

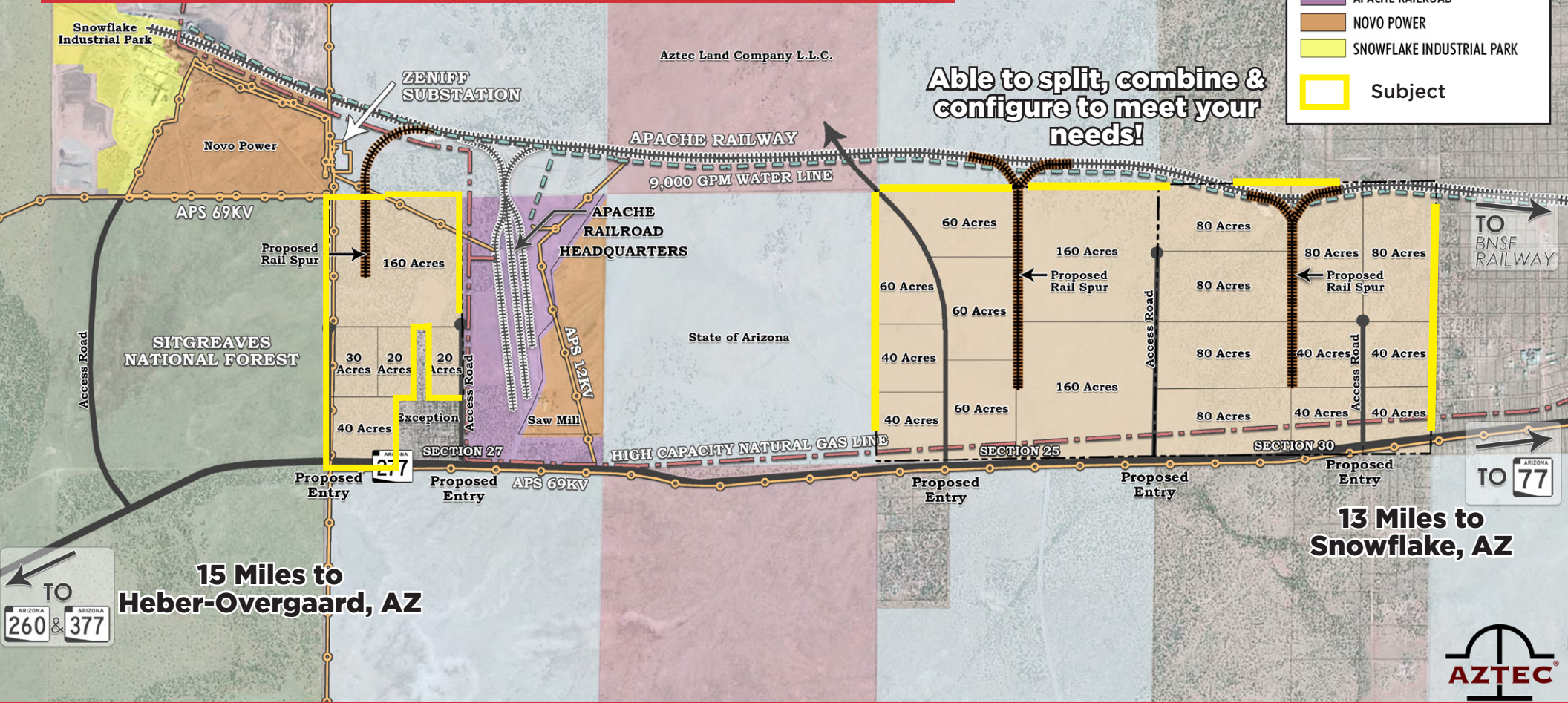
Investment Overview

Aztec Ranch Industrial District

±13 Miles West of Snowflake, Arizona

LEGEND

- STATE OF ARIZONA
- SITGREAVES NATIONAL FOREST
- AZTEC LAND COMPANY L.L.C.
- AZTEC RANCH INDUSTRIAL DISTRICT
- APACHE RAILROAD
- NOVO POWER
- SNOWFLAKE INDUSTRIAL PARK
- Subject



