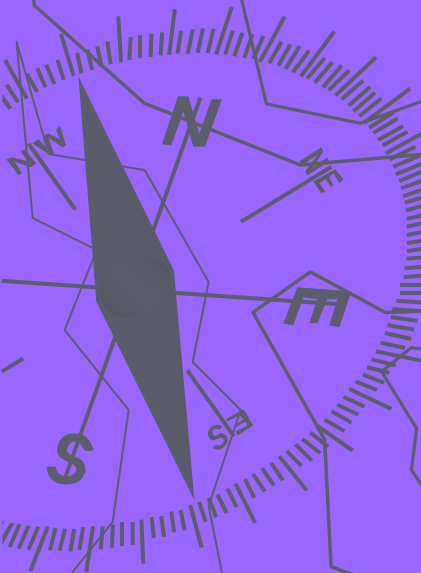
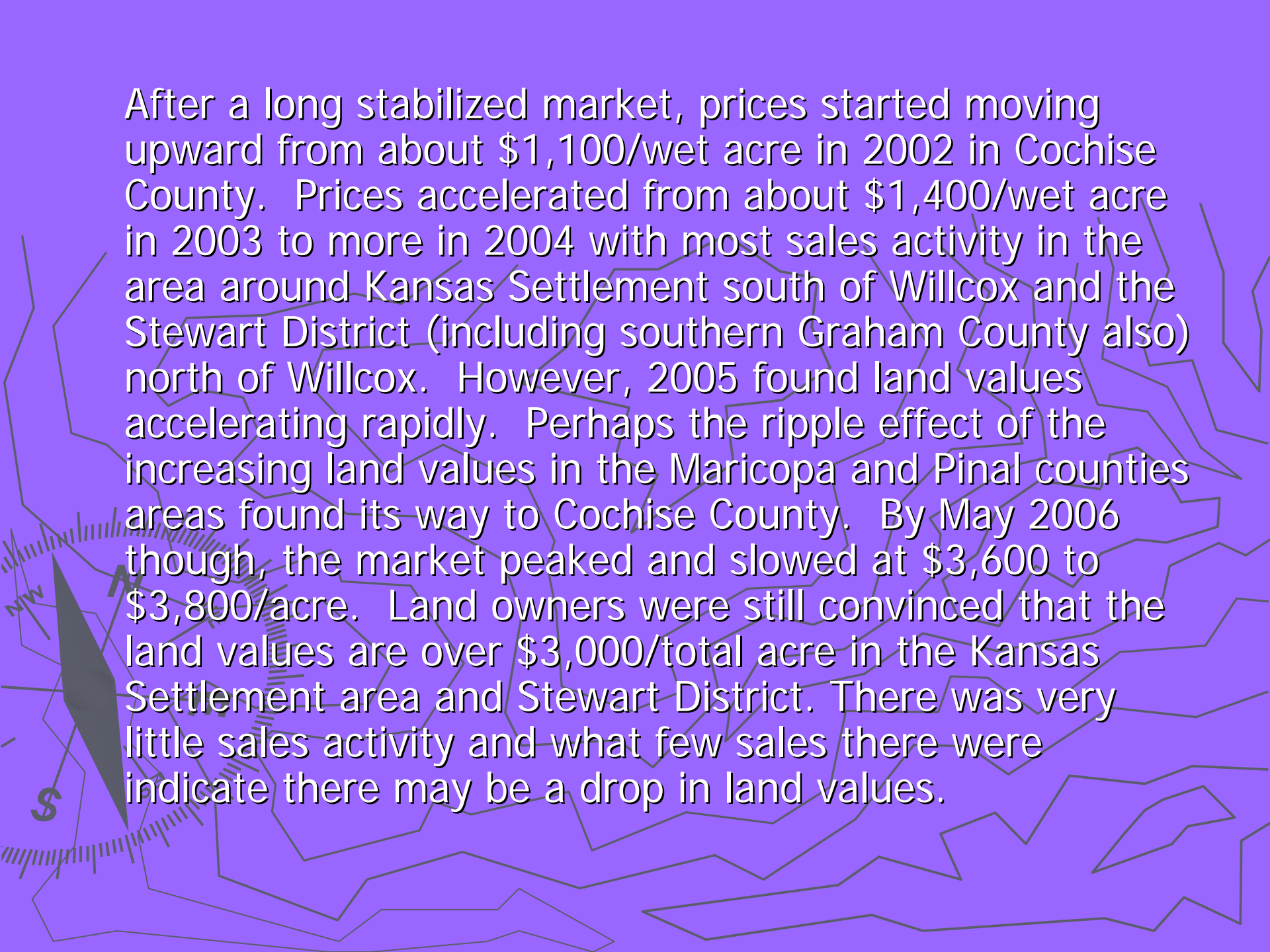
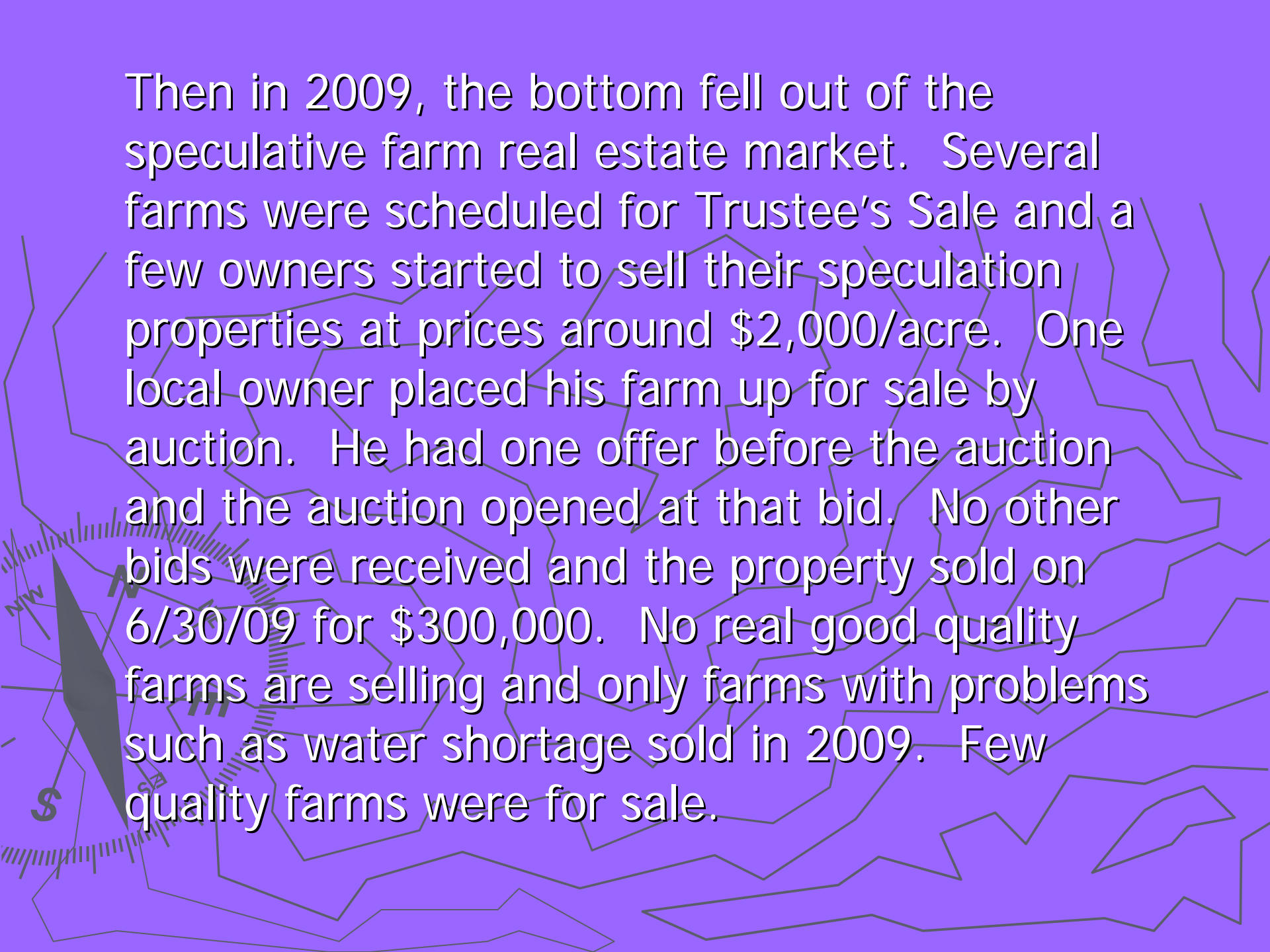


