

**AN APPRAISAL REPORT OF:
A RESIDENTIAL SITE**



Located at
**5300 Workman Mill Rd.
Whittier, CA 90601**

(Report No. 0522B04)

DATE OF REPORT

June 3, 2022

DATE OF VALUE

February 10, 2022

PREPARED FOR

Mr. Jon Pace

c/o Ryan and Associates
1712 W. Beverly Blvd., Suite 201
Montebello, CA 90640

PREPARED BY



5850 Canoga Ave., Suite 400
Woodland Hills, California 91367
(818) 225-9550



June 3, 2022

Mr. Jon Pace
c/o Mr. Gregory R. Ryan, Esq.
Ryan and Associates
1712 W. Beverly Blvd., Suite 201
Montebello, CA 90640

Re: 5300 Workman Mill Rd.
Whittier, CA 90601
APN 8126-001-035

Dear Mr. Pace:

As you requested, I have prepared an *Appraisal Report* on the above-referenced property. In said appraisal, I have estimated the market value of the *fee simple* interest of the subject property on an *As-Is* basis.

The date of value applicable to the value estimate is February 10, 2022. The last date of inspection was May 25, 2022. The date of this report is June 3, 2022, which is the date this appraisal was completed.

Based upon the investigations conducted and the analyses made, and my experience in the field of real property valuation, I have formed the opinion that the market value of the fee simple interest in the subject property as of February 10, 2022, *As-Is*, and subject to the Assumptions and Limiting Conditions and the Certification set forth in this report is:

SEVEN MILLION ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

... (\$7,185,000) ...

The appraisal report conforms to the appraisal policies, procedures, standards and requirements as set forth by Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Letter of Transmittal – 5300 Workman Mill Rd., Whittier, CA – June 3, 2022

The appraisal report conforms to the appraisal policies, procedures, standards and requirements as set forth by Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

This attached appraisal report and addenda were prepared for **Mr. Jon Pace, c/o Ryan and Associates**. This appraisal is intended for the exclusive use of **Mr. Jon Pace, c/o Ryan and Associates** and their duly authorized representatives and the **IRS** to establish the market value of the subject property to be utilized for estate planning purposes. This appraisal has been prepared in accordance with the USPAP. The use of this appraisal by others is prohibited.

If you have any questions regarding this appraisal, please do not hesitate to call my office.

Respectfully submitted,



Brian Alex Bregman, MAI
California Certification No. AG008978

Subject – Aerial Image



The date of the aerial image was not available

Front of Property



Subject



Subject



Subject



Subject Street – Sierra Morena Ave. – To East



Subject Street – Sierra Morena Ave. – To West



Subject Street – Tierra Antigua Dr. – To North



Subject Street – Tierra Antigua Dr. – To South



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Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting 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 stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- 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 Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Brian Alex Bregman, MAI
California Certification No. AG008978

Property Summary

Owner of Record:	Pace (see report for full vesting)
Assessor's Parcel Numbers:	8126-001-035
Existing Improvements:	None
Land Area (gross):	526,301 sq. ft. (+/- 12.08 acres)
Land Area (net):	239,580 sq. ft. (+/- 5.5 acres)
Zoning:	H-R, City of Whittier
Flood Zone/Panel:	D / 06037C1668F / September 26, 2008
Earthquake Fault Zone:	No
Liquefaction Zone:	Yes
Landslide Zone:	Yes
Census:	5015.01
Toxic/Hazardous Waste Conditions:	No soil report was submitted for review. It is assumed that there are no adverse conditions present at the subject site and no warranties are made herein. Adverse soil conditions could negatively affect the market value and marketability of the subject property. We reserve the right to modify our value conclusions if adverse conditions are discovered. Further investigation is recommended.

Highest and Best Use

Highest and Best Use:	Construct a residential project that makes an economic contribution to the site
Present Use:	Vacant land

Value Conclusions

COST APPROACH:	Not applicable
SALES COMPARISON APPROACH:	\$ 7,185,000
INCOME APPROACH:	Not applicable
FINAL VALUE RECONCILIATION:	\$ 7,185,000
INTEREST APPRAISED:	Fee Simple
VALUE APPRAISED:	Market value
DATE OF VALUE:	February 10, 2022
DATE OF REPORT:	June 3, 2022

SCOPE OF THE APPRAISAL

Scope defines the type of report in relation to the appraisal problem and outlines procedures and data utilized in the appraisal assignment. This is an appraisal report which has been prepared according to the Uniform Standards of Professional Appraisal Practice (USPAP), the Ethics and Standards of the Appraisal Institute and Title XI of the Federal Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

As part of this assignment, the appraisers have made a number of independent investigations and analyses. Listed below are the investigations undertaken and the major data sources relied upon.

