

APPRAISAL REPORT

SITE 2 – REMNANT LAND PARCEL
10783± ACACIA PARKWAY
GARDEN GROVE, CALIFORNIA
APN: 089-201-32



R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

SITE 2 – REMNANT LAND PARCEL
10783± ACACIA PARKWAY
GARDEN GROVE, CALIFORNIA
APN: 089-201-32

Effective Date
of
Market Value Study
June 12, 2020

Prepared for
CITY OF GARDEN GROVE
ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT
Attention: Paul Guerrero
11222 Acacia Parkway
Garden Grove, CA 92842

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
June 25, 2020

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



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June 25, 2020

City of Garden Grove
Economic and Community Development Department
11222 Acacia Parkway
Garden Grove, CA 92842

Attention: Paul Guerrero

Subject: Site 2 – Remnant Land Parcel
10783± Acacia Parkway
Garden Grove, California
APN: 089-201-32

In accordance with your request and authorization, we have personally inspected and appraised the above-referenced property. The appraisal study included (1) an inspection of the subject property, (2) a review of market data, and (3) the valuation analysis.

The subject remnant parcel is located on the north side of Acacia Parkway, beginning 140± feet east of Nelson Street, in the City of Garden Grove. The subject property contains 675 square feet of land area. The site has an interior location on a semi-primary street.

Due to the lack of development potential, as well as the remnant nature and limited utility thereof, as a single entity, the subject remnant land parcel is not considered readily marketable.

A two-phase valuation approach has been employed in the subject appraisal study. The first phase involved the estimation of a unit rate (rate per square foot of land area) based on the assumption that the subject property has a typical land size, land configuration access and typical development potential. After reviewing and analyzing other "typical" land parcels which have sold in the general subject market area, the "base" unit rate considered applicable to the subject property is estimated at \$50.00 per square foot of land area.

City of Garden Grove
Attention: Paul Guerrero
June 25, 2020
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The second phase of the appraisal study involved an analysis of remnant or limited utility land parcels which sold in the greater subject market area. The sale prices of the remnant land parcels were then compared to the sale prices of other comparable typical land parcels in the area of the remnant land parcels; the differential in land value thus demonstrates the discount indicated for the limited utility as single entities. As will be demonstrated, the discount applicable to the subject remnant land parcel is estimated at 90%.

It will be demonstrated in the accompanying report that the maximally productive use, and therefore, the highest and best use of the subject property is multiple family residential development. The subject property has been appraised accordingly.

The purpose of this appraisal report is to express an estimate of the market value of the subject property. After considering the various factors which influence value, the market value of the subject remnant land parcels, as of June 12, 2020, is estimated at:

THREE THOUSAND FIVE HUNDRED DOLLARS
\$3,500.

The foregoing values are subject to the assumptions and limiting conditions set forth in the Preface Section, and the valuation study in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

This appraisal complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a), for an Appraisal Report. This report has been submitted in duplicate; an electronic (PDF) copy has also been provided.

City of Garden Grove
Attention: Paul Guerrero
June 25, 2020
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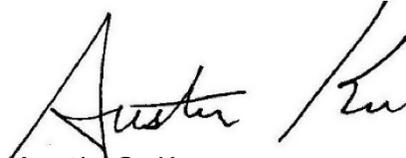
If you have any questions regarding the report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754



Austin S. Ku
Trainee Appraiser
BREA Identification No. 3007399

JPL:jlr

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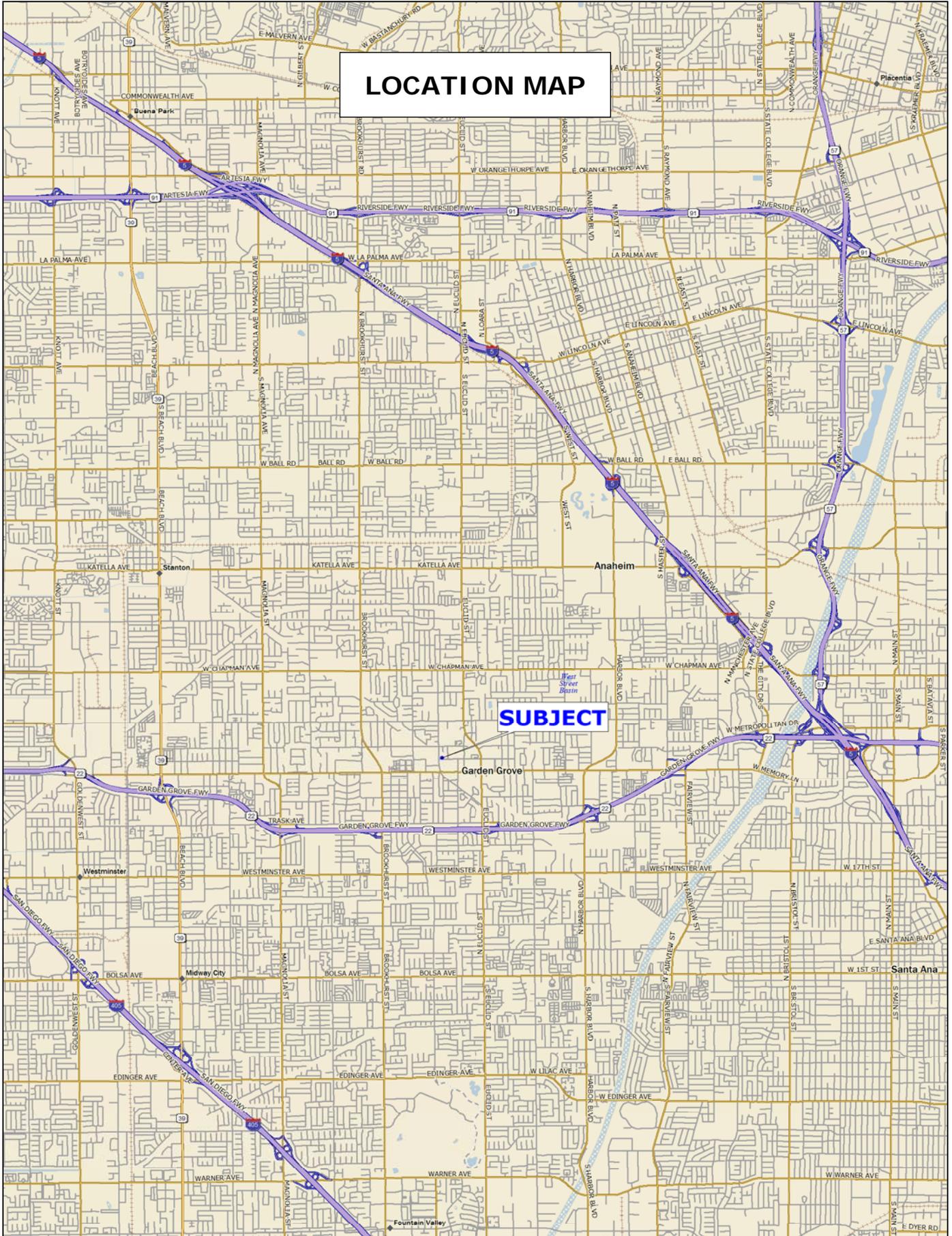
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PREFACE

LOCATION MAP



SUBJECT

Data use subject to license.

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www.delorme.com



Scale 1 : 81,250



1" = 1.28 mi

Data Zoom 12-0

DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on June 12, 2020. Said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of market value, in fee simple, for the subject property, absent any liens, leases, or other encumbrances, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Terms and Definitions."

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the subject property, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

INTENDED USER OF APPRAISAL

It is understood that the intended user of the appraisal will be the client, the City of Garden Grove, and specific representatives thereof.

INTENDED USE OF APPRAISAL

It is understood that this appraisal will be utilized by the City of Garden Grove and specific representatives thereof to establish the market value of the subject property for the possible acquisition (purchase) of the property appraised.

CERTIFICATION

The undersigned does hereby certify that:

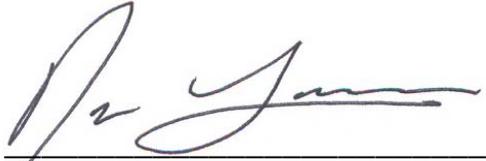
We have personally inspected the subject property; we have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, we have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

Our engagement in this assignment and the amount of compensation are not contingent upon the reporting or development 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 predetermined or stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

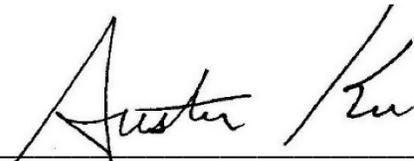
This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The reported analyses, opinions and conclusions, were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institutes, and the Uniform Standards of Professional Appraisal Practice. As of the date of this report, John P. Laurain has completed the continuing education program for Designated Members of the Appraisal Institute, as well as the State of California and the American Society of Appraisers. Austin S. Ku has completed the education requirements of the State of California for the Appraiser Trainee License. Note that duly authorized representatives of said organizations have the right to review this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

No one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. Austin S. Ku assisted with market research, the appraisal inspection, and the valuation analysis. No other person provided significant professional assistance. I have not appraised or provided any other services pertaining to the subject property in the last three years.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date: April 16, 2021



Austin S. Ku
Trainee Appraiser
BREA Identification No. 3007399

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and has accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of fair market value. The subject property is particularly described in the following portion of this report in the section entitled Subject Property Description.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked within the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject site.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Has made, or caused to be made, plats and plot plan drawings of the subject property, and has checked such plats and plot plan drawings for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Has viewed, confirmed the sale price, and obtained certain other information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application the Sales Comparison Approach; the Cost and Income Capitalization Approaches were not considered applicable in the subject case.
16. Prepared and delivered this appraisal report in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this narrative Appraisal Report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a), for an Appraisal Report. The information contained in this appraisal report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report of the subject property was provided to the appraiser; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraiser.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraiser for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
11. That the appraiser has conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

restrictions and regulations, which would increase or decrease the value of the subject property, the appraiser reserves the right to amend the final estimate of value.

12. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraiser, particularly with regard to the valuation of the property appraised and the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.
17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) is defined as follows:

"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 U.S. 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."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY DESCRIPTION

SUBJECT PROPERTY



View looking northwesterly at the subject property from Acacia Parkway.
See additional photographs in the Addenda Section.

VESTEE: Garden Grove Agency for Community Development

ADDRESS: 10783± Acacia Parkway
Garden Grove, CA 92840

LEGAL DESCRIPTION: Portion of abandoned street (Acacia Parkway),
portion of the North 1/2 of the Southeast 1/4
of the Southeast 1/4 of Section 32, Township 4
South, Range 10 West, San Bernardino Base
and Meridian, California.

SITE DESCRIPTION

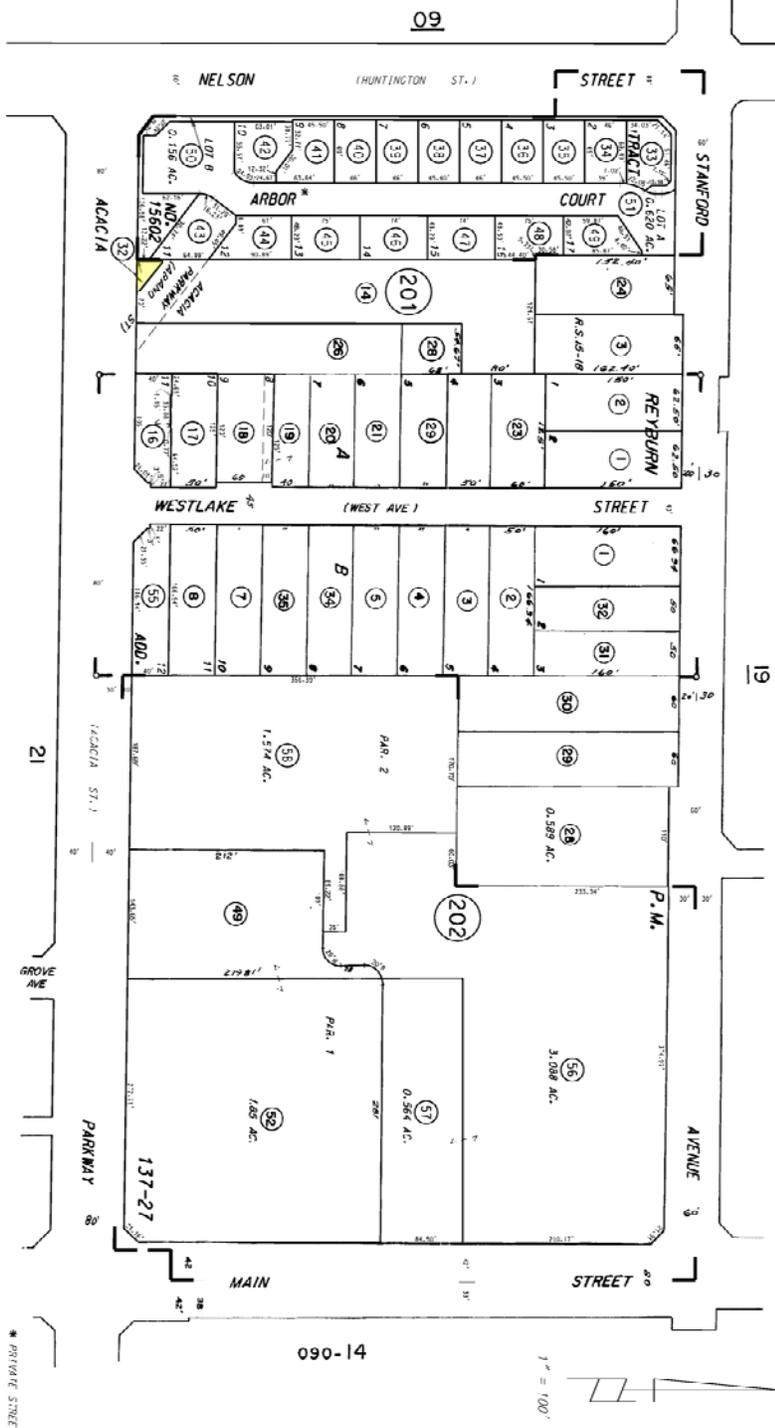
LOCATION:	The subject property is located on the north side of Acacia Parkway, beginning 140± feet east of Nelson Street, in the City of Garden Grove.
LAND SHAPE:	Effectively triangular land configuration.
DIMENSIONS:	Dimensions not provided by Orange County Assessor's mapping, however, approximately 35' x 40'.
LAND AREA:	675 square feet, per Assessor's records.
TOPOGRAPHY:	Effectively level.
DRAINAGE:	Appears to be adequate.
FLOOD HAZARD:	The subject property is located on FEMA Flood Zone Map 06059C0139J, dated December 3, 2009; per said map, the subject site is located in Flood Zone X with a 0.2 percent annual chance flood hazard. Flood insurance (for improved properties) is not federally required by lenders for loans on properties in Flood Zone X.
SOIL STABILITY:	Appears to be adequate based on the subject development, as well as developments in the immediate area. A soils report, however, was not provided for review.
SOIL CONTAMINATION:	None known or observed, however, an environmental assessment report was not provided for review. The subject site has been appraised as though free of soil contaminants requiring remediation.

APN: 089-201-32

THIS MAP WAS PREPARED FOR GRANGE
 COUNTY ASSESSOR'S OFFICE BY
 THE ASSessor'S OFFICE. THE
 ASSessor'S OFFICE MAKES NO
 WARRANTY AS TO THE ACCURACY
 OF THE INFORMATION SHOWN
 HEREON. THE ASSessor'S OFFICE
 MAKES NO ASSUMES AND LIABILITY
 FOR ANY LOSS OR DAMAGE
 INCURRED BY ANY PARTY
 USING THIS MAP.
 © OFFICE OF GRANGE COUNTY ASSESSOR 2018

POR. N 1/2, SE 1/4, SE 1/4, SEC. 32, T 4 S, R 10 W

089-20



MARCH 1951

REYBURN ADD.
 TRACT NO. 15602

M.M. 8-77
 M.M. 772-41 to 43 incl.
 P.M. 137-27

NOTE - ASSESSOR'S BLOCK &
 PARCEL NUMBERS
 SHOWN IN CIRCLES

ASSESSOR'S MAP
 BOOK 089 PAGE 20
 COUNTY OF GRANGE



R. P. LAURAIN
 & ASSOCIATES
 APPRAISERS - ANALYSTS

SITE IMPROVEMENTS (Continued)

OIL/MINERAL RIGHTS: The subject appraisal specifically excludes any existing oil or mineral rights. Further, oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.

EARTHQUAKE FAULT: While the greater Southern California area is prone to earthquakes, no seismic or geological studies were provided for review. No responsibility is assumed for the possible impact of seismic activity or earthquakes.

