

# NAI Horizon

Valuation Services Group

2944 N. 44<sup>th</sup> Street, Suite 220  
Phoenix, Arizona 85018  
602.955.4000 Main telephone

December 30<sup>th</sup>, 2010

Kimberly Fallbeck, Specialist II  
Engineering Department/Real Estate Services  
**City of Mesa**  
20 E. Main Street, 5<sup>th</sup> Floor  
Mesa, AZ 85211-1466

RE: Analysis and Appraisal of 6.898 net acres of land known as the **Chicago Cubs Stadium site** within the Mesa Riverview mixed-use development in Mesa, AZ 85201

NAI Horizon File No. 10-154-DAP

Dear Ms. Fallbeck:

At your request, we are providing a restricted format appraisal report dated December 22<sup>nd</sup>, 2010 which is the Date of Value and final physical inspection. This document is intended to comply with the requirements of the 2010-2011 Uniform Standards of Professional Appraisal Practice ("USPAP") for a Restricted Use appraisal report. As such, it presents only minimal discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and our analysis is retained in the appraisers' report file. The depth of discussion and analysis contained in this report is for the stated intended use only. The appraiser and NAI are not responsible for unauthorized use of this report.

### **Client Identity**

The report is being prepared for you, the intended user and client, on behalf of the City of Mesa.

### **Appraiser Identity**

The property was inspected and the report was prepared by Dan A. Paulus, MAI of the NAI Horizon Valuation Services Group, LLC (602.393.6799 direct).

### **Market Value Conclusion as of December 22<sup>nd</sup>, 2010**

The "as is" fee simple market value is **\$3,600,000** or \$12.00 per square foot of land.

### **Real Estate Appraised**

The property is located within Maricopa County in a central metro-Phoenix core market area within the city limits of **Mesa**. The property is located at the southeast corner of the intersection of two freeways; the Loop 101 and 202 freeways, with the city of Tempe nearby to the west, the city of Scottsdale close to the north/northwest, and the Salt River Pima Maricopa Indian Community (reservation) directly north of the subject.