COCHISE COUNTY CENTER PIVOT IRRIGATED LAND VALUES PRICES AND RENTS PER WET ACRE

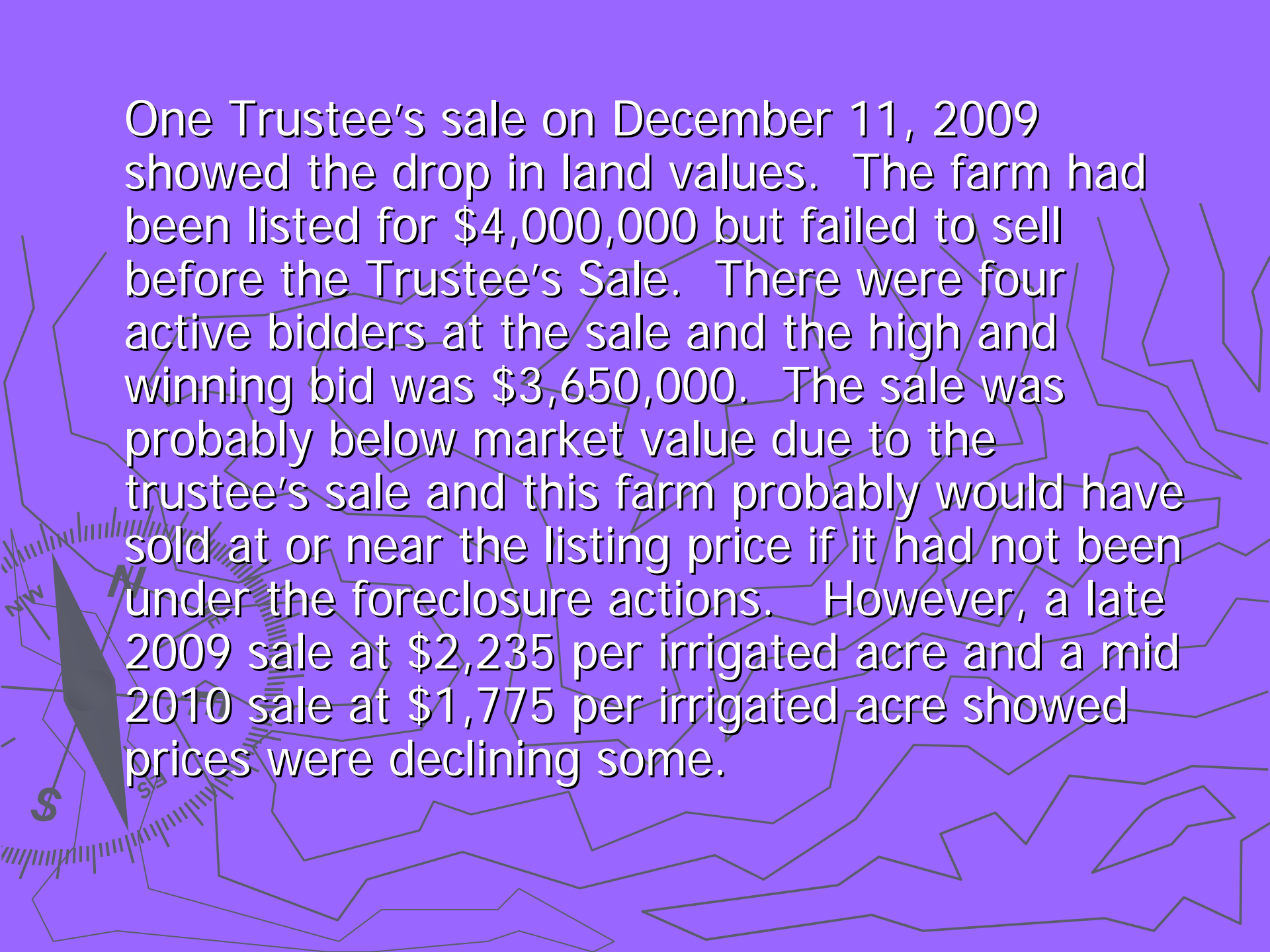




After a long stabilized market, prices started moving upward from about \$1,100/wet acre in 2002 in Cochise County. Prices accelerated from about \$1,400/wet acre in 2003 to more in 2004 with most sales activity in the area around Kansas Settlement south of Willcox and the Stewart District (including southern Graham County also) north of Willcox. However, 2005 found land values accelerating rapidly. Perhaps the ripple effect of the increasing land values in the Maricopa and Pinal counties areas found its way to Cochise County. By May 2006 though, the market peaked and slowed at \$3,600 to \$3,800/acre. Land owners were still convinced that the land values are over \$3,000/total acre in the Kansas Settlement area and Stewart District. There was very little sales activity and what few sales there were indicate there may be a drop in land values.

The background of the slide is a light blue color with a white, stylized map of a region, possibly a state or a large county. The map features various irregular shapes representing land parcels or geographical