_Adj_Land_2_Adjustment_7_Percent }
3	CompField_LS_3_LandAcres }	{ Comp_Adj_Land_3_Adjustment_7_Percent }
4	CompField_LS_4_LandAcres }	{ Comp_Adj_Land_4_Adjustment_7_Percent }
5	CompField_LS_5_LandAcres }	{ Comp_Adj_Land_5_Adjustment_7_Percent }
6	CompField_LS_6_LandAcres }	{ Comp_Adj_Land_6_Adjustment_7_Percent }

Land Sale Adjustments

	Subject	Sale #1	Sale # 2	Sale # 3	Sale # 4
Dana a satar Nasara	СРЕ	Dollar General		QuikTrip Site	
Property Name	CPE	Site		(Por)	
Address	4001-4003	1765 W Prince	3335 E Grant	NE Glenn St	3915 W
Address	East Speedway	Rd	Rd	& 1st Ave	Costco Dr
City	Tucson	Tucson	Tucson	Tucson	Tucson
Land Area SF	53,130	36,590	13,939	63,162	46,174
Land Area in Acres	1.220	0.840	0.320	1.450	1.060
Ratio - Comp to Subject		0.69	0.26	1.19	0.87
Density (Units/Acre)	4.92				
Zoning	C-2	C-2	C-1	C-2	HI
Drainage	Adequate	Normal	Normal	adequate	adequate
Flood Zone	X			X	
Utilities Description	The property is	All utilities	The property	The subject is	The subject i
Usable Land Area (SF)	53,130	36,590	13,939	63,162	46,174
Shape	Rectangular	Rectangular	Rectangular	rectangular	Irregular
Sale Price	\$1,550,000	\$300,000	\$150,000	\$740,000	\$550,000
Usable Land Area (SF)	53,130	36,590	13,939	63,162	46,174
Unadjusted Price/SF	N/A	\$8.20	\$10.76	\$11.72	\$11.91
Time Adjusted Price/SF	N/A	\$8.20	\$10.76	\$11.72	\$11.91
Adjusted Price/SF	N/A	\$6.97	\$8.07	\$9.37	\$8.93
Property Rights		Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.

Property Rights	Similar	Similar	Similar	Similar
% Adjustment	0.0%	0.0%	0.0%	0.0%
Terms/Financing	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
% Adjustment	0.0%	0.0%	0.0%	0.0%
Conditions of Sale	Similar	Similar	Similar	Similar
% Adjustment	0.0%	0.0%	0.0%	0.0%
Time/Market Conditions	May-12	Feb-12	Aug-11	May-10
% Adjustment	0.0%	0.0%	0.0%	0.0%
Time Adjusted Price/SF	\$8.20	\$10.76	\$11.72	\$11.91
Location/Access	Superior	Superior	Superior	Superior
% Adjustment	-10.0%	-15.0%	-20.0%	-25.0%
Zoning	Similar	Similar	Similar	Similar
% Adjustment	0.0%	0.0%	0.0%	0.0%
Size	Superior	Superior	Similar	Similar
% Adjustment	-5.0%	-10.0%	0.0%	0.0%
Total Adjustments				
Net % Adjustments	-15.0%	-25.0%	-20.0%	-25.0%
Net \$ Adjustments	-\$1.23	-\$2.69	-\$2.34	-\$2.98
Total % Adjustments	15.0%	25.0%	20.0%	25.0%
Total \$ Adjustments	\$1.23	\$2.69	\$2.34	\$2.98
Adjusted Price/SF	\$6.97	\$8.07	\$9.37	\$8.93

Adjusted Price Indications	Co	oncluded Value
Minimum Adjusted Price / SF	\$6.97	\$8.00/SF
MaximumAdjusted Price / SF	\$9.37	\$425,040
Average Adjusted Price / SF	\$8.34	\$430,000
Median Adjusted Price / SF	\$8.50	
Standard Deviation / SF	\$0.92	

Replacement Cost

The contributing value of the improvements is based on their depreciated replacement cost. The cost estimate is based the *Marshall Valuation Service*, a nationwide valuation publication, and comparison to other buildings. The calculator method for *Marshall Valuation Service* uses costs which are averages of final costs including architect's fees, contractor's overhead and profit, sales taxes, permit fees, interest on interim construction financing and insurance during construction.