- A physical inspection of the subject was performed on May 25, 2022 to gather data with regard to the physical characteristics of the site.
- The neighborhood and competitive market area were inspected to determine neighborhood boundaries, potential new development, potential lease and sale competition and positive and negative neighborhood environmental influences.
- Gross site size square footage information and dimensions were obtained from public records. The subject has varying topography and only a portion of the site is usable. The net site area is significantly smaller than the gross area. According to the owner's representative, Mr. Jon Pace, the net usable site size is 5.5 acres. The information submitted has been relied upon in the appraisal and has not been confirmed. A survey was not performed in conjunction with this appraisal. The client understands that the value conclusions derived are reliant upon the site size utilized in the report. Therefore, if exact site size square footage is required, we recommend consulting a licensed surveyor. No warranties are made herein with regard to the size of the subject property, as the determination is beyond the appraiser's expertise. If the square footage of the site is determined to be different from the square footage reported herein, we reserve the right to modify the value conclusions in the report.
- Some of the factual information concerning vacant land and improved transfers has been obtained from public and private data sources including RealQuest, CoStar, MLS, various brokers specializing in residential and vacant land sales and by researching tax records.
- The comparables were inspected to determine their comparability and usefulness in comparison with the subject property. An attempt has been made to contact buyers, sellers and brokers to verify all information and determine the motivations of the parties involved.

- Information with regard to the subject zoning and nearby land uses was obtained from the City of Whittier Planning Services. The location analysis was derived from information provided by CoStar Analytics, various websites, brokers and personal physical inspection.
- Research was performed related to marketing time, financing and investor trends from public sources and from our market participant interviews above.
- The aforementioned information and research was then organized and the appraisal completed. The sales comparison approach was considered to be relevant. The cost and income approaches were not performed, as they were not considered to be relevant to the appraisal of the subject as a development site. Please refer to the body of the appraisal for additional clarification and detail with regard to the valuation issues.

INTENDED USE OF THE APPRAISAL

This appraisal is intended for the exclusive use of **Mr. Jon Pace, c/o Ryan and Associates** and their duly authorized representatives and the **IRS** to establish the market value of the subject property to be utilized for estate planning purposes. This appraisal has been prepared in accordance with the USPAP. The use of this appraisal by others is prohibited.

OBJECTIVE OF THE APPRAISAL

The purpose of this appraisal is to set forth the investigations and analysis leading to our opinion of the market value of the subject property.

This appraisal report and the final estimate of value are subject to the Basic Assumptions and Limiting conditions which are outlined in the appendix of this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised are considered fee simple. The *Fee Simple Estate*¹ consists of an “absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.

The subject is appraised “As Is”. “*Market Value As Is*” is an estimate of the market value of the property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of the property inspection.

DATE OF VALUATION AND DATE OF REPORT

The effective date of the appraisal (date of valuation) is February 10, 2022. The analyses, opinions and conclusions set forth apply only to the date of value. The last date of inspection was May 25, 2022. This report is dated June 3, 2022, which corresponds to the completion of the investigation, analysis of relevant data and the completion of this report document.

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, the Appraisal Institute, ©2010

DEFINITION OF MARKET VALUE

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.²

EXTRAORDINARY ASSUMPTIONS

The date of value applicable to the value estimate is February 10, 2022. The date of inspection was May 25, 2022. The client should understand that the subject was not inspected as of the date of value and the analysis performed to develop the opinion of value is based on the hypothesis that the subject was in similar condition (on the date of inspection) to the condition of the property as of the effective date of valuation. No warranties are made herein with regard to the condition of the subject property on February 10, 2022.

COMPETENCY STATEMENT

The appraiser performing this assignment has the requisite knowledge and experience to complete this appraisal assignment and has appraised this type of property before. Please see Appraiser's Experience included in the Addenda of this report for additional information.

² Code of Federal Regulations, Title 12, Chapter II, Subchapter A, Section 225.62(g)

REASONABLE EXPOSURE TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The value of the subject property has been based on the market value definition presented earlier in this report. The market value definition calls for the valuation to be established based on exposure in the open market for a “reasonable time”, which is influenced by price, use type and anticipated market conditions, such as changes in the cost and availability of funds.

Based upon current trends in the marketplace, and assuming the property has been listed with a qualified brokerage company that uses aggressive and knowledgeable listing agents and techniques, a reasonable exposure time for the subject property based on its current condition is projected as follows:

As-is condition	3 to 9 months
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Implicit in the value conclusions rendered in this appraisal was the assumption that the subject had previously been exposed to the market at the above indicated time period which corresponds to the estimated time required to sell the property in its as-is condition.