# NAI Horizon Valuation Services Group

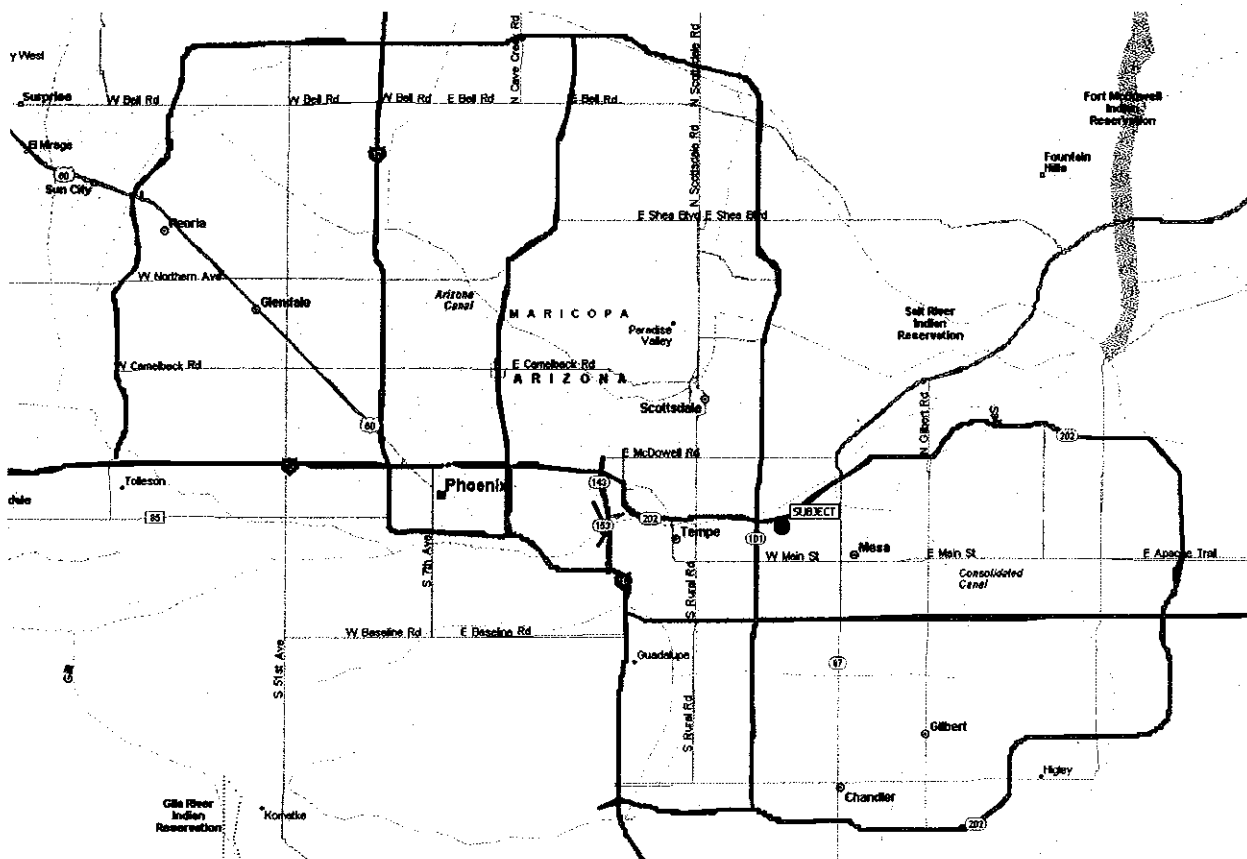
Ms. Kimberly Fallbeck

City of Mesa

December 30<sup>th</sup>, 2010

Page 2

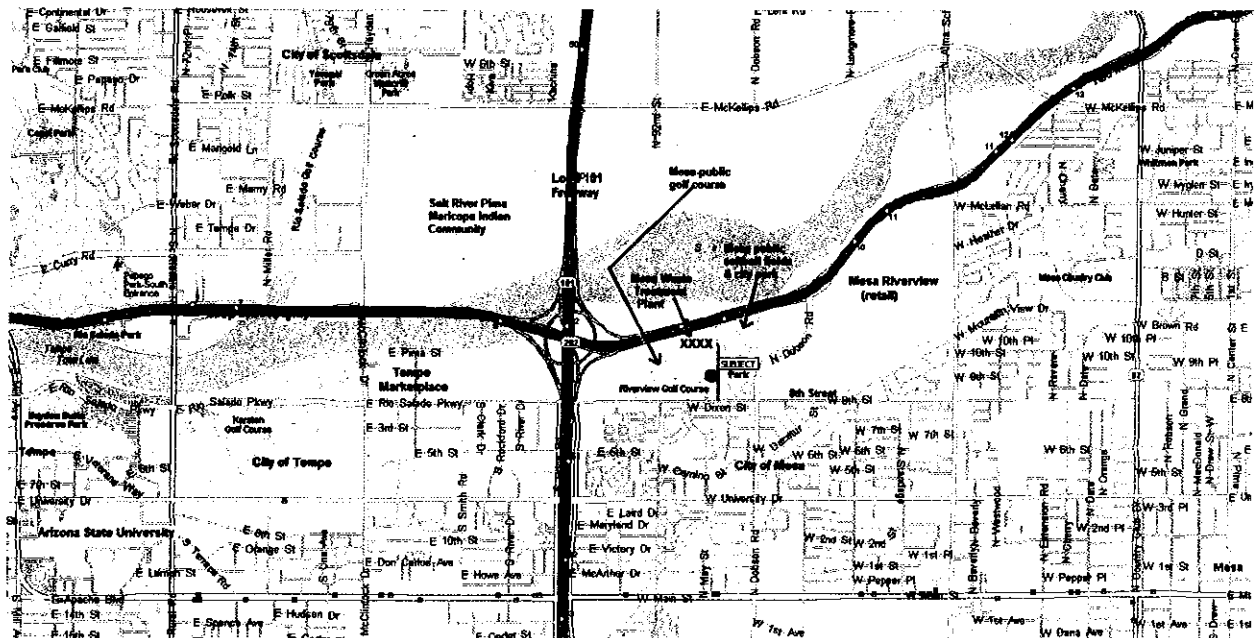
The immediate area is identified as the **Mesa Riverview** mixed-use development. The broader local market area extends east/west along the Loop 202 (Red Mountain Freeway) and along the Loop 101 also known as the Pima Freeway to the north and south. This is a mature, but constantly evolving and growing employment corridor core with the Arizona State University two miles to the west, downtown Tempe three miles to the west, downtown Scottsdale about four miles to the northwest, and downtown Mesa slightly more than two miles to the southeast. A metro-Phoenix map is exhibited below with the subject identified by a green dot.



The subject is a **6.898 net acre** "footprint" of land or **300,477 net square feet** (per client provided information) that fronts along N. Riverview Street about 1/4-block north of 8<sup>th</sup> Street aka. Rio Salado Parkway to the west in Tempe, and is about one block west of Dobson Road. The property is presently a part of the Riverview Golf Course, a city of Mesa public course, and is located directly north of the clubhouse and parking lot which are located at the northwest corner of 8<sup>th</sup> Street and Riverview Street.

Ms. Kimberly Fallbeck  
 City of Mesa  
 December 30<sup>th</sup>, 2010  
 Page 3