FRONTAGE: The subject property has 40± feet of frontage on Acacia Parkway.

RIGHT OF WAY WIDTH: Acacia Parkway: 80 feet.

STREET SURFACING: Asphalt paved traffic lanes.

CURB, GUTTER, SIDEWALK: Concrete curbs, gutters and sidewalks on both sides of the street.

STREETLIGHTS: Street lights mounted ornamental standards.

UTILITIES: Water, gas, electric power, telephone service, and sanitary sewer are available in the immediate area.

ENCROACHMENTS: None apparent, however, a survey pertaining to the subject property was not provided for review.

EASEMENTS: A Preliminary Title Report was not provided for review. Easements, if existing, are assumed to be located along the property boundaries and/or not interfering with the existing or any future highest and best use development. It is assumed there are no "cross-lot" or "blanket" easements which will preclude a highest and best use development.

SITE IMPROVEMENTS (Continued)

ILLEGAL USES: None observed.

PRESENT USE: Effectively vacant land.

ZONING: The subject property is located in the CCSP-CCR20 (Community Center Specific Plan) zone district of the City of Garden Grove.

The Community Center Specific Plan was established "to develop a pattern of land uses which takes maximum advantage of the Community Center's physical, social, and economic potential." The "CCR" subdistrict, Community Center Residential, is intended "to serve the housing needs of the working population in the City of Garden Grove, specifically the Core Area" with a development density of 23 units per acre or 1/1,894 square feet.

The minimum lot size for CCR-20 (Community Center Residential Area 20) is 20,000 square feet. The maximum building height is 50 feet. The front yard setback is 15 feet. The rear yard setback is 5 feet. The interior side yard setback is 5 feet.

HIGHEST AND BEST USE: The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject site.

OWNERSHIP HISTORY

COMMENT: Information regarding the date of acquisition by the Garden Grove Agency for Community Development was not provided to the appraiser. Orange County Assessor's records indicate the subject property has been vested with the current owner for more than five years. The acquisition of the property by a public agency, however, may not be reflective of, or relevant to, the current fair market value.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 089-201-32

ASSESSED VALUATIONS: Land: \$23,558

TAX RATE AREA: 18090

TAX YEAR: 2019-2020

REAL ESTATE TAXES: Inasmuch as the subject property is owned by a public entity, the assessed values and applicable real estate taxes, if any, are not published by the Orange County Assessor.

* Real estate taxes will be adjusted in the event the subject property is sold to a private party. The adjusted real estate taxes will be 1.02±% of the sale price, or Assessor's "cash value." In the absence of a sale, transfer, or capital improvements, the maximum allowable increase in the assessed valuations is 2% per year, per Real Estate Tax Initiative of 1978 (Proposition 13).

NEIGHBORHOOD ENVIRONMENT

LOCATION:

The subject property is located in the northeast portion of the City of Garden Grove. The City of Garden Grove encompasses 18 square miles populated by just under 175,000 residents within the corporate limits of the City. The predominant land use in the City is residential (51%), followed by commercial and industrial (14%). Office use make up less than 1% of the land within the city limits. The remaining land area is open space, institutional/government, vacant land parcels, and street and railroad rights of way.

ACCESS:

Major north-south thoroughfares in the subject area include Fairview Street, Harbor Boulevard, and Euclid Street. Major east-west thoroughfares include Garden Grove Boulevard, Chapman Avenue, and Lampson Avenue. The Santa Ana (5) Freeway is located approximately one and one half miles to the northeast and the Garden Grove (22) Freeway is located approximately one mile to the south of the subject property. Said freeways are part of the greater freeway network serving the Southern California region.

LAND USES:

The immediate neighborhood is zoned for low to medium density residential use. The majority of secondary streets in the immediate subject area are developed with low density single family and medium density multiple family residential developments. A Home Depot is located across the street. As stated, primary streets are predominantly developed with commercial uses. The Outlets at Orange is located three miles to the east of the subject property. Disneyland and Downtown Disney are located approximately two miles northeasterly.

NEIGHBORHOOD ENVIRONMENT (Continued)

BUILT-UP: The subject neighborhood is effectively 95% built-up, including public parks, public facilities, parking lots, and school sites.

PRICE RANGE: Single family residential properties generally range from \$500,000 to exceeding \$800,000, exclusive of condominium developments.

The indicated price range is dependent upon the various elements of comparability which include location, building size, building condition, design, number of bedrooms and baths, and the overall land size.

PRICE TREND: There was an upward value trend affecting residential properties in the general subject market area, from the first portion of 2000 through the mid portion of 2006, after which property values generally stabilized.

Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the mid to latter portion of 2009, due primarily to the subprime credit and housing crisis, and a lack of available financing.

In the latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first-time home buyer tax credits. The residential real estate market remained largely flat from the latter portion of 2009 through the mid portion of 2012.

Residential property values in the greater subject market area began to increase in the first part of 2013, due largely to the continued availability of relatively low mortgage interest rates. Said price increase continued through the latter portion of 2019, however, the rate of increase slowed in 2019 as compared to prior years. The market appears to have stabilized in the first portion of 2020, through the present time.

NEIGHBORHOOD ENVIRONMENT (Continued)

AGE RANGE:

The age range of residential buildings in the immediate and general subject market area is generally from 25 to 70 years. Single family residential properties within the immediate subject market area range from effectively new to 70 years.

OTHER:

The availability and adequacy of public facilities, transportation, schools, commercial facilities, recreational opportunities, and residential housing are rated fair-average. The City of Garden Grove provides police protection and fire protection.

Refer to the CoStar Central OC West market report, as well as the Orange County Regional Data, in the Addenda Section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

The 14th Edition of The Appraisal of Real Estate, by the Appraisal Institute, defines highest and best use on Page 332, as follows:

"The reasonably probable use of property that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.
4. Maximally productive.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

The subject property represents a remnant land parcel located on the north side of Acacia Parkway, east of Nelson Street. The site has a triangular land configuration and contains 675 square feet of land area, per Assessor's records. The subject property is not developable as an individual entity due the relatively small land size.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

All public utilities including water, gas, electric power, telephone, as well as sanitary sewer are available in the immediate subject area.

The subject remnant land parcel is located in the CCSP-CCR20 zone district, a medium density residential zone designation. The immediate subject area is developed with medium to high density residential development on the north side of Acacia Parkway; the south side of Acacia Parkway, across the street from the subject property, is improved with a Home Depot retail development. The subject site is an effectively vacant land parcel.

The physical characteristics of the subject remnant parcel, however, could not reasonably support any type of independent development, as a stand-alone remnant parcel. Due to the lack of development potential, as well as the remnant nature and limited utility thereof, as a single entity, the subject remnant land parcel is not considered readily marketable. Based on the foregoing, the subject remnant parcel, as a single entity, fails to meet the requirements of a good investment, i.e. (1) there is a limited market of potential/speculative buyers, (2) liquidity is rated poor, (3) conventional financing would be difficult to obtain, likely requiring an all cash purchase or financing carried by the seller, and (4) value collateral is low due to the discount in price necessary to attract a buyer.

In view of the foregoing, the highest and best use of the subject property is joinder to one or more adjacent properties, for some type of future development. Note, however, the adjacent properties are already developed so any potential joinder potential is speculative. An additional possible use which may be considered is the speculative purchase and holding for value appreciation and profit at the time of resale. Note that remnant land parcels having little or no development potential are sometimes purchased by investors, as speculative investments.

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. The Sales Comparison Approach is the only valuation method considered reliable as an indicator of land value. The reader is referred to the last portion of the Preface Section, following the heading "Terms and Definitions," for a brief description of each approach.

VALUATION ANALYSIS (Continued)

VALUATION METHODS: (Continued)

Two-Phase Valuation:

A two-phase valuation approach has been employed in the subject appraisal study. The first phase involved the estimation of a unit rate (rate per square foot of land area) based on the assumption that the subject property has a typical land size, land configuration, access, and typical development potential. After reviewing and analyzing other "typical" land parcels which have sold in the general subject market area, the "base" unit rate considered applicable to the subject property is estimated at \$50.00 per square foot of land area.

The second phase of the appraisal study involved an analysis of remnant or limited utility land parcels which sold in the greater subject market area. The sale prices of the remnant land parcels were then compared to the sale prices of other comparable typical land parcels in the area of the remnant land parcels; the differential in land value thus demonstrates the discount indicated for the limited utility as single entities. As will be demonstrated, the discount applicable to the subject remnant land parcel is estimated at 90%. The applications of the first and second phases of the Sales Comparison Approach follow.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of reasonably comparable industrial land having recently sold within the immediate and general subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of each sale property.

The reader is referred to the summary of Land Value Indicators on the following page.

LAND VALUE INDICATORS:

<u>Data</u>	<u>Sale Date</u> <u>Address</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u> <u>Street Type</u>	<u>No. of Units</u> <u>Density</u>	<u>Sale Price</u>	<u>\$ Per SF</u> <u>\$ Per Unit</u>
1	4-18 3801 Franklin Ave., Fullerton	R3	16,340 sf	no/secondary	10 1/1,634	\$900,000	\$55.08 \$90,000
2	10-18 8722 Garden Grove Blvd., Garden Grove	MU-2	39,640 sf	no/primary	19 1/2,086	\$1,675,000	\$42.26 \$88,158
3	12-18 8281 Page St., Buena Park	GMU	100,624 sf	no/secondary	54 1/1,863	\$6,350,000	\$63.11 \$117,593
4	1-19 3534-3538 W. Savanna St., Anaheim	RM-4	33,810 sf	no/secondary	19 1/1,779	\$1,650,000	\$48.80 \$86,842
5	1-20 800 N. Figueroa St., Santa Ana	R2	17,860 sf	yes/secondary	6 1/2,977	\$935,000	\$52.35 \$155,833
6	5-20 7072 Spruce St., Westminster	R-2	22,500 sf	no/secondary	7 1/3,214	\$1,205,000	\$53.56 \$172,143

R. P. LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The sale properties surveyed consist of effectively vacant land parcels, and improved parcels acquired for redevelopment, ranging in size from 16,340 to 100,624 square feet. The purchase prices per square foot of land area range from \$42.26 to \$66.11. The sales are set forth in chronological order and took place between March 2018 and May 2020.

Financing and Cash Equivalency Adjustments:

Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases where the cash down payment is generally less than 10% of the purchase price and the financing is other than conventional. The less-than-typical cash down payment, combined with other than conventional financing (such as seller financing), could influence a higher purchase price.

All of the sale properties involved all cash transactions or conventional financing. A cash equivalency adjustment, therefore, has not been applied to any of the sale transactions.

Market Conditions:

An adjustment for market conditions (date of sale) is appropriate when certain sales occur during a rising or declining market. The adjustments are based upon observations of the real estate market and value appreciation/declining cycles dating back more than 15 years.

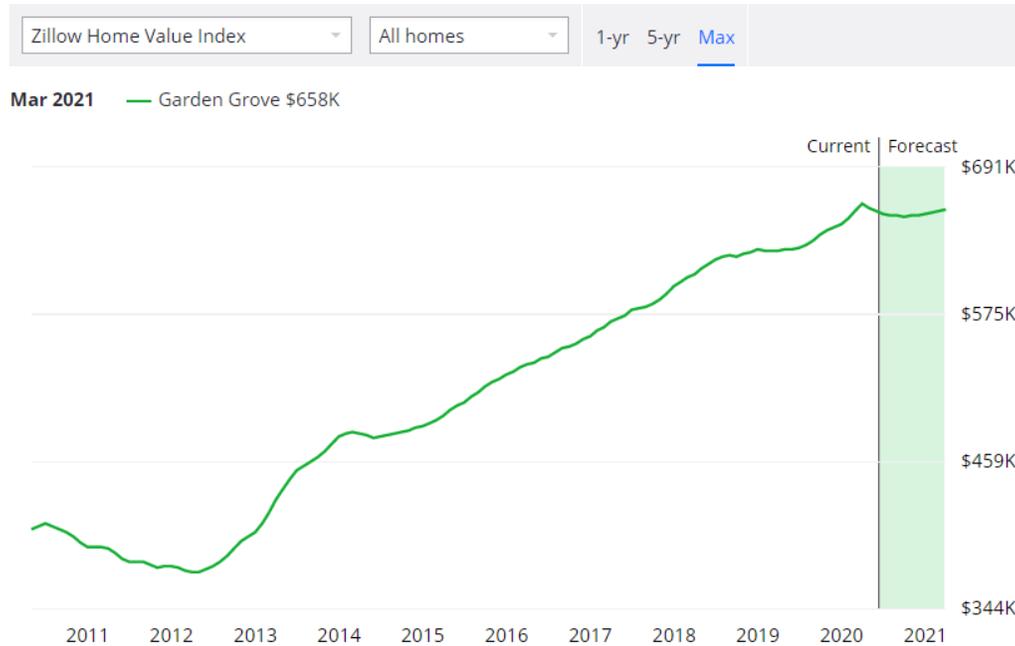
Real estate trends affecting residential properties in the subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, the residential real estate market experienced a significant decrease in price levels and development activity, which decrease accelerated in the latter portion of 2008 and continued through the latter portion of 2011.

Per discussions with various brokers, a review of various published reports and a review of numerous sale transactions, residential property values generally stabilized in 2012. In the latter part of 2012, the number of sale transactions began to increase, which led to nominal price increases beginning in the first portion of 2013. The rate of increase accelerated in 2015 through 2017. In 2018 through the present time, although residential property values have continued to increase, the rate of increase lessened as compared to 2016 and 2017.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The reader is referred to the following Zillow graph pertaining to the median sale price of single family residences in the City of Garden Grove. The reader is also referred to excerpts from the Multiple Family Submarket report, Central OC West, as obtained from CoStar, in the Addenda Section containing additional data and information pertaining to multiple family residential trends.



Based on the foregoing, the market conditions adjustment applied to the sale properties is based on the following schedule:

January-December 2018:	+ 6.0% per year,	or	+ 0.5% per month
January-December 2019:	+ 3.0% per year,	or	+ 0.25% per month
January-June 2020	0.0% per year	or	0.0% per month

Elements of Comparability:

All of the sales employed herein conveyed title to the fee simple interest, and represent arms-length transactions. After viewing all of the land sale properties, an analysis was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

General location.	Noise pollution
Best use/zoning.	Topography.
Development density.	Plans or entitlements.
Land size.	Off-site improvements.
Land configuration and utility.	Improvements/demolition
Corner location/access.	Soil contamination.

As stated, the marketability of each sale property was considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale.

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, best use/zoning density, land configuration, noise pollution, plans or entitlements, and improvements/demolition were considered the most important factors when analyzing the various sale properties, as compared to the "typical" multiple family residential site.

The reader is referred to the Land Sales Comparison Grid on the following page. As stated, quantitative adjustments have been applied to the various sale properties for market conditions (date of sale). The elements of comparability have been considered on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market. Note that the various elements of comparability were not assigned similar weight; the overall comparability of each sale property is set forth on the bottom of the Comparison Grid.

	Data	1	2	3	4	5	6
	Subject Site						
Purchase price:	-----	\$900,000	\$1,675,000	\$6,350,000	\$1,650,000	\$935,000	\$1,205,000
Rate per sq. ft.:	-----	\$55.08	\$42.26	\$63.11	\$48.80	\$52.35	\$53.56
Transactional adjustments							
Property rights conveyed:	fee simple	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financing:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of sale:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenditures after sale:	-----	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Date of sale:	6-20	4-18	10-18	12-18	1-19	1-20	5-20
Market conditions, through 2019:	-----	7.0%	5.0%	3.0%	2.8%	0.0%	0.0%
Adjusted unit rates:	-----	\$58.94	\$44.37	\$65.00	\$50.14	\$52.35	\$53.56
Market conditions, 2020 (COVID-19 consideration):	-----	Sale is: superior					
Comparability adjustments							
Location:	average	superior	similar	superior	similar	inferior	superior
Land size:	as if typical	similar	similar	similar	similar	similar	similar
Zoning/permitted uses:	CCSP-CCR20	similar	similar	similar	similar	similar	similar
Development density:	1/1,894 sf	similar	similar	similar	similar	inferior	inferior
Traffic/noise pollution:	average	superior	inferior	superior	superior	superior	superior
Corner/access:	as if typical	similar	similar	similar	similar	superior	similar
Topography:	effect. level	similar	similar	similar	similar	similar	similar
Land configuration:	as if typical	similar	similar	similar	similar	similar	similar
Site improvements/demolition:	vacant land	inferior	similar	inferior	inferior	inferior	inferior
Soil contamination:	as if clean	similar	similar	similar	similar	similar	similar
Off-site/street improvements:	average	similar	similar	similar	similar	similar	similar
Encumbrances/site utility:	average	similar	similar	similar	similar	similar	similar
Plans/entitlements:	none	similar	similar	similar	similar	similar	similar
	Data	1	2	3	4	5	6
Comparability adjustment, including consideration for 2020 market conditions (COVID-19):		superior	inferior	superior	similar	superior	superior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Data 1, located in Fullerton; Data 3, located in Buena Park; and Data 6, located in Westminster are deemed superior to the subject property regarding general location. Data 5, located in Santa Ana, is considered inferior accordingly. All other sales are considered generally similar with respect to location.