IDENTIFICATION OF THE SUBJECT PROPERTY

Existing Property Use: Vacant land

Legal Address: 5300 Workman Mill Rd.
Montebello, CA 90601

Assessor's Parcel Numbers: 8126-001-035

LEGAL DESCRIPTION

SAID LAND IS SITUATED IN THE CITY OF WHITTIER, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 65 OF CITRUS GROVE HEIGHTS, AS PER MAP RECORDED IN BOOK 22 PAGE (S) 86 AND 87 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTH LINE OF LOT 65, THAT IS DISTANT NORTH 88° 51' WEST 934.32 FEET FROM THE SOUTHEASTERLY CORNER OF SAID LOT 65, SAID POINT BEING ALSO THE NORTHWEST CORNER OF LOT 60, OF SAID CITRUS GROVE HEIGHTS; THENCE FROM SAID POINT OF BEGINNING, ALONG THE SOUTHERLY LINE OF SAID LOT 65, NORTH 88° 51' WEST 1221.10 FEET; THENCE ALONG THE WESTERLY LINE OF SAID LOT 65, NORTH 14° 13' WEST 918.66 FEET, THENCE SOUTH 57° 41' EAST 1711.58 FEET TO THE POINT OF BEGINNING

EXCEPT THAT PORTION OF SAID LAND INCLUDED WITHIN THE LINES OF PARCEL 70, AS SHOWN ON THE MAP OF THE RIDEOUT TRACT, RECORDED IN BOOK 1, PAGES 3 TO 7 INCLUSIVE OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LOT 65, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTH LINE OF SAID LOT 65, THAT IS DISTANT NORTH 88° 51' WEST 164.91 FEET FROM THE NORTHEAST CORNER OF LOT 59 OF SAID CITRUS GROVE HEIGHTS, THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 65, NORTH 88° 51' WEST 75.95 FEET TO A POINT IN THE CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 29 FEET, THE RADIAL BEARING FROM SAID POINT BEING SOUTH 33° 29' 54" EAST; THENCE EASTERLY ALONG SAID CURVE 20.09 FEET, THENCE SOUTH 83° 48' EAST 57.13 FEET TO THE POINT OF BEGINNING

SAID LAND IS SHOWN AS PARCEL 55 ON OFFICIAL MAPS OF THE RIDEOUT TRACT, RECORDED IN BOOK 1, PAGES 3 TO 7 INCLUSIVE OF OFFICIAL MAPS

STATEMENT OF OWNERSHIP

According to the Quitclaim Deed, the subject is vested in Phillip J. Pace and Phyllis M. Pace, as trustees under the declaration of trust dated September 26, 1986 for The Pace Family Revocable Trust. There were no sales or transfers noted in the 3 years preceding the effective date of valuation.

SITE DATA AND ANALYSIS

General Dimensions and Size

The subject consists of one parcel, which is irregular in shape. According to Realquest, the gross site size is 12.08 acres (526,301 SF). Given the topography, a significant portion of the site is not usable. According to the owner's representative, the net site size is 5.5 acres, or approximately 239,580 SF. The site has not been surveyed and no independent estimates have been obtained. The submitted information is assumed to be accurate and no warranties are made.

Topography

The subject site has a moderate to severely sloping topography. There is one central area of the site that has a fairly level topography, with upward slopes in all directions. To the north, the top of the slope is wide and may be able to accommodate development. The potential buildable areas are not well defined given the raw nature of the land. Significant grading is required to create the buildable areas of the site.

Soil, Environmental & Drainage Conditions

No soil report or geological report was submitted or reviewed in conjunction with this appraisal assignment. The quality and load-bearing capacity of the soil is assumed to be adequate for any existing or proposed improvements. The site is assumed to be free of contaminants. The appraiser makes no warranties with regard to any aspect of the site, to what degree the site is buildable, or the soil quality, as it would be considered beyond the appraiser's expertise and beyond the scope of the appraisal. The appraised value in this report assumes a site that is free of any adverse conditions, environmental or otherwise. Any existing drainage on the site would be via natural slopes in the topography.

Easements and Encroachments

A title report was not submitted for review. Based upon a review of the subject plat map and visual inspection, there do not appear to be any easements or encroachments that adversely affect the market value of the subject property. The conclusions in this appraisal assume that there are no adverse easements and/or encroachments which impact the market value of the subject property, or marketability and appeal of the subject property. The client is advised that the appraiser is not a title officer and is not qualified to render opinions as to title. The client is urged to consult a title expert to precisely determine the adequacy of clear title. The appraiser assumes no responsibility for matters of a legal nature affecting the property under appraisal or the title thereto; nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable unless specifically stated otherwise.

The client is advised that no back-up documents pertaining to title report exceptions have been reviewed by the appraiser. Furthermore, CC&Rs were not reviewed, easement locations were not provided to the appraiser and the appraiser has not plotted any easements. The subject has been appraised under the specific limiting condition that it is not negatively impacted by any easements or any other items which may be referenced in an appurtenant title report. The client is advised to consult with its title representative to obtain a clear understanding of any title-related issues that may affect the subject property. The conclusions herein assume that there are no adverse easements, encroachments or issues of title. Further investigation is recommended.