features. In the lower-left corner, there is a compass rose with a dark grey arrow pointing towards the top-left, and a dollar sign (\$) is positioned near the bottom-left corner of the map area. The text is overlaid on the map in a white, sans-serif font with a thin black outline.

Then in 2009, the bottom fell out of the speculative farm real estate market. Several farms were scheduled for Trustee's Sale and a few owners started to sell their speculation properties at prices around \$2,000/acre. One local owner placed his farm up for sale by auction. He had one offer before the auction and the auction opened at that bid. No other bids were received and the property sold on 6/30/09 for \$300,000. No real good quality farms are selling and only farms with problems such as water shortage sold in 2009. Few quality farms were for sale.

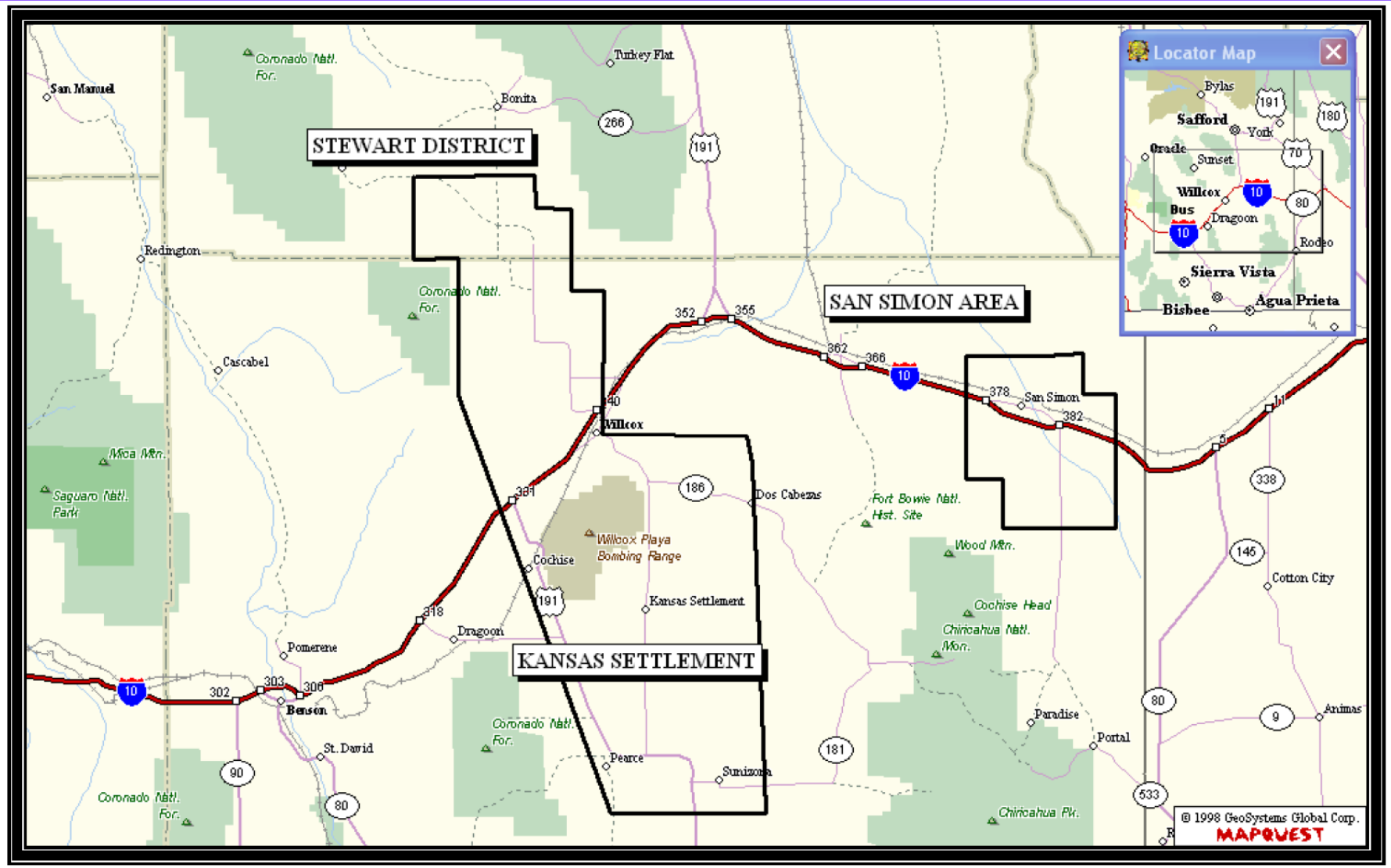
The background of the slide is a light blue map with white and grey lines representing land parcels and boundaries. In the lower-left corner, there is a compass rose with a dark blue arrow pointing towards the top-left, and a dollar sign (\$) is positioned near the bottom-left corner of the map area.