The subject is identified as a { NRA } leasable square foot, { Stories }-story { LOWERCASE_PropertyType } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE_BuildingCondition } condition.

I have estimated replacement cost for the improvement in the following section based on Marshall Valuation Service. There have been few buildings constructed in the market similar to the subject property. For comparison, I have considered the construction costs for a building built for an owner occupied at Speedway and I-10. This is a 4,500 square foot industrial property with a heavy office component (50%) and upgraded features. The construction is block with a 22' clear height in the warehouse. The cost totaled \$133.22 per square foot which includes site improvement and soft costs. The building was completed in the 2nd quarter of 2012.

I have also considered a 7,000 square foot metal and block constructed building with basic office and warehouse space at a ratio of 30%/70%. This building is also owner occupied. The total cost is \$78.67 per square foot which includes site development and soft costs.

Following is an estimate of the replacement cost for the subject based on Marshall Valuation Service:

Building	Sq Ft									Marshall Va	luation Info	
Identification	Year Built	Base Cost/SF	Cost Adjustm	ents/SF	Subtotal	Multip	liers	Adj. Cost/SF	Total Base Costs	Sec./ Page	Type/Class/ Quality	Age/Life Deprec \$
Main Unit	14,400	\$64.21	Sprinkler	\$2.50	\$89.71	Current	1.000	\$87.92	\$1,265,988	14	Flex-Office	\$303,837
Main Uni	1986		Office	\$23.00		Local	0.980			13	C-Tilt Concr	ete
						Perimeter	1.000				Average	
						Height	1.000					
						# Stories	1.000					
						Other	1.000					
Totals	14,400							\$87.92	\$1,265,988			\$303,837
Weighted Averages Year Built: 1986 Effe		Effective A	ge: 12 years		Economic 1	Life: 50 years		Age Life De	prec: 24%			

Estimate of Accrued Depreciation

Accrued depreciation in real estate is defined as the difference between the replacement cost and value. Typically, improvements depreciate due to three factors. These are as follows.

Physical Deterioration:

This is a loss in value due to the aging or normal wear and tear. This depreciation can be curable if the cost to cure is less than the value increase associated with the repair.

Functional Obsolescence:

The inadequacy or super adequacy of the design of an improvement causes functional obsolescence. It can also be caused by an inappropriate or improper development of the land.

Economic Obsolescence:

This is caused by factors located off the property over which the property owner has no control. This type of obsolescence is normally not curable.

Age/Life Method

To estimate accrued depreciation by the age/life method, the ratio of a building's effective age to its total economic life is applied to the current cost of the improvements to obtain a lump sum deduction.

One weakness of the economic age/life method is that curable items are not treated separately. This method considers functional and economic obsolescence and physical deterioration, but does not differentiate between separate causes of accrued depreciation. Recognizing that the building has no deferred maintenance, this method is appropriate in its valuation.

According to the Marshall Valuation Service, the subject property is expected to have an economic life of { SubjectWebEconomicLife } years. I estimate the subject has an overall average effective age of approximately { Subject_Average_Effective_Age } years. This effective age is less than the chronological age due to the ongoing maintenance.

Economic and Functional Obsolescence

There are currently few buildings being developed in the market and conditions have declined. Based on my interviews and review of cost and sale data, there is some support that economic obsolescence. Building cost estimates, however, have been made under current market condition which have been adjusted somewhat for the economy. The cost of labor and overhead is down; however, the cost of material has increase over time. As I have discussed, the subject is functional and no additional deprecation will be applied.

