

Appraisal Report Summary

Appleton Ranch Parcel A (Non-Federal)

Appleton Ranch Parcel B (Non-Federal)

Appleton Ranch Parcel C (Non-Federal)
Santa Cruz County, Arizona

Resolution Copper Legislated Land Exchange
(Southeast Arizona Land Exchange and Conservation Act, 16 U.S.C. §539p)

Date of Appraisal Report
December 2, 2022

Date of Appraisal Review
January 7, 2023

Appraisal Report Prepared By
Barry Weissenborn
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326 South Convent Avenue
Tucson, AZ 85701

Appraisal Summary

Appraisal Report Under Review

Appraiser(s)

Barry Weissenborn
Arizona Certified General Real Estate Appraiser #30724
Beverly Weissenborn, MAI
Arizona Certified General Real Estate Appraiser #30125
Weissenborn Appraisal, LLC
326 South Convent Avenue
Tucson, AZ 85701

Date of Inspection

October 28, 2020. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection.

Date of Report

December 2, 2022

Owner

Resolution Copper Mining, LLC

Client

In the original appraisal contract, the client for the appraisal was broadly defined as the USDA Forest Service. It shall be noted that the Client of the appraisal report is the USDA Forest Service, Director of Lands and Minerals, Southwestern Region.

Intended Use

To provide a basis of market value for the legislated land exchange between the United States of America and Resolution Copper Mining, LLC pursuant to 16 U.S.C. §539p.

Intended User(s)

In the original appraisal contract, the intended users were broadly defined. It shall be noted that the intended users of the appraisal report are specifically identified as the USDA Forest Service, Director of Lands and Minerals, Southwestern Region, USDA Office of General Counsel, and Resolution Copper Mining, LLC.

Professional Standards

The appraisal standards required for this assignment were the *Uniform Appraisal Standards for Federal Land Acquisitions* and *Uniform Standards of Professional Appraisal Practice*.



Estate Appraised

The estate appraised includes the fee simple interest, subject to the specific reservations and encumbrances of record shown in a title commitment issued by Lawyers Title of Arizona, Inc., dated November 12, 2020 and amended December 2, 2020. The property includes portions of the underlying mineral estate and any appurtenant water rights.

Outstanding Rights

Schedule B – Exceptions

1. Intentionally omitted
2. Intentionally omitted
3. Intentionally omitted

4. Reservations contained in the Patent

From: The United States of America

Recording No: Book 12 of Deeds, page 22

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects the south half of Lot 4 and the south half of the North half of Section 15.)

5. Reservations contained in the Patent

From: The United States of America

Recording No: Book 15 of Deeds, page 124

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects Northwest quarter of Southeast quarter of Section 15.)

6. Reservations contained in the Patent

From: The United States of America

Recording No: Book 15 of Deeds, page 196

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other

purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects North half of Northeast quarter of Section 28.)

7. Reservation of all oil, coal and other minerals as set forth in Deed:

Recording No.: Book 16 of Deeds, page 372

8. Reservations, exceptions and provisions contained in the patent from the State of Arizona, and in the acts authorizing the issuance thereof:

Recording No: Book 26 of Deeds, page 208
(Affects East half of Section 17.)

9. Reservation of a 55% interest in all oil, gas, coal and other minerals as set forth in Deed

Recording No.: Book 33 of Deeds, page 178

10. Reservations contained in the Patent

From: The United States of America
Recording No: Book 13 of Miscellaneous, page 606

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects Lots 2 and 3, Southwest quarter of Northeast quarter; south half of Northwest quarter; North half of Southwest quarter and Northwest quarter of Southeast quarter of Section 14.)

11. Reservations contained in the Patent

From: The United States of America
Recording No: Book 13 of Miscellaneous, page 607

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the

reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects Northeast quarter of the Southeast quarter of Section 15 and Lot 4 of Section 14.)

12. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: electric transmission lines and related facilities

Grantee: The Tucson Gas Electric Light & Power Company
Recording No: Book 22 of Miscellaneous, page 157

(Affects the Northeast quarter of the Northwest quarter and the West half of the Northeast quarter of Section 14.)

Comment: This easement is on behalf of Tucson Gas and Electric (Now Tucson Electric Power) for the transmission lines that extend along the north boundary of Section 14 (Parcel A). These are transmission lines that supply power to Fort Huachuca. They are not available for local service. Given the size of Parcel A of 559.85 acre and the location parallel to the property boundary, there is no measurable impact on value.

13. Reservation of one half of all mineral rights as set forth in Deed:
Recording No.: Docket 16, page 383

Comment: As discussed in the previous section, the market does not recognize any impact on value resulting from the severed mineral estate.

14. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: telephone and telegraph lines
Grantee: The Mountain States Telephone and Telegraph Company

Recording No: Docket 27, page 281

(Affects the East 10 feet of Section 15.)

Comment: The comment above that the easement affects the East 10 feet of Section 15 does not correspond to the map in the document. The legal description in the document is illegible. It is noted, however, that the map in the document shows the phone line entering Parcel A at the north boundary and following Research Road and Finley Tank Road to the research headquarters. This alignment corresponds to what was observed on site during the property inspection. The availability of phone service far out ways any potential negative impact on value resulting from the easement encumbrance.

15. Reservations contained in the Patent

From: The United States of America
Recording No: Docket 37, page 501

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects south half of Northeast quarter and the Northwest quarter of Section 28.)

Comment: As noted above, the subject parcels were patented under a process common to many properties of this class throughout the region. A number of the comparable sales were patented in the same manner, so the valuation analysis inherently addresses any potential impact on value.

16. Intentionally omitted

17. Reservation of oil, gas, mineral, water and other subsurface rights as set forth in the following Deeds:

Recording No.: Docket 416, page 474
Recording No.: Docket 416, page 475
Recording No.: Docket 416, page 476
Recording No.: Docket 416, page 477
Recording No.: Docket 416, page 478
Recording No.: Docket 416, page 479
Recording No.: Docket 416, page 480
Recording No.: Docket 416, page 481
Recording No.: Docket 416, page 482
Recording No.: Docket 416, page 483
Recording No.: Docket 416, page 484
Recording No.: Docket 416, page 485
Recording No.: Docket 416, page 486
Recording No.: Docket 416, page 488
Recording No.: Docket 508, page 804

Comment: As discussed in the previous section, the market does not recognize any impact on value resulting from the severed mineral estate.

18. Mutual Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Parties: Lee Appleton; Mark Appleton; Peter Bryce Appleton and Susan Helena Bonebakker Appleton husband and wife; Lynne Appleton; and The Research Ranch Foundation, an Arizona non-profit corporation

Purpose: ingress and egress
Recording No: Docket 427, page 338

(Affects an undefined portion of Section 14.)