One Trustee's sale on December 11, 2009 showed the drop in land values. The farm had been listed for \$4,000,000 but failed to sell before the Trustee's Sale. There were four active bidders at the sale and the high and winning bid was \$3,650,000. The sale was probably below market value due to the trustee's sale and this farm probably would have sold at or near the listing price if it had not been under the foreclosure actions. However, a late 2009 sale at \$2,235 per irrigated acre and a mid 2010 sale at \$1,775 per irrigated acre showed prices were declining some.

Rents are holding at \$100 to \$125/wet acre presently. There appears to be a good demand for farms to rent.

San Simon woke up as one large purchaser purchased several of the area farms and other buyers entered the San Simon market. Prices varied with the individual farm being purchased, but 2005 and 2006 sales were over \$3,500/total acre depending on condition and improvements. In the Bowie and San Simon area, there were five sales in late 2009 and early 2010 for \$2,250 to \$3,500/irrigated acre. Four of these were to buyers who are planning to plant either pecan or pistachio trees. The highest sale was from a lender who had acquired the farm. The lowest sale was a very small tract. The Bowie and San Simon areas are converting from irrigated farmland to more nut crops. There were two large sales of mature pecan orchards at \$15,000/mature tree acre and that is more in line with Las Cruces and Deming, New Mexico pecan orchard prices.

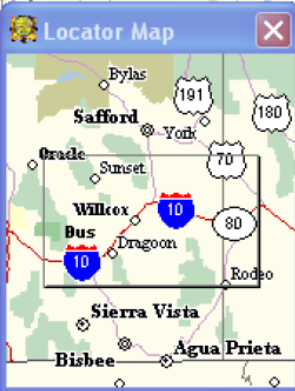
Rents are few but appear to be holding around \$100/wet acre.