Developer's Profit

Due to the current economic conditions, speculative development is not warranted at this time. In today's market a building would be built-by the owner operator. Generally an owner anticipates profit from the business rather than the development of the project. Therefore, no value for developer's profit will be indicated.

Conclusion of the Cost Approach

		Cost Approa	ch Summation				
Replacement Cost							
Base Cost							
	Main Unit 14,400 SF @ 5	\$87.92 per SF					\$1,265,988
	Total = 14,400 SF @ \$87	.92 per SF					\$1,265,988
Other Costs	;						
	Prking Lot	60	\$1,500.00	=	\$90,000		
	Covered Parking	20	\$2,500.00	=	\$50,000		
	Indirect Costs	5% of Base Cost				\$63,299	
	Total Other Costs					_	\$203,299
_	t Cost Before Profit (\$102.	•					\$1,469,287
Developer's	Profit at 10% of Bldg. Cos	t, Site Impr. & Land Value (Re	ounded)			_	\$190,000
Replacemen	t Cost New (\$115.23 per S	F of GBA)					\$1,659,287
Less Accrued Depr							
Physical Det							
	Curable (Deferred Main	ntenance)					
	Incurable						
	12 year effective age	/50 year economic life = 24.0%	x \$1,659,287)			(\$398,229)	
Total Physic	cal Deterioration					(\$398,229)	
Functional (Obsolescence					\$0	
External Ob	solescence					\$0	
Total Accrue	ed Depreciation of Buildin	ng Improvements (-\$27.65 per	SF of GBA)				(\$398,229)
Depreciated Cost of	f Building Improvements	S					\$1,261,058
Total Depreciated	Cost of Improvements						\$1,261,058
Add Site Value							\$430,000
Indicated Value By	y The Cost Approach						\$1,691,058
Rounded (\$117.43	per SF of GBA)						\$1,690,000

FINAL INDICATED MARKET VALUE

{ ValuationPremise1 } Condition, Cost Approach Cost_Indicated_Value_Rounded }

DIRECT SALES COMPARISON TO VALUE

DIRECT SALES COMPARISON APPROACH TO VALUE

The Direct Sales Comparison Approach is usually one of the best methods of estimating the market value of commercial real estate. Recent sales of similar properties are analyzed and compared to the subject. Adjustments are made for differences in factors such as building age, size, location and quality of construction when compared to the subject.

The subject is identified as a { NRA } leasable square foot, { Stories }-story { PROPERTYTYPE } building. The building was constructed in { YOC } and is occupied by { OccupancyType } doing business as { DoingBusinessAs }. { BuildingDescription } The building is in { LOWERCASE_BuildingCondition } condition.

The subject site totals { LandSF } square feet or { LandAcres } acres. The site is generally { shape } in shape and has { FrontFt } feet of frontage along { StreetAccess }, with a depth of approximately { Depth } feet. The property has a { Zoning } zoning which is a { LOWERCASE_ZoningDescr } classification. { Parking } { SiteDescription }

If it has sold, leave in the following; The subject was acquired by the current owner on { ContractDate } at a price totaling { SalePrice }. { SaleComments }

A search of recent sales of similar properties has been conducted which will be useful in the valuation. { NumberOfImprovedSales_SaleApproach } were discovered which are considered comparable to the subject. Complete details and a photograph of each transaction are contained on the following pages. After the sale summaries, is an analysis and adjustment section.