Note that larger properties, whether improved or vacant land, sometimes sell at overall lower rates per square foot in accordance with general economic principals. In the subject case, however, the overall development density is considered the primary factor as a higher density will allow more developable units, even on a smaller site. As such, an adjustment for land size was not warranted for any of the sale properties.

The subject property is zoned CCSP-CCR20 having a development density of 23 units per acre, or one unit per 1,894 square feet of land area. Data 5 and 6, having lower development densities, are deemed slightly inferior with respect to density. The remaining sale properties are deemed similar to the subject property when considered on a rate per square foot basis

Data 5 contains a corner location on two secondary streets and is deemed superior with regarding corner/access.

The subject property is located on a semi-primary street, which is typically less desirable for multiple family residential development, due to noise pollution. Data 2, which has frontage on a primary street, is deemed inferior to the subject site regarding traffic/noise pollution. All other sales are considered superior to the subject property regarding traffic/noise pollution, as said properties have frontage on secondary streets.

The subject property is an effectively vacant land parcel. Data 2 is improved with an automobile car lot which had a lease extending through 2020. Any demolition costs are considered to be offset by the rental income generated through said lease. As such, Data 2 is considered similar with regards to site improvements/demolition costs. The remaining sale properties included certain site improvements that were not considered having any interim value and, therefore, the remaining sale properties are deemed inferior with respect to required demolition.

No other adjustments were warranted in the subject case.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The reader is referred to the following array of the land sale properties utilized herein. The sales are placed in order within the array by rating with respect to overall comparability, i.e. superior, similar, inferior. Based on the foregoing, the market conditions adjusted unit rates applicable to the land sale properties range from \$44.37 to \$65.00 per square foot of land area, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF Land</u>
3	superior	\$65.00
1	superior	\$58.94
6	superior	\$53.56
5	superior	\$52.35
4	similar	\$50.14
Typical	- - -	\$50.00
2	inferior	\$44.37

All of the sale properties were considered helpful in the analysis. Based on the foregoing analysis, the land value unit rate considered applicable in the subject case, assuming the site is a "typical" multiple family residential land parcel, is estimated at:

As-if "typical" multiple family residential land:
\$50.00 per square foot.

VALUATION ANALYSIS (Continued)

LAND VALUE DISCOUNT:

A discount in price is reflected in the marketplace for properties offering limited utility or developability as single entities, such as the subject land parcel. This portion of the valuation analysis (second phase of the appraisal study) involved an analysis of remnant or limited utility land parcels which sold in the greater subject market area. The sale prices of the remnant land parcels were then compared to the sale prices of other comparable typical land parcels in the area of the remnant parcels; the differential in land value thus demonstrates the discount indicated for the limited utility/developability, often due to the relatively small land size, irregular land configuration, easements which prevent development, etc.

Due to the limited demand and marketability, and thus limited quantity of such sales, it was necessary to expand the market research to include (1) sales that took place over the past 30 years, during differing real estate cycles, (2) the greater Los Angeles and Orange County areas, and (3) residential or mixed use residential/commercial zone designations, in order to find, review and analyze an adequate and representative number of limited-use sale properties.

After locating said remnant land sale properties, the appraisers reviewed sales of comparable conventional/utilitarian parcels in the general area of the remnant land parcels, for the purpose of deriving the market-indicated discount. For example, if a remnant parcel was acquired at a rate of \$2.00 per square foot, and generally comparable utilitarian land in the area is selling for \$10.00 per square foot, the indicated discount is 80% (\$8.00 discount on remnant land ÷ \$10.00 as typical land = 80%).

The discounted land sales contained herein are located at 9 locations within the greater Los Angeles and Orange County areas; note that additional discounted land sales considered are retained in our office file. Each discounted land sale was compared with two or more comparable utilitarian land sales in the respective market areas. The limited utility land sales indicate discounts ranging from 63% to 97%. The group summaries are contained on the following pages.

SUMMARY OF LAND VALUE DISCOUNT DATA

Group A

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
A	6-88	PD2	375 sf	no	\$1,200	\$3.20
	E. Side Crystal Ct., beg. 90' S. of Eighth St., Long Beach					
A-1	10-87	PD2	7,500 sf	no	\$278,000	\$37.07
	N. side Fourth St., beg. 100' W. of Daisy Ave., Long Beach					
A-2	1-89	PD2	27,500 sf	yes	\$1,150,000	\$41.82
	NE cnr. Fifth St. and San Francisco Ave., Long Beach					
A-3	9-89	PD2	54,000 sf	yes	\$2,246,590	\$41.60
	NW cnr. Maine Ave. and Fifth St., Long Beach					

Indicated discount of Sale A:

A-1	\$3.20	÷	\$37.07	=	9%	or discount of:	91%
A-2	\$3.20	÷	\$41.82	=	8%	or discount of:	92%
A-3	\$3.20	÷	\$41.60	=	8%	or discount of:	92%

Group B

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
B	2-91	R3-1	865 sf	no	\$500	\$0.58
	W. side Flower St., beg. 133.7' S. of 80th St., Los Angeles					
B-1	5-90	R3-1	5,738 sf	no	\$49,000	\$8.54
	N. side 90th St., beg. 145' W. of Main St., Los Angeles					
B-2	6-90	R3-1	5,720 sf	no	\$43,000	\$7.52
	S. side 82nd St., beg. 270' W. of Broadway, Los Angeles					
B-3	2-92	R3-1	4,320 sf	no	\$45,000	\$10.42
	N. side 86th Pl., beg. 334' W. of Main St., Los Angeles					

Indicated discount of Sale B:

B-1	\$0.58	÷	\$8.54	=	7%	or discount of:	93%
B-2	\$0.58	÷	\$7.52	=	8%	or discount of:	92%
B-3	\$0.58	÷	\$10.42	=	6%	or discount of:	94%

SUMMARY OF LAND VALUE DISCOUNT DATA (Continued)

Group C

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
C-1	2-06	SP SFR	935 sf	no	\$5,000	\$5.35
		Remnant land adj. N'ly of 12859 Rock Crest Ln., Pomona				
C-2	3-06	SP SFR	1,851 sf	no	\$10,000	\$5.40
		Remnant land adj. N'ly of 12843 Rock Crest Ln., Pomona				
C-3	3-06	SP SFR	1,370 sf	no	\$7,500	\$5.47
		Remnant land adj. N'ly of 12851 Rock Crest Ln., Pomona				
C-4	12-05	R1-6000	15,540 sf	yes	\$250,000	\$16.09
		SW cnr. Phillips Blvd. and Towne Ave., Pomona				
C-5	4-06	RS	4,200 sf	no	\$160,000	\$38.10
		W. side Monterey Ave., beg. 165' S. of Bird Farm Rd., Chino Hills				
C-6	2-07	RD4.5	10,080 sf	no	\$221,000	\$21.92
		N. side Walnut St., beg. 120' W. of Ross Ave., Chino				

Indicated discount of Sales C-1, C-2, and C-3 (mean):

C-4	\$5.41	÷	\$16.09	=	34%	or discount of:	66%
C-5	\$5.41	÷	\$38.10	=	14%	or discount of:	86%
C-6	\$5.41	÷	\$21.92	=	25%	or discount of:	75%

Group D

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
D	8-05	OS/R1	2,894 sf	no	\$6,200	\$2.14
		S. side Centralia St., at terminus of Studebaker Rd., Lakewood				
D-1	12-04	RS-6	8,253 sf	no	\$374,000	\$45.32
		N. side Franklin St., beg. 45±' E. of Stanton Ave., Buena Park				
D-2	5-05	R2	19,670 sf	no	\$685,000	\$34.82
		N. side Cedar St., beg. 374±' E. of Lakewood Blvd., Bellflower				
D-3	10-05	R2	5,000 sf	no	\$215,000	\$43.00
		W. side Violeta Ave., beg. 200' S. of 223rd St., Hawaiian Gardens				

Indicated discount of Sale D:

D-1	\$2.14	÷	\$45.32	=	5%	or discount of:	95%
D-2	\$2.14	÷	\$34.82	=	6%	or discount of:	94%
D-3	\$2.14	÷	\$43.00	=	5%	or discount of:	95%

SUMMARY OF LAND VALUE DISCOUNT DATA (Continued)

Group E

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
E	7-12	R1	1,205 sf	yes	\$4,500	\$3.73
NW cnr. Faber St. and Inglewood Ave., Redondo Beach						
E-1	2-11	R1	6,040 sf	no	\$520,000	\$86.09
2804 Timothy Ave., Redondo Beach						
E-2	4-11	R1	5,500 sf	no	\$450,000	\$81.82
2917 Perkins Ln., Redondo Beach						
E-3	12-11	R1	7,500 sf	no	\$600,000	\$80.00
2013 Morgan Ln., Redondo Beach						

Indicated discount of Sale E:

E-1	\$3.73	÷	\$86.09	=	4%	or discount of:	96%
E-2	\$3.73	÷	\$81.82	=	5%	or discount of:	95%
E-3	\$3.73	÷	\$80.00	=	5%	or discount of:	95%

Group F

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
F	11-14	R1	925 sf	no	\$4,000	\$4.32
Between 9192 and 9202 Madeline Dr., Huntington Beach						
F-1	3-15	RM-H	3,308 sf	yes	\$485,000	\$146.61
420 California St., Huntington Beach						
F-2	8-15	R1	6,893 sf	no	\$552,000	\$80.08
17262 Calle Zaragoza, Fountain Valley						
F-3	7-15	PDR-MD	7,242 sf	no	\$615,000	\$84.92
1053 Wilson St., Costa Mesa						

Indicated discount of Sale F:

F-1	\$4.32	÷	\$146.61	=	3%	or discount of:	97%
F-2	\$4.32	÷	\$80.08	=	5%	or discount of:	95%
F-3	\$4.32	÷	\$84.92	=	5%	or discount of:	95%

SUMMARY OF LAND VALUE DISCOUNT DATA (Continued)

Group G

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
G	11-12	R2-1	2,846 sf	no	\$15,000	\$5.27
	1426 E. 110th St., Los Angeles residential R2 lot with subsurface water canal - not developable					
G-1	4-12	R2-1	3,200 sf	no	\$45,000	\$14.06
	9100 Barring Cross St., Los Angeles					
G-2	8-12	R2-1	7,117 sf	no	\$120,500	\$16.93
	123 W. 80th St., Los Angeles					

Indicated discount of Sale G:

G-1	\$5.27	÷	\$14.06	=	37%	or discount of:	63%
G-2	\$5.27	÷	\$16.93	=	31%	or discount of:	69%

Group H

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
H	7-13	C-TR/R1	108,900 sf	no	\$520,000	\$4.78
	1543 N. Tustin St., Orange former RR spur; mixed CTR and R-1 zone, 4,700 lineal feet					
H-1	2-13	C-R	34,412 sf	yes	\$975,000	\$28.33
	1220 N. Batavia Ave., Orange					
H-2	11-13	P	132,423 sf	no	\$4,000,000	\$30.21
	200 N. Cabrillo Park Dr., Santa Ana					
H-3	12-13	R-1	400,752 sf	no	\$17,430,000	\$43.49
	14751 Brookhurst St., Westminster					

Indicated discount of Sale H:

H-1	\$4.78	÷	\$28.33	=	17%	or discount of:	83%
H-2	\$4.78	÷	\$30.21	=	16%	or discount of:	84%
H-3	\$4.78	÷	\$43.49	=	11%	or discount of:	89%

Group I

<u>Sale</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
I	7-15	effect. R-1-7	52,958 sf	no	\$110,000	\$2.08
	2899 E. Palmyra Ave., Orange					
I-1	1-14	R-1-6	87,120 sf	no	\$1,250,000	\$14.35
	6231 E. Wimbleton Ct., Orange					
I-2	5-15	E4	33,106 sf	no	\$460,000	\$13.89
	11422± La Vereda Dr., Lemon Heights (unincorp. Orange County)					
I-3	12-16	E4	58,060 sf	no	\$900,000	\$15.50
	11431± Plantero Dr., Lemon Heights (unincorp. Orange County)					

Indicated discount of Sale I:

I-1	\$2.08	÷	\$14.35	=	14%	or discount of:	86%
I-2	\$2.08	÷	\$13.89	=	15%	or discount of:	85%
I-3	\$2.08	÷	\$15.50	=	13%	or discount of:	87%

VALUATION ANALYSIS (Continued)

LAND VALUE DISCOUNT: (Continued)

As stated, the discounted land sales reflect discount rates ranging from 63% to 97%. Note, however, the predominant range of discount rates is approximately 85% to 95%. The majority of the discount land sales represent residential zoned parcels having a relatively small land size. Data C-1, C-2 and C-3 represents the sale of three remnant Caltrans parcels to three different adjacent residential property owners. Data G represents the sale of a lot fully encumbered with a subsurface water canal which precluded surface development; the property was acquired by an adjacent property owner. Data H and I represent the sale of long and narrow former railroad rights of way. The remaining discount land sales (Data A, B, D, E, and F) represent the sale of relatively small residential remnant land parcels, not capable of independent development.

Given that the subject land parcel does have direct access from a public street, but is not capable of development as a single entity, the discount rate deemed applicable in the subject case is considered to be toward the mid portion of the predominant range of 85% to 95%. Based on the foregoing, a discount rate of 90% is employed in the subject case.

Conclusion:

Based on the foregoing, the indicated land value applicable to the subject site, based on a 90% discount, is estimated at \$3,500, as follows:

Land Value:
675 SF @ \$50.00 0.10* = \$3,375.
Adjusted: \$3,500

*Discount rate: 90%, reciprocal employed.

FINAL ESTIMATE OF VALUE:

Based on the foregoing valuation, the fee simple market value of the subject property, as of June 12, 2020, is estimated at:

\$3,500

VALUATION ANALYSIS (Continued)

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuations, interviews were conducted with parties involved in the transactions employed in the Sales Comparison Approach. Based on said interviews, as well interviews with real estate brokers specializing in the subject market area, the marketing exposure estimated for the subject property, considering the remnant nature of the site, is approximately 12 to 18 months.

MARKET DATA

MARKET DATA SUMMARY

LAND VALUE INDICATORS:

<u>Data</u>	<u>Sale Date</u> <u>Address</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u> <u>Street Type</u>	<u>No. of Units</u> <u>Density</u>	<u>Sale Price</u>	<u>\$ Per SF</u> <u>\$ Per Unit</u>
1	4-18 3801 Franklin Ave., Fullerton	R3	16,340 sf	no/secondary	10 1/1,634	\$900,000	\$55.08 \$90,000
2	10-18 8722 Garden Grove Blvd., Garden Grove	MU-2	39,640 sf	no/primary	19 1/2,086	\$1,675,000	\$42.26 \$88,158
3	12-18 8281 Page St., Buena Park	GMU	100,624 sf	no/secondary	54 1/1,863	\$6,350,000	\$63.11 \$117,593
4	1-19 3534-3538 W. Savanna St., Anaheim	RM-4	33,810 sf	no/secondary	19 1/1,779	\$1,650,000	\$48.80 \$86,842
5	1-20 800 N. Figueroa St., Santa Ana	R2	17,860 sf	yes/secondary	6 1/2,977	\$935,000	\$52.35 \$155,833
6	5-20 7072 Spruce St., Westminster	R-2	22,500 sf	no/secondary	7 1/3,214	\$1,205,000	\$53.56 \$172,143

MARKET DATA #1

3801 Franklin Avenue
Fullerton



GRANTOR:	Ali Family Trust	APN:	070-222-23
GRANTEE:	3801 Franklin Partners, LLC	LAND SIZE:	16,340 sq.ft.
SALE DATE:	April 6, 2018	ZONING:	R3
DOC. NO.:	123699	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$900,000	PRESENT USE:	Construction phase
TERMS:	All cash	UNIT RATE:	\$55.08 per SF land

COMMENT: The site was improved with a single family residence at the time of sale which was subsequently demolished to make way for a multiple family residential development.