Comment: This easement granted legal access between the individual parcels in Section 14 that were owned by individual heirs of Arial Appleton. Without this easement several of the parcels could have been legally landlocked. Now that the property is under one single ownership, Resolution Copper Mining, LLC, the need for the easement is not critical. Nonetheless, it remains in place and has no measurable impact on value.

19. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: ingress and egress
Grantee: C.F. Doornbos and Linda Kaye Doornbos, and their successors and assigns
Recording No: Docket 468, page 651

(Affects Section 15.)

Comment: This easement grants the right of access to the owners of APN 108-36-003b located adjacent east of Parcel C. This easement follows the existing road system within the Appleton-Whittell Research Ranch and passes through the western portion of Parcel A. The property that benefits from the easement is a private holding within the research ranch and improved with an owner-occupied single-family residence. As this easement follows the existing road system used by the owners of the subject property and those at the research ranch, there is no impact on value.

20. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: electric transmission or distribution line

Grantee: Sulphur Springs Valley Electric Cooperative, Inc.
Recording No: Docket 517, page 155
(Affects Section 28.)

Comment: This easement is for the overhead electric line that provides service to Parcel C. Though not currently metered, this line previously provided service to the house that was lost in the Ryan fire in 2002. The original pole has since been replaced by a steel pole. Any potential negative impact of the easement is more than offset by the electric service that is provided.

21. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: telecommunication facilities

Grantee: US West Communications, Inc.
Recording No: Docket 559, page 680

(Affects Section 15.)



Comment: This is a 10-foot wide, underground communication easement that parallels Research Ranch Road as it passes through Parcel A. Again, the benefit of service outweighs any potential negative impact on value resulting from the easement encumbrance.

22. Matters contained in that certain document

Entitled: Affidavit of Disclosure
Recording No: 2007-15444

Reference is hereby made to said document for full particulars.

Comment: This is an Affidavit of Disclosure signed by the Appleton family when the subject property was purchased by Swift Current Land and Cattle, LLC. The only notable disclosures are the availability of telephone to Parcel C and the acknowledgment that water is supplied by wells.

23. Water rights, claims or title to water, whether or not disclosed by the public records.

Comment: Those that pertain to the subject property are discussed earlier in this section.

24. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

25. Intentionally omitted

Definition of Value

Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interest in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeable, and the price is not affected by undue influence. (36 CFR 254.2).

Extraordinary Assumptions

The appraisal is not based upon any Extraordinary Assumptions.

Hypothetical Conditions

The appraisal is not based upon any Hypothetical Conditions.

Jurisdictional Exception

The appraisal has been prepared in conformance with UASFLA, which requires that the opinion of value not be linked to a specific exposure time as required by USPAP SR 1-2(c) & UASFLA 1.2.4 & 4.2.1.2.

Legal Description

Land located in Santa Cruz County, Arizona based on BLM cadastral Survey Titled "Fractional Township 21, South, Range 18 East, of the Gila and Salt River Meridian, Arizona, Dependent Survey, Resurvey Subdivision of Sections 14 and 15 and Metes-and-Bounds Surveys in Sections 14, 15, and 28, officially filed July 29, 2019, and also recorded in records of the Santa Cruz County Recorder on September 10, 2020, at fee number 2020-05622, and more specifically described as:

Gila and Salt River Meridian, Arizona

T. 21 S., R. 18 E.,

sec. 14, lots 5 thru 7, SW1/4NE1/4, S1/2NW1/4, N1/2SW1/4, and NW1/4SE1/4 (299.96 acres)

sec. 15, lot 5, S1/2NE1/4, S1/2NW1/4, N1/2SE1/4 (259.89 acres)

sec. 17, E1/2 (320.0 acres)

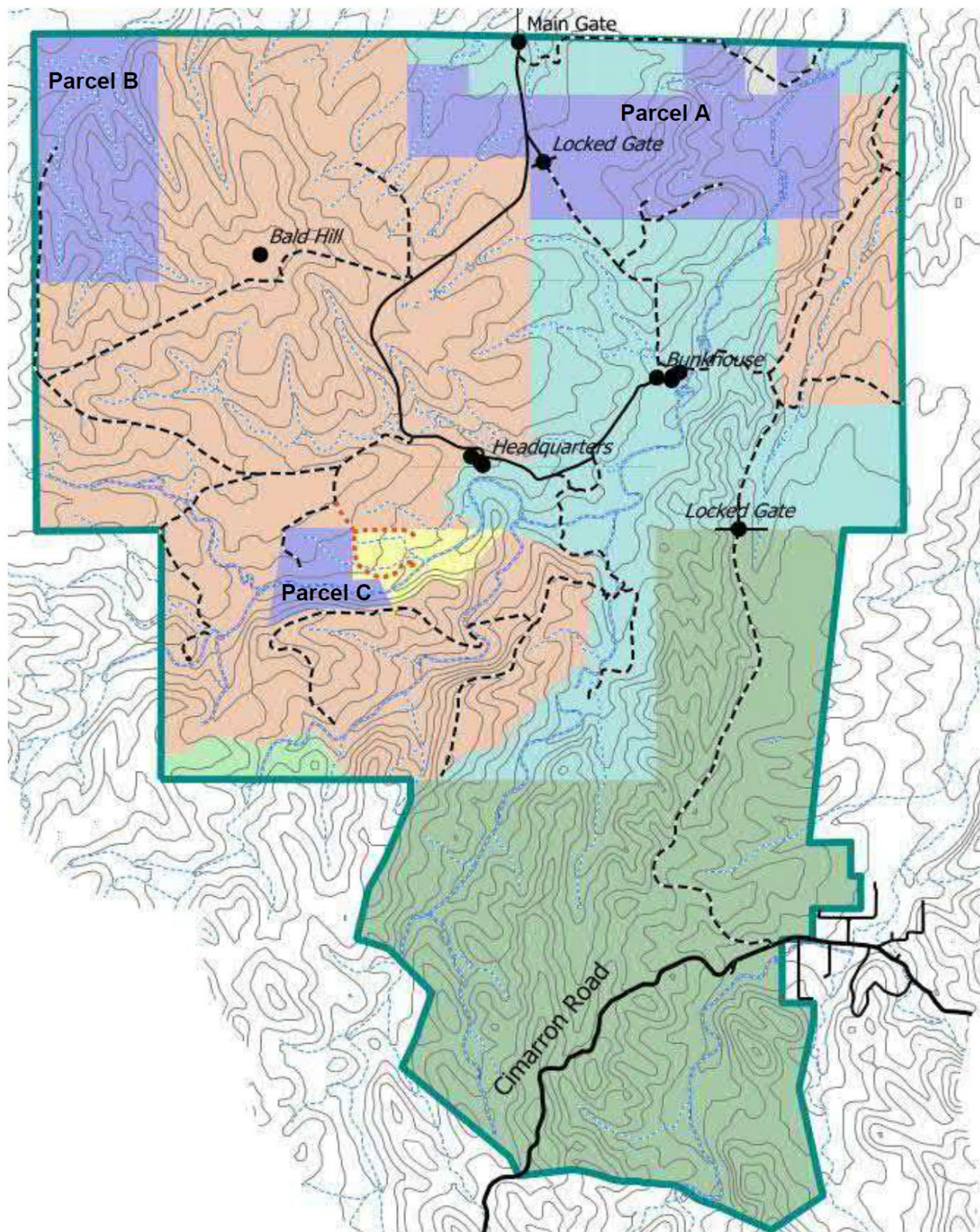
sec. 28, Parcel F (76.69 acres)