Comparable Improved Sales Map

«ImprovedSaleMap_All_Photos»

Sales Summary

	Subject	Sale #1	Sale # 2	Sale #3	Sale #4
Address	4001-4003 East	924 N Alvernon	3725 E Fort	1103 Circulo	3191 E. 44th
City	Tucson	Tucson	Tucson	Rio Rico	Tucson
Sale Price	\$1,550,000	\$975,000	\$1,500,000	\$1,500,000	\$800,000
Date of Sale	In-Contract	2/29/2012	9/30/2011	7/27/2012	4/23/2012
Analysis Price	\$1,550,000	\$975,000	\$1,500,000	\$1,500,000	\$800,000
SF NRA	14,400	9,375	20,140	14,612	9,721
Price/SF NRA	\$107.64	\$104.00	\$74.48	\$102.66	\$82.30
Year Constructed	1986	2000	2000	2005	1999
Site Size (Acres)	1.22	0.83	1.86	1.19	1.49
Land to Building Ratio	3.69	3.85	4.02	3.56	6.68
Floor Area Ratio	0.27	0.26	0.25	0.28	0.15

INSERT COMPARABLE SALES WRITE-UPS

Analysis and Adjustment

The analysis and adjustments will take into consideration Quantitative Adjustments including property rights conveyed, financing terms, conditions of sale and market conditions. These adjustments are made individually. Qualitative Adjustments follow for observable differences such as location, size, percent office, coverage ratio, etc. Other adjustments have been considered; however, the characteristics listed in the table have been identified has having a measurable effect on value.

Quantitative Adjustments

Adjustments for { Sale_Adjustment_1 }

The estimate of market value for the subject property is based on a { PropertyInterestAppraised1 } Interest. Transactions were used which involved Fee Simple and Leased Fee Interests. As buyers of either type of interest make similar considerations in the purchase decision, no adjustment will be on this basis.

Adjustments for { Sale_Adjustment_2 }

The estimate of market value for the subject property is based on all cash. Transactions which involve seller financing that is not considered to be at market, will require a cash equivalency. All of the sales were cash sales or terms equivalent to cash and, therefore, no adjustments for financing terms are warranted.

Adjustments for { Sale Adjustment 3 }

Adjustments for condition of sale typically are required in the event that seller/buyer motivation has occurred which has skewed the sales price either upward or downward. Adjustments for condition of sale are also required for transactions which are not considered arm's length. All sales are considered arm's length and involved no out-of-the-ordinary motivation. Therefore, no adjustments are warranted for these sales.

Adjustment for { Sale Adjustment 4 }

{ PROPERTYTYPE } market conditions have been generally stabilized since the 4th quarter 2010. The largest loss in value was seen in 2009. It is anticipated that absorption will continue to be positive in 2013 and rental rates will stabilize as well. Landlords and tenants have both recognized the change in economic conditions from previous years, as in the past two years, rents have been negotiated downward in order to maintain occupancy.

The comparable sales occurred between { MinImprovedSaleDate_SaleApproach } and { MaxImprovedSaleDate_SaleApproach }. The sales occurred under similar market conditions that exist today.

Qualitative Adjustments

Adjustments for { Sale Adjustment 5 }

To adjust for location, characteristics such as area, neighborhood demographics, corner influence, access and commercial exposure of the comparable sales are considered. The subject has an average { compfield_is_1_propertytype } location.

```
Comparable Sale 1 is located
                                    at
                                            CompField IS 1 Address
CompField IS 1 LocationDesc
                                                   This
                                                           location
                                                                      is
LOWERCASE_Comp_Adj_Sale_1_Adjustment_5_Qualitative } to the subject and a {
LOWERCASE_Comp_Adj_Sale_1_Adjustment_5_Percent } adjustment will be applied.
Comparable Sale 2 involves a building located at { CompField IS 2 Address }.
CompField_IS_2_LocationDesc
                                           This
                                                     location
                                                                    is
LOWERCASE Comp Adj Sale 2 Adjustment 5 Qualitative } to the subject and a {
LOWERCASE_Comp_Adj_Sale_2_Adjustment_5_Percent } adjustment will be applied.
Comparable Sale 3 involved a property located on { CompField_IS_3_Address }.
CompField IS 3 LocationDesc
                                              This
                                                        location
                                                                     is
LOWERCASE_Comp_Adj_Sale_3_Adjustment_5_Qualitative } to the subject and a {
LOWERCASE Comp Adj Sale 3 Adjustment 5 Percent } adjustment will be applied.
Comparable Sale 4 involved a property located at { CompField IS 4 Address }.
CompField IS 4 LocationDesc
                                           This
                                                     location
LOWERCASE Comp Adj Sale 4 Adjustment 5 Qualitative } to the subject and a {
LOWERCASE Comp Adj Sale 4 Adjustment 5 Percent adjustment will be applied.
Comparable Sale 5 involved a property located on { CompField IS 5 Address }
CompField IS 5 LocationDesc
                                           This
                                                     location
LOWERCASE_Comp_Adj_Sale_5_Adjustment_5_Qualitative } to the subject and a {
Comp_Adj_Sale_5_Adjustment_5_Percent } adjustment will be applied.
```