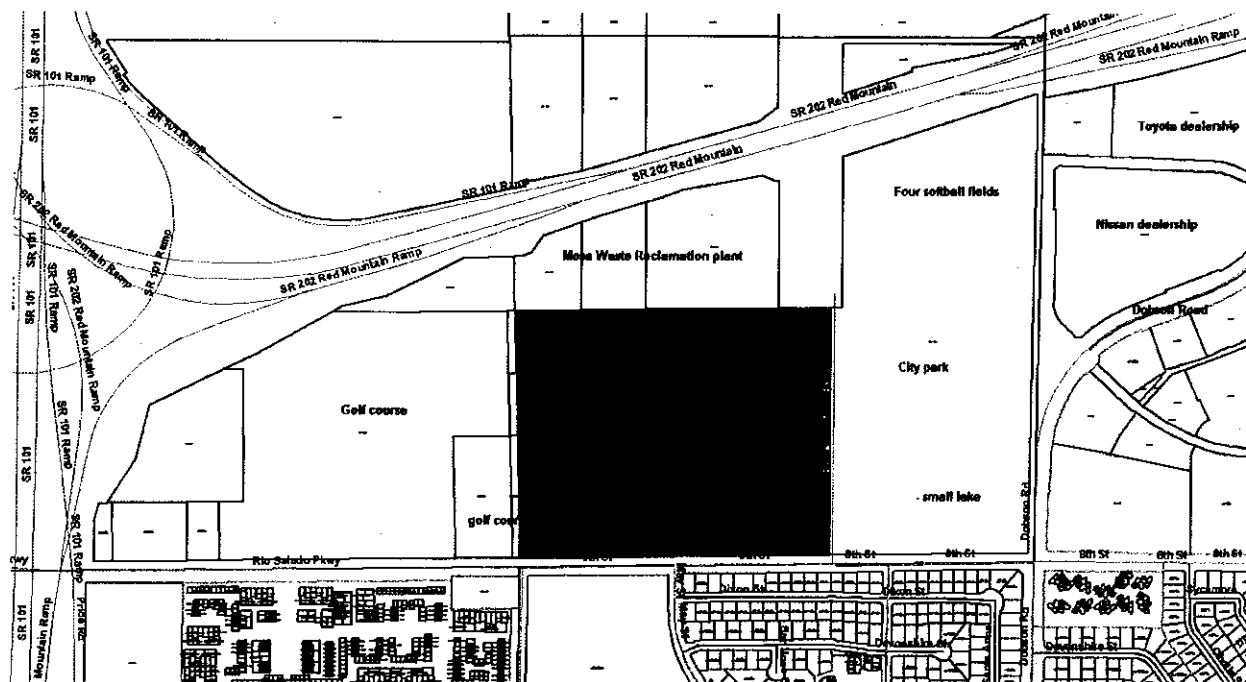
A city of Mesa Waste Reclamation Plant is located north of the site along the south side of the Loop 202 Freeway, and is accessible via Riverview Street at the northern culmination of the street. Located directly east of the subject is the city of Mesa Riverview Park. Riverview Park is a large park with a small fishing and recreation lake at the southern end (northwest corner of Dobson Road and 8<sup>th</sup> Street) with the remainder of the grounds utilized as grassy open fields with trees, paved parking lot, playground equipment, a soccer field, public restrooms, picnic areas and shelters. There is a large, lighted four field softball park located at the northernmost end of Riverview Street that includes restrooms and a concession area.



**N. Riverview Street**, the public access road to the subject, is a non-striped, north/south two-lane street with concrete curbs and gutters. It “Ts” and doesn’t extend beyond 8<sup>th</sup> Street on the south and ends at the Loop 202 on the north. It is controlled by a stop sign for Riverview traffic. **8<sup>th</sup> Street** is an asphalt paved, east/west collector street that is five-lanes including a center-turn lane. Its intersection with Dobson Road to the east is fully signalized in all directions and includes left-turn lanes and signals. Dobson Road fully intersects with the Loop 202 freeway. 8<sup>th</sup> Street underpasses and fully intersects (north and south bound) with the Loop 101 Freeway about two blocks west of the subject.

According to client provided information, the subject is identified by Maricopa County Assessor parcel number of **135-37-003B (a portion of)**. The parcel is and has been owned by the city of Mesa since 1975, and is currently a part of the Riverview Golf Course property. We anticipate that the subject portion of the parcel will be re-parceled once the exact survey boundaries are determined. A metes and bounds legal survey was not provided by the client.

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 4



Plat Map with parcel highlighted in green and subject site outlined in red therein

The property is zoned C-3, General Commercial by the city of Mesa. The site is connected at its perimeter to all public utilities including water, sewer, electricity, and telephone. The National Flood Insurance Rate Map is Community Panel Number 04013C2170G with an effective survey date of September 30, 2005. The property is in a FEMA Flood Zone X500.

**Date of Value**

December 22<sup>nd</sup>, 2010, the Date of Value and the date of last physical inspection.

**Interest Appraised**

The Market Value opinion reported herein, at client request, is the Fee Simple and qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth. The following definition is taken from the *Dictionary of Real Estate Appraisal*, Fifth Edition, published by the Appraisal Institute.