For Sale: \$25,000/Acre

±1,550 Acres Located in an Opportunity Zone

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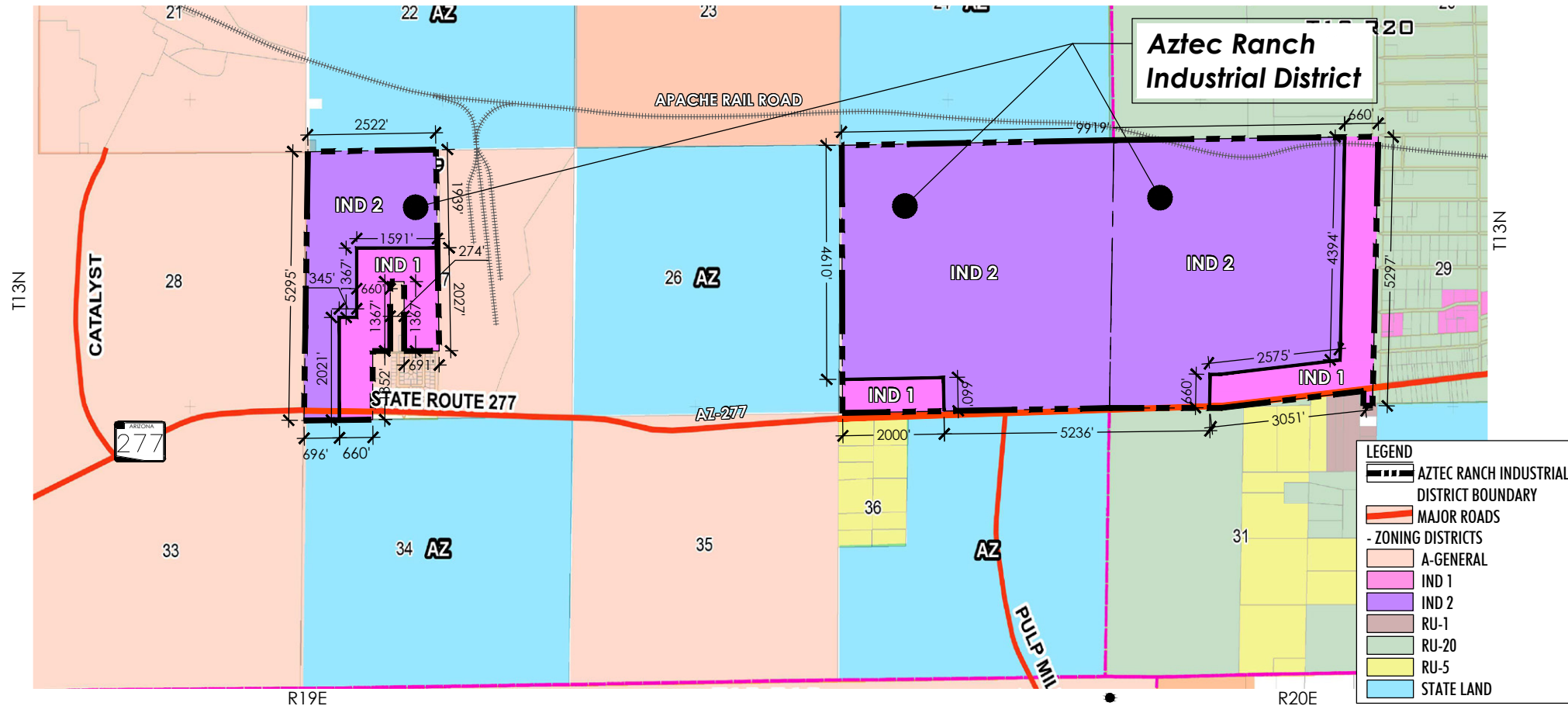
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Zoning

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- Zoned IND-1 & IND-2.
- IND-1 allows for manufacture, compounding, processing, packaging or treatment of materials which do not cause or produce objectional effects that would impose hazards to adjacent or other properties.
- IND-2 allows for industrial uses that are not permitted in any other zoning district.
- Site is not platted and all lots, proposed entries and rail spurs are conceptual.