Adjustments for { Sale Adjustment 6 }

Adjustments for size are based on the general economic theory of marginal utility. Typically, large buildings command a higher overall price which results in fewer available buyers who either need the property or can afford it. This reduced demand results in a slightly lower price per square foot. Following is a summary of the necessary adjustments for size.



}

Adjustments for { Sale_Adjustment_7 }

The subject property is considered to have { LOWERCASE_BuildingCondition } appeal based upon its general construction and design. The subject was built in { YOC } is in { LOWERCASE_BuildingCondition } condition.

Comparable Sale 1 was built in { CompField_IS_1_YOC } and is in { LOWERCASE_CompField_IS_1_BuildingCondition } condition for its age. Overall, this property is { LOWERCASE_Comp_Adj_Sale_1_Adjustment_7_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Sale_1_Adjustment_7_Percent } adjustment will be applied.

Comparable Sale 2 was built in { CompField_IS_2_YOC } and is in { LOWERCASE_CompField_IS_2_BuildingCondition } condition for its age. Overall, this property is { LOWERCASE_Comp_Adj_Sale_2_Adjustment_7_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Sale_2_Adjustment_7_Percent } adjustment will be applied.

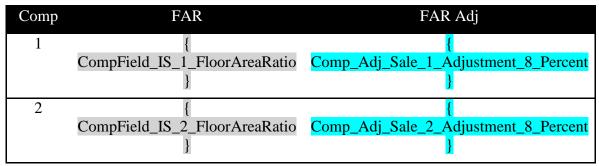
Comparable Sale 3 was built in { CompField_IS_3_YOC } and is in { LOWERCASE_CompField_IS_3_BuildingCondition } condition for its age. Overall, this property is { LOWERCASE_Comp_Adj_Sale_3_Adjustment_7_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Sale_3_Adjustment_7_Percent } adjustment will be applied.

Comparable Sale 4 was built in { CompField_IS_4_YOC } and is in { LOWERCASE_CompField_IS_4_BuildingCondition } condition for its age. Overall, this property is { LOWERCASE_Comp_Adj_Sale_4_Adjustment_7_Qualitative } to the subject and a { LOWERCASE_Comp_Adj_Sale_4_Adjustment_7_Percent } adjustment will be applied.

Comparable Sale 5 was built in { CompField_IS_5_YOC } and is in { LOWERCASE_CompField_IS_5_BuildingCondition } condition for its age. Overall, this property is { LOWERCASE_Comp_Adj_Sale_5_Adjustment_7_Qualitative } to the subject and a { Comp_Adj_Sale_5_Adjustment_7_Percent } adjustment will be applied.

