LAND FOR SALE

37.30 Acres with Entitlements
NWC Tangerine & La Canada
Oro Valley, Arizona

INVESTMENT OPPORTUNITY
Building Value. Developing Success.

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DESCO Southwest

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DESCO Southwest invites you to review an opportunity to break into a market with substantial barriers to entrance with an investment in a shovel-ready project. The property is 37.30 acres in size. While currently entitled with a mixed use development plan including retail and technology park, a variety of uses including multi-family could be considered as well, as long as zoning allows.

THE OFFERING

LOCATION:	Northwest corner of Tangerine & La Canada; Oro Valley, Arizona
PARCEL SIZE:	37.30 ACRES
TENURE:	FEE SIMPLE
ZONING:	COMMERCIAL (C-1) TECHNOLOGICAL PARK (TP) RESIDENTIAL (R1-144)
ENTITLEMENTS:	Preliminary building design and approved master development plan including civil documents for Phases I & II.

View of Catalina Mountains- Miller Ranch benefits from unequaled mountain views with convenient access to the town of Oro Valley.

Oro Valley is an affluent suburb of Tucson, Arizona with high barriers to entry for new development. Both Tangerine and La Cholla are major arterial roadways. Oro Valley is a burgeoning biotech cluster and is home to many notable biotech and aerospace companies, including Ventana Medical Systems-Roche, Sanofi-avantis, University of Arizona Bio-lab, and Honeywell. Oro Valley Hospital is located less than three miles east on Tangerine Road. The property is easily accessible to retail and restaurants located nearby. The property has access to I-10 via Tangerine Road. This multi-use project is ideally located at the signalized intersection of Tangerine and La Canada.

The Commercial Zoning accounts for 5.0 acres of the property with a development yield of 24,000 square feet of retail, including a bank drive-thru. The Tech Park is comprised of a total area of 14.3 acres with a development yield of approximately 166,000 square feet of medical/professional, and light manufacturing. The remaining 13.0 acres are zoned R-144 with probable rezoning to higher density residential.

Miller Ranch

MILLER RANCH
CORPORATE PARK

Construction Phases	
Phase 1:	Phase 1 Site Work
Phase 1:	Building 8
Phase 2:	Phase 2 Site Work
Phase 2:	Building 11
Phase 3:	Phase 3 Site Work
Phase 3:	Buildings 1, 2, & 3
Phase 3:	Building 4 Pad Sold
Phase 4:	Phase 4 Site Work
Phase 4:	Buildings 6, 7, 9, & 10
Phase 4:	Building 5 Sold
Residential: To be Sold	

Retail Breakdown

Building 1 - Restaurant	5,000 SF
Building 2 - Retail	6,900 SF
Building 3 - Retail	7,100 SF
Building 4 - Bank	4,200 SF
Total Retail	23,200 SF

Office/Tech Park Breakdown

Building 5	12,800 SF
Building 6	6,400 SF
Building 7	6,400 SF
Building 8	60,000 SF
Building 9	20,300 SF
Building 10	20,300 SF
Building 11	22,500 SF
Total Office	148,700 SF

MILLER RANCH
INVESTMENT SUMMARY
TUCSON, AZ

THE OPPORTUNITY

DESCO Southwest is offering for sale an exceptionally well positioned and entitled property. Miller Ranch is located at the intersection of Tangerine Road and La Canada in the Tucson suburb of Oro Valley. This is a high income area, referred to as "the Scottsdale of Tucson" with substantial barriers to entry. The property includes civil drawings and preliminary architectural concepts for approximately 160,000 square feet of office, light industrial, and manufacturing, approximately 23,200 square feet of ancillary retail and approximately 13 acres of residential land. The property entitled and essentially "Shovel Ready". The residential land is zoned for low density and may offer substantial increases to the value with future entitlement work.

DEAL HIGHLIGHTS

- Land Acquisition price $8,000,000- includes completed Civil drawings and Architectural concepts
- Proposed Building Area 183,200 square feet
- Signalized intersection of two arterial roads
- Significant entitlement hurdles have been completed.

STRATEGY & BUSINESS PLAN

The investment horizon illustrates a phased construction period with office and industrial being built in Phases 1, 2 and 4, retail in Phase 3 and residential in the final separate phase. The majority of the site work is performed in Phase I with additional site work performed for each subsequent phase. Phase 3 includes the sale of a bank pad and Phase 4 includes the sale of 12,800 square feet of grey shell office.

- Opportunity to develop in a single phase or multiple phases
- Opportunity to finance each of the 5 phases separately
- NOI would increase as the buildings are being phased into the development.

LOCATION:

Location Rating: A-

Location Highlights: Irreplaceable location with excellent access to a diverse trade area characterized by high income demographics, working professionals, permanent residents, and visitors; visibility at a signalized intersection.