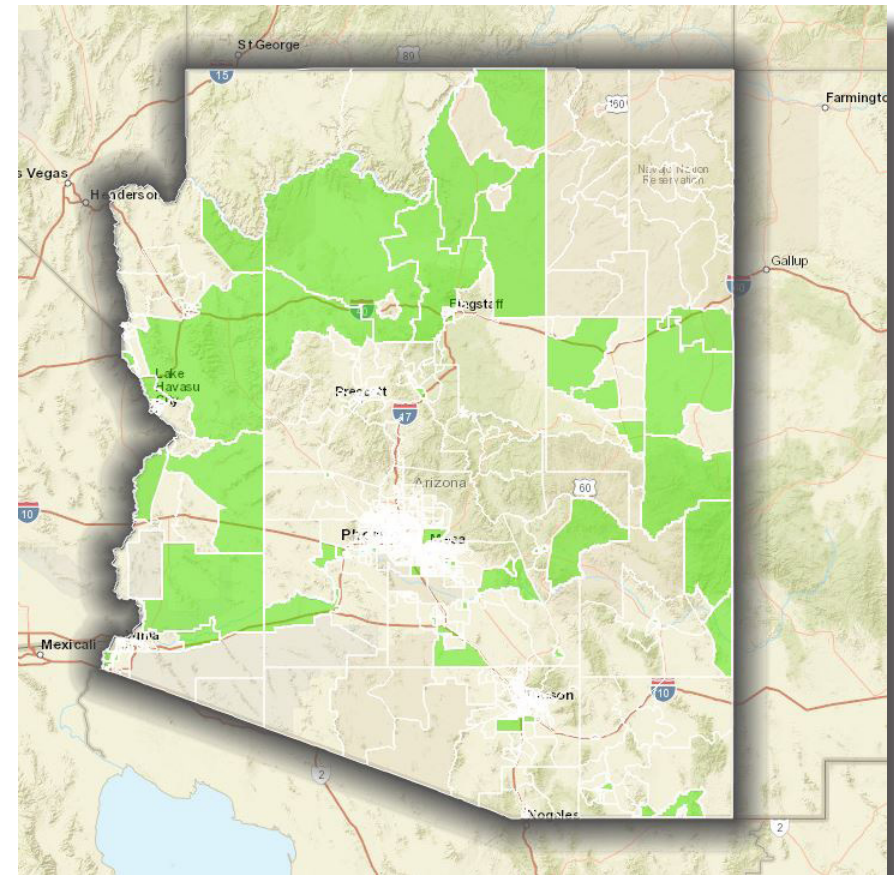
Opportunity Zones

Investment Overview Aztec Ranch Industrial District

Arizona's Opportunity Zone nominations were submitted on March 21, 2018 and approved by the U.S. Treasury Department on April 9, 2018, making Arizona one of the first states in the nation to have its zones officially designated.

The federal Opportunity Zones program allows each state's governor to nominate up to 25 percent of the qualifying low-income Census tracts as Opportunity Zones. It was created under a provision of the Tax Cuts and Jobs Act, which was signed into law December of 2017. Investors who reinvest capital gains monies in Opportunity Zone funds will receive reductions on capital gains taxes relative to the years of their investment.

- Investments held 10 years: taxable amount of the capital gains reinvested is reduced by 15% and no tax is owed on appreciation. For example: \$100 of capital gains is reinvested into an Opportunity Zone fund and held for 10 years. Tax owed on the original \$100 is deferred until 2026, and taxable amount is reduced to \$85 (\$100 minus \$15). Investor will owe \$20 of tax on the original capital gains (23.8% of \$85). No tax is owed on Opportunity Zone investment's capital gain. Assuming a 7% annual growth rate, the after-tax value of the original \$100 investment is \$176 by 2028.*
- Investments held 7 years: taxable amount of the capital gains reinvested is reduced by 15%. For example: \$100 of capital gains is reinvested into an Opportunity Zone fund and held for 7 years, selling in 2025. Taxable amount is reduced to \$85 (\$100 minus \$15). Investor will owe \$20 of tax on the original capital gains (23.8% of \$85). Assuming a 7% annual growth rate, the investor will owe \$15 in tax (23.8% of \$61) on the Opportunity Zone investment's capital gain.*
- Investments held 5 years: taxable amount of the capital gains reinvested is reduced by 10%. For example: \$100 of capital gains is reinvested into an Opportunity Zone fund and held for 5 years, selling in 2023. Taxable amount is reduced to \$90 (\$100 minus \$10). Investor will owe \$21 in tax on the original capital gains (23.8% of \$90). Assuming a 7% annual growth rate, the investor will owe \$10 in tax (23.8% of \$40) on the Opportunity Zone investment's capital gain.*



Note: Green indicates an Opportunity Zone

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Property Details

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Highlights

- Located in Navajo County, AZ, 13 miles west of Snowflake.
- Adjacent to State Route 277.
- Served by the Apache Railway, a shortline railroad that connects Snowflake & the site to the BNSF line at Holbrook.