Total: 956.54 acres

The following maps are for illustration purposes:



Overview of Appleton Parcels within Appleton-Whittell Research Ranch



Appleton Ranch:
940 Acres of Resolution Copper Property offered to the BLM,
T21S, R18E. Portion of Sections 14, 15, 17 & 28,
Santa Cruz County, Arizona.
Image Source: O'Donnell Canyon and Pyeatt Ranch
7.5 Minute USGS Quadrangles
Data Source: BLM Surface Management 2012
Disclaimer: Map boundaries are based on best available data.
Legal descriptions pending field verification by professional surveyors.

Legend

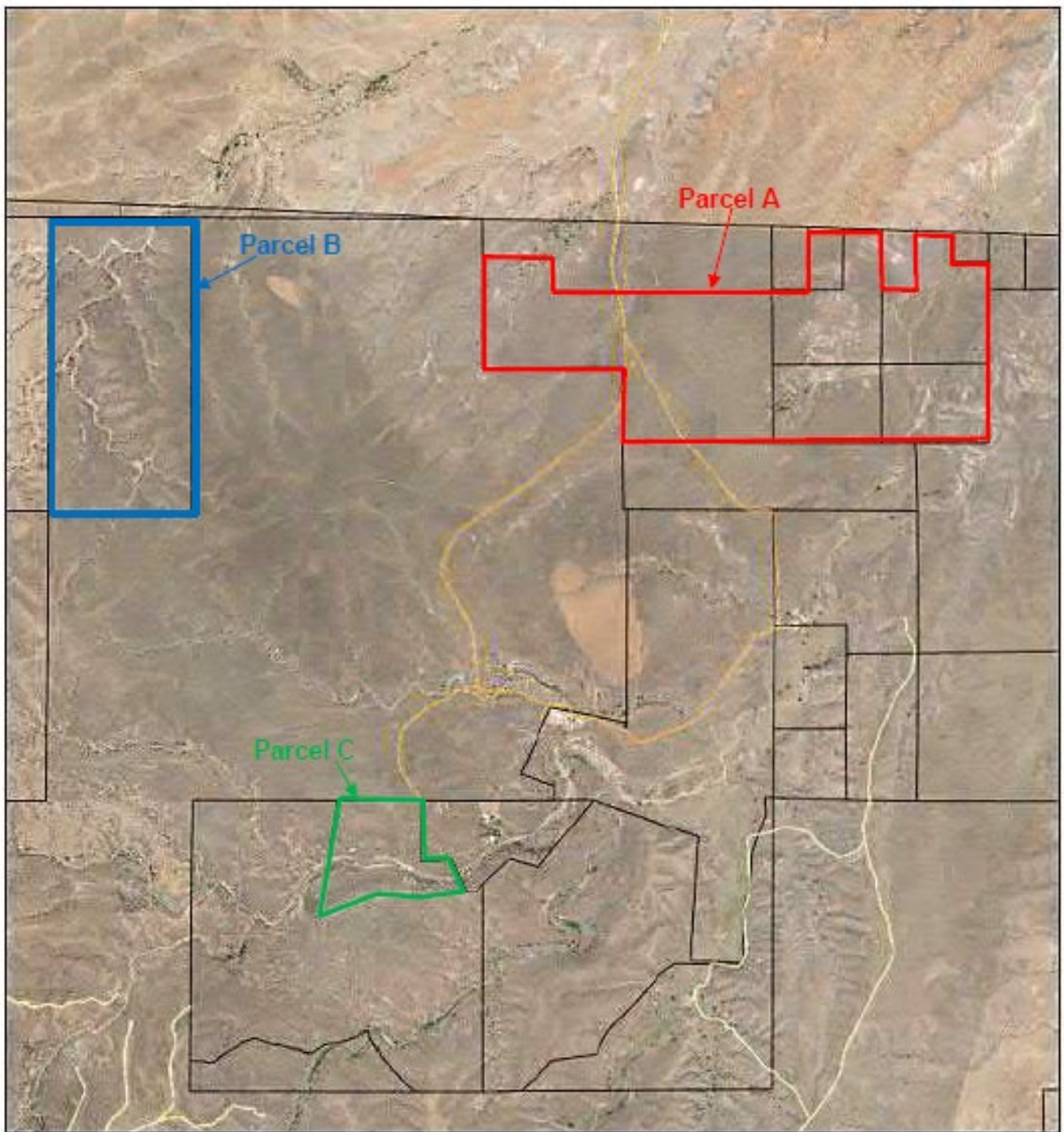
- Offered Lands
- Bureau of Land Management (BLM)
- Other Private Ownership (No Color)
- Arizona State Trust Lands
- U.S.A. Lands (Coronado National Forest)

**RESOLUTION COPPER
Land Exchange Proposal**

APPLETON RANCH PARCEL

Figure 2.5-8

Aerial View of Appleton Parcels



Property Description

Location: The subject properties are located 3 to 6 miles south of Elgin in Santa Cruz County, Arizona within the 8,000-acre Appleton-Whittell Research Ranch.

Size: The subject property consists of three non-contiguous parcels of mostly rolling grassland in the Canelo Hills totaling 956.54 acres (Parcel A: 559.85 acres; Parcel B: 320.0 acres; and Parcel C: 76.69 acres). Each parcel is located along one of three streambeds that drain in a northeasterly direction into the Babocomari River which flows eastward to join the San Pedro River.

Topography: Parcel A is an irregularly shaped parcel situated along the north boundary of the Research Ranch near the northeast corner. The westernmost portion of the parcel is gently rolling with two un-named drainages west of Research Ranch Road. There are a number of diversions and stockponds in this area. Vegetation includes a mix of semi-desert grassland, mesquite, and stands of cottonwood and desert will along the watercourses.