STEWART DISTRICT

SAN SIMON AREA

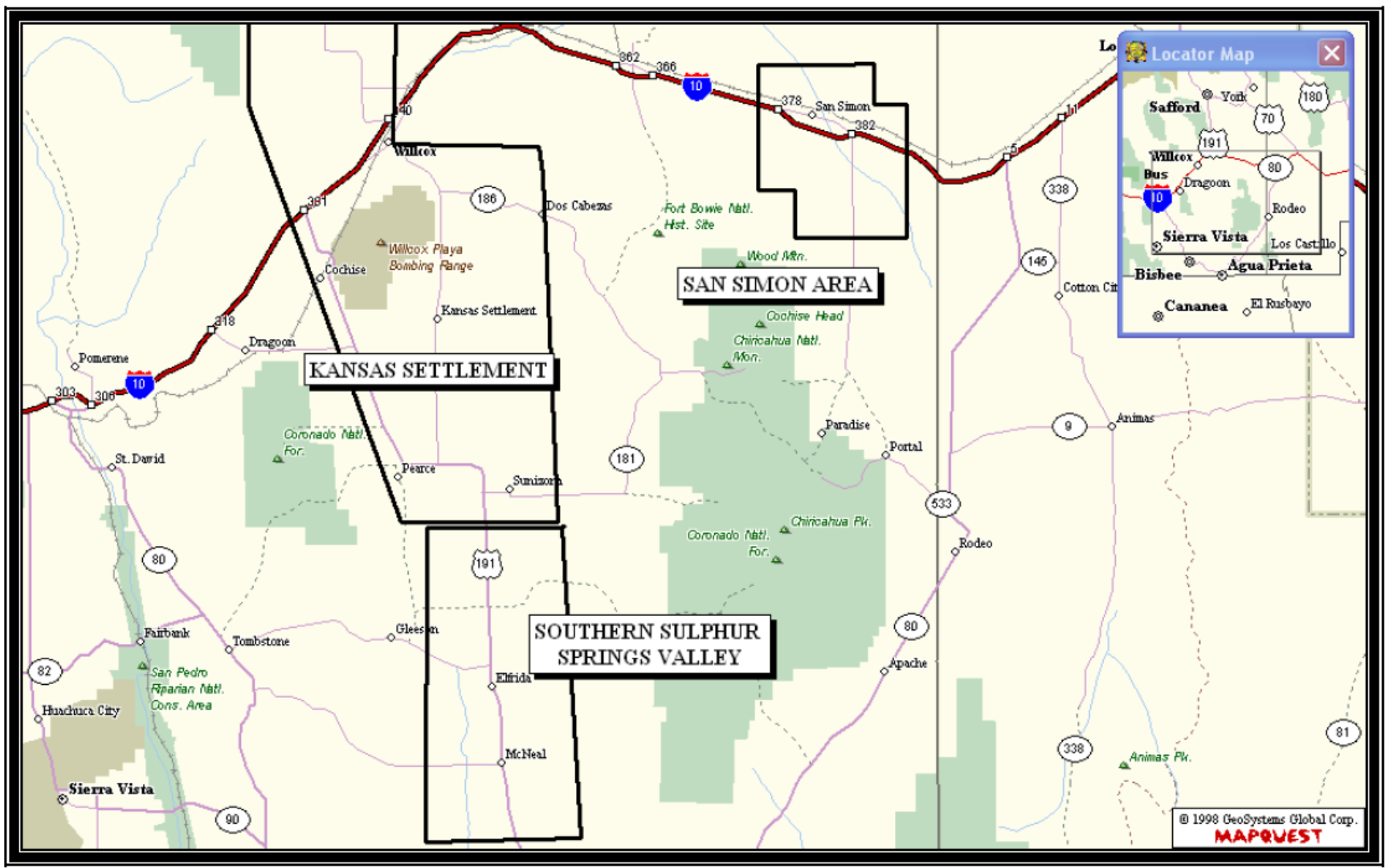
KANSAS SETTLEMENT



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COCHISE COUNTY FLOOD IRRIGATED LAND VALUES PRICES AND RENTS PER WET ACRE

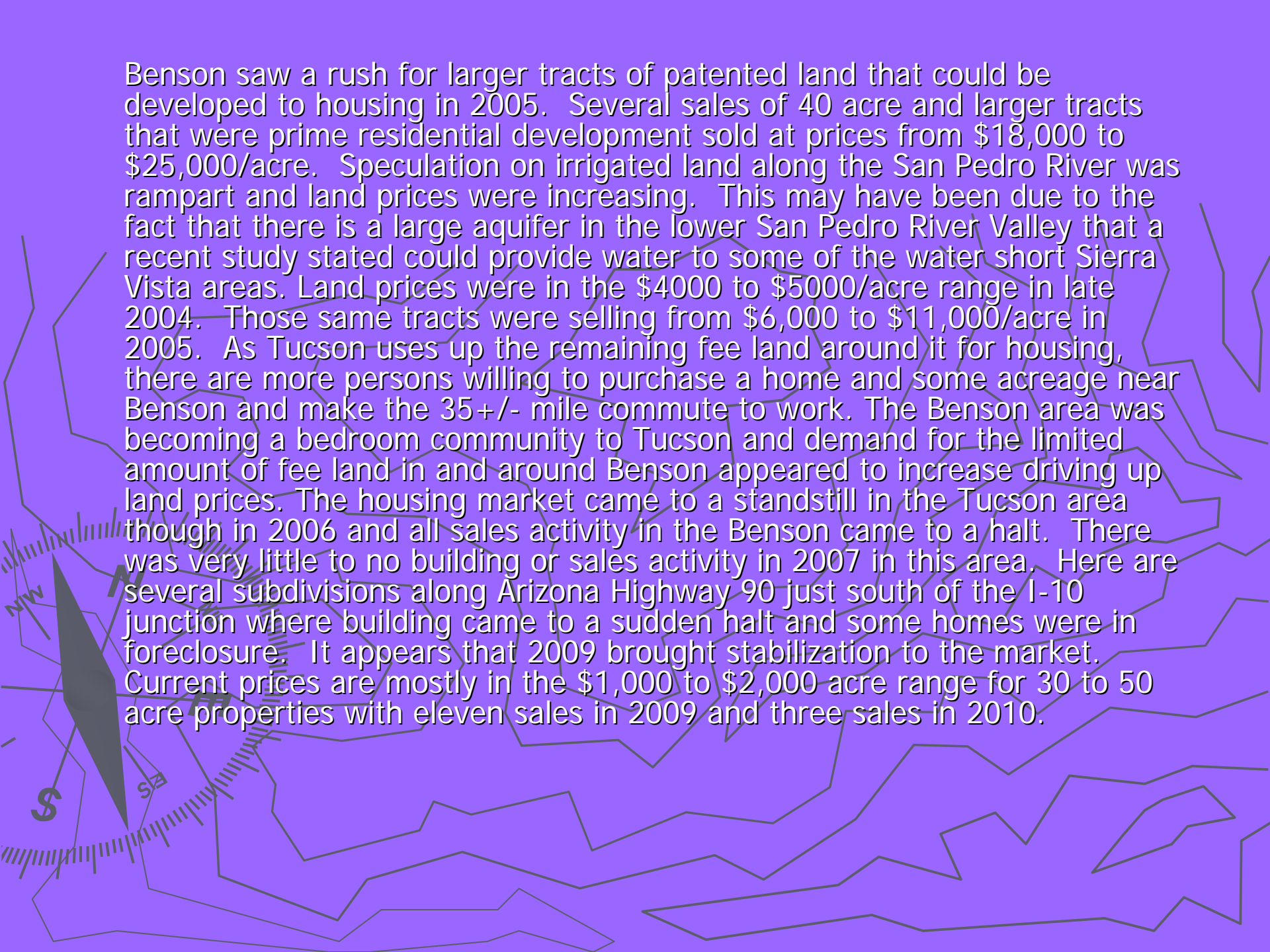
There appears to be fewer and fewer flood irrigated land sales as more flood irrigated land is converted to center pivot irrigation. Most of this activity was in the San Simon and Elfrida areas in 2005. In 2004 and 2005, one large purchaser bought several farms at \$1,500 or more per total acre. There were no flood irrigated sales in 2006 in the San Simon area. The area north of Willcox in the Stewart District saw old apple orchard land selling for \$1,000 plus per acre and the purchaser converting it to center pivot irrigation in 2004 and 2005. There were sales of two flood irrigated or partially flood irrigated farms for over \$2,800/acre in 2006 in the Stewart district in 2006. We know of no rents of flood irrigated farms in Cochise County. The sales activity on flood irrigated land in the area between Elfrida and Sunizona in the southern portion of the Sulphur Springs Valley in Cochise County slowed and there are only a few smaller parcels that sold in 2008. Prices jumped to \$525 to \$1,375/total acre on abandoned and idle farms along the U. S. Highway 191 corridor. This sales activity has slowed also and prices will most likely be down. One old abandoned farm went to escrow and closed in January 2010 for \$992.50/acre and the buyer plans to plant it to pecans. One lender repo sold at \$546 per acre in early 2009.