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MARKET DATA #2

8722 Garden Grove Boulevard
Garden Grove



GRANTOR:	Tyrone A. Covington	APN:	097-222-03
GRANTEE:	NRI Portfolios, LLC	LAND SIZE:	39,640 sq.ft.
SALE DATE:	October 15, 2018	ZONING:	MU-2
DOC. NO.:	373911	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,675,000	PRESENT USE:	Used car lot
TERMS:	\$1,256,250 conventional	UNIT RATE:	\$42.26 per SF land

COMMENT: The subject property was purchased with the intent to redevelop condominiums, however there is a long term lease extending through 2020.

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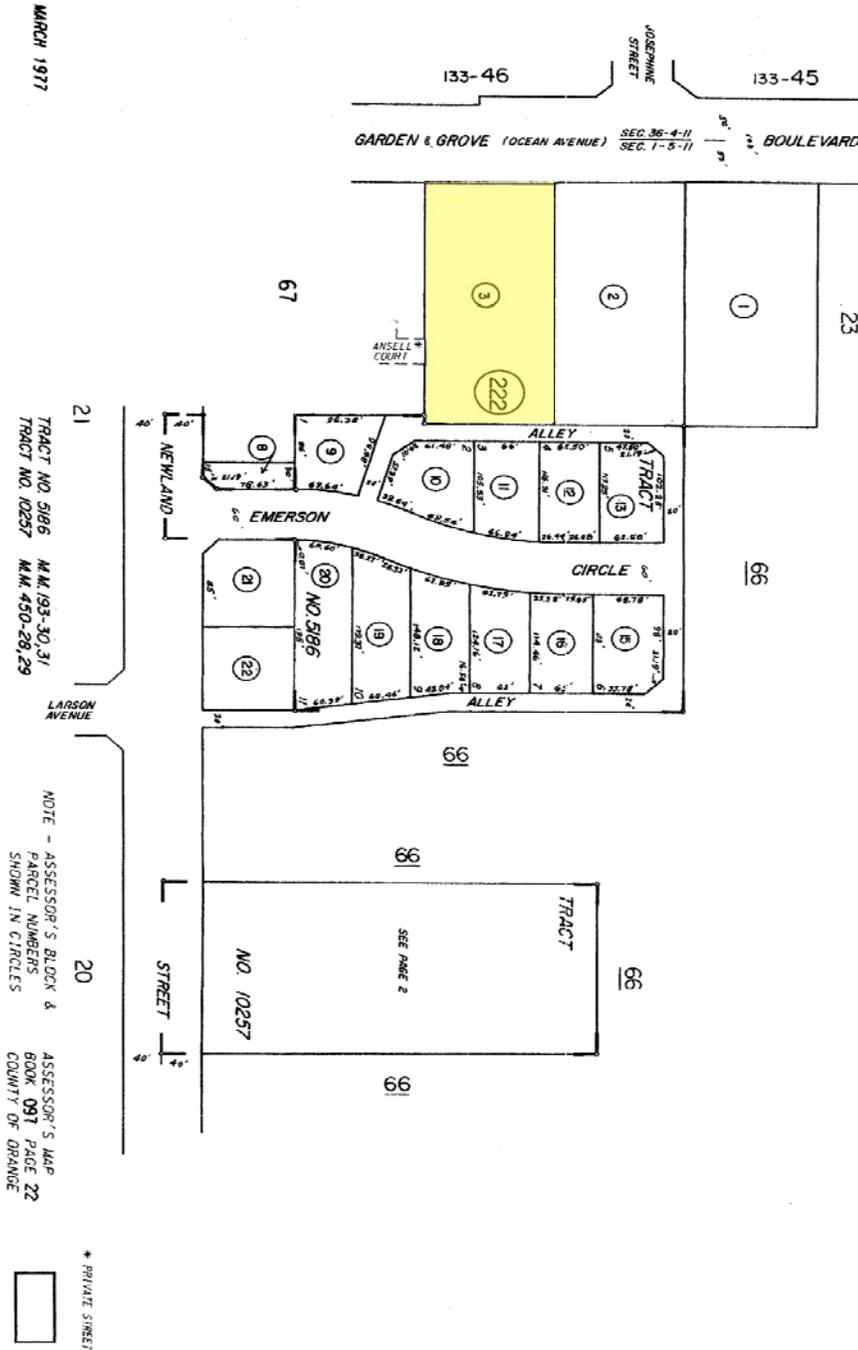
APN: 097-222-03

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POR. W 1/2. W 1/2. NE 1/4. SEC. 1. T 5 S. R 11 W



097-22
PAGE 1 OF 2
09722.00



MARCH 1977
TRACT NO. 5186 M.M. 193-30, 31
TRACT NO. 10257 M.M. 450-28, 29

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
ASSESSOR'S MAP BOOK 091 PAGE 22
COUNTY OF ORANGE

* PRIVATE STREET

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MARKET DATA #3

8281 Page Street
Buena Park



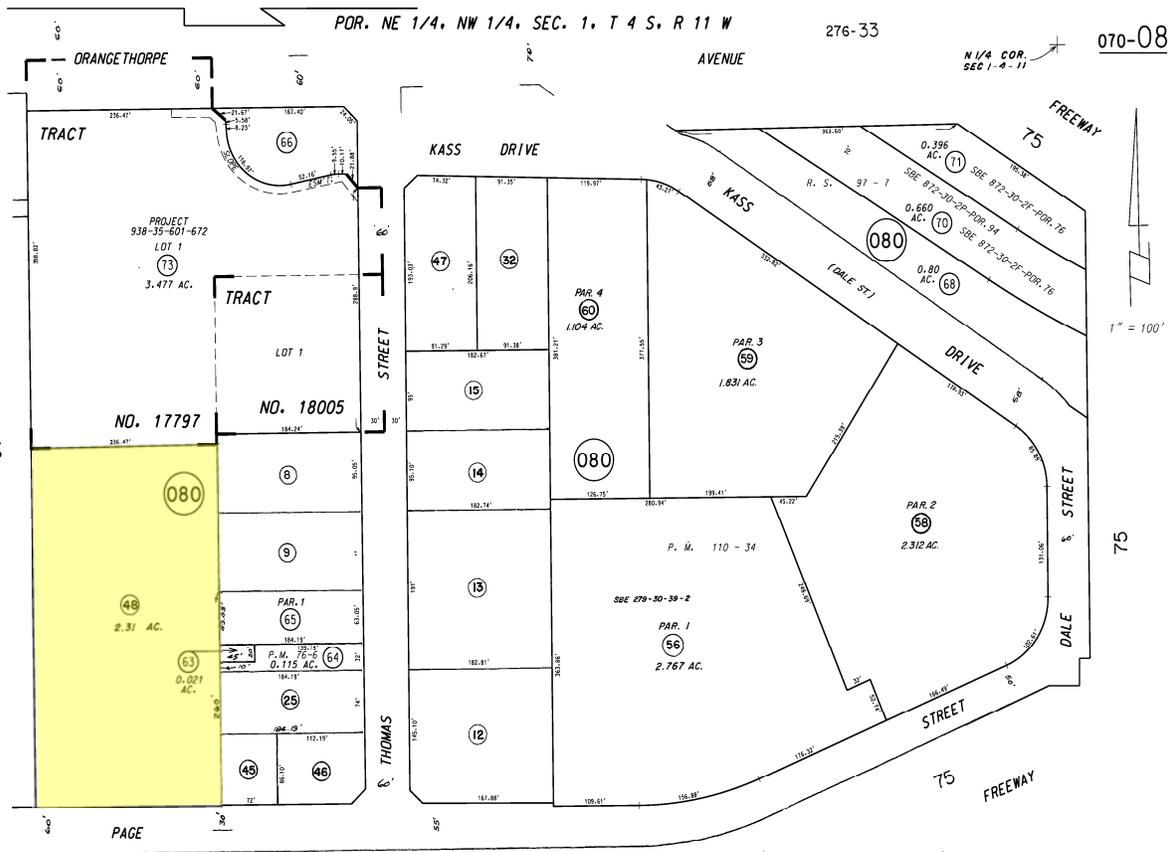
GRANTOR:	First Church of the Nazarene Buena Park	APN:	070-080-48
GRANTEE:	Olson Urban II-Buena Park 6, LLC	LAND SIZE:	100,624 sq.ft.
SALE DATE:	December 18, 2018	ZONING:	GMU
DOC. NO.:	478581	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$6,350,000	PRESENT USE:	Construction phase
TERMS:	All cash to seller	UNIT RATE:	\$63.11 per SF land

COMMENT: The subject property was improved with an older church building at the time of sale and is currently being developed with 54 housing units.

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APPRAISERS - ANALYSTS

APN: 070-080-48



PAGE 33

PARCEL MAP
TRACT NO. 17797
TRACT NO. 18005

P.M. 110-34
M.M. 941-22 to 26 incl.
M.M. 958-14 to 18 incl.

NOTE - ASSESSOR'S BLOCK &
PARCEL NUMBERS
SHOWN IN CIRCLES

ASSESSOR'S MAP
BOOK 070 PAGE 08
COUNTY OF ORANGE

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MARKET DATA #4

3534-3538 West Savanna Street
Anaheim



GRANTOR:	Ronald L. Lacher	APN:	134-252-16, 17
GRANTEE:	Bonanni Development & JB Construction	LAND SIZE:	33,810 sq.ft.
SALE DATE:	January 4, 2019	ZONING:	RM-4
DOC. NO.:	2725	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,650,000	PRESENT USE:	Construction phase
TERMS:	\$1,035,000 conventional	UNIT RATE:	\$48.80 per SF land

COMMENT: The buyer acquired the site without entitlements. The sale included two separate parcels each of which were developed with a single family residence. The dwellings were subsequently demolished and the site is currently being developed with 19 townhomes. The land area is net of street dedication.

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MARKET DATA #5

800 Figueroa Street
Santa Ana



GRANTOR:	Coboraca Investment, Inc.	APN:	198-161-48, 49, 50
GRANTEE:	Ngoc T. Nguyen	LAND SIZE:	17,860 sq.ft.
SALE DATE:	January 29, 2020	ZONING:	R2
DOC. NO.:	39769	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$935,000	PRESENT USE:	Multiple family
TERMS:	\$620,000 conventional	UNIT RATE:	\$52.80 per SF land

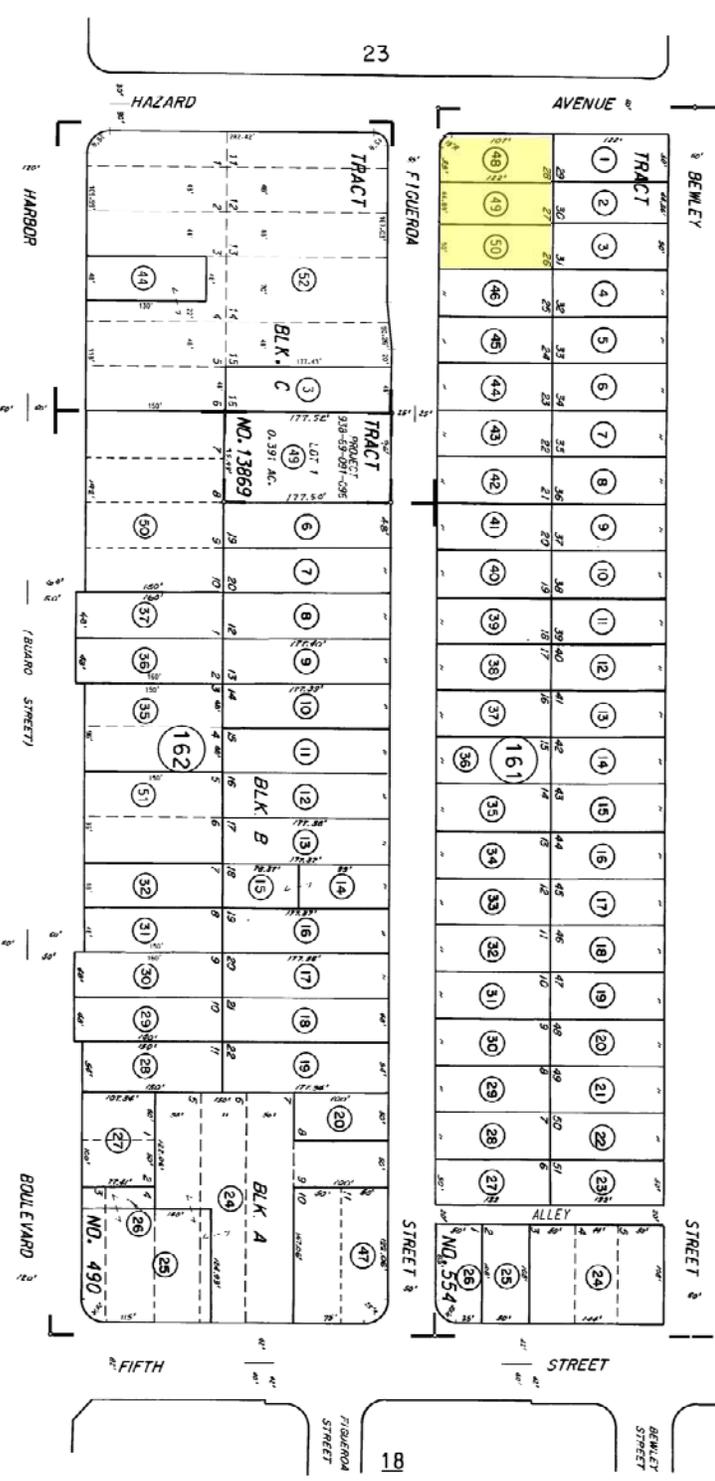
COMMENT: The subject property was improved with a dilapidated office building at the time of sale which was subsequently demolished to make way for a multiple family residential development containing six units.

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APPRAISERS - ANALYSTS

APN: 198-161-48, 49, 50

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JANUARY 2016

TRACT NO. 490 M.M. 17-22
 TRACT NO. 554 M.M. 20-35
 TRACT NO. 13869 M.M. 642-23 to 25 incl.

NOTE - Assessor's Block & Assessor's Map Parcel Numbers Shown in Circles County of Orange

100-26 100-63

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MARKET DATA #6

7072 Spruce Street
Westminster



GRANTOR:	Nomiyama TT&T Living Trust	APN:	096-102-03
GRANTEE:	Tony Nguyen	LAND SIZE:	22,500 sq.ft
SALE DATE:	May 29, 2020	ZONING:	R-2
DOC. NO.:	244862	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,205,000	PRESENT USE:	SFR scheduled for demolition
TERMS:	All cash	UNIT RATE:	\$53.56 per SF land

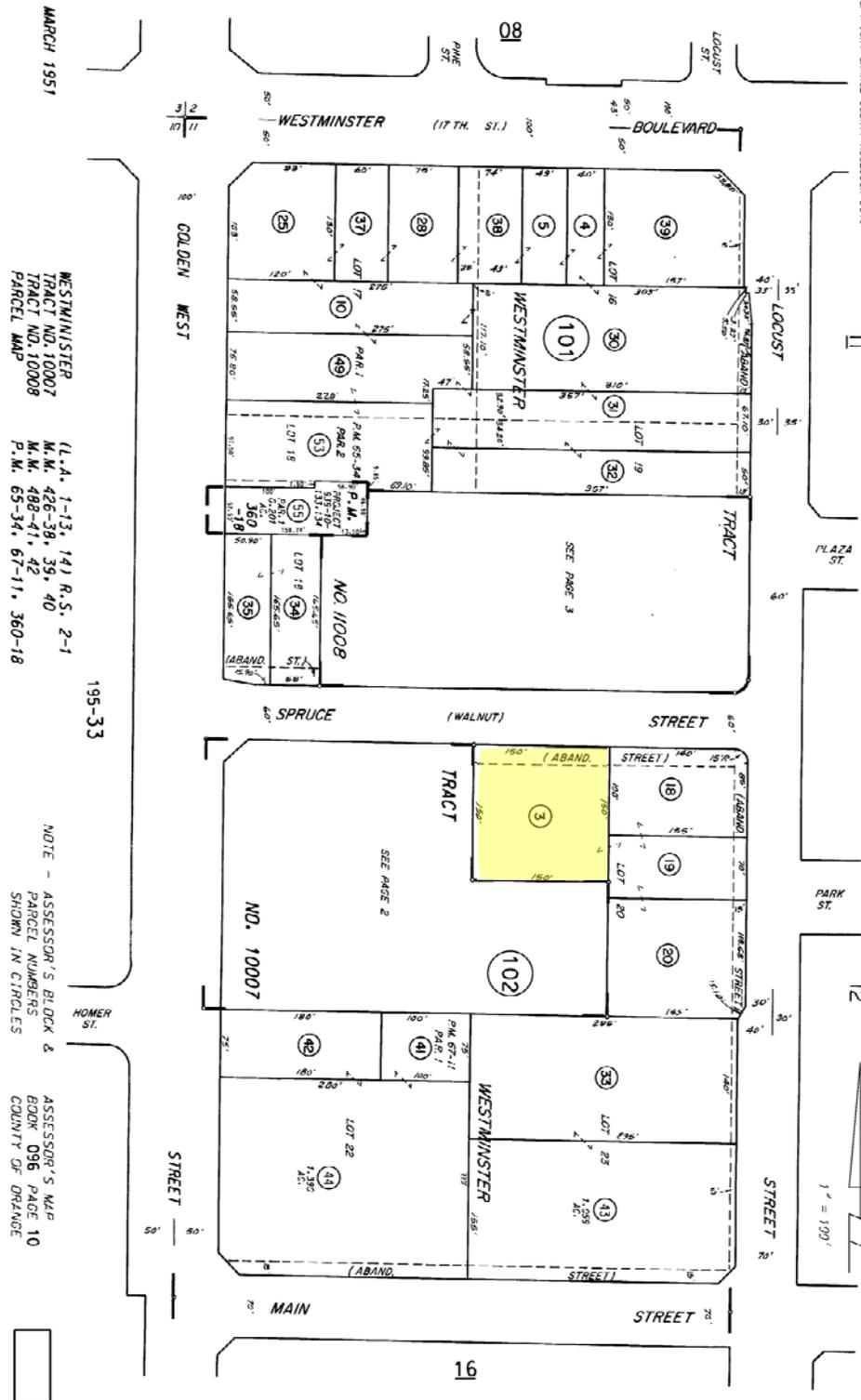
COMMENT: The site is improved with a single family residence scheduled for demolition and clearing to make way for a new multiple family residential development. The site was unentitled at the time of sale.