Parcel B is located on the northwest corner of the Research Ranch. It is rectangular in shape and totals 320 acres. The terrain is rolling and includes a mix of upland grassland cut by several drainages that flow to the north and join Vaughn Canyon which passes through the northern portion of the parcel.

Parcel C is an irregular shaped parcel in the south-central portion of the Research Ranch with a mixture of vegetation ranging from upland grasses to oak woodland. The northern half has a gentle slope from north to south down to the base of Post Canyon which passes through the southern portion of the property. Post Canyon is a named tributary of O'Donnell Canyon and joins the larger drainage about $\frac{3}{4}$ of a mile downstream. The north facing slope of Post Canyon is steep rising from an elevation of about 4,800 feet to 4,900 feet. The appraisal states that using the measuring tool on the Santa Cruz County GIS website, about 50% of the site is impacted by the flood-prone lands and steep slope along Post Canyon.

Soil Types: According to the August 2015 information provided by the National Cooperative Soil Survey, the Appleton parcels are located within five soil complexes. These soil complexes are generally well-drained and occur on fan terraces. The soils are described as follows:

1. The Bernardino-Hathaway association is comprised of 55 percent Bernardino soils and approximately 25 percent Hathaway soils. The Bernardino series consists of very deep, well-drained soils that formed in fan alluvium from igneous and sedimentary rock.
2. White House gravelly loam consists of very deep, well-drained soils that formed in fan alluvium from mixed sources. White House soils are gravelly loam on fan terraces and have slopes of 0 to 10 percent. Permeability is moderately high.
3. The Pima series consists of deep, well-drained soils formed in stream alluvium. Pima soils are on alluvial fans and flood plains and have slopes of 0 to 3 percent. Permeability is moderately high.



4. The Hathaway series consists of very deep, well-drained soils that formed in fan alluvium from mixed sources. This soil series has slopes of 20 to 50 percent and has moderately high to high permeability.
5. White House gravelly loam is mapped as a separate soil unit where it occurs on slopes of 10 to 35 percent (Soil Survey Staff 2015). It is a well-drained soil that formed in fan alluvium with moderately high permeability.

Water Amenity: According to WestLand Resources, the Appleton Ranch parcels have active, registered surface water rights in the San Pedro River watershed sourced from Finley Spring, Toby Canyon, Mesa Canyon, Grace Spring, O'Donnell Canyon, the southwest fork of Post Canyon, and other unnamed washes and tributaries. All water rights and/or claims will transfer to the United States.

Parcel A has the most registered stockponds. There are a total of 11 along the two drainageways west of Research Ranch Road, 4 along O'Donnell Canyon or its tributary plus Finley Tank which is sourced from a spring and a nearby well with a solar powered pump. According to records on file with ADWR this well is 260 feet deep with water at 70 feet. It has a 6" casing and is used for wildlife conservation.

Parcel B has one diversion and stockpond plus North Frog Tank where there is a registered well that is 100 feet deep. The pump is powered by a windmill that was not operating at the time of inspection.

Parcel C has one registered well that was originally drilled for domestic, stock and fire protection. This well is located on the hill near the northwest corner of the parcel. According to ADWR, the well depth is 196 feet with a 6" casing to 170 feet. The water level is 74 feet. The well was drilled in 1947. The well has a steel storage tank and open cylindrical concrete tank that was full of water at inspection. Solar panels are used to power the pump.

These surface water rights and wells are common to this class of land and appurtenant to the land. They have no separate marketable interest, cannot be sold separately from the land, and any contributory value will be included in the land valuation.

Flood Zone: Parcel A – That portion along O'Donnell Canyon is in FEMA Zone A which is an area with a 1% annual chance of flood (100-year). The remainder of the parcel is in Zone X which is outside the floodplain. According to the appraisal, about 15% of Parcel A is subject to flooding.

Parcel B – Vaughn Canyon and tributary pass through the west/northwest portion of Parcel B. These drainages are Zone A and subject to 100-year flooding. The upland areas are in Zone X, outside the floodplain. The appraisal states about 5% of Parcel B is subject to flooding.

Parcel C – Post Canyon passes through the southern portion of Parcel C. Areas along the drainage are in Zone A and subject to flooding. The remainder of the site is in Zone X. The appraisal states about 10% of the site is subject to flooding.

Utilities: Parcel A: In the vicinity of Section 15, the closest electric service is about ½ mile south. In Section 14, the closest service is about ¼ mile southeast where overhead lines cross a



point near the southeast corner of Section 14. The line along the section line to the north is a transmission line that provides service to Ft. Huachuca. It is not available for local service. Underground phone lines cross Parcel A and follow Research Ranch Road.

Parcel B: There are no utilities. The closest electric service is about one mile west.

Parcel C: There is overhead power near the original homesite that was situated near the center of the parcel. In addition, there are overhead lines on the ridge to the south that provide service to the community of Canelo.

Electric service in the area is provided by Sulphur Springs Electric Cooperative. Area residents rely on well water for domestic use. Individual septic systems are used for waste disposal.

Access: There is physical and legal access to the subject parcels. When the subject parcels were conveyed from the Appleton Family to Swift Current Land and Cattle LLC, (Resolution Copper), all easements and rights of way were conveyed.

Access to the Appleton Ranch property is via Research Ranch Road and Babocomari Ranch Road off the Elgin-Canelo Road. Elgin-Canelo Road is a paved road that provides connectivity between Elgin and Canelo via Highway 83. Babocomari Ranch Road and Research Ranch Road are graded dirt roads that pass through the Babocomari Land Grant to the Appleton-Whittell Research Ranch. According to the Santa Cruz County website, both are county maintained. Named county roads within Research Ranch include Research Ranch Road, Finley Tank Road and Appleton Lane. These provide loop access around the headquarters. Appleton Lane leads to Parcel C.

Timber: N/A

Minerals: According to the Mineral Report prepared by WestLand Resources, the mineral estate for each parcel is as follows:

Parcel A:

- Parcel 1:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 14, NW1/4SE1/4, E1/2NE1/4SW1/4.
The area described contains 60 acres.

Mineral estate is 55% owned by the estate of Willard T. Roath and 45% owned by Resolution Copper Mining, LLC.

- Parcel 2:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 14, Lot 5, E1/2SE1/4NW1/4.

Mineral estate is 100% owned by the estate of James & Margaret Finley.



Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 14, SW1/4NE1/4.

Mineral estate is 55% owned by the estate of Willard T. Roath and 45% owned by Resolution Copper Mining, LLC.

- Parcel 3:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 14, Lot 6, SW1/4NW1/4, W1/2SE1/4NW1/4
The area described contains 76.19 acres.