Access and Street Improvements

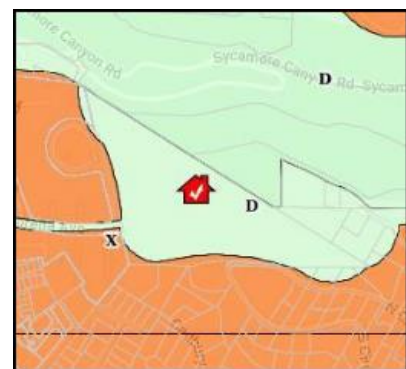
Access to the subject is provided from Sierra Morena Dr. Sierra Morena Dr. is a residential street in the area. Sierra Morena rounds to the north at the subject site and becomes Tierra Antigua Dr. Both streets are asphalt paved with one driving lane in each direction. There are generally concrete curbs, gutters and sidewalks, except along the frontage of the subject site. While the streets are in place and paved, the access to the subject is not well defined.

Utilities

The subject is raw land and currently there are no utilities present on the subject site. However, the sites across from the subject to the west are improved with attached condominiums and there are single family residences to the south and east. There are utilities to all of these properties, so the utilities are available to the edges of the site from different directions.

Flood, Fire and Earthquake Hazards

According to a RealQuest report, the subject is located in Flood Zone D (an area of possible but undetermined flood hazard, hazard insurance is not required), flood panel 06037C1668F, panel date September 26, 2008. The subject is out of special flood hazard areas and is within 250 ft of multiple flood zones.



Alquist-Priolo Fault Zones are designated by the California Department of Mines & Geology as areas near active faults. These are areas adjacent to faults, and therefore likely to be damaged by earthquakes. According to California Department of Conservation, the subject is not located in an Alquist Priolo Fault Zone and is not located within any earthquake zone.

Liquefaction is a phenomenon in which the strength and stiffness of a soil is reduced by earthquake shaking or other rapid loading. Liquefaction and related phenomena have been responsible for tremendous amounts of damage in historical earthquakes around the world.

Liquefaction occurs in saturated soils, that is, soils in which the space between individual particles is completely filled with water. This water exerts a pressure on the soil particles that influences how tightly the particles themselves are pressed together. Prior to an earthquake, the water pressure is relatively low. However, earthquake shaking can cause the water pressure to increase to the point where the soil particles can readily move with respect to each other. According to CDC, the subject is located in an area prone to liquefaction. The subject is also located in a landslide area.

No warranties are made with regard to any hazards that may affect the subject property. The conclusions are made based on the subject being unimpacted by natural hazards.

Zoning

According to the City of Whittier Planning Department, the subject site is zoned H-R (Hillside Residential). The purpose of the H-R zone is to provide for a safe method of limited development of hillside areas within the city, in a manner which will preserve, to the greatest extent possible, existing environment of the area, including natural terrain features consistent with the general plan. The subject can be developed with residential units within the specified density and in conformance with development standards. A complete list of legally permissible uses are contained within Chapter 18.14 of the City of Whittier Municipal Code. Development standards are found in Chapter 18.14.

Properties classified by the H-R zoning utilize a formula to determine the maximum yield per acre. In determining the maximum number of residential units that may be constructed, the formula uses the variable "S" to denote the average slope of the parcel in percent. This value is unknown and therefore the maximum number of residential units that may be constructed cannot be determined in this appraisal.

View

The subject does not have a view.

Site - Conclusions

The subject topography is moderate to severely sloping, which presents some challenges to development by requiring significant grading and possibly retaining walls. Soil and drainage conditions are large factors in determining the feasibility of development. There do not appear to be any adverse easements or encroachments, which would prohibit development on the site. In addition, there are no known hazards, which would hinder development.

Access to the site is considered to be average. All necessary utilities for development of the property are at the street and are typical for the area. The zoning does not place undue restrictions on development.

The subject site conforms to the immediate area and has reasonable access, visibility, and linkages. The subject also has a good location that is proximate to numerous services and amenities. It is believed that the site will be well received in the market.

Assessments and Taxes

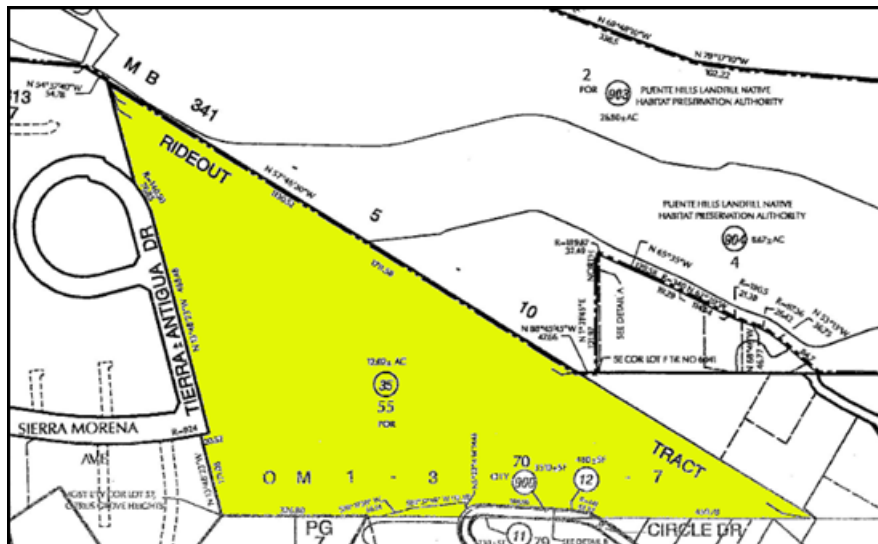
The following summarizes the 2021/22 assessment and tax data:

Parcel Number	8126-001-035
Assessed Year	2021
Tax Rate Area	9642
Land	\$ 1,013,016
Improvements	<u>\$ 1,681</u>
Total Real Property	\$ 1,014,697
Direct Assessments	\$ 11,369
<i>Direct Assessment Tax Rate</i>	.01120512
Special Assessment - User Fees	\$ 5,735
Total Taxes	\$ 17,104
Total Tax Rate	.0169 (1.69%)

The method of taxation of real property in California was mandated by the Jarvis-Gann property tax initiative. Under the Jarvis-Gann property tax initiative, real estate taxes were reduced to one percent of the property's full market value as of the 1975-76 fiscal year, plus any voter-approved bonded indebtedness.

The assessor's assessment of market value is limited to a two percent annual increase, unless the property is transferred or there is substantial new construction. In either of these two events, the property is reappraised to current market value, usually as evidenced by the sales price or the construction cost. The current assessed values are not necessarily an accurate reflection of market value, as they are not particularly sensitive to the fluctuations in market value, unless reappraised. Assessed value is the figure at which property is put on the assessment roll and is the basis upon which property tax is distributed among property owners.


PLAT MAP



ASSESSOR TAX RECORDS

Property Detail Report

For Property Located At :
5300 WORKMAN MILL RD, WHITTIER, CA
90601



Owner Information

Owner Name:	PACE FAMILY TRUST		
Mailing Address:	400 N MONTEBELLO BLVD #200, MONTEBELLO CA 90640-4269 C037		
Vesting Codes:	// RT		

Location Information

Legal Description:	RIDGEOUT TR FOR DE SC SEE A S SE S SOR' S MAP S POR OF LOT 55		
County:	LOS ANGELES, CA	APN:	8126-001-035
Census Tract / Block:	5015.01 / 1	Alternate APN:	
Township-Range-Sect:		Subdivision:	RIDGEOUT TR
Legal Book/Page:	103-9	Map Reference:	/
Legal Lot:	55	Tract #:	
Legal Block:		School District:	WHITTIER UN
Market Area:	W1	School District Name:	WHITTIER UN
Neighbor Code:		Munic/Township:	

Owner Transfer Information

Recording/Sale Date:	11/06/2019 / 11/01/2019	Deed Type:	QUIT CLAIM DEED
Sale Price:		1st Mtg Document #:	
Document #:	1200192		

Last Market Sale Information

Recording/Sale Date:	10/10/1989 / 09/1989	1st Mtg Amount/Type:	/
Sale Price:	\$600,000	1st Mtg Int. Rate/Type:	/
Sale Type:	FULL	1st Mtg Document #:	
Document #:	1622749	2nd Mtg Amount/Type:	/
Deed Type:	CORPORATION GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	\$588.24
New Construction:		Multi/Split Sale:	
Title Company:	LINCOLN TITLE CO.		
Lender:			
Seller Name:	NEW REAL MANAGEMENT INC		

Prior Sale Information

Prior Rec/Sale Date:	10/10/1989 / 09/1989	Prior Lender:	
Prior Sale Price:	\$600,000	Prior 1st Mtg Amt/Type:	\$350,000 / PRIVATE PARTY
Prior Doc Number:	1622747	Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	GRANT DEED		

Property Characteristics

Year Built / Eff:	1957 / 1957	Total Rooms/Offices:		Garage Area:	
Gross Area:	1,020	Total Restrooms:		Garage Capacity:	
Building Area:	1,020	Roof Type:		Parking Spaces:	
Tot Adj Area:		Roof Material:		Heat Type:	
Above Grade:		Construction:		Air Cond:	
# of Stories:		Foundation:		Pool:	
Other Improvements:	Building Permit	Exterior wall:		Quality:	
		Basement Area:		Condition:	