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APPRAISERS - ANALYSTS

APN: 096-102-03

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WESTMINSTER TRACT NO. 10007
 TRACT NO. 10008
 PARCEL MAP

(L.A. 1-13, 14) R.S. 2-1
 M.M. 426-38, 39, 40
 M.M. 488-41, 42
 P.M. 65-34, 67-11, 360-18

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 096 PAGE 10
 COUNTY OF ORANGE

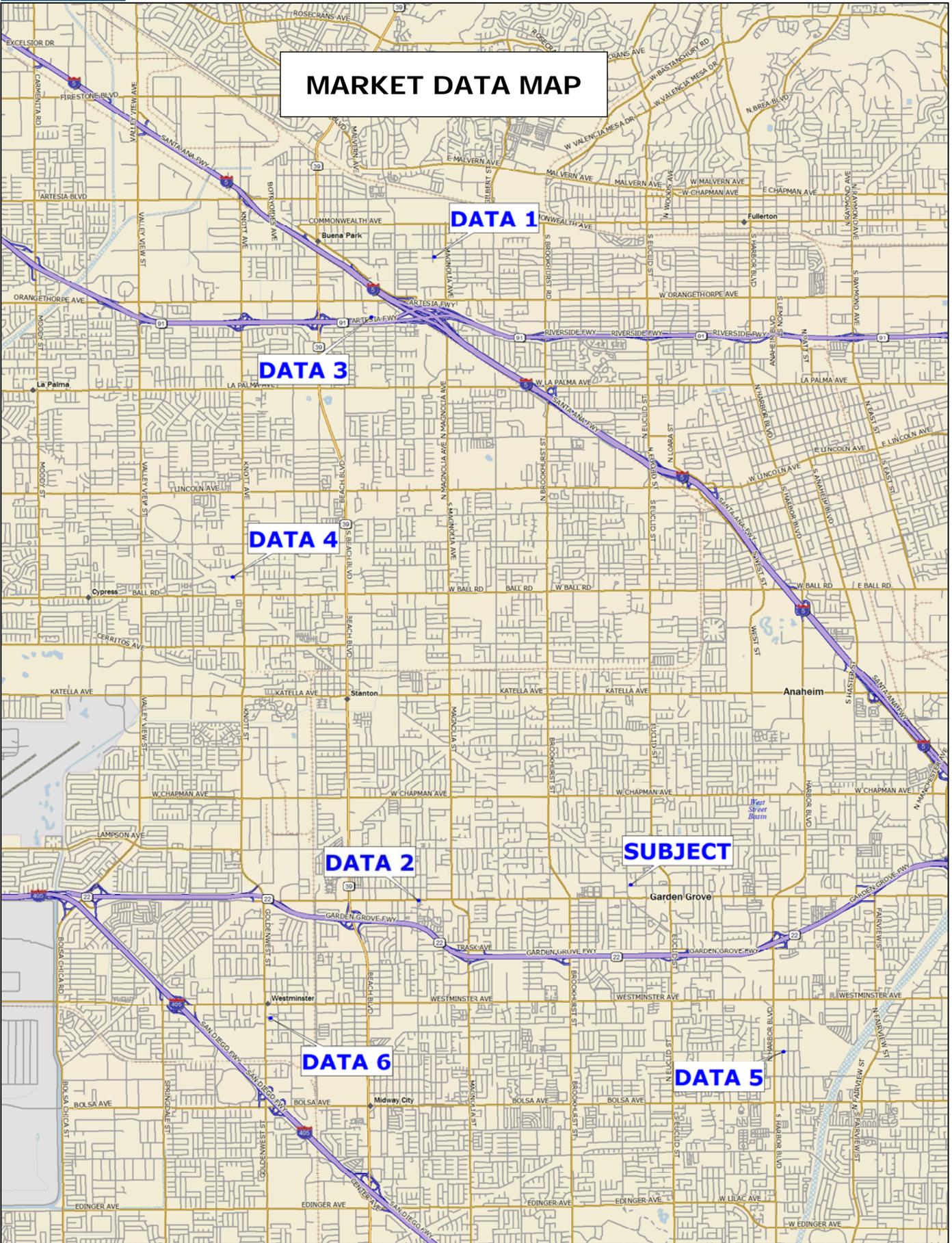


096-10
 PAGE 1 OF 3

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APPRAISERS - ANALYSTS

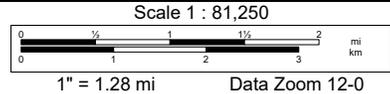
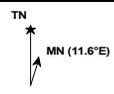
MARKET DATA MAP



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ADDENDA

See Photo No. 1 on first page of Subject Property Description Section.

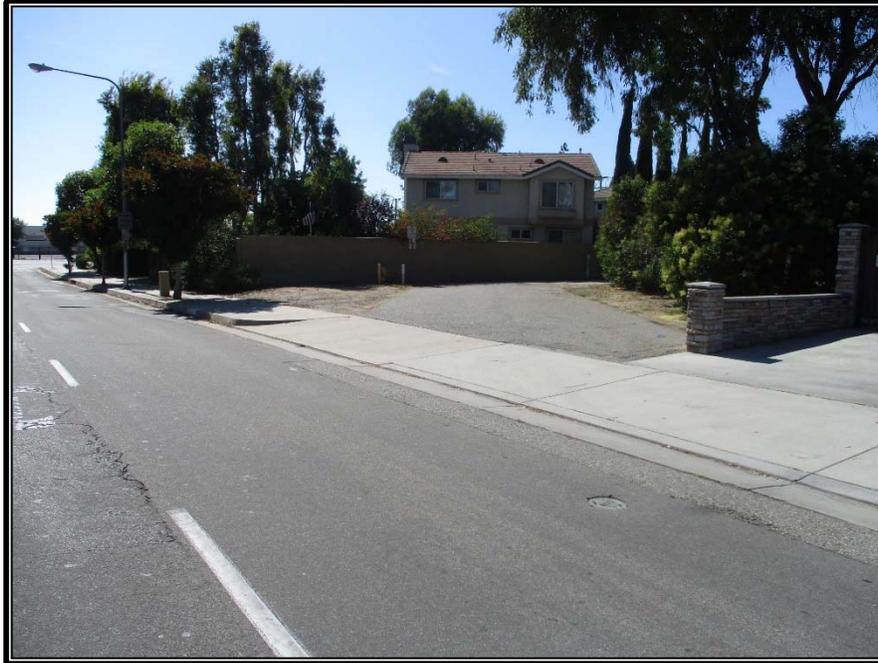


PHOTO NO. 2: View looking northwesterly at the subject property from Acacia Parkway.

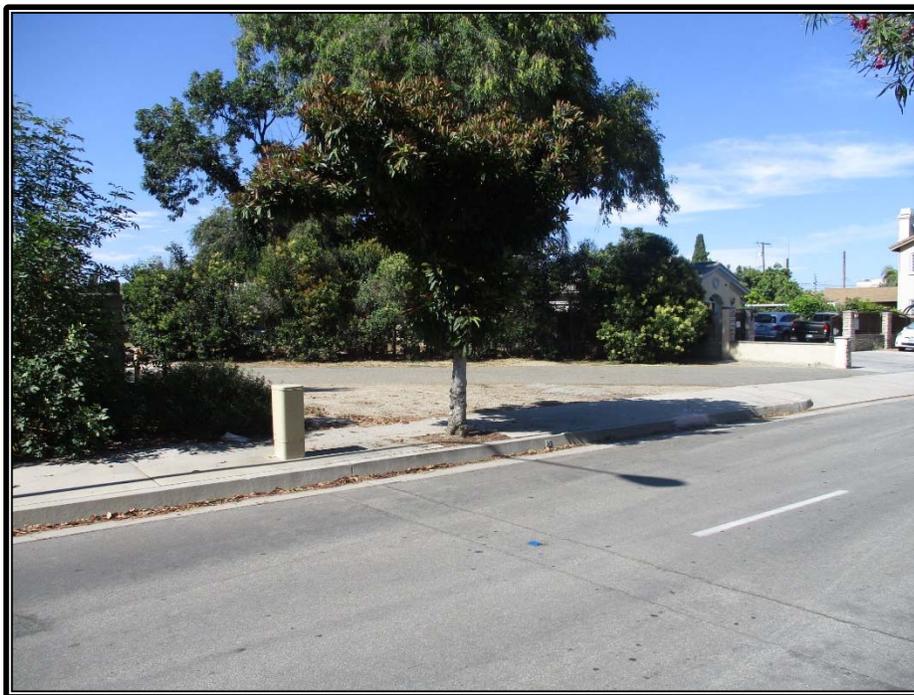


PHOTO NO. 3: View northeasterly at the subject property from Acacia Parkway.



PHOTO NO. 4: View looking east along Acacia Parkway.



PHOTO NO. 5: View looking west along Acacia Parkway.

**COSTAR MULTIPLE FAMILY
SUBMARKET REPORT EXCERPT**

12 Mo. Delivered Units

80

12 Mo. Absorption Units

146

Vacancy Rate

4.1%

12 Mo. Asking Rent Growth

3.5%

With the county seat located within the submarket, Central OC West's (of I-5) housing options mostly fall within the more affordable slice of inventory. Vacancies are among the lowest in the metro and, with the exception of Tustin, have mostly trended below vacancies in neighboring submarkets. Even in the new supply that has delivered in the submarket this cycle, steady, albeit slow, lease-up has kept the vacancy rate from rising too much, mostly keeping it below the

historical average.

With Orange County showing slowing economics overall, in addition to the rising vacancies, rent growth has slowed in recent years, though there has been a small resurgence since the start of 2019. Central OC West continues to be in the top tier of targets for investors in the metro, though pricing has remained well below the metro average.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	4,412	6.0%	\$2,393	\$2,389	25	0	448
3 Star	13,505	4.2%	\$1,862	\$1,853	(6)	0	0
1 & 2 Star	21,646	3.7%	\$1,536	\$1,528	(10)	0	0
Submarket	39,563	4.1%	\$1,804	\$1,796	9	0	448

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.2%	4.1%	4.4%	6.2%	2009 Q4	2.3%	2000 Q2
Absorption Units	146	135	79	1,678	2010 Q3	(436)	2001 Q4
Delivered Units	80	190	114	1,423	2010 Q3	0	2018 Q3
Demolished Units	0	12	5	190	2007 Q4	0	2019 Q3
Asking Rent Growth (YOY)	3.5%	2.7%	1.8%	7.9%	2001 Q1	-6.1%	2009 Q4
Effective Rent Growth (YOY)	4.1%	2.7%	1.9%	7.8%	2001 Q1	-6.3%	2009 Q4
Sales Volume	\$378 M	\$224.8M	N/A	\$457.6M	2010 Q4	\$37.3M	2011 Q4

Orange County's employment hubs are located in cities to the south and west, and Central OC West is a submarket heavily reliant on the service trade. Although the county seat is located within the submarket, residents with those administrative and support service jobs most prevalent in Santa Ana are more likely to fill the rosters of 2 and 3 Star communities than they are to rent new product.

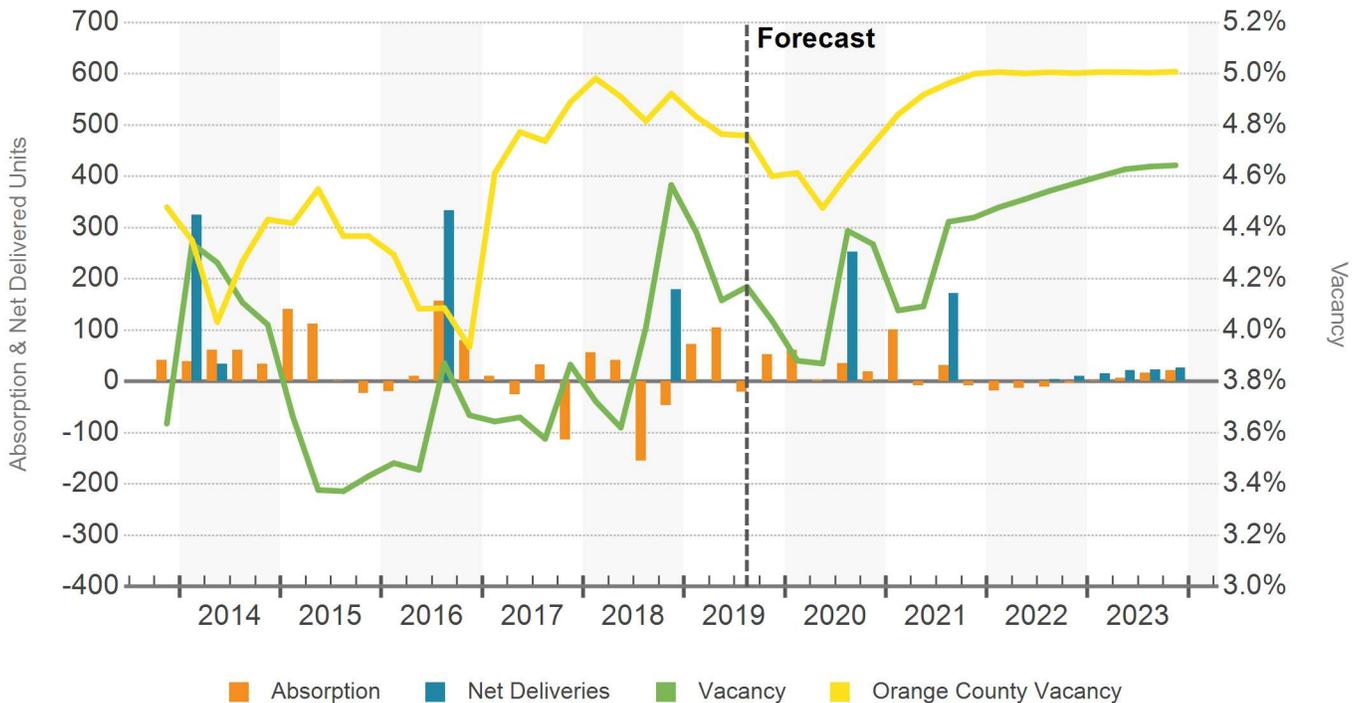
Downtown Santa Ana continues to gentrify and add restaurants, theaters, and shops in the hope of attracting younger residents and visitors, but the median household income for residents within two miles of central Santa Ana still sits below \$52,000. In addition, work has now begun on the \$400 million light rail project that would connect Downtown Santa Ana with Garden Grove, providing another outlet for residents to expand their employment opportunities. The submarket also includes a few Opportunity Zones, mostly in Downtown Santa Ana. The city is hoping that developers will be

enticed to build and renovate projects in these areas due to the tax benefits that the federal program provides.