*Market Value Definition*

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United

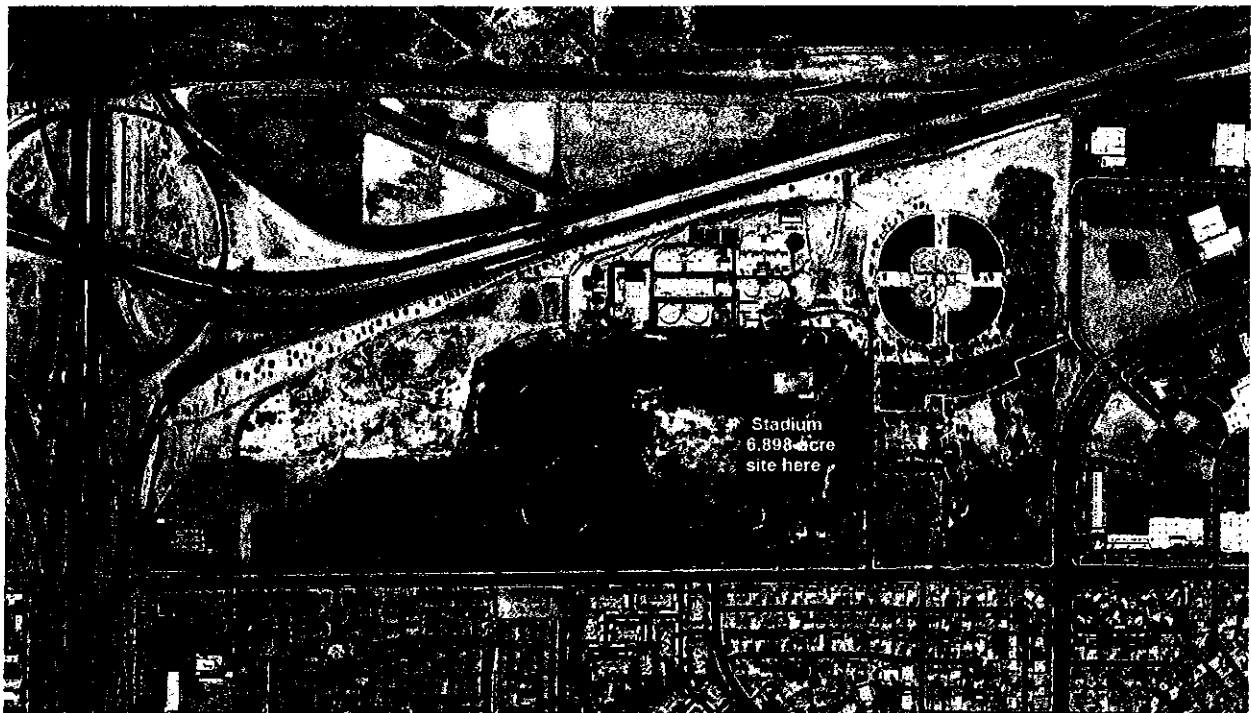
## NAI Horizon Valuation Services Group

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 5

States of America follows, taken from the glossary of the *2010/2011 Uniform Standards of Professional Appraisal Practice* of The Appraisal Foundation:

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 own 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.



Early 2010 aerial photo of site and surrounding grounds

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 6



**View southwest across subject site (currently part of a golf course) from Riverview Street**

### **Exposure Time**

Under Paragraph 3 of the Definition of Market Value, the value opinion presumes that "A reasonable time is allowed for exposure in the open market". Exposure time is defined as the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of real estate and under various market conditions. As noted above, exposure time is always presumed to precede the effective date of appraisal. It is the length of time the property would have been offered prior to a hypothetical market

## NAI Horizon Valuation Services Group

Ms. Kimberly Fallbeck

City of Mesa

December 30<sup>th</sup>, 2010

Page 7

value sale on the effective date of appraisal. It is a retrospective opinion based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the sale of the subject property "as is" at the value concluded within this report would have been approximately 12+ months. This assumes a professional marketing plan by the current owner.



Looking south along Riverview Street toward 8<sup>th</sup> Street from a position just north of the Riverview Golf Course club house. Note single-family housing south of 8<sup>th</sup> Street.

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 8

**Scope of the Appraisal**

The scope of an appraisal is defined as “the type and extent of research and analyses in an assignment” (2010-2011 USPAP). The scope of this analysis required collecting primary data relative to the subject property. The depth of the analysis is intended to be appropriate in relation to the significance of the analytical issues as presented herein. The data have been analyzed and confirmed with sources believed to be reliable, whenever possible, leading to the value conclusion set forth in this report. In the process of completing this report, the undersigned has made another physical inspection of the subject and the surrounding area. The valuation process involved utilizing market-derived and supported techniques and procedures considered appropriate to this engagement.



**View north along Riverview Street. Subject is on the left. City park is on the right.**

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 9

### **Purpose of the Appraisal**

To estimate market value as defined by the Office of the Controller of the Currency under 12 CFR, Part 34, Subpart C.

### **Intended Use of the Report**

This Restricted format report is intended to provide an opinion of the "As Is" market value of the identified land in fee simple estate for the exclusive use of assisting you, the intended user on behalf of the City of Mesa and its advisors, in negotiating a potential long-term ground lease. We agree that the Chicago Cubs organization (the potential ground lessee) and its advisors may also rely upon the work product and conclusions therein. All other uses are unintended.

### **Property Rights Appraised**

Fee Simple Estate

### **Definition of Highest and Best Use**

According to *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), a publication of the Appraisal Institute, the highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

**As If Vacant** the site should be held as a speculative land investment until demanded by the market for commercial development given the C-3 zoning and the locational amenity. It is doubtful that general speculative construction would be financially feasible in the near-term in this economic environment. A special purpose development as proposed might be feasible despite the existing economic conditions, though the analysis of the "as proposed" feasibility is well beyond the scope of this engagement.

### **METHODOLOGY FOR ANALYZING MARKET VALUE**

There are three generally accepted approaches available in developing an opinion of value: the Cost, Sales Comparison and Income Capitalization approaches. We have considered and analyzed each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. This appraisal employs only the (Land) Sales Comparison Approach to determine the value of the land "as is" ignoring the existing golf course improvements thereon. *In the analysis and conclusion of this appraisal engagement, we have assumed as a hypothetical condition that the golf course improvements are of no contributory value. They will be demolished upon development of the site by the Chicago Cubs organization.*

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 10

### **(Land) Sales Comparison Approach**

In the (Land) Sales Comparison Approach, we developed an opinion of fee simple value by comparing this property with similar, recently sold properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute site, assuming that no costly delay is encountered in making the substitution.