Adjustments for { Sale_Adjustment_8 }

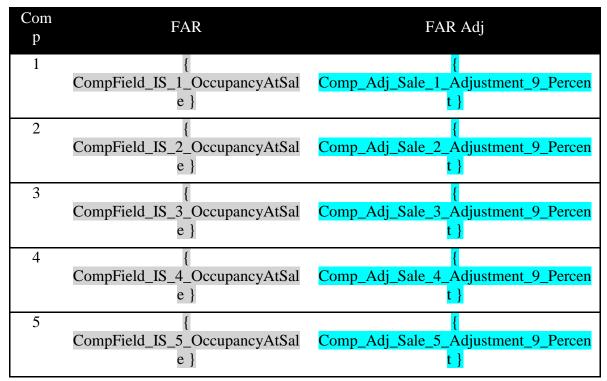
The subject has a Land to Building Ratio of { LandToBldg } and coverage ratio of { FloorAreaRatio }. Comparables with a larger land component of lower coverage ratio are adjusted down and vice versa. Contributory land value and utility is also considered in the adjustment. Following is a summary of the adjustments.





Adjustments for { Sale_Adjustment_9 }

This adjustment considers the subject occupancy when compared to the sales data. Generally, adjustment is applied to buildings that have different vacancy history when compared to the subject. This adjustment must consider the subject and comparable building profile and whether the property is multi-tenant vs. single tenant in nature. The subject is an investment grade multi-tenant office property. It has maintained a fairly constant occupancy until just recently when Desert Pediatrics reduced its size. As of the effective date of valuation, the subject was at { OccupancyAtInspection } occupancy. Generally, comparables with a higher overall vacancy will be adjusted upward and comparable with a chronic or lower overall vacancy will be adjusted downward. As { AuthorsPerspective } have indicated, some buildings are single tenant in nature and the adjustment will be tempered as necessary. Following is a summary of the adjustments.



Sale Adjustments

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
			AGM Container	Rio Rico	
Property Name	CPE	Vol Center	Controls	Center	
Address	4001-4003 East	924 N Alvernon	3725 E Fort	1103 Circulo	3191 E. 44th
Speedway		Way	Lowell Rd	Mercado	Street
City	Tucson	Tucson	Tucson	Rio Rico	Tucson
SF of NRA	14,400	9,375	20,140	14,612	9,721
Year Constructed	1986	2000	2000	2005	1999
Floor Area Ratio	0.27	0.26	0.25	0.28	0.15
Land to Building Ratio	3.69	3.85	4.02	3.56	6.68
Construction Quality	Average	Average	Average	Average	Average
EGIM	N/A	N/A	N/A	N/A	N/A
Sale Price	\$1,550,000	\$975,000	\$1,500,000	\$1,500,000	\$800,000
Rentable Area	14,400	9,375	20,140	14,612	9,721
Unadjusted Price/SF	N/A	\$104.00	\$74.48	\$102.66	\$82.30
Time Adjusted Price/SF	N/A	\$104.00	\$74.48	\$102.66	\$82.30
Adjusted Price/SF	N/A	\$104.00	\$93.10	\$107.79	\$106.98
Property Rights		Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Terms/Financing		Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
% Adjustment		0.0%	0.0%	0.0%	0.0%
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	
Conditions of Sale		Similar	Similar	Similar	Similar
% Adjustment		0.0%	0.0%	0.0%	0.0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Time/Market Conditions		Feb-12	Sep-11	Jul-12	Apr-12
% Adjustment		0.0%	0.0%	0.0%	0.0%
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	
Time Adjusted Price/SF		\$104.00	\$74.48	\$102.66	\$82.30
Location		Similar	Similar	Similar	Inferior
% Adjustment		0.0%	0.0%	0.0%	15.0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$12.34
Builidng Size		Similar	Inferior	Similar	Similar
% Adjustment		0.0%	10.0%	0.0%	0.0%
\$ Adjustment		\$0.00	\$7.45	\$0.00	\$0.00
Age/Condition/Appeal		Similar	Inferior	Similar	Inferior
% Adjustment		0.0%	10.0%	0.0%	10.0%
\$ Adjustment		\$0.00	\$7.45	\$0.00	\$8.23
Tenancy/Occupancy		Similar	Inferior	Inferior	Inferior
% Adjustment		0.0%	5.0%	5.0%	5.0%
\$ Adjustment		\$0.00	\$3.72	\$5.13	\$4.11
Total Adjustments		_			
Net % Adjustments		0.0%	25.0%	5.0%	30.0%
Net \$ Adjustments	\$0.00	\$18.62	\$5.13	\$24.69	
Total % Adjustments	0.0%	25.0%	5.0%	30.0%	
Total \$ Adjustments		\$0.00	\$18.62	\$5.13	\$24.69
Adjusted Price/SF		\$104.00	\$93.10	\$107.79	\$106.98