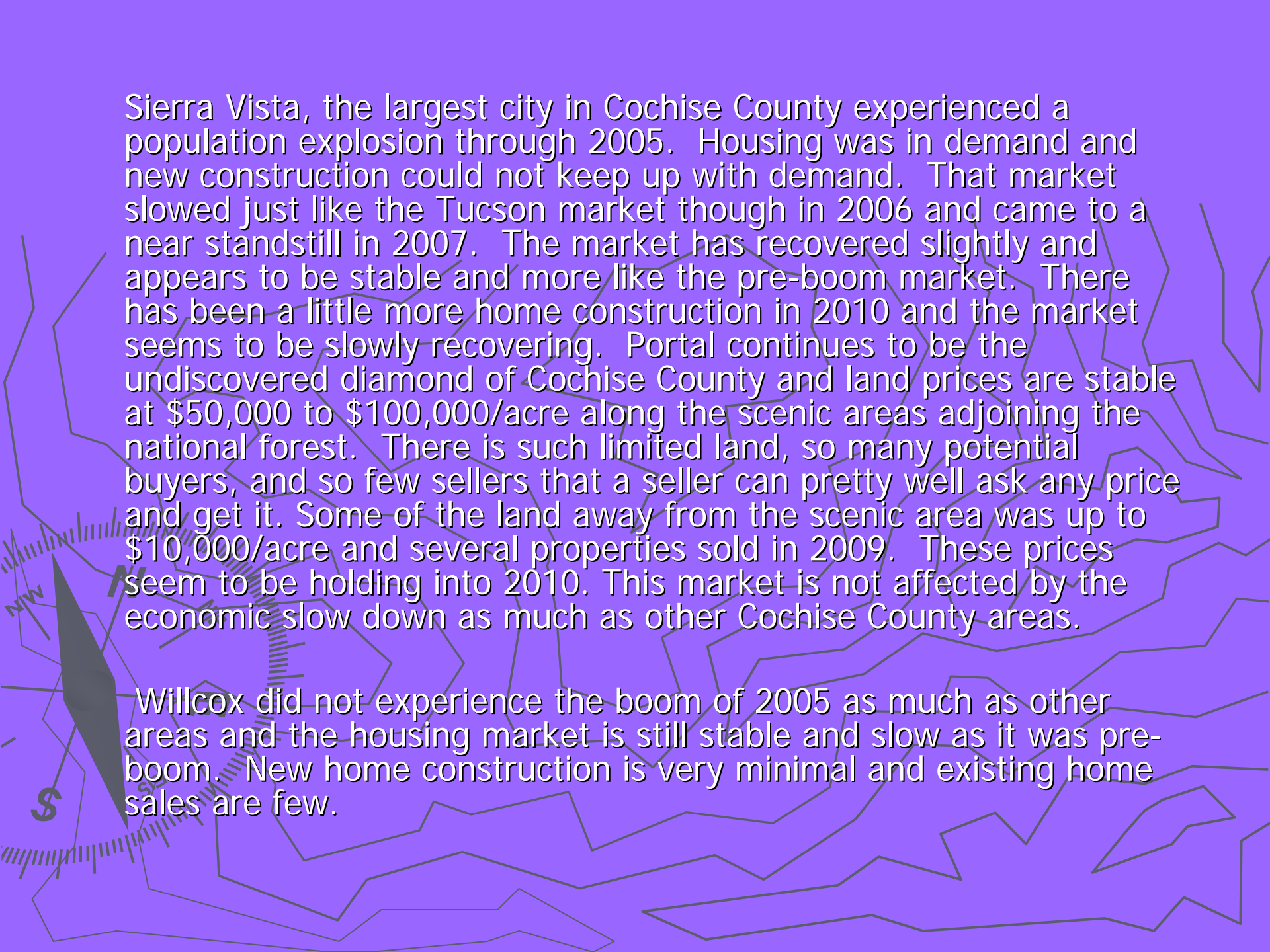
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OTHER COCHISE COUNTY AREAS LAND VALUES

Speculation and investment opportunities that drove prices for range land and smaller tracts suitable for residential development up appear to have come to an end. Land around Pearce and Sunsites escalated in value from about \$1,000/acre in 2004 to over \$5,000/acre along the U.S. 191 corridor in 2005 and only a few sales were over \$5,000/acre in 2006. Many sales started around the first of 2005 at \$1,000/acre, resold for \$3,000 or more per acre, and were still offered for sale at around \$5,000/acre or more. There were several 2007 sales at \$10,000/acre for 5 to 10 acre home sites with views of the Cochise Stronghold. The only new sales in this area in the 2009 - 2010 timeframe have been for add on to a ranch unit and are in the \$500 to \$1,000/acre range or larger home site tracts.



Benson saw a rush for larger tracts of patented land that could be developed to housing in 2005. Several sales of 40 acre and larger tracts that were prime residential development sold at prices from \$18,000 to \$25,000/acre. Speculation on irrigated land along the San Pedro River was rampant and land prices were increasing. This may have been due to the fact that there is a large aquifer in the lower San Pedro River Valley that a recent study stated could provide water to some of the water short Sierra Vista areas. Land prices were in the \$4000 to \$5000/acre range in late 2004. Those same tracts were selling from \$6,000 to \$11,000/acre in 2005. As Tucson uses up the remaining fee land around it for housing, there are more persons willing to purchase a home and some acreage near Benson and make the 35+/- mile commute to work. The Benson area was becoming a bedroom community to Tucson and demand for the limited amount of fee land in and around Benson appeared to increase driving up land prices. The housing market came to a standstill in the Tucson area though in 2006 and all sales activity in the Benson came to a halt. There was very little to no building or sales activity in 2007 in this area. Here are several subdivisions along Arizona Highway 90 just south of the I-10 junction where building came to a sudden halt and some homes were in foreclosure. It appears that 2009 brought stabilization to the market. Current prices are mostly in the \$1,000 to \$2,000 acre range for 30 to 50 acre properties with eleven sales in 2009 and three sales in 2010.