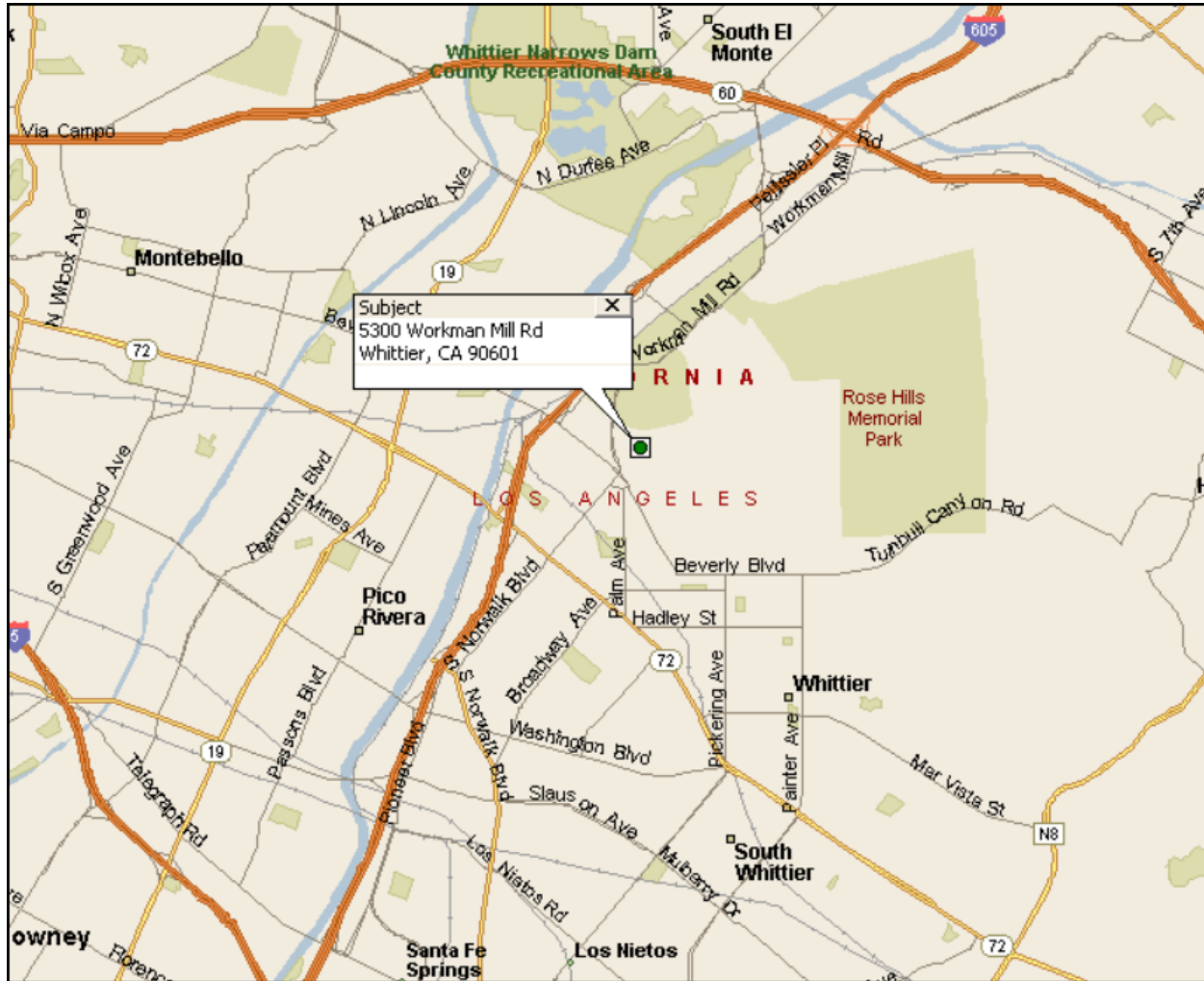
Site Information

Zoning:	WHHR*	Acres:	12.08	County Use:	OFFICE BLDG (1700)
Lot Area:	528,301	Lot Width/Depth:	x	State Use:	
Land Use:	OFFICE BUILDING	Res/Comm Units:	/	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	\$1,014,697	Assessed Year:	2021	Property Tax:	\$17,103.98
Land Value:	\$1,013,016	Improved %:		Tax Area:	9642
Improvement Value:	\$1,681	Tax Year:	2021	Tax Exemption:	
Total Taxable Value:	\$1,014,697				

AREA LOCATION MAP



MARKET CONDITIONS AND TRENDS

Location Analysis

General Area

The subject property is located in the City of Whittier in Southeast Los Angeles County. The Los Angeles Metropolitan Area is the second largest urban area in the United States behind New York and its environs. Long recognized as the West Coast's most important trade and cultural center, the Greater Los Angeles area has historically enjoyed a strong and diverse economic base, largely due to factors such as location, excellent freeway system, diversified employment base, scenic environment and temperate climate. Additionally, trade has been strong with Pacific Rim countries such as Japan, China, Korea and Taiwan.

Los Angeles is the principal city of the metropolitan area. Los Angeles was originally founded in 1781 and the City now has an estimated population of 3.7 million within its 470 square miles. The City presently makes up 11.5% of Los Angeles County in terms of territory and 39% in regard to population.

The pleasant Southern California climate and diversified job opportunities have traditionally attracted people into the area from various parts of the United States. Numerous suburbs, lacking a strong central focus characterize land use pattern in the Los Angeles area. Several of these outlying locations have developed strong identities with their own business centers. This is particularly true with reference to the older established communities of Glendale, Pasadena, Burbank, Westwood, etc.; however, strong urban concentrations have also come into being in locations historically lacking in identity. Century City, the Los Angeles International Airport area and Warner Center in Woodland Hills are examples.