Mineral estate is 100% owned by the estate of James & Margaret Finley.

- Parcel 4:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 14, Lot 7, NW1/4SW1/4, W1/2NE1/4SW1/4
The area described contains 77.57 acres.

Mineral estate is 55% owned by the estate of Willard T. Roath and 45% owned by Resolution Copper Mining, LLC.

- Parcel 5:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 15, Lot 5, S1/2NE1/4, S1/2NW1/4, N1/2SE1/4
The area described contains 259.89 acres.

Mineral estate is 55% owned by the estate of Willard T. Roath and 45% owned by Resolution Copper Mining, LLC.

Parcel B:

- Parcel 6:
Gila and Salt River Meridian, Arizona
T. 21 S., R. 18 E.,
Sec. 17, E1/2.
The area described contains 320 acres.

Mineral estate is 50% owned by the estate of N.E. Clark, Neppie Clark & Eula Mae Lemmon and 50% owned by Resolution Copper Mining, LLC.

Parcel C:

- Parcel 7:
Gila and Salt River Meridian, Arizona



T. 21 S., R. 18 E.,
Sec. 28 Parcel F.
The area described contains 76.69 acres.

Mineral estate is 50% owned by the estate of N.E. Clark, Neppie Clark & Eula Mae Lemmon and 50% owned by Resolution Copper Mining, LLC.

The mineral estate owned by Resolution Copper Mining, LLC will convey to the United States. There has not been any mineral exploration drilling. The Forest Service Mineral Potential Report states the Appleton Ranch has low potential for locatable and leasable minerals. There is a moderate potential for saleable minerals. The appraisal took this into consideration and concluded that no significant emphasis is placed on the minerals in the analysis.

Amenities: N/A

Improvements

No improvements other than fencing on the subject properties.

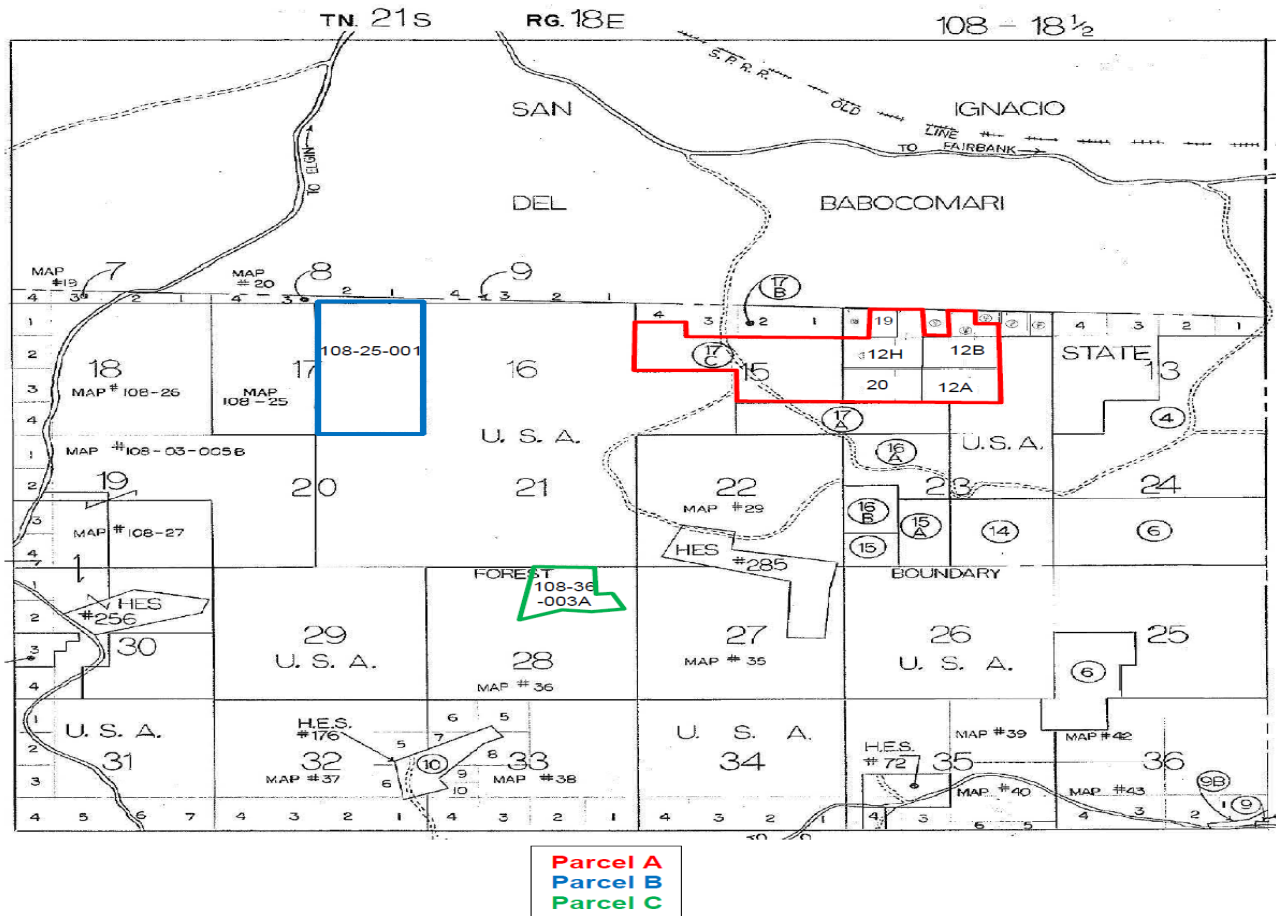
Use, Rent and Sale History

It is stated in the report that Frank and Ariel Appleton purchased the Clark Ranch and the Singing H Ranch totaling 8,000+/- acres in the mid-20th century and created the Elgin Herford Ranch. In 1968 they sold their cattle and converted the ranch into a research facility. In 1980 they donated more than half of their land to TRR/TRRF which transferred the property to the Audubon Society. In 2007, the Appleton heirs sold their remaining parcels to Swift Current Cattle, LLC, an affiliate of Resolution Copper Mining Co. Title to the subject parcels is held by Resolution Copper Mining Co.

The last sale of the subject parcels occurred on October 5, 2007 from the Appleton family to Swift Current Land and Cattle Company. The following table and map provides details:

	Seller	APN	Acres	Sale Price
2007-15445 Portion Parcel A	Peter Appleton Tr. Marc Appleton Tr. Lynn Appleton Tr. Lee Appleton Tr.	108-18-012A 108-18-012B 108-18-012H 108-18-0190 108-18-0200	299.85	\$4,692,800
2007-15447 Portion Parcels A and C	Peter Appleton Marc Appleton Lynne Appleton Lee Appleton	108-18-017C 108-36-003A	336.69	\$2,803,200
2007-15446 Parcel B	Amy Appleton Nathan Appleton Sarah Appleton	108-25-001	320.00	\$504,000
Total			956.54	\$8,000,000





The subject parcels are not currently listed for sale, nor have they been rented or leased in the past 3 years.