PROPOSED INVESTMENT:

	Phase 1	Phase 2	Phase 3	Phase 4	Residential	Total
Land Cost	$8,000,000	$0	$0	$0	$0	$8,000,000
Construction Cost (per phase)	$9,507,364	$2,928,943	$3,362,281	$11,805,671	$100,000	$27,704,259
Sales Proceeds			($966,000)	($2,211,840)	($2,831,400)	($6,009,240)
Total Cost	$17,50[illegible]	$2,928,943	$2,396,281	$9,593,831	($2,731,400)	$29,695,019

FINANCE SUMMARY:

	Phase 1	Phase 2	Phase 3	Phase 4	Residential	Total
Value (Loan Purposes)	$15,338,400	$4,182,210	$4,633,957	$14,075,456	-	$38,230,023
Loan To Value Ratio	70%	55%	55%	55%	-	61%
Loan	$10,736,800	$2,300,215	$2,548,676	$7,741,501	-	$23,327,272
Equity (Loan Purposes)	$4,601,600	$1,881,995	$2,085,281	$6,333,955	-	$14,902,751
Loan Costs (1.0%)	($107,369)	($23,002)	($25,487)	($77,415)	-	($233,273)
Net Loan Proceeds	$10,629,511	$2,277,213	$2,523,189	$7,664,086	-	$23,093,999
Payment	$742,993	$310,184	$211,309	$656,584	-	$1,869,159
Interest Rate	5.8%	6.8%	6.8%	7.0%	-	-

*Current Interest Rates May Be Available At Lower Rates

SOURCE OF FUNDS SUMMARY:

	Phase 1	Phase 2	Phase 3	Phase 4	Residential	Total
New Loan	$10,629,511	$2,277,213	$2,523,189	$7,664,086	-	$23,093,999
Equity (Actual)	$6,877,853	$651,730	($126,908)	$1,929,745	($2,731,400)	$6,601,020
Total Capital	$17,507,364	$2,928,943	$2,396,281	$9,593,831	($2,731,400)	$29,695,019

RETURN SUMMARY:

10 Year Hold	Total
Exit Cap Rate	7.5%
NOI Year 11	$3,445,012
Sales Price	$45,933,488
Sales Price/SF	$288.71
Leveraged IRR	17.2%
Projected Net Profit	$22,945,679

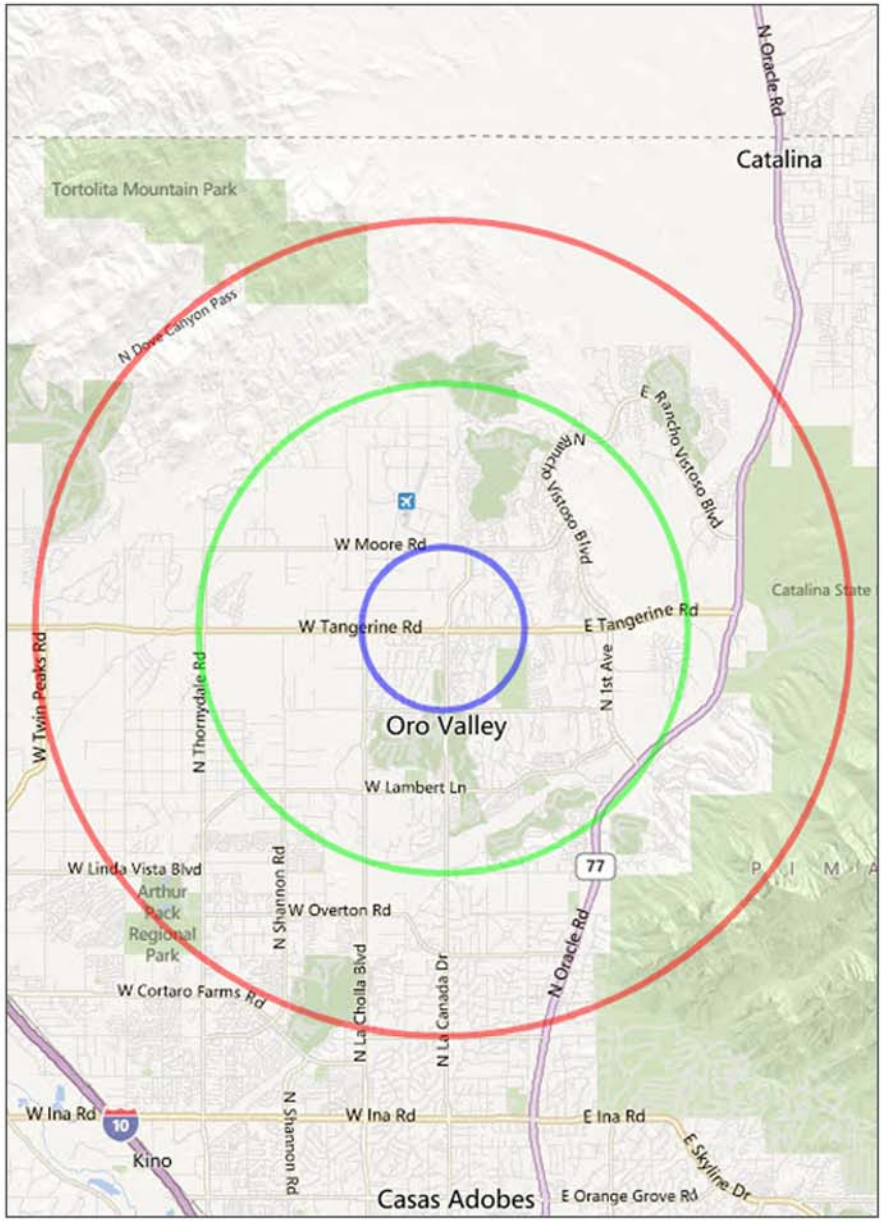
The strategy illustrated above reflects the acquisition and development of the site. The project is located at the signalized intersection of two arterial roads. The model is broken into 5 separate phases with each phase having a period of land carry costs included in the total cost.