Over the decades Los Angeles had experienced a pattern of sustained growth and expansion, which was interrupted, with the start of the economic recession in 1990. A gradual improvement in the economy of the area was observed at the beginning of 1994 and this trend continued until 2007. In 2008, a more severe recession took hold, the impact of which lasted several years. Los Angeles has made significant progress recovering from the economic recession in terms of both job growth and property value recovery.

Geographical and Physical Factors

Los Angeles County is located in the southwestern portion of the State of California. Kern County bounds it on the north on the east by San Bernardino County, on the southeast by Orange County, on the southwest and west by the Pacific Ocean, and on the west and northwest by Ventura County. The terrain of Los Angeles County is quite varied, extending from a broad coastal plain inland to mountain ranges, which are separated by interior valleys. The broad coastal plain is locally known as the Los Angeles Basin. The interior valleys are the San Fernando Valley, the San Gabriel Valley, the Pomona Valley, and the Antelope Valley. The

County of Los Angeles contains approximately 4,083 square miles. The City of Los Angeles is located in the western and northwestern portion of Los Angeles County and, as noted above, contains +/- 470 square miles. Most of the city land is contained in the Los Angeles Basin and the San Fernando Valley.

The City serves as a commercial, industrial and cultural center for the nearby suburban communities. Los Angeles and other nearby cities and counties are linked by a regional freeway system, the most extensive in the world. These freeways radiate from a loop around the Central City, providing convenient access from all points of the metropolitan area. Major mountain ranges include the San Gabriel Mountains, the Santa Monica Mountains, the Santa Susana Mountains, and the Puente Hills.

Population

The table below summarizes population growth trends for the City and the County. The statistical information was compiled from the U.S. Census Bureau and data published by the State of California Department of Finance.

Los Angeles City and County Population Trends Since 1980

<u>Year</u>	<u>City of Los Angeles</u>	<u>County of Los Angeles</u>
1980	2,968,579	7,477,517
1990	3,485,398	8,863,164
2000	3,694,820	9,519,338
2010	3,792,621	9,818,605

Source: U.S. Census and California Department of Finance

Rapid population growth was experienced during the 1960s when many of the communities within the county were in their initial growth stages. Population growth slowed down during the 1970s but picked up substantially during the 1980s largely due to the strong economy that was heavily based on defense contracts of Southern California's aerospace industry. The end of the Cold War caused a severe attrition in defense and aerospace industry related jobs. In the 1990s, together with economic setbacks and mounting unemployment, there was a reversal in the net immigration pattern. Whereas formerly Los Angeles County had been gaining about 124,000 persons per year, statistics indicate a net outflow of 190,000 per year. Nearly one million more people left Los Angeles than came here from other parts of the United States in the five-year period between 1990 and 1995, according to U.S. Census Bureau statistics. This outflow of population was offset by 600,000 foreigners migrating to Los Angeles County during the same period, and that is legal immigration only.

Employment and Economic Conditions

The State of California has one of the most dynamic economies in the world. California is renowned as the leader in aerospace and engineering, trendsetter in entertainment and the arts, a trading hub of the Pacific region, and the center for manufacturing, services, retailing and international trade in the Western United States. Los Angeles County is the top-ranked county in manufacturing in the United States, producing more than 10% of the nation's production of such diverse items as aircraft, aircraft equipment, aluminum, dental equipment, games and toys, gas transmissions and distribution equipment, guided missiles, space vehicles and propulsion units, and women's apparel. Fueled by trade with the Pacific Rim countries, the Port of Los Angeles/Long Beach ranks first in the nation in volume. Los Angeles County is also home to the film, television and recording industries.

Summary

Los Angeles is not a city in the usual sense of a concentrated urban center; rather it is a collection of intermingling communities with individual identities. Physically developed as an independent community, the City was engulfed by a regional population surge accompanying its urbanization following World War II. As with many other metropolitan cities in Southern California, surrounding communities that are largely only distinguishable by the municipal signing that forms its boundaries. Historically, the economic base for the Los Angeles area had been the oil industry, the entertainment industry, aerospace/defense and agriculture. The Los Angeles and Long Beach harbors have expanded their capacity and are currently the leading ports on the West Coast for import and export commerce. In connection with the increased import/export commerce, Los Angeles has become a major distribution center.

Los Angeles County Economy 2022

General Market Conditions

In February 2022, The Los Angeles Economic Development Corporation released its most recent Economic Forecast report. With regard to the accuracy of the forecasts presented, it is important to note the following: the shock of the COVID-19 pandemic is a reminder that economic forecasting cannot anticipate such unpredictable, exogenous events. Forecasts rely on certain assumptions. The economic forecast this year assumes (1) Fed monetary policy is planned and executed in a manner that does not significantly disrupt the ongoing economic recovery (2) future pandemic-related developments will not lead to behavioral responses by individuals, organizations, or governments that serve to substantially reduce economic activity.

Developments in national fiscal and monetary policy will be significant determinants of economic performance in the coming years. Supply chain issues will affect not only economic performance but also the future rate of inflation. Finally, the transition to remote and freelance work and the trend towards the digitization of the provision of certain services will likely transform the economy in a variety of ways.