Zoning and Land Use Restrictions

It is stated in the report that Parcels A and B are zoned GR – General Rural. The purpose of this zoning district is to accommodate a residence on 180,000 square feet. This is a minimum lot size of 4.13 acres. Permitted uses include single family dwellings, farm animals, riding stables and equestrian schools, nurseries and greenhouses (wholesale), motion picture production site, private roping arenas, guest houses or cottages, farm winery, craft distillery and microbrewery without tasting rooms. With at least 10 acres, there are provisions for limited tasting rooms. Other conditional uses may be allowed such as animal clinics and kennels, airports, campgrounds, egg farm and feed lots, guest ranches and lodges, medical marijuana dispensary, off-site cultivation sites and public roping and rodeo arenas. Under the Santa Cruz Comprehensive Land Use Plan, Parcel A, except that portion in Section 14, and all of Parcel B are designated PSV – Preservation. The eastern portion of Parcel A is designated Ranch. Given that these designations are more restrictive than the existing zoning, the potential for rezoning is unlikely.

Parcel C is zoned PVS – Preservation in accordance with the Comprehensive Plan.

The PVS zoning is provides public open space, historical sites, museums, research and study areas, and in general, natural areas to be preserved in their present or scientifically managed state. Permitted uses include museums, historical sites, natural study areas, research areas, agricultural research or educational areas, zoos and preservation areas. Conditional uses include appropriate accessory uses in connection with the basic use, such as but not limited to, residences, shops, in conjunction with the primary use of



the land except that no use shall be established or maintained which exploits the property or which may be classified as commercial use not specifically in conjunction with the primary use.

Highest and Best Use

After an extensive and comprehensive analysis, it is reported that the uses that meet the tests of legally permissible, physically possible, and financially feasible resulting in the highest value are as follows: Parcels A and B: Investment with potential for low-density residential and/or agricultural use. Parcel C: Single residential homesite.

Larger Parcel Determination

The report concluded the three parcels were non-contiguous, differed in zoning and physical characteristics, and did not have an integrated highest and best use and concluded three larger parcels.

Selection of Approaches to Value

The appraisal included a **sales comparison approach** using sales of vacant tracts having the same or similar highest and best use as the subject. This is the method the most probable buyer would utilize to determine value.

The **income capitalization approach** was considered, but not applicable for this assignment because the property has no market-based rental or income history. Typical buyers of the subject property would not purchase the property based on an income stream.

The **cost approach** is based upon the principal of substitution that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct improvements of a similar utility without undue delay. The cost approach was not included in this appraisal and is not applicable for this assignment as the property is vacant land.

Sales Comparison Approach – Parcel A

The appraisal considered a total of seven sales and three listings (two in escrow) for analysis. Of these seven comparable sales, the appraiser selected 5 primary sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements that include topography, size, electric/telephone and water characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from January 2019 to October 2021 in Santa Cruz County.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

Property Rights

The appraisal report analyzed differences in property rights conveyed that included known reservations, easements, agreements and encumbrances. After the comparable sales were compared to the subject, the appraisal concluded there were no unusual outstanding rights or possessory interests that affected the marketability or value of any of the comparable sales. No adjustments for property rights were applied.



Financing Terms

All five sales sold for cash or cash equivalent terms. No adjustments were applied.

Conditions of Sale

The appraisal report indicated that after a comprehensive analysis and discussion of each comparable sale, there were no conditions of sale that influenced value, therefore no adjustments were applied but the conditions of sale would be considered in the reconciliation of value.

Expenditures After Purchase

There were no known expenditures made immediately after the purchase for the comparable sales. No adjustments were applied.

Market Conditions

The appraisal report provides an adequate analysis from a market perspective. Core data set as well as several sales outside the core data set were analyzed, and a paired sales analysis was utilized. The appraisal concluded that the data was inconclusive regarding market conditions since 2019 for large parcels similar to Parcel A. No adjustments were applied, but the appraisal placed greater weight to more recent sales in the reconciliation.

Property Adjustments

Location/access/vegetation

The appraisal reports that the comparable sales were selected for their similarity to the subject in terms of location/access/vegetation characteristics and in that regard, they generally bracket the subject in terms of quality of access and proximity to other supporting infrastructure. No adjustments for location/access/vegetation were developed or applied.

Topography

Sale One was the only sale that required an adjustment for topography. This 200-acre comparable sale consists of two 100-acre parcels. The topography on the southern half of the property is steep while the northern half is more conducive to development. Both parcels were marketed individually but because of the difficult topography across the southern half of the property, the seller was unwilling to split up the parcels because of the perceived difficulty in selling the southern parcel. As a result, the property was discounted to account for the steep topography. An upward adjustment to Sale 1 was applied to the subject to account for this difference. No adjustments were applied to the other four sales as their topography is similar to the Subject.

Size

The subject contains 559.85 acres. The comparable sales range in size from 161.7 – 311 acres. The appraisal acknowledged there were no closed sales in the surrounding area that are as large as the subject. A size adjustment was derived using sales and listings in escrow, the Weissenborn Appraisal LLC sales database, Southern Arizona Multiple Listing Service, and a matched pairs analysis. Downward adjustments were applied to all five comparable sales.



Electric/Telephone

Across Parcel A, an underground telephone line follows the alignment of Research Ranch Road. Overhead electric is a short distance away. In the vicinity of Section 15, the closest electric service is about ½ mile south. In Section 14, the closest service is about ¼ mile southeast where overhead lines cross near the southeast corner of Section 14.

Sale 1 has electric and phone a short distance away. No adjustment is applied. Sales 2, 3, 4, and 5 have electric and telephone along the property boundaries. Since these comparable sales have electric and telephone along the property boundaries, downward adjustments were applied for the availability of service.

Water

Parcel A has 11 stock ponds west of Research Ranch Road, 4 along O'Donnell Canyon plus Finley Tank which is spring fed and also a well (260' deep) nearby. These water amenities are appurtenant to the land and have no separate marketable interest. Sales 1 and 2 did not have a well at the time of sale, an upward adjustment was applied. Sale 3 had four wells and a downward adjustment was applied. No adjustments were applied to Sales 4 and 5 as they each had an operating well similar to the subject.

Zoning

No adjustments for zoning differences are applied.