By analyzing land sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

1. Research recent, relevant property sales and current offerings throughout the competitive area;
2. Select and analyze properties that are similar to the property appraised, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
3. Identify sales that include favorable financing and calculate the cash equivalent price;
4. Reduce the sale prices to a common unit of comparison such as price per square foot of land,
5. Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the property being appraised; and
6. Interpret the adjusted land sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per net square foot of land. All comparable land sales were analyzed on this basis. On the following pages, we have presented a summary of the land sales that we compared to the subject property, our valuation conclusion, plus spreadsheets presenting the basic data and adjustments.

In general, local and regional market conditions driving demand for commercial land has been modest. Financing is still quite difficult to obtain given the high vacancy rates on all property types and the severe downturn in the metro-Phoenix commercial real estate market. However, foreclosed real estate owned by banks (REO) represents a very large percentage of the available inventory and is readily financed by the seller/lender. However, most other land transactions have been 100% cash with no debt instrument.

### **Adjustment Process**

The six sales and one escrow utilized represent the best available information that could be compared to the subject. The surprisingly large amount of data is presented on Page 15. The *Land Sales Adjustment Grid* is exhibited on Page 16. The *Land Sales Map* is located on page 14.

The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 11

surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

#### **Property Rights Conveyed**

All of the data utilized in this analysis involved the transfer of the fee simple fee interest. Since we are appraising the fee simple interest of the property, no adjustments were required.

#### **Financial Terms**

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/or cash and market-oriented financing. Therefore, no adjustment for financial terms is required for the comparables.

#### **Conditions of Sale**

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments for conditions of sale are required for the six sale comparables. However, Sale No. 7 is an open escrow with a non-divulged escrow price. We are assuming that some downward negotiations occurred off of the asked price. Therefore, we adjusted the pricing downward -10%.

#### **Market Conditions**

The sales included in this analysis date between April 2010 and November 2010 plus the current December 2010 escrow. The data represents the most current sales data available in the competitive market. We did not adjust for Market Conditions because, in our opinion, the land market appears to be at the bottom of the price curve.

Local brokers interviewed stated that they were using 2003/2004 sales data to price current market values whenever adequate data was unavailable. Their belief is that the market accelerated from 2004 through late 2006, and has since been returning to 2003/2004 pricing. The consensus of broker opinions is that the market has not yet hit bottom overall for income properties due to the large supply of competitive product, but may approach the bottom in 2011/2012. Brokers generally agree that we have probably hit bottom for land, but there is no consensus on "when" during 2010, and certain submarkets and property types are recovering (modestly) while others continue to languish. In fairness and on the conservative side, it is argued by certain brokers that a downward adjustment for Market Conditions might have still been appropriate, say -5% per annum for the 2<sup>nd</sup> half of 2010, which would modestly drive the fee simple value conclusion further downward.

Ms. Kimberly Fallbeck  
 City of Mesa  
 December 30<sup>th</sup>, 2010  
 Page 12

**Location**

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject. The subject is considered to have an excellent "core" metro location, and good access and visibility as it is located near the intersection of two freeways whereas most of the comparables have single freeway exposure. We have made a negative adjustment to those comparables considered superior in location versus the subject. Conversely, a positive adjustment was made to those comparables considered inferior. Each comparable was adjusted accordingly.

**Physical Traits**

Various physical factors were analyzed including size, age/condition, quality, utility, etc. When an item was determined to be inferior to the subject, a positive adjustment was applied. When an item was determined to be superior to the subject, a negative adjustment was applied.

**Utility**

The subject land has excellent utility. The parcel is adequately shaped to accommodate a typical commercial development, and it has good access. When a comparable is considered to have superior or inferior utility, an adjustment was made.

**Discussion of Land Sales**

In our analysis of the market for comparable properties, we compared the subject to other properties in the subject's market. The relevant information for each comparable is discussed on the following *Summary of Land Sales* spreadsheet on page 15. Our adjustments are presented on the spreadsheet labeled *Land Sale Adjustment Grid* on page 16. The *Land Sales Map* is presented on page 14.

**Summary of Price per Square Foot Analysis in Fee**

After adjustments, the sales reflect per square foot prices ranging from \$9.05 to \$14.35 per square foot with an average adjusted range of \$10.94 per square foot.

<b>CONCLUSION</b>	<b>\$/SqFt</b>
Indicated Land Value in Fee Simple	<b>\$12.00</b>
Land Area	x 300,477
Indicated Value	\$3,605,724
Rounded to nearest \$25,000	<b>\$3,600,000</b>
Per square foot	\$11.98

Overall, the subject compares reasonably well with the sales included herein, though it is generally superior to all due to its dual freeway locational amenity and core metropolitan core location. Market value is best represented by a mid-range value as indicated by the adjustment grid.

NAI Horizon Valuation Services Group

Ms. Kimberly Fallbeck  
City of Mesa  
December 30<sup>th</sup>, 2010  
Page 13

Therefore, we conclude that the "as is" fee simple land value by the (Land) Sales Comparison Approach as of December 22<sup>nd</sup>, 2010 was \$3,600,000 (rounded) or approximately \$12.00 per square foot.