Photo: John Ireland



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Area Overview

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Infrastructure

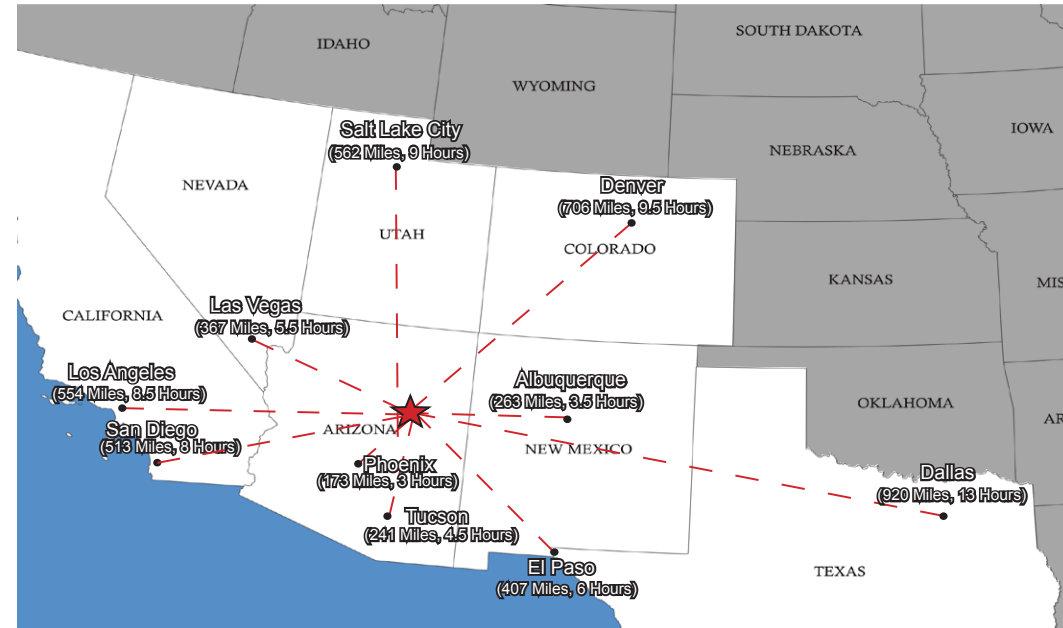
- Serviced by the Apache Railway with access to BNSF at Holbrook.
- Ready access to:
 - Electrical power via adjacent 12kV and 69kV power lines, and a large electrical substation (Zeniff) with capacity.
 - Natural gas via an adjacent 8" high-capacity pipeline.
 - Water via 9,000 gallon per minute (15,000 acre feet per year) pipeline.

Location

- Frontage on State Route 277.
- I-40 (4-lane, east-west interstate) is located 40 miles to the north.
- I-17 (4-lane, north-south interstate) is located 120 miles to the west.
- 24-hour average yearly temperature is 57 degrees; 270+ sunny or partly sunny days per year.

Community

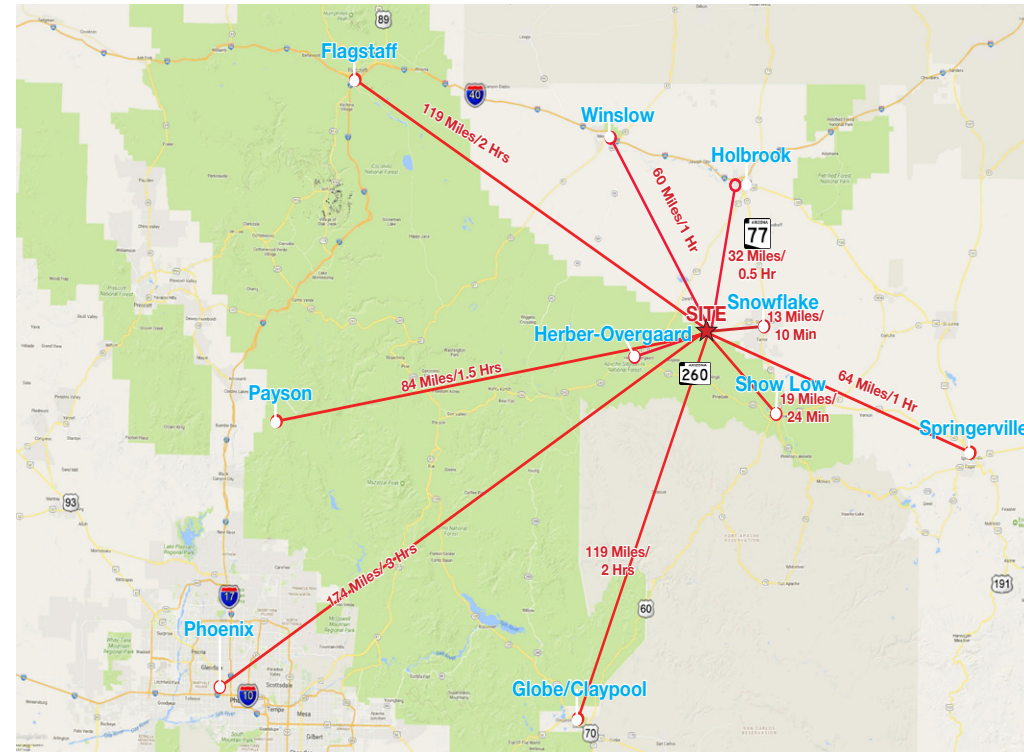
- Business friendly, expedient and supportive local government.
- The nearby communities of Show Low, Snowflake and Taylor are ideal for families and have excellent schools, quality medical institutions and a strong local college system.
- Northland Pioneer College (NPC), an accredited college offering associate degrees and technical training, has four campuses in the nearby area.
- NPC has active employer-focused job training programs and will adapt its programs to suit the needs of new employers.