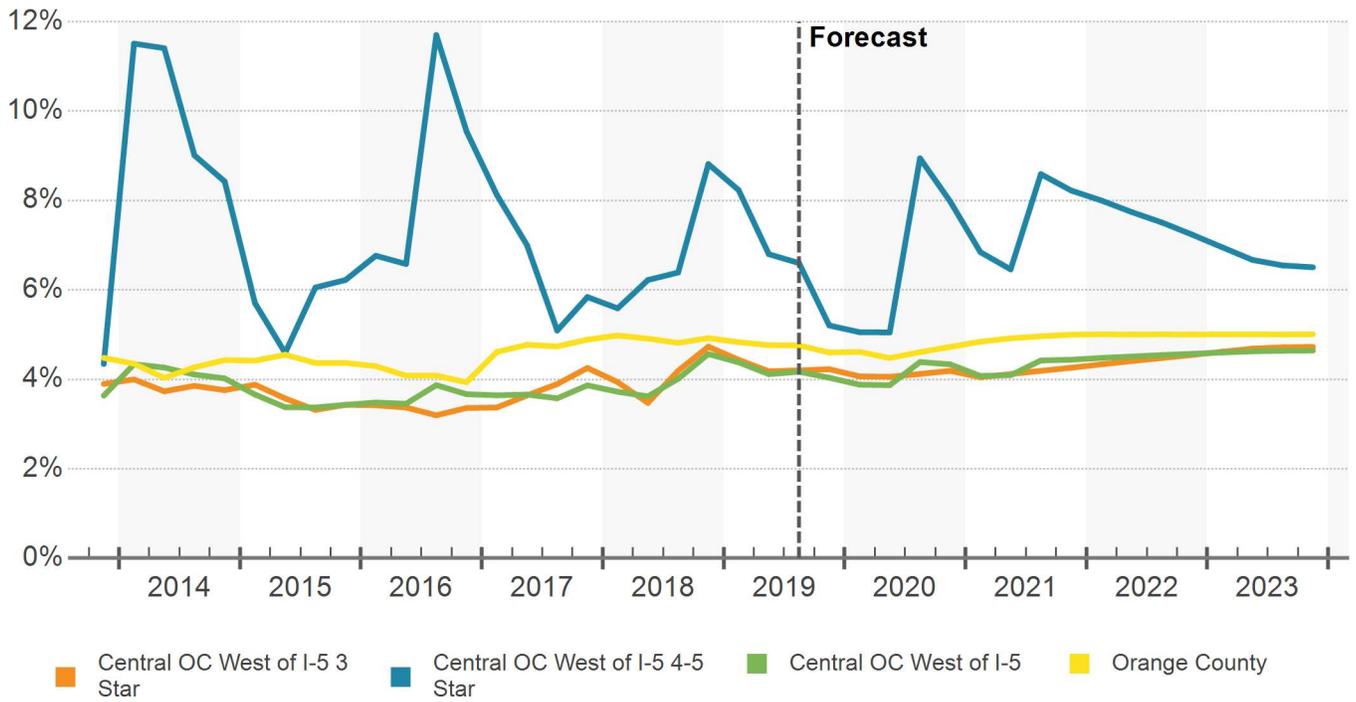
Perhaps because of the demographics, leasing of new properties in the submarket has been slow. While the metro's new inventory has been averaging around 25 units a month in the past few years during lease-up, Central OC West has seen leasing slightly below that. Communities in lease-up since 2014 have seen an average absorption of around 20 units a month. The newest property in the submarket, the 180-unit Brookhurst Place, delivered in October 2018 and has seen absorption of less than 15 units a month.

This slower than average absorption of new units, and some recent negative absorption caused vacancies to rise at the end of 2018. However, the continuing leasing up of the new units has allowed vacancies to compress back below the historical levels and continue to trend at one of the lowest levels in the metro.

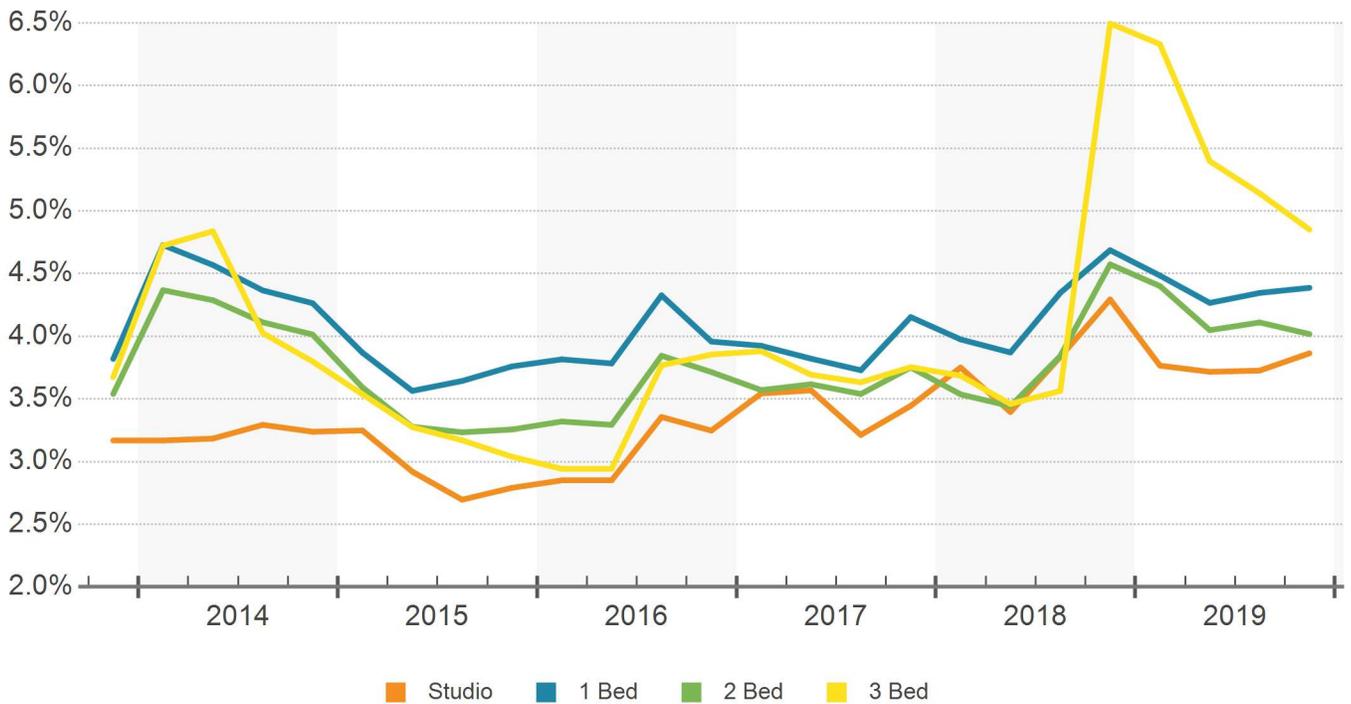
ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



VACANCY BY BEDROOM



Median household income in Central OC West is the lowest in the metro and the only one below \$65,000, with rental households bringing in considerably less.

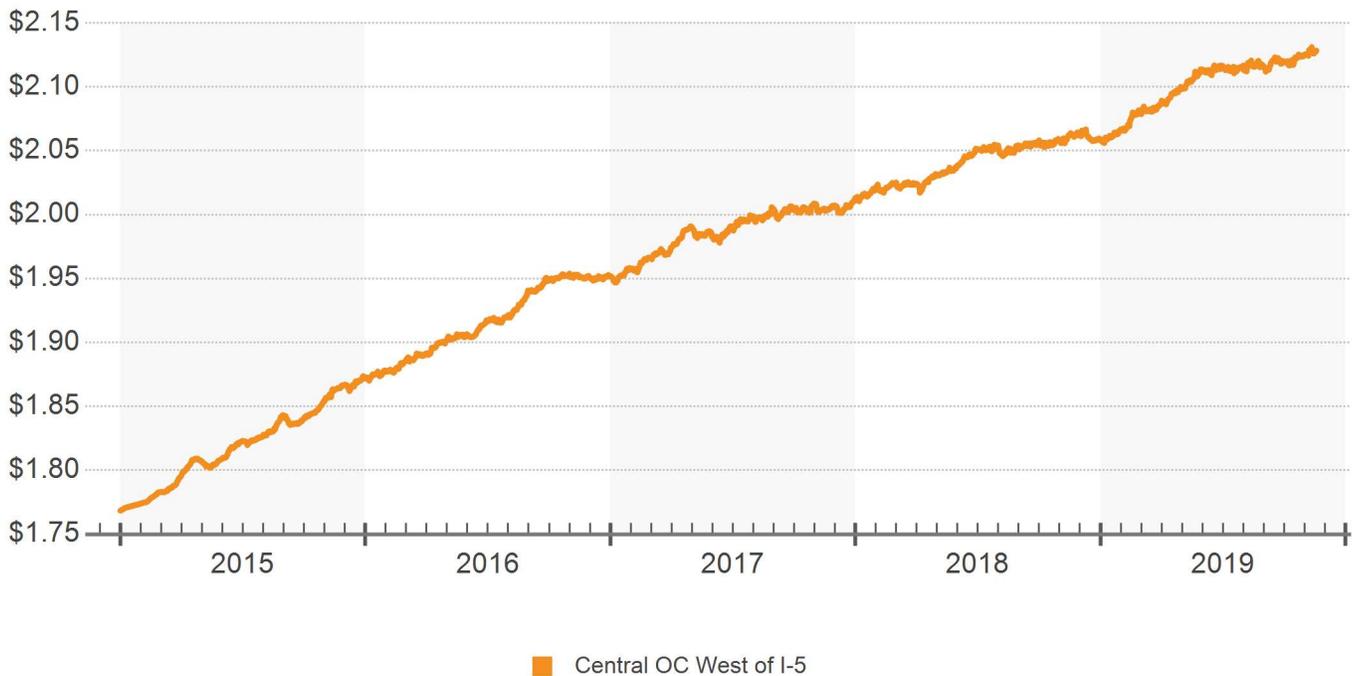
Residents with lower than average incomes might be most comfortable in 2 and 3 Star apartments, where rent will consume only about 35% of income. Inventory rated 4 & 5 Star in the submarket may be out of reach of most residents, accounting for more than 50% of a renter's household income.

Rent growth has begun to slow in the past few years. Even still, rent growth only slowed by around 50 basis points last year, versus the more than 100 points it had

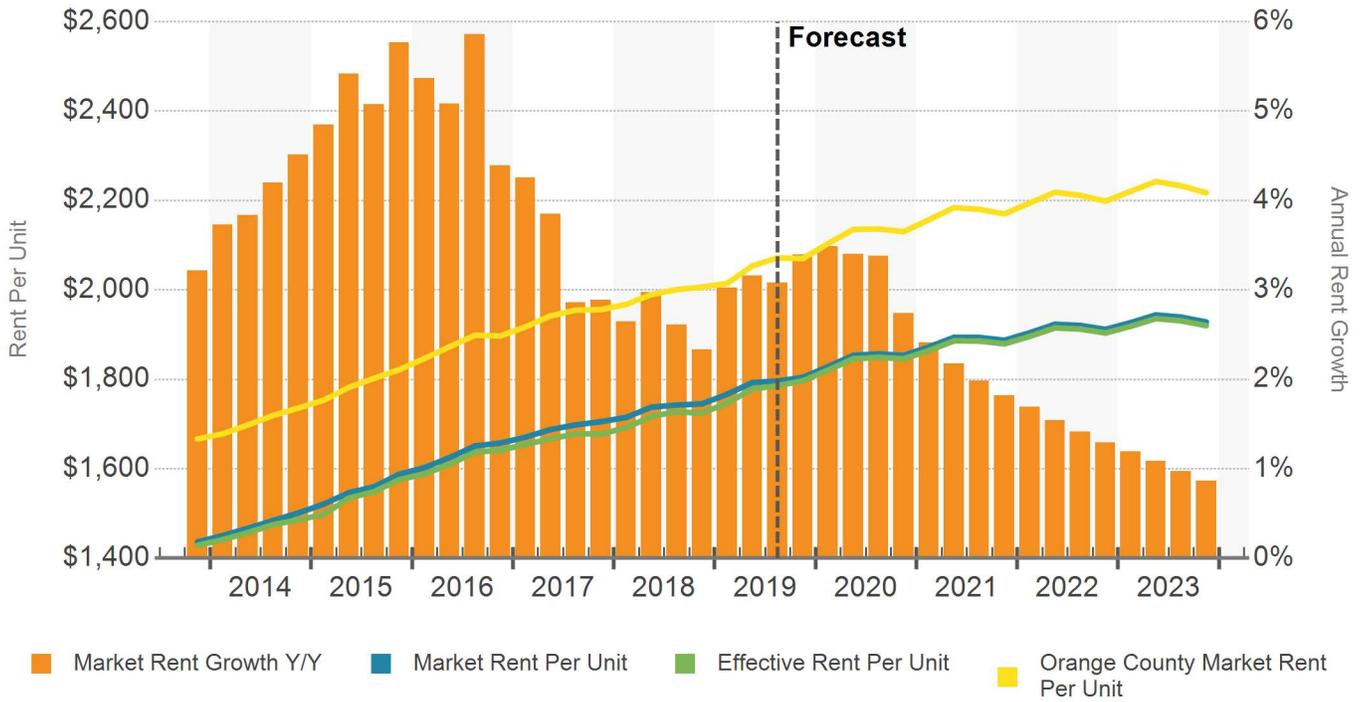
slowed in the previous two years. Annual rent growth currently sits around 3.5%, right around the historical average.

The newest inventory in the submarket easily posts the highest rents. These communities are highly amenitized, with bowling alleys and wine-tasting rooms. Studios are nearly nonexistent in this slice, an indication of the demographic that developers are targeting: families and empty nesters. AMLI Uptown Orange and Brookhurst Place, some of the area's newest properties, average \$2,520/month and \$2,660/month respectively, similar to Irvine's newer communities.

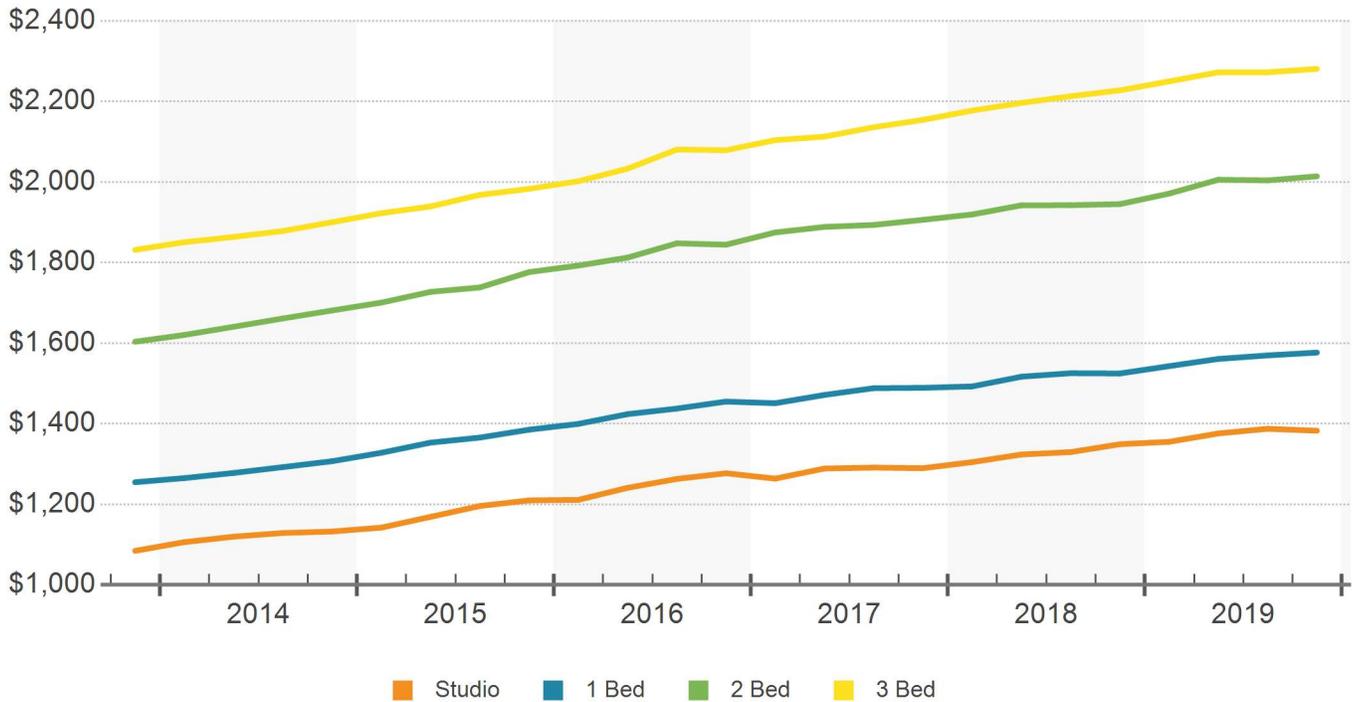
DAILY ASKING RENT PER SF



MARKET RENT PER UNIT & RENT GROWTH



MARKET RENT PER UNIT BY BEDROOM



It took some time following the recession, but builders have returned to the submarket over the past several years. Construction costs, though, continue to mount. The city of Santa Ana last estimated that building new apartments can cost close to \$300,000/unit, about 40% of which is in soft costs.