*It is our understanding that the site size may be altered by parties to the future ground lease as negotiations progress and a clearer picture of the overall development need evolves. As previously discussed with City of Mesa representatives, land value is based upon our conclusion per square foot, and the "Indicated Value" above is merely a mathematical calculation times the client provided site size. As "Size" is an adjustment category on the Land Sales Adjustment Grid (page 16), our conclusion per square foot herein is applicable within a  $\pm 25\%$  square foot range.*

Respectfully submitted,  
NAI Horizon Valuation Services Group, LLC

A handwritten signature in black ink, appearing to read "DAP Paulus". The signature is fluid and cursive, with the first part being a large loop and the last part being a long, sweeping tail.

Dan A. Paulus, MAI, President  
Arizona Certified General Appraiser No. 30234



SUMMARY OF LAND SALES										
No.	Location	Buyer Seller	Price Date	Land Sq.Ft.		Zoning Utility*	Public Utilities	\$/SF Land \$/Acre		COMMENTS
				Land Acres	Land Acres					
1	SEC University Dr. & 48th Str Phoenix	University Parking Venture, LLC AGMainstreet Compass Center, LLC	\$5,160,000 4/10	570,200 SF	F-1	All	\$9.05	\$394,194	Property was purchased for construction of a now completed Sky Harbor international passenger parking lot. Accessible from both University Dr. and Highway 143, and is located just north of Interstate-10. Well located with high visibility and good access. Zoned for light industrial.	
				13.09 Ac	Average		\$10.37	\$451,680		
2	NEC Frank Lloyd Wright Blvd & Loop 101 Scottsdale	Koon-Boae, Inc Arizona State Land Dept	\$2,150,000 5/10	207,346	C-2	All	\$10.37	\$451,680	Site sold by the State of Arizona at public auction to highest bidder. Well located below the Loop 101 in north Scottsdale along Frank Lloyd Wright Blvd. Excellent commercial location with C-2 zoning.	
				4.76 Ac	Average		\$7.00	\$304,921		
3	NE-NEC Warner Rd & I-10 Tempe	Furniture Row USA, LLC Emerald Phase III, LLC	\$1,624,714 7/10	232,101	ROC	All	\$7.00	\$304,921	Located northeast of the northeast corner of Warner Road and Interstate-10 in south Tempe within a fully infrastructure commercial park. A furniture store is slated for development. Interior site, but excellent I-10 visibility and access.	
				5.33 Ac	Average		\$6.70	\$292,037		
4	SWC Loop 202 & 44th Str Phoenix	FHI Group, LLC GVEC Resource IV, Inc.	\$950,000 7/10	141,701	R1-6	All	\$6.70	\$292,037	Good freeway exposure location near center of metro. Accessible via 44th street just south of the Loop 202 within the CofCo Center (Lot 5). Likely to be developed commercially, though it could go multi-family. Will have to be re-zoned.	
				3.25 Ac	Good		\$6.50	\$283,179		
5	MWC Loop 202 & Pecos Rd Gilbert	Pecos Market Street, LLC Gilbert Growth Properties, LLC	\$3,610,629 11/10	555,390	RC	All	\$6.50	\$283,179	Property has Loop 202 exposure, but access is indirect via Val Vista Road. Pecos Road underpasses the 202. Strong, growing commercial location. Zoned for Regional Center by Gilbert.	
				12.75 Ac	Average		\$11.48	\$500,000		
6	NEC I-10 & Alameda Dr. Tempe	US Real Estate Limited Ptnrs ABRA Investments	\$3,000,000 11/10	261,360	F-1	All	\$11.48	\$500,000	Strong Interstate-10 freeway exposure, but access is indirect. Core location like the subject. Probable development is for suburban office i.e. located within the Fountainhead Corporate Park.	
				6.00 Ac	Good		\$8.97	\$390,886		
7	W-NWC Loop 101 & McDowell Rd Scottsdale	IN ESCROW - buyer name not disclosed Astar Pima Road Scottsdale, LLC	\$2,100,000 12/10	234,022	C-4	All	\$8.97	\$390,886	Redevelopment site in escrow. Broker would not reveal price, but is less than the asked \$8.97 psf. Reasonably well located west of the Loop 101 north of the subject in southern Scottsdale along McDowell Road. Property has exposure/visibility/access to Loop 101.	
				5.37 Ac	Good					

	Price Date	Land Sq.Ft.		Zoning Utility*	Public Utilities	\$/SF Land \$/Acre	
		Land Acres	Land Acres				
Survey Low	\$950,000	141,701 SF	NA	NA	All	\$6.50	
Survey High	\$5,160,000	570,200 SF	NA	NA	All	\$11.48	
Average	\$2,656,463	314,589 SF	NA	NA	All	\$8.58	
Survey Low	4/10	3.25 Ac	NA	NA	All	\$283,179	
Survey High	12/10	13.09 Ac	NA	NA	All	\$500,000	
Average	8/10	7.22 Ac	NA	NA	All	\$373,843	
Subject		300,477	C-3		All	NA	
		6,898	Good		All	NA	

Ms. Kimberly Fallbeck  
 City of Mesa  
 December 30<sup>th</sup>, 2010  
 Page 16