The background of the slide is a topographic map with brown contour lines. In the lower-left corner, there is a compass rose with 'NW' and 'SE' labels, and a large dollar sign (\$) below it. The text is overlaid on this map.

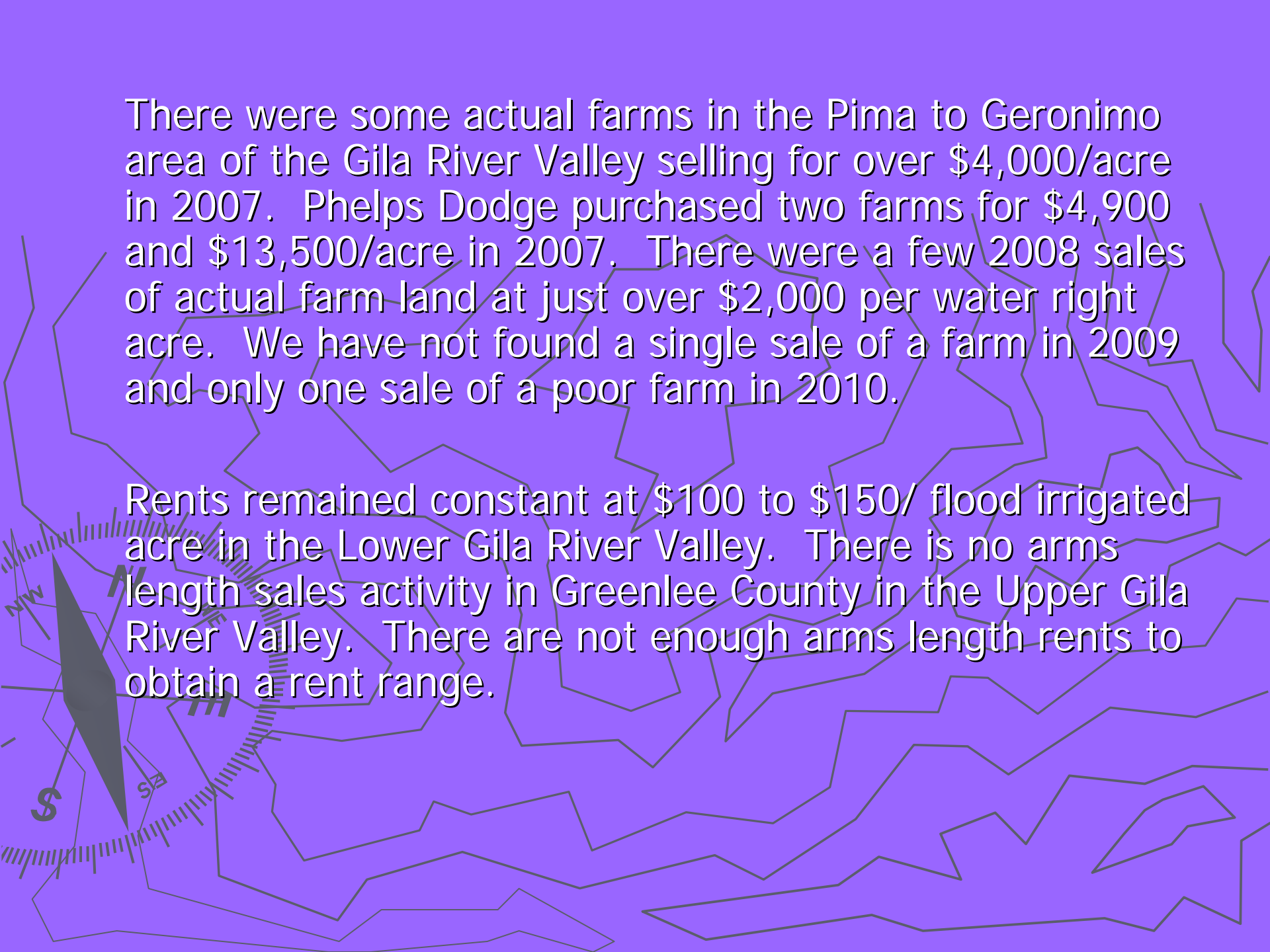
Sierra Vista, the largest city in Cochise County experienced a population explosion through 2005. Housing was in demand and new construction could not keep up with demand. That market slowed just like the Tucson market though in 2006 and came to a near standstill in 2007. The market has recovered slightly and appears to be stable and more like the pre-boom market. There has been a little more home construction in 2010 and the market seems to be slowly recovering. Portal continues to be the undiscovered diamond of Cochise County and land prices are stable at \$50,000 to \$100,000/acre along the scenic areas adjoining the national forest. There is such limited land, so many potential buyers, and so few sellers that a seller can pretty well ask any price and get it. Some of the land away from the scenic area was up to \$10,000/acre and several properties sold in 2009. These prices seem to be holding into 2010. This market is not affected by the economic slow down as much as other Cochise County areas.

Willcox did not experience the boom of 2005 as much as other areas and the housing market is still stable and slow as it was pre-boom. New home construction is very minimal and existing home sales are few.