Adjusted Price Indications		
Minimum Adjusted Price / SF	\$93.10	\$107.64/SF
MaximumAdjusted Price / SF	\$107.79	\$1,550,016
Standard Deviation / SF	\$5.87	

Conclusion of Value; Direct Sales Comparison Approach

After adjustment, the sales indicate a range from { Minimum_Adjusted_Price_Per_SF } to { Maximum_Adjusted_Price_Per_SF } per square foot. Comparable Sale { Most_Comparable_Improved_Sale } provides the best support given its similarity to the subject. Overall, a conclusion at { Sale_Indicated_Value_Rounded } or { Final_Value_Estimate_PerSF } per square foot is reasonable.

CONCLUSION OF VALUE;

As Is Condition, Sales Comparison Approach

Sale_Indicated_Value_Rounded }

RECONCILIATION/ FINAL ESTIMATE OF VALUE

RECONCILIATION / FINAL ESTIMATE OF VALUE

The purpose of this appraisal report has been to estimate the as is market value of the subject property. The results of my findings are as follows:

Approach	As Is Condition
Income Approach	{ Income_Indicated_Value_Rounded }
Cost Approach	{ Cost_Indicated_Value_Rounded }
Sales Comparison Approach	<pre>{ Sale_Indicated_Value_Rounded }</pre>

The Income Approach is considered to be highly relevant given the multi-tenant design of the subject property and fact that it would most likely be purchased by an investor. The building has strong investment characteristics and this approach is very reliable.

The Cost Approach to Value is not considered to be very reliable given the difficulty in estimating depreciation. This approach has been applied, however, will be given little weight in the final conclusion.

The Direct Sales Comparison Approach to Value used {
NumberOfImprovedSales_SaleApproach } Comparable Sales for the purpose of comparison. The properties used provided a good comparison to the subject property and are indicative of what the property would sell for in the marketplace. With this available data, the Direct Sales Comparison Approach is considered to be relevant and will be given secondary weight in the final conclusion.

Giving most consideration to the Income Approach to Value, a conclusion of value at { Final_Value_Estimate }, or { DPFinal_Value_Estimate_PSF } per square foot is reached for the subject in the As Is condition. This conclusion considers the current escrow on the subject property.

FINAL INDICATED MARKET VALUE,
Final Value Estimate

ADDENDUM

YOU WILL NEED A GLOSSARY AND APPRAISAL QUALIFICATIONS FROM THE DOC LIBRARY. THE OTHER ADDENDUM ITEMS ARE BY NECESITY FOR THE JOB AT HAD. ADD ITEMS AS NEEDED.

ADENDUM A

{ Addendum_1 }

ADDENDUM A:	{ ADDENDUM_1 }

INSERT ADDENDUM A INFO

ADDENDUM B

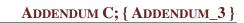
{ Addendum_2 }

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INSERT ADDENDUM B INFO

ADDENDUM C

{ Addendum_3 }



INSERT ADDENDUM C INFO

ADDENDUM D

{ Addendum_4 }

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INSERT ADDENDUM D INFO

ADDENDUM E

{ Addendum_5 }

ADDENDUM E; {	ADDENDUM	5
ADDENDUM E,	ADDENDUM_	

INSERT ADDENDUM E INFO