LAND SALE ADJUSTMENT GRID													
No.	\$/SqFt Land & Date	Economic Adjustments					Subtotal	Property Characteristic Adjustments					Adj. \$/SqFt Land Overall
		Property Rights Conveyed	Financing & Conditions of Sale	Exp. After Purchase	Market* Conditions	Market* Conditions		Location	Size	Public Utilities**	Utility**	Zoning, & Other	
1	\$9.05 4/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$9.05 0.0%	Inferior 25.0%	Similar 0.0%	Inferior 5.0%	Inferior 5.0%	Inferior 5.0%	\$12.22 35.0%	
2	\$10.37 5/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$10.37 0.0%	Inferior 15.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$11.92 15.0%	
3	\$7.00 7/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$7.00 0.0%	Inferior 25.0%	Similar 0.0%	Inferior 5.0%	Inferior 5.0%	Inferior 5.0%	\$9.45 35.0%	
4	\$6.70 7/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$6.70 0.0%	Inferior 20.0%	Similar 0.0%	Inferior 5.0%	Inferior 5.0%	Inferior 10.0%	\$9.05 35.0%	
5	\$6.50 11/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$6.50 0.0%	Inferior 25.0%	Larger 5.0%	Inferior 5.0%	Inferior 5.0%	Inferior 5.0%	\$9.10 40.0%	
6	\$11.48 11/10	Fee Simple/Mkt. 0.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	\$11.48 0.0%	Inferior 15.0%	Similar 0.0%	Inferior 5.0%	Inferior 5.0%	Inferior 5.0%	\$14.35 25.0%	
7	\$8.97 12/10	Fee Simple/Mkt. 0.0%	Arms-Length -10.0%	None 0.0%	Similar 0.0%	\$8.08 -10.0%	Inferior 25.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	Similar 0.0%	\$10.50 30.0%	

**SUMMARY**

Price Range	Unadj. \$/SF	Adj. \$/SF
Low	\$6.50	\$9.05
High	\$11.48	\$14.35
Average	\$8.58	\$10.94
<b>Net Adjustment Range</b>		
Low	15.0%	
High	40.0%	
Average	30.7%	

**\*Market Conditions Adjustment**

Compound annual change in market conditions: 0.00%  
 Date of Value (for adjustment calculations): 12/22/10  
 \*\*Utility includes shape, access, frontage and visibility.

---

## ASSUMPTIONS AND LIMITING CONDITIONS

---

"Appraisal" means the appraisal report and opinion of value stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Appraisal.

"NAI" means NAI Horizon Valuation Services Group, LLC or its subsidiary which issued the Appraisal.

"Appraiser" or "Appraisers" means the employee(s) of NAI who prepared and signed the Appraisal.

The Appraisal has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the appraisal or upon which the Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraiser nor NAI shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Appraisal is obligated to bring to the attention of NAI any inaccuracies or errors that it believes are contained in the Appraisal.
- The opinion of market rent(s) and insurable value(s) are only as of the date stated in the Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.
- The Appraisal is to be used in whole and not in part. No part of the Appraisal shall be used in conjunction with any other Appraisal. Publication of the Appraisal or any portion thereof without the prior written consent of NAI is prohibited. Reference to The Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional or offering or SEC material without NAI's prior written consent.
- Any authorized user of this Appraisal who provides a copy of this Appraisal to, or permits reliance thereon by, any person or entity not authorized by NAI in writing to use or rely thereon, hereby agrees to indemnify and hold NAI, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Appraisal by any such unauthorized person or entity.

---

## ASSUMPTIONS AND LIMITING CONDITION

---

- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Appraisal; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Appraisal is based.
- The physical condition of the improvements considered by the Appraisal is based on visual inspection by the Appraiser or other person identified in the Appraisal. NAI assumes no responsibility for the soundness of structural members nor for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Appraisal may be based on lease summaries provided by the owner or third parties. The Appraiser assumes no responsibility for the authenticity or completeness of lease information provided by others. NAI recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and NAI make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Appraisal, envisages for the future in terms of rental rates, expenses, supply and demand.
- The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to molds or mildews or the conditions that might give rise to either, and in compliance with all environmental condition, past, present, or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property being appraised.
- Unless otherwise stated in the Appraisal, the existence of potentially hazardous or toxic materials which may have been used in the Appraisal or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value.

---

## ASSUMPTIONS AND LIMITING CONDITION

---

These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. NAI recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value or market rent.

- Unless otherwise stated in the Appraisal, compliance with the requirements of the Americans With Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. NAI recommends that an expert in this field be employed.
- If the Appraisal is submitted to a lender or investor with the prior approval of NAI, such party should consider this Appraisal as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Special Conditions and Assumptions and this Appendix Assumptions and Limiting Conditions incorporated in this Appraisal.
- In the event of a claim against NAI or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to relative to the Appraisal or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by NAI or its affiliates for this Appraisal and under no circumstances shall any claim for consequential damages be made.
- By use of this Appraisal each party which uses this Appraisal agrees to be bound by all of the Assumptions and Limiting Conditions stated herein.

Significant volatility in the capital markets has increased uncertainty in the real estate market making it increasingly risky to forecast what may happen in the marketplace. Consequently, it is also difficult to forecast what may happen to property values over time. Our valuation of the subject considered the best information available at the time of our analysis. Due to the continued uncertainty in the overall market, our clients and other intended users should consider the market uncertainty when determining the level of confidence they have in our analyses and market value conclusions. Clients are reminded that the appraisal conclusions are effective as of the Date(s) of Value.