GILA RIVER VALLEY GRAHAM COUNTY FLOOD IRRIGATED LAND VALUES PRICES AND RENTS PER WET ACRE

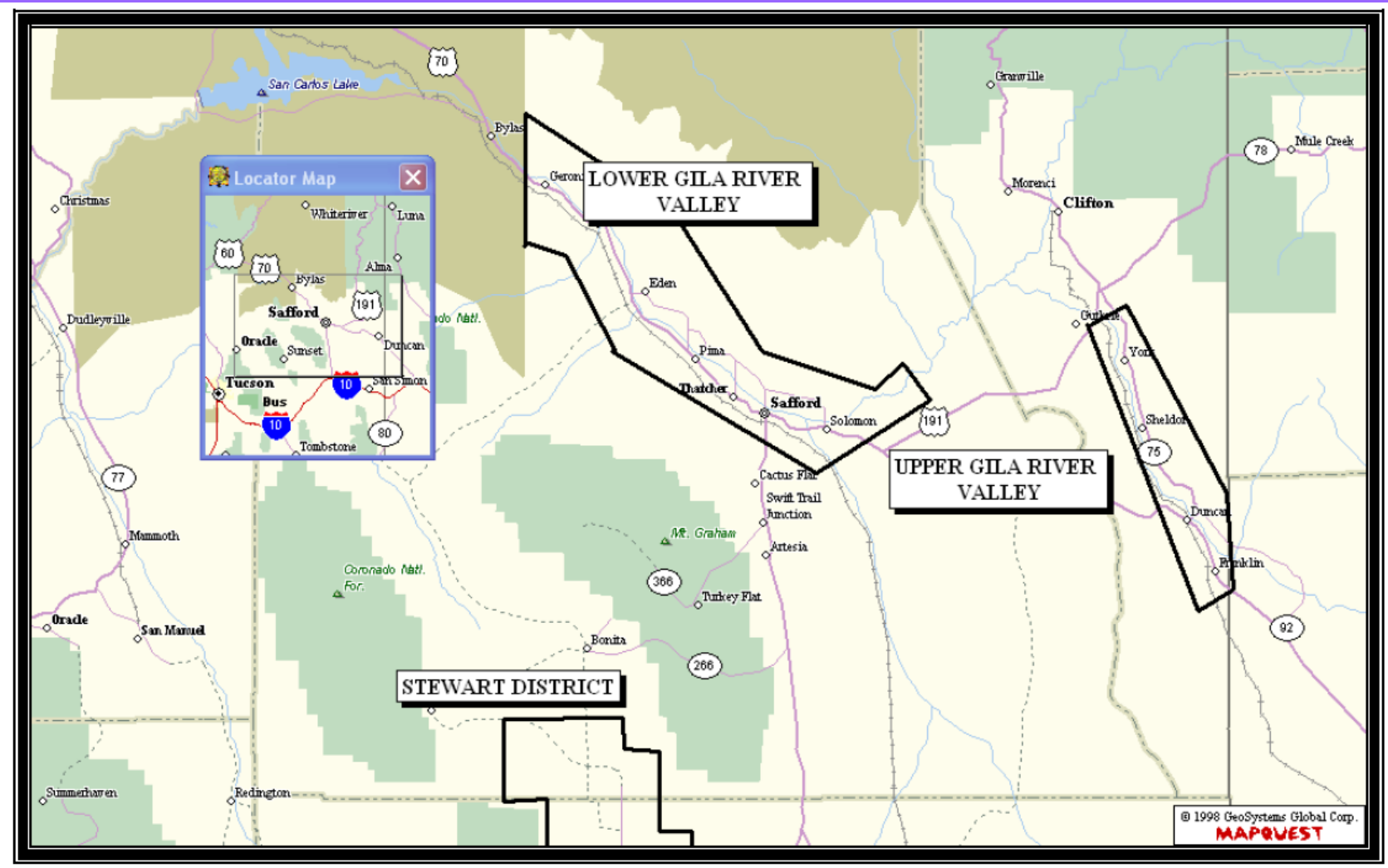
There were no new sales to report for 2004. However, this all changed in the last half of 2005 as the ripple effect of the land price increases of the Maricopa and Pinal Counties areas crept into the Gila River Valley. Prices increased to over \$3,000/acre for land out of the flood zone and \$2,100 on flood prone farmland. Some sales of rangeland were reported at over cropland prices and most of these are for development.

Speculation hit the land market in 2006 with Phelps Dodge Corporation announcing the opening of a new copper mine at Safford. Smaller farm tracts from 5 to 80 acres in Safford, Thatcher and Pima soared as high as \$49,000/acre for residential development. A new 129 house subdivision was under construction in Thatcher at the end of 2006. This caused larger farm tracts to increase in value to over \$3,000/acre with some farm land being offered for sale at as high as \$12,000/acre. The market continued active throughout 2007 with the highest per acre sale yet at \$85,500 per acre for an 18.7 acre farm tract near Relation and 20th Avenue in Safford. The market expanded to small farmland tracts outside of city limits of Safford and Thatcher with sales at speculation prices of \$15,000 to over \$20,000/acre. With the drop in copper prices, Freeport McMoran (purchaser of Phelps Dodge Corp.) shut down much of their operations in late 2008 and laid off many workers. This brought the residential and subsequent speculation markets to a dead standstill.

The background of the slide is a topographic map with brown contour lines. In the lower-left corner, there is a compass rose with a large black arrow pointing towards the top-left, and a dollar sign (\$) is positioned below it. The text is overlaid on the map.

There were some actual farms in the Pima to Geronimo area of the Gila River Valley selling for over \$4,000/acre in 2007. Phelps Dodge purchased two farms for \$4,900 and \$13,500/acre in 2007. There were a few 2008 sales of actual farm land at just over \$2,000 per water right acre. We have not found a single sale of a farm in 2009 and only one sale of a poor farm in 2010.

Rents remained constant at \$100 to \$150/ flood irrigated acre in the Lower Gila River Valley. There is no arms length sales activity in Greenlee County in the Upper Gila River Valley. There are not enough arms length rents to obtain a rent range.



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