Economic Characteristics

The comparable sales were selected for use in the analysis because of their overall similarity in terms of highest and best use. The factors discussed to this point have an impact on the economic potential of the properties considered. The consistency in adjusted price at this point in the analysis suggests that the sales have been brought to a level that reflects expectations for properties similar to the subject. As such, no adjustments are applied.

The unadjusted and adjusted sale prices are reflected below.

Direct Sales Comparison Sales Summary - PARCEL A

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2019	200	\$2,750	\$2,523
2	2019	180	\$2,778	\$2,028
3	2020	238.04	\$3,414	\$2,592
4	2020	161.7	\$2,700	\$1,890
5	2021	311	\$2,412	\$2,171
Low	2019	161.7	\$2,412	\$1,890
High	2021	311	\$3,414	\$2,592

Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$1,890 per acre to a high of \$2,592 per acre. The appraisal stated that Sale 1 was least comparable and the oldest sale. Sales 2 and 4 are similar properties and after adjustments suggest a market value of less than \$2,028 and \$1,890. Sales 3 and 5 were given the most weight. They are the largest of the



sales, closest to the subject and similar in terms of character. After adjustments, Sale 3 suggests a value of less than \$2,592 per acre and Sale 5 suggests a value of less than \$2,171 per acre. The appraisal also considered market activity involving a 760-acre parcel that was listed at \$2,250 per acre and was in escrow at \$2,105 per acre. Also considered is a 540-acre parcel of open grassland that is listed at \$2,500 per acre. After considering the analysis using the comparable sales, and the market activity for the larger sized properties, the appraisal concluded at \$2,200 per acre.

The opinion of value conclusion is \$2,200 per acre for the subject's 559.85 acres, equivalent to \$1,232,000 Rounded.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach.

Value Indications – PARCEL A

Cost Approach	\$0
Sales Comparison Approach	\$1,232,000
Income Capitalization Approach	\$0
Conclusion	\$1,232,000



Sales Comparison Approach – Parcel B

The appraisal considered a total of seven sales and three listings (two in escrow) for analysis. Of these seven comparable sales, the appraiser selected 5 primary sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements that include topography, size, electric/telephone and water characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from January 2019 to October 2021 in Santa Cruz County.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

Property Rights

The appraisal report analyzed differences in property rights conveyed that included known reservations, easements, agreements and encumbrances. After the sales were compared to the subject, the appraisal concluded there were no unusual outstanding rights or possessory interests that affected the marketability or value of any of the comparable sales, so no adjustments for property rights were applied.

Financing Terms

All five sales sold for cash or cash equivalent terms. No adjustments were applied.

Conditions of Sale

The appraisal report indicated that after a comprehensive analysis and discussion of each comparable sale, there were no conditions of sale that influenced value, therefore no adjustments were applied but the conditions of sale would be considered in the reconciliation of value.

Expenditures After Purchase

There were no known expenditures made immediately after the purchase for the comparable sales. No adjustment was applied.

Market Conditions

The appraisal report provides an adequate analysis from a market perspective. Core data set as well as several sales outside the core data set were analyzed, and a paired sales analysis was utilized. The appraisal concluded that the data was inconclusive regarding market conditions since 2019 for large parcels similar to Parcel A. No adjustments were applied in the grid, but the appraisal placed greater weight on recent sales in the reconciliation.

Property Adjustments

Location/Vegetation

The comparable sales are located in an area that has rolling grassland with broad expansive views. The appraisal state that the comparable sales were selected for their similarity to the subject in terms of location, and vegetation characteristics. No adjustments for location/vegetation were developed or applied.



Access

Parcel B is located in the northwest corner of the Appleton-Whittell Research Ranch. Access is via Research Ranch Road. This parcel lacks direct access to a regularly maintained road. Although a 4-wheel drive is not required except in inclement weather, a high-clearance vehicle on this 2-track road is recommended. Since the comparable sales have higher quality access, a downward adjustment was applied to Sales 1-5.

Topography

Sale One was the only sale that required an adjustment for topography. This 200-acre comparable sale consists of two 100-acre parcels. The topography on the southern half of the property is steep while the northern half is more conducive to development. Both parcels were marketed individually but because of the difficult topography across the southern half of the property, the seller was unwilling to split up the parcels because of the perceived difficulty in selling the southern parcel. As a result, the property was discounted to account for the steep topography. An upward adjustment to Sale 1 was applied to the subject to account for this difference. No adjustments were applied to the other four sales as their topography is similar to the Subject.

Size

The subject contains 320 acres. The comparable sales range in size from 161.7 – 311 acres. The appraisal acknowledged the subject is still larger than four of the five comparable sales used in the primary dataset. Downward adjustments were applied to Sales 1-4, with no adjustment applied to Sale 5 which is 311 acres.

Electric/Telephone

There are no utilities to Parcel B. The closest electric service is about 1 mile west. Sale 1 has electric and phone a short distance away. No adjustment is applied. Sales 2, 3, 4, and 5 have electric and telephone along the property boundaries. Since these comparable sales have electric and telephone along the property boundaries, downward adjustments were applied for the availability of service.

Water

Parcel B has one diversion dam and stock pond plus North Frog Tank with a registered well that is 100 feet deep. These water amenities are appurtenant to the land and have no separate marketable interest.

Sales 1 and 2 did not have a well at the time of sale, an upward adjustment was applied. Sale 3 had four wells and a downward adjustment was applied. No adjustments were applied to Sales 4 and 5 as they each had an operating well similar to the subject.

Zoning

No adjustments for zoning differences are applied.

Economic Characteristics

The comparable sales were selected for use in the analysis because of their overall similarity in terms of highest and best use. The factors discussed to this point have an impact on the economic potential of the properties considered. The consistency in adjusted price at this point in the analysis suggests that the sales have been brought to a level that reflects expectations for properties similar to the subject. As such, no adjustments are applied.

The unadjusted and adjusted sale prices are reflected below.



Direct Sales Comparison Sales Summary – PARCEL B

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2019	200	\$2,750	\$2,798
2	2019	180	\$2,778	\$2,444
3	2020	238.04	\$3,414	\$2,934
4	2020	161.7	\$2,700	\$2,295
5	2021	311	\$2,412	\$2,412
Low	2019	161.7	\$2,412	\$2,295
High	2021	311	\$3,414	\$2,934

Reconciliation and Final Value Opinion

For subject Parcel B, greater weight is given to Sales 1, 3, and 5. Sale 1 is more remote and distant from utilities like subject Parcel B and suggests less than \$2,798 per acre. Sales 3 and 5 are the largest of the five sales and are given the greatest weight. They suggest a price of less than \$2,934 and \$2,412 per acre. Sales 2 and 4 suggest a price of less than \$2,444 and \$2,295 per acre. Similar to Parcel A, the appraisal also considered market activity involving a 760-acre parcel that was listed at \$2,250 per acre and was in escrow at \$2,105 per acre. The property is twice as big as subject Parcel B and would require an upward adjustment. Also considered is a 540-acre parcel of open grassland that is listed at \$2,500 per acre. After considering the analysis using the comparable sales, and the market activity for the larger sized properties, the appraisal concluded at \$2,200 per acre.