DESCO

DESCO Southwest (DSW), based in Tucson, Arizona, is a division of The DESCO Group. The DESCO Group, a subsidiary of Schnuck Markets, is among the top 100 privately held private firms in the United States. The DESCO companies boast $3 billion under ownership management and a global network of NAI brokers. DESCO is the largest retail landlord in St. Louis; the companies offer in-house brokerage, property management, asset management, development, and construction.

DISCLOSURE

The information contained in these documents is for illustrative purposes only and should not be relied upon in making any investment decision. We have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example or illustrative purposes only and do not represent the current or future performance of the property. The value of this transaction to you depends on your exclusive tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.



Source: Site to Do Business 2012

MILLER RANCH DEMOGRAPHICS

	1 MILE	3 MILES	5 MILES
Population 2010	6,985	29,965	66,711
Population 2015	8,057	33,788	73,871
Households 2010	2,361	11,305	27,070
Households 2015	2,737	12,748	30,030
Annual Population Rate 2010-2015	2.90%	2.43%	2.06%
Annual Household Rate 2010-2015	3.00%	2.43%	2.10%
Median Household Income	$92,456	$78,226	$72,009
Average Household Income	$111,607	$97,281	$102,477

Lifestyle is the key to recruiting and keeping top employees. Oro Valley is a community dedicated to a high quality of life and offers award-winning schools, world-class resorts, designer golf courses, an exceptional park system and a wide range of desirable housing.

The mild weather and stunning landscape encourage healthy, active lifestyles. Residents enjoy a myriad of outdoor activities year round, from hiking scenic mountain trails to the challenges of Tucson's famous desert golf.

TUCSON

The 2010 United States Census puts the city's population at 520,116, while the entire Tucson metropolitan area's populationis1,020,200. Tucson is the second-largest populated city in Arizona behind Phoenix, which both anchor the Arizona Sun Corridor. Tucson is the 32nd largest city and 52nd largest metropolitan area in the United States. Roughly 150 Tucson companies are involved in the design and manufacture of optics and opto-electronics systems, earning Tucson the nickname “OpticsValley”. Tucson is the home of the state's first university,The University of Arizona.

MARANA

Nestled between some of the West’s most strikingly beautiful public lands, Marana’s scenic wonders captivate visitors and residents. According to Marana town Census 2010 results, the population of the area was approximately 34,961 people. From 2000 to 2010, the Marana town population growth percentage was157.9% (or from13,556 people to 34,961 people). The median income for a household in the town was $68,361, and the median income for a family was $75,281.

ORO VALLEY

The Town of Oro Valley is a planned community cradled in the shadows of the magnificent Santa Catalina Mountains with hiking and biking trails throughout the Town, world class golf courses, horseback riding, and the finest schools in Southern Arizona. The Town has been given many accolades through the years, and is proud to be part of Playful City USA, Best Places to Live in Arizona, Best Towns for Families, Best Places in America to Live and Launch a Small Business. Located just miles north of the Tucson city limits, services like the University of Arizona and Tucson International Airport are just steps away.

TOP EMPLOYERS

University of Arizona	10,681
Raytheon Missile Systems	10,500
State of Arizona	9,061
Davis-Monthan Air Force Base	8,566
Wal-Mart Stores, Inc.	7,300
Tucson Unified School District	6,674
U.S. Army intelligence Center and Fort Huachuca	6,198
Pima County	6,170
U.S. Customs & Border Patrol	6,000
UA Healthcare	5,594
Freeport-McMoRan Copper & Gold, Inc.	5,068
Carondelet Health Network	4,635

Source: Arizona Daily Star, 2012