Area Overview (con't)

Labor

- Navajo County Unemployment Rate: 6.8%.
- Apache County Unemployment Rate: 10.4%.
- Apache County + Navajo County Labor Force: 63,000+.
- Major Local Employers:
 - Novo Biopower: 60 skilled employees.
 - Tri-Star Logging: 50+ employees; receives 5+ skilled applicants for every opening.
 - Walmart: Opened Spring 2016.
 - Smithfield (hog raising and pork production facility): 150 employees.
- High job demand.
- Local employment resource, NE AZ Innovative Workforce Solutions, is available to assist with screening applicants and subsidizing on-the-job training.
- Arizona is a right-to-work state with few unions.



Novo Biopower Plant



Tri-Star Logging

Major Local Employers Map

Novo Biopower:

- 60 employees
- Salaries from \$10/hr to \$150K/yr
- Consistent pool of 10+ highly-skilled applicants (walk-in or word of mouth) awaiting job opening

Nova Star Wood Products

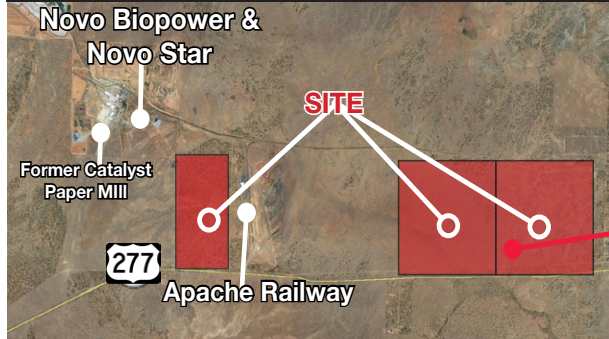
- ~20 employees
- Salaries from \$10/hr to \$80K/yr

Tri-Star Logging:

- 50+ employees (truck drivers, heavy equipment specialists)
- Salaries from \$16/hr to \$125K/yr
- 5+ applicants per job opening (walk-in, community college or referred by LDS Church job placement service)

Copperstate Farms

- 1,300 applicants for 100 positions; applicants were from across AZ and US
- Per Director of HR, "We have received a great variety of very qualified applicants and I have been very impressed at the diversity of skills and backgrounds"



Apache Railway

- ~20 employees (1/2 highly skilled; some trained by local vocational program)
- Salaries from \$13/hr to \$95k/yr

Former Catalyst Paper Mill

- Employed between 200-400 skilled workers from 1961 to 2012
- No issues maintaining a steady workforce

Forest Energy Corp

- Not pictured: 20 miles south of site
- 20 walk-in applicants per month w/o advertising
- Have used NE AZ Innovative Workforce Solutions to vet applicants thereby saving time and money

Smithfield

- Not pictured: 10 miles north of site
- 150 employees

Walmart

- Opened March 2016
- Hundreds of applicants for ~200 jobs

Major Local Employers

General Comments

- Hundreds of skilled and semi-skilled workers, many with large local families and deep ties to the area, have left in search of employment. Some, and perhaps the majority, would return if given the opportunity to work.
- As evidenced by testimonials from major local employers, there is little need to advertise for jobs.
- For employers that need assistance, NE AZ Innovative Workforce Solutions, a local resource for statewide ARIZONA@WORK program, will:
 1. Vet applicants and pair them with potential employers based on skill level and job description; and
 2. Subsidize on-the-job training by reimbursing the employer 50% of an employee's wages during training.

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