### **Extraordinary Assumptions**

An extraordinary assumption is defined as “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.” (*USPAP 2010 Edition*, ASB of The Appraisal Foundation).

We have not applied any extraordinary assumptions.

### **Hypothetical Conditions**

A hypothetical condition is defined as “that which is contrary to what exists, but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about

---

## ASSUMPTIONS AND LIMITING CONDITION

---

physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.” (USPAP 2010 Edition, ASB of The Appraisal Foundation).

*In the analysis and conclusion of this appraisal engagement, we have assumed as a hypothetical condition that the golf course improvements are of no contributory value. They will be demolished upon development of the site by the Chicago Cubs organization.*

---

## CERTIFICATION OF APPRAISAL

---

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraised Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- Dan A. Paulus made a personal inspection of the property that is the subject of this report.
- No one provided significant real property assistance to the person signing this report.
- We have not previously provided appraisal services regarding the subject within the last three years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Dan A. Paulus, MAI has completed the continuing education program of the Appraisal Institute.

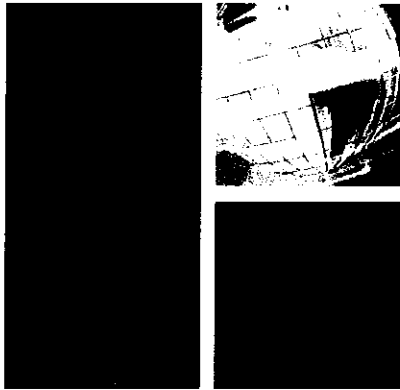


---

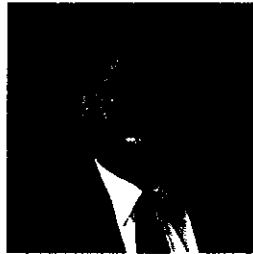
Dan A. Paulus, MAI  
Arizona Certified General Appraiser No. 30234

**Addenda Contents**

**ADDENDUM A: Qualifications of the Appraiser**



# Professional Profile



**Dan Paulus, MAI**  
President  
Valuation Services Group, LLC

phone 602 393 6799  
mobile 602 738 5860  
direct fax 602 808 3955  
dan.paulus@naihorizon.com

## Present Position

Dan A. Paulus, MAI, is the President of NAI Horizon Valuation Services Group, LLC, a commercial real estate appraisal firm affiliated with NAI Horizon; an Arizona based, full service commercial real estate firm. NAI Horizon is a member of the NAI Global network of 325 offices in over 55 countries worldwide. Mr. Paulus specializes in solving complex real estate problems through focused consulting or valuation. He is experienced in strategic planning, staff management, and management of complex engagements. He is seasoned in the supervision and appraisal of both single asset properties and major, multi-state portfolios. He has extensive experience in market analysis, land use, feasibility studies performed for HUD, FHA, BIA, developers, lenders, portfolio management firms, mortgage brokers, and attorneys. He has supervised many multi-discipline engagements including business valuation coupled with marketability and minority interest discounting.

## Experience

Mr. Paulus has been actively engaged in commercial real estate since 1983. His experience includes consultation or appraisal of virtually all property types including subdivisions and master planned communities, residential income and congregate care, medical, garden and high-rise office buildings, industrial/manufacturing facilities, retail centers and regional malls, hotels, golf resorts, time shares, resorts, and numerous limited or special use properties.

He has provided expert testimony in deposition and in Federal Bankruptcy Court. He has testified as an expert witness in U. S. Tax Court and direct testimony in IRS mediation. He has managed a variety of specialty real estate consulting engagements including strategic planning, plan reorganization analysis, and disposition consulting. He is one of a few valuation experts knowledgeable in the Senior Housing/Healthcare industry. He also has considerable experience with sovereign lands working with Indian communities and the BIA.

Mr. Paulus has lectured on appraisal techniques, addressed topics relating to the State of the Market and Economic Forecasts to law firms, civic groups, lender's conferences, local University conferences, and has taught continuing education courses at the Arizona School of Real Estate.

## History

In February 2009 Mr. Paulus partnered with NAI Horizon to form NAI Horizon Valuation Services Group, LLC. He joined Colliers International in April 2002 to start-up the Phoenix office as Appraisal Manager and became the President of North American Appraisal Operations (17 offices). He was a Senior Appraiser with Cushman & Wakefield (1999-2002). He was a partner with the regional real estate consulting/appraisal firm Burke Hansen, Inc. (1996-1999). In 1989, he joined the Arthur Andersen LLP Tax Division to establish a Southwestern U.S. Valuation Services Group as part of their national practice (1989-1996). He started his appraisal career with CB/Richard Ellis (1983-1989).

## Education

Mr. Paulus is a graduate of Arizona State University and holds a B.S. degree in Accounting with a secondary emphasis in Real Estate.

## Professional Affiliations & Designations

Mr. Paulus, MAI, is current with all continuing education requirements of the Appraisal Institute under membership No. 10103 (Oct. 1993). He is a past member of the Appraisal Institute Review Committee and also the Regional Ethics and Counseling Panel. Mr. Paulus has assisted the Disciplinary Committee of the Arizona Board of Appraisal in reviewing complaints. He is an Arizona State Certified General Appraiser (No. 30234).

**NAI Horizon**  
Valuation Services Group

[www.naihorizon.com](http://www.naihorizon.com)

Build on the power of our network.™