The newest development in the submarket is the aforementioned Brookhurst Place. The mega-development is located in Garden Grove and was developed by Kam Sang Company and Atlantic Times Square and delivered the first phase, 180 units, of a 640-unit mixed-use project in fall 2018. While the retail component should bring in up to 400 permanent and temporary retail workers, it's unlikely that the new apartments will be within their financial reach. The project is Garden Grove's first 4 & 5 Star development of any size, and apartments average more than \$2,660/month in an area with a median household income under \$60,000.

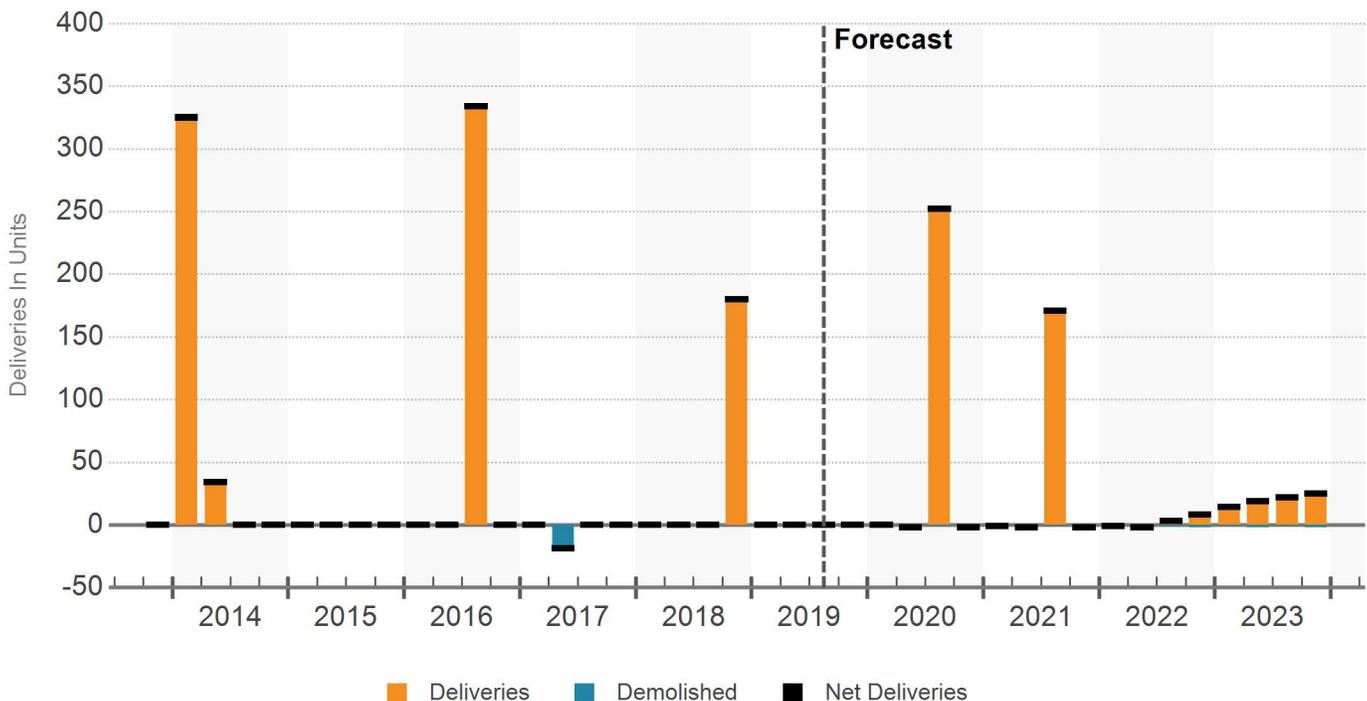
The other large development to deliver in recent years was the AMLI Uptown Orange. The property was built to take advantage of its proximity to UCI Medical Center and City Tower, targeting doctors and white-collar

professionals who can afford to pay rents well above the submarket's norms. The 334-unit development's location next to the Outlets at Orange should appeal to those looking for a live/work/play environment, not to mention those interested in living in a LEED Silver-designated property. While lease-up of the community was below the metro average at the time, it was one of the highest in the submarket, with around 22 units a month absorbing as it stabilized in about four quarters.

Developers seem to be continuing the recent focus on Santa Ana. The few projects under construction in the submarket are all located in Santa Ana, and many of the largest proposed projects also fall within city limits. One of the largest projects under construction is LaTerra Development's the Charlie, a 228-unit community. The project is located off of Westminster Avenue and is set to complete in the fall of 2019.

Many of the proposed projects in Santa Ana also fall within Opportunity Zones in the city. While communities such as Caribou Industries' 625IVE have seemingly stalled in the pipeline, there is a chance that the federal incentives might be enough to see these projects get off the ground.

DELIVERIES & DEMOLITIONS



All-Time Annual Avg. Units

184

Delivered Units Past 8 Qtrs

180

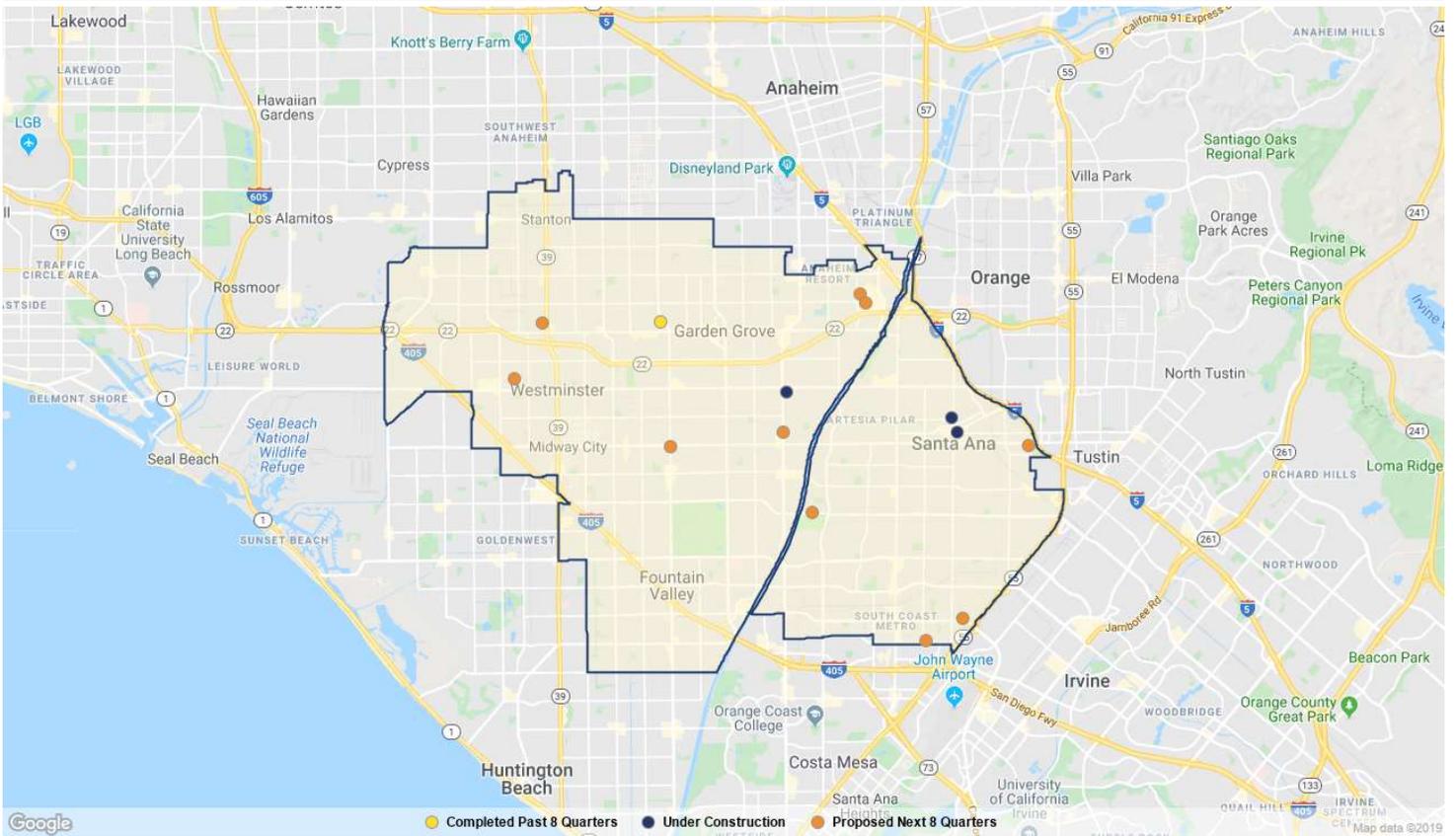
Delivered Units Next 8 Qtrs

400

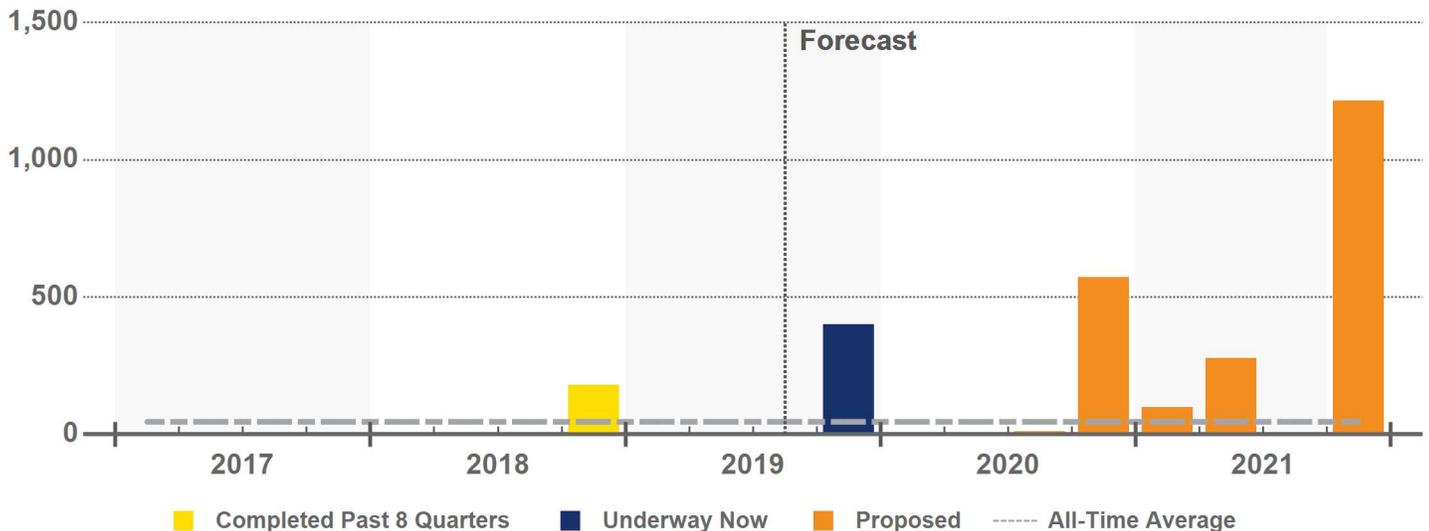
Proposed Units Next 8 Qtrs

2,177

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PAST & FUTURE DELIVERIES IN UNITS



RECENT DELIVERIES

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Brookhurst Place 12801 Brookhurst St	★ ★ ★ ★ ★	180	5	Jan-2016	Oct-2018	Kam Sang Company, Inc. Kam Sang Company, Inc.

UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 The Charlie 3630 Westminster Ave	★ ★ ★ ★ ★	228	4	Aug-2017	Dec-2019	LaTerra Development Judkins, Glatt & Hulme LLP
2 888 Tower 888 N Main St	★ ★ ★ ★ ★	148	10	Jan-2019	Dec-2019	Caribou Industries Caribou Industries
3 4th Street Market Apartm... 201 E 4th St	★ ★ ★ ★ ★	24	2	Oct-2018	Dec-2019	S & A Properties S & A Properties

PROPOSED

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Elan 1660 E First St	★ ★ ★ ★ ★	603	6	Nov-2019	Nov-2021	Wermers Properties Quarry Capital LLC
2 City Plaza Apartments 1 City Blvd W	★ ★ ★ ★ ★	332	5	Nov-2019	Nov-2020	Greenlaw Partners Greenlaw Partners
3 Legado at The Met 200 E First American Way	★ ★ ★ ★ ★	278	5	Nov-2019	May-2021	Legado Companies Legado Companies
4 Legacy Sunflower 651 Sunflower Ave	★ ★ ★ ★ ★	223	5	Nov-2019	Nov-2020	Legacy Partners -
5 City Parkway West Apart... 500-600 City Parkway	★ ★ ★ ★ ★	213	5	Nov-2019	Nov-2021	Greenlaw Partners Greenlaw Partners
6 Bolsa Row 10002 Bolsa Ave	★ ★ ★ ★ ★	200	5	Nov-2019	Nov-2021	- Ip Westminster Llc
7 The Village @ Beach 7901 Garden Grove Blvd	★ ★ ★ ★ ★	200	2	Nov-2019	Dec-2021	Brookfield Residential -
8 421 N Harbour Blvd	★ ★ ★ ★ ★	99	4	Nov-2019	Mar-2021	- Sancam, Inc.
9 3025 W Edinger St	★ ★ ★ ★ ★	18	3	Nov-2019	Nov-2020	- City of Santa Ana
10 7251 20th St	★ ★ ★ ★ ★	11	3	Nov-2019	Sep-2020	- Christopher J Albers

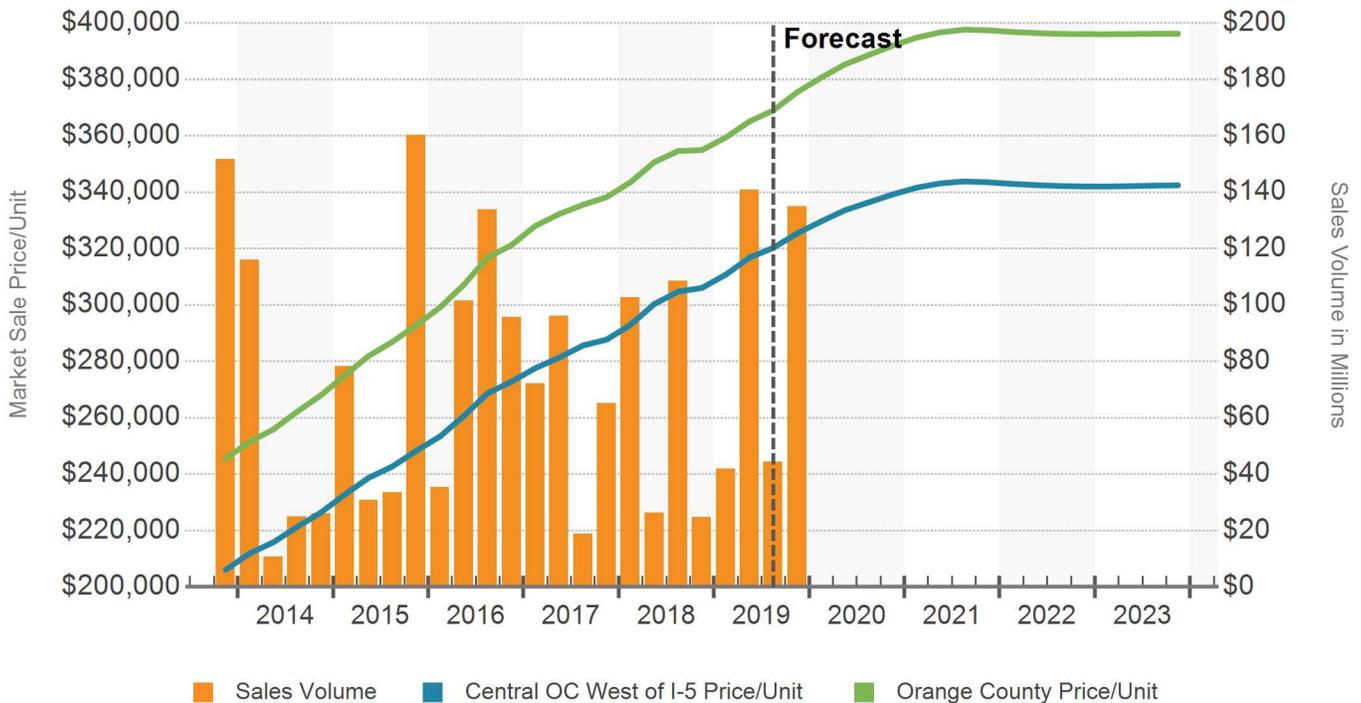
Central OC West continues to be among the top targets for investors in the metro, alongside North County, and the number of transactions each year is typically north of 50. Investors of all stripes, from those looking for five units to those in search of institutional product, are active. Units are trading for among the lowest prices in the metro. Market cap rates are a bit higher here than in the rest of Orange County, although they, too, sit below 5%.