The opinion of value conclusion is \$2,200 per acre for the subject's 320 acres, equivalent to \$704,000 Rounded.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach.

Value Indications – PARCEL B

Cost Approach	\$0
Sales Comparison Approach	\$704,000
Income Capitalization Approach	\$0
Conclusion	\$704,000



Sales Comparison Approach – Parcel C

The appraisal considered a total of 9 sales for analysis. Of these 9 comparable sales, the appraiser selected 5 primary sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements that include topography, size, electric/telephone and water characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from June 2018 to December 2021 in Santa Cruz County.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

Property Rights

The appraisal report analyzed differences in property rights conveyed that included known reservations, easements, agreements and encumbrances. After the sales were compared to the subject, the appraisal concluded there were no unusual outstanding rights or possessory interests that affected the marketability or value of any of the comparable sales, no adjustments for property rights were applied.

Financing Terms

All five sales sold for cash. No adjustments were applied.

Conditions of Sale

The appraisal report indicated that after a comprehensive analysis and discussion of each comparable sale, there were no conditions of sale that influenced value. All of the comparable sales were listed by an active real estate agent and reasonably prices. No adjustments were applied.

Expenditures After Purchase

There were no known expenditures made immediately after the purchase for the comparable sales. No adjustment was applied.

Market Conditions

The local market has experienced a surge in demand for residential properties following the outbreak of the pandemic. This has resulted in an increase in demand for vacant residential lots. The 5 comparable sales range in dates from June 6, 2018 to December 30, 2021. The effective date of value is April 12, 2022. The appraisal conducted a sale/resale and matched pairs analysis to gauge the market conditions adjustment. As a result of the analysis, an upward adjustment was applied to Sales 1-3 with no adjustment applied to Sales 4-5.

Property Adjustments

Location/access/vegetation

The subject Parcel C is located in a remote area about 7 miles south of Elgin with open grassland that slopes down to the stream along Post Canyon. Vegetation consists of oak and juniper along the drainage. The comparable sales were analyzed using a matched pairs analysis. As a result of the analysis, a downward adjustment was applied to comparable Sale 1 due its superior location adjacent to



the national forest, dense stand of oaks and rolling grassland. No adjustments were applied to the remainder of the comparable sales.

Topography

The topography is varied across all comparable sales, similar to subject Parcel C. There are no features that limit or alter the highest and best use of the subject or the comparable sales. No adjustments applied.

Size

The subject contains 76.69 acres. The comparable sales range in size from 43.94 – 103.82 acres. The subject is larger than 4 of the 5 sales. In this market, a smaller parcel tends to sell for more than a larger parcel. The appraisal conducted a matched pairs analysis to derive an adjustment for size. This resulted in a downward adjustment applied to Sales 1, 3, and 4. Since Sale 5 was larger than the subject, an upward adjustment was applied.

Electric/Telephone/Water

Subject Parcel C and all of the comparable sales have overhead power, telephone and well water. No adjustment is applied.

Zoning

Subject Parcel C is zoned Preservation (PVS). The PVS zoning allows public open space, historical sites, museums, research and study areas, and in general, natural areas to be preserved in their present or scientifically managed state. Residential use is allowed with a conditional use permit, as an accessory to the preservation use, and is in connection with the primary use of the land.

The appraisal notes there are few parcels in Santa Cruz County with the PVS zoning. As such, a matched pairs analysis comparing those sales that are restricted to a single homesite similar to the subject to those sales that do not have that restriction was completed. The analysis resulted in applying downward adjustments to Sales 2, 3, 4, and 5.

Economic Characteristics

The comparable sales were selected for use in the analysis because of their overall similarity in terms of highest and best use. The factors presented in the analysis have an impact on the economic potential of the properties considered. The consistency in adjusted price at this point in the analysis suggests that the sales have been brought to a level that reflects expectations for properties similar to the subject. As such, no adjustments were applied.

The unadjusted and adjusted sale prices are reflected below.



Direct Sales Comparison Sales Summary – PARCEL C

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2018	43.94	\$7,806	\$6,440
2	2020	69.21	\$5,924	\$5,791
3	2020	58	\$6,466	\$5,577
4	2021	51.05	\$7,835	\$5,876
5	2021	103.82	\$5,298	\$5,987
Low	2018	43.94	\$5,298	\$5,577
High	2021	103.82	\$7,835	\$6,440

Reconciliation and Final Value Opinion

After adjustments, the comparable sales range from \$5,577 per acre to \$6,440 per acre (the appraisal states on page 139 that Sale 1 is adjusted at \$6,635/acre. This is a typo as the analysis throughout the appraisal reflects an adjusted price of \$6,440/acre). The appraisal placed greater weight on Sale 4 at \$5,876 per acre and Sale 5 at \$5,987 per acre and concluded at \$5,900 per acre.

The opinion of value conclusion is \$5,900 per acre for the subject's 76.69 acres is equivalent to \$450,000 Rounded.

In selecting the opinion of value, sole reliance was placed upon the Sales Comparison Approach.

Value Indications – PARCEL C

Cost Approach	\$0
Sales Comparison Approach	\$450,000
Income Capitalization Approach	\$0
Conclusion	\$450,000

Transaction Scale Analysis

As a final step in the valuation of each larger parcel, in accordance with the SOW requirement, the appraisal analyzed the parcels comprising each side of the exchange as a whole in the context of the market and report if there is an additional increment of value or discount attributable to portfolio enhancement or the bulk nature of the transaction. Any value enhancement or diminution under this provision shall be recognized in the concluded values for each of the larger parcels as noted in the SOW.

As stated in the report, Subject Parcels A, B, and C are part of eight non-federal parcels identified in the legislated land exchange. Since this is a non-assembled land exchange, in accordance with the UASFLA, a larger parcel analysis is required in the Southeast Arizona Land Exchange and Conservation Act. The non-federal properties are dispersed throughout Arizona, in widely varying geographic, ecological and economic settings. Together they represent a portfolio of independent properties, each



subject to a different set of market forces. The appraisal suggests that there is no market data that the appraiser is aware of showing an increment in value or a discount attributable to the bulk nature of the legislated transaction.