The submarket's investment profile aligns neatly with North County, where the stock is older, comprising primarily 2 and 3 Star communities, and often has some deferred maintenance. A typical sale in the submarket would be the sale of the Tuscan Villas Apartments in December 2018 for \$10 million. The 38-unit apartment complex was 100% occupied, which resulted in a reported 4.25% cap rate. This was after the previous

owner had bought the property in mid-2017 for \$8.15 million and made minor renovations to the property. More recently, the Bush Court Apartments sold in February 2019 for \$12.55 million (\$222,700/unit). The 2 Star, 55-unit community had been renovated since it had last sold in 2012 when the price was \$6.5 million and it was 100% occupied.

While most sales involve smaller assets, a few big properties will trade here. Perhaps most notably, LaTerra Development sold its still-under-construction complex in Santa Ana, in June 2019, for \$100.8 million (\$442,300 per unit). The 228-unit apartment will be rebranded from the planned "The Line" to "The Charlie" by the new owners. LaTerra Development will continue with the development of the project, which is scheduled to finish this summer, and it will stay aboard until the property is stabilized.

SALES VOLUME & MARKET SALE PRICE PER UNIT



Sales Past 12 Months

Central OC West of I-5 Multi-Family

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

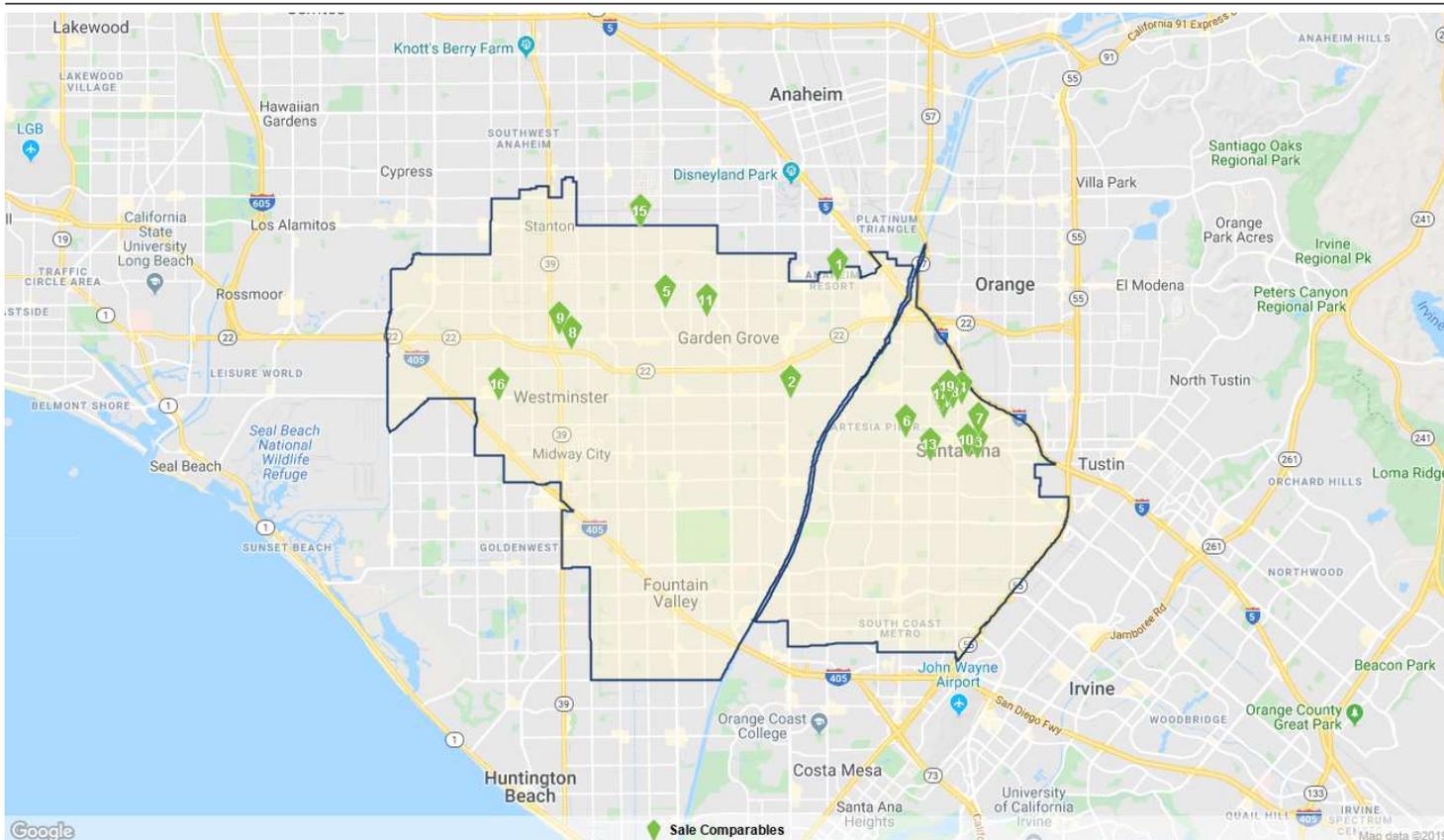
113

\$277

\$6.3

5.0%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$152,000	\$6,267,989	\$1,643,009	\$108,100,000
Price Per Unit	\$30,400	\$277,185	\$247,916	\$492,072
Cap Rate	2.5%	4.5%	4.4%	7.0%
Vacancy Rate at Sale	0%	5.0%	0%	100%
Time Since Sale in Months	0.1	5.8	6.1	12.0
Property Attributes	Low	Average	Median	High
Property Size in Units	2	15	6	402
Number of Floors	1	1	2	5
Average Unit SF	0	782	752	3,298
Year Built	1906	1963	1961	2019
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.1	★ ★ ★ ★ ★	★ ★ ★ ★ ★

**ORANGE COUNTY
REGIONAL DATA**

REGIONAL DATA

The value of real property is influenced by the attributes and utility of land and physical improvements, as well as inter-relationships of markets, demographic forces, transportation, government, environmental influences and other factors. Said factors influence the location and density of population distribution and activities in certain areas and regions over others.

ORANGE COUNTY REGION:

The County of Orange is located generally along the California coastline, between Los Angeles County and San Diego County. It occupies 798 square miles and has 42 miles of oceanfront. There are 33 cities and 13 unincorporated communities in the County. The climate is mild throughout the year with an average rainfall of 15 inches. The coastal region is subject to early morning fog, and as a result, sunshine is recorded about 60% of the year while farther inland this percentage increases to 80%. Mean temperatures range from 48° to 76° Fahrenheit.

The Orange County population has grown from 61,375 in 1920 to 216,224 in 1950, 487,701 in 1960, 1,420,386 in 1970, 1,932,700 in 1980, 2,410,556 in 1990, and 2,846,289 in 2000. According to the 2010 census, Orange County's population totaled 3,010,232. This was an increase of 163,943 or 4.76% over the County's 2000 census figure. The County's growth rate has averaged approximately 2% annually during the entire period.

The City of Santa Ana serves as the county seat and is the largest city in Orange County with a population of 334,227. The City of Anaheim rates as the second largest city with a population of 336,265. The race/ethnic make-up of Orange County is 60.8% white; 33.7% Hispanic; 18.2% Asian and Pacific Island; 1.7% black; 0.6% native American; 15.0% remainder.

Transportation in Orange County is provided for by a variety of means. John Wayne (Orange County) Airport, located in Newport Beach, is the county's only major airport; Long Beach Airport and Los Angeles International Airport, in Los Angeles County, are also frequently used by Orange County residents. Commercial seaport terminals are available in San Diego County, and Long Beach/Los Angeles harbors. Railroad services are provided by Atchison, Topeka and Santa Fe, National Amtrak, and Southern Pacific. There are approximately 600 trucking lines which operate in Southern California and that serve Orange County. Orange County is intersected by eight freeways and

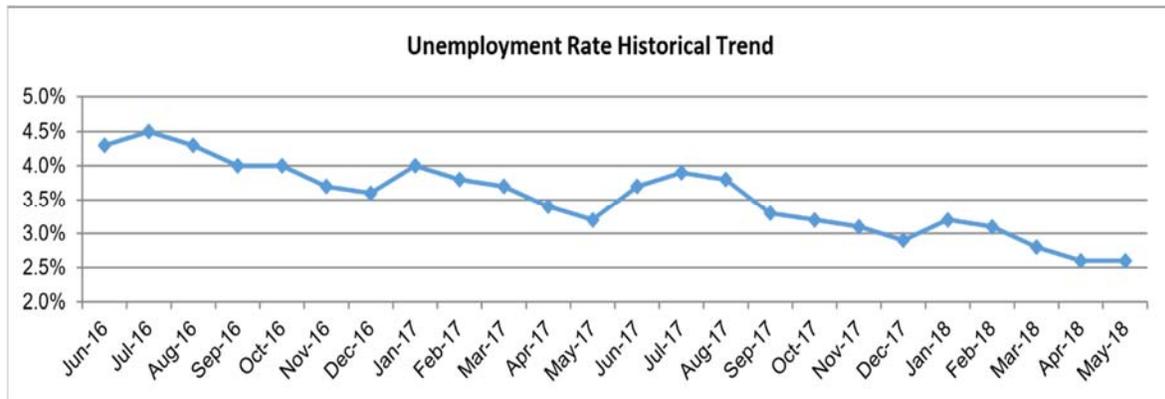
REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

numerous state highways. Bus transportation is provided for by Greyhound Lines, Southern California Rapid Transit District, and the Orange County Transit District.

Per the State of California Employment Development Department, please note the following:

The unemployment rate in the Orange County was approximately 2.6% in May of 2018, unchanged from the revised 2.6% in April of 2018, and below the year-ago estimate of 3.2 percent. This compares with an unadjusted unemployment rate of 3.7% for California and 3.6% for the nation during the same period.



Refer to the January 2018 metrics pertaining to the breakdown of employment, by industry, on the following page.

REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

Orange County Industry Employment Comparisons

Orange County Industry Employment	Dec-16	Nov-17	Dec-17	YoY % Change	MoM % Change
Professional & Business Services	300,600	304,400	308,400	2.6%	1.3%
Educational & Health Services	204,200	208,300	209,200	2.4%	0.4%
Leisure & Hospitality	211,100	219,700	220,900	4.6%	0.5%
Retail Trade	159,500	160,500	160,600	0.7%	0.1%
Government	164,000	161,900	160,300	-2.3%	-1.0%
Durable Goods Manufacturing	116,400	112,100	112,000	-3.8%	-0.1%
Financial Activities	119,300	117,800	118,200	-0.9%	0.3%
Construction	96,900	104,700	104,300	7.6%	-0.4%
Wholesale Trade	81,600	80,900	81,300	-0.4%	0.5%
Other Services	50,100	53,300	53,800	7.4%	0.9%
Nondurable Goods Manufacturing	40,700	39,400	39,700	-2.5%	0.8%
Transportation, Warehousing & Utilities	29,600	27,700	28,600	-3.4%	3.2%
Information	25,900	26,100	26,200	1.2%	0.4%
Mining and Logging	500	500	500	0.0%	0.0%

This indicator breaks down Orange County's employment by industry for the current month, comparing changes in employment levels since the previous month and the previous year.

Source: California Employment Development Department

REGIONAL DATA (Continued)

ORANGE COUNTY REGION: (Continued)

Per Zillow, in May 2018, the county's median sales price of existing homes (resale activity) was \$700,000. Condominium, duplex or townhouse style housing generally range in value from \$450,000 to \$550,000. Sales of condominium and townhouse development projects were extremely strong during the 1980s and early 1990s, especially in the first-time buyer market. There was a substantial decline in value of all types of properties within the greater Southern California region between 1991 and 1996. Overall housing prices declined between 20% and 40% between 1991 and 1997, depending primarily on location and value range.

Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits. In 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and were considered to be attributed to the first time home buyers tax credit. In 2013 residential property values resumed and upward trend with a slight increase in pricing and sales activity. The upward trend generally continued through 2017 and appears to have stabilized in recent months.

Orange County has experienced high levels of development within the past 25 years. Most of the acreage and undeveloped land parcels are located within the eastern and northeastern portion of the County. There are 143,915 acres dedicated for residential use, 25,115 acres dedicated for commercial use, and 112,112 acres of open space. Development intensity has increased near the coastline in southern Orange County, and parts of northern San Diego County. Development, however, between 1991 and 1997, and again between 2007 and 2010, was limited due to the lack of demand and construction financing; recent development is proceeding cautiously. The megalopolis predicted 35 years ago, between Los Angeles and San Diego, is in the developing stages.

**QUALIFICATIONS
OF
APPRAISER**

**R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS**

BACKGROUND AND QUALIFICATIONS

John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

The Appraisal Institute
MAI Designated Member

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single-family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and nonprofit facilities include, among others, seaport properties, airport properties (FBO, hangars, warehouse, office, land, etc.), submerged land, river rights-of-way, reservoirs, agricultural land, conservation/mitigation and wetland properties, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, hospitals, skilled nursing facilities, churches, meeting halls and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased fee, and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research, analysis and appraisal services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities:

City of Alhambra	City of El Monte	City of Palmdale
City of Artesia	City of El Segundo	City of Palm Springs
City of Azusa	City of Glendale	City of Paramount
City of Baldwin Park	City of Hawaiian Gardens	City of Pasadena
City of Bell	City of Huntington Beach	City of Riverside
City of Bell Gardens	City of Huntington Park	City of Rosemead
City of Bellflower	City of Industry	City of San Juan Capistrano
City of Buena Park	City of Irwindale	City of Santa Ana
City of Burbank	City of La Mirada	City of Santa Fe Springs
City of Carson	City of Lawndale	City of Seal Beach
City of Cathedral City	City of Long Beach	City of Signal Hill
City of Chino Hills	City of Los Alamitos	City of South El Monte
City of Compton	City of Los Angeles	City of South Gate
City of Covina	City of Monrovia	City of Tustin
City of Cudahy	City of Monterey Park	City of Upland
City of Cypress	City of Newport Beach	City of West Hollywood
City of Diamond Bar	City of Norwalk	City of Whittier
City of Downey	City of Ontario	

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Other Public and Quasi-Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
California High Speed Rail Authority
Caltrans
Castaic Lake Water Agency
Hawthorne School District
Kern County
Long Beach Community College District
Long Beach Airport
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Department of Beaches and Harbors
Los Angeles County Chief Executive Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Los Angeles County Public Works
Los Angeles Unified School District
Los Angeles World Airports
Lynwood Unified School District
Orange County Transportation Authority
Orange County Public Works
Port of Los Angeles
Port of Long Beach
Riverside County Transportation Commission
San Bernardino County
Southern California Edison
State of California, Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.:

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

BACKGROUND AND QUALIFICATIONS (Continued)

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness Orange County Superior Court.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services in the Counties of Los Angeles and Orange.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino and Riverside County Superior Courts.

ACADEMIC BACKGROUND:

Cypress Community College - Basic curriculum.

Long Beach Community College - Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

- Fundamentals of Real Estate Appraisal
- Appraisal Principles and Techniques
- California Real Estate Principles
- Real Estate Appraisal: Residential
- Principles of Economics
- California Real Estate Economics
- Basic Income Capitalization Approach
- Advanced Income Capitalization Approach
- Advanced Market Analysis and Highest & Best Use
- Advanced Applications
- Advanced Concepts and Case Studies
- Real Estate Escrow
- California Real Estate Law
- Uniform Standards of Professional Appraisal Practice, Part A
- Uniform Standards of Professional Appraisal Practice, Part B
- Federal and State Laws and Regulations
- Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
- Valuation of Conservation Easements