If the Federal Reserve raises interest rates gradually, inflation will eventually decrease but will likely do so slowly. However, if the Federal Reserve tightens monetary policy too fast and by too much, aggregate demand in the economy may decrease in a way that results in output and employment losses. This would have the potential to significantly slow or even reverse the economic recovery from the COVID-19 pandemic and may lead to recession.

Unlike in previous years' reports, the introduction to the Economic Forecast highlights the transformative shifts that LAEDC expects to redefine the state of the Los Angeles economy in both the near and long-term. These shifts include the ongoing inflation, supply chain issues, transition to remote work, reshuffling of labor markets, increased digitization and a shift to e-commerce.

Los Angeles County

The Los Angeles region, like California and the rest of the United States, experienced a dramatic economic decline in 2020 due to the COVID-19 pandemic. The flow of economic activity was stanching seemingly overnight across many industries. The economic impact of COVID-19 has been highly variable depending on the segment of the population and economy involved.

With a significant turn towards pre-pandemic normalcy in 2021, the economy was characterized as being on a general path of recovery, the trajectory of which was impacted by surges in the virus and the resultant avoidance behavior.

This year, our economy is in a period of transition; 2022 portends to be a year of change as our economy continues to recover from, and adapt to, the disruption caused by the COVID-19 pandemic.

The pandemic has triggered long-lasting changes within industries and has accelerated changes that have been taking place over time. We explore multiple economy-wide shifts that were taking place prior to COVID-19 that have been accelerated, including remote work effects and their associated economy-wide consequences, increased digitization of service provision, labor market supply shifts, and the shift towards e-commerce.

At the beginning of 2020, Los Angeles County was experiencing a long and unprecedented period of economic strength. However, by the end of the first quarter of 2021, the COVID-19 pandemic struck, temporarily halting economic growth and stability in the region.

Los Angeles County's "Safer at Home" order, issued on March 19, 2020, mandated closures and restrictions that significantly affected a number of businesses. Bars, fitness centers, schools, and entertainment venues were forced to close. In-person dining at restaurants was prohibited with restaurants being limited to take-out and delivery services. Restrictions were relaxed towards the end of May 2020 but were reinstated in July and November which impacted the path of economic recovery, particularly for businesses directly affected by reinstated restrictions.

The structure of the Los Angeles County economy is characterized by a relatively high prevalence of the types of industries (and their accompanying workforce) that were most hard-hit by the pandemic. These industries require a high degree on in-person interaction, and include sectors focused on entertainment, particularly the film and television industry, and the types of businesses that cater to tourists such as restaurants and hotels. As a result, Los Angeles County was particularly hard-hit compared to California or the nation as a whole.

Although jobs recovered at a slower rate in the county compared to California and the U.S. during 2020 and the first half of 2021, during the second half of 2021 Los Angeles County has been adding jobs back at a faster rate than the state or the nation. Nevertheless, Los Angeles County's economy has yet to fully recover from the pandemic-induced downturn. Furthermore, economic recovery has been uneven, with some industries experiencing stronger recovery than others.

Los Angeles County's economic recovery in the years to come will depend on a variety of factors including the future trajectory of the COVID-19 pandemic. Important industries in Los Angeles County provide services that require high degrees of in-person interaction. As a result, the economic performance of many of these industries will be inextricably linked with the state of the pandemic.

Gross county product is expected to grow by 6.8 percent in 2021 and is projected to grow by another 4.6 percent in 2022. Although growth is expected to slow over the next two years after the major rebound of 2021, there are positive signs that the county economy is getting back on track after the losses in 2020.

The negative employment effects of the COVID-19 pandemic were most severe in March and April 2020; approximately 716,100 nonfarm jobs were lost within those two months. By May 2020, Los Angeles County's seasonally adjusted unemployment rate had climbed sharply from 4.3 percent in February to 21.1 percent. By December 2020, the unemployment rate in Los Angeles County had fallen back down to 12.3 percent.

In 2021, the unemployment rate in Los Angeles County continued to fall. February's unemployment rate declined almost two percentage points, reflecting the loosening of restrictions when the Regional Stay at Home Order was rescinded statewide on January 25. The unemployment rate in August was below 10 percent for the first time since the pandemic struck. By November, the unemployment rate had fallen to around 7 percent.

All major industry sectors in Los Angeles County experienced a decline in employment as a result of the pandemic in 2020. The leisure and hospitality sector and trade, transportation, and utilities sector (which includes retail trade) experienced the most significant negative employment shocks in terms of total job losses. The leisure and hospitality industry, whose components include arts, entertainment, and recreation as well as accommodation and food services, was extremely hard hit as tourism all but disappeared during the depths of the pandemic and most offered services could not be provided remotely.

While the hardest hit industries are trending upwards, many still have quite a way to go before they reach pre-pandemic employment levels. While the Los Angeles region continues to recover from the pandemic-induced downturn, industries that were hardest-hit by the pandemic are still trailing behind in the recovery process. These lagging industries include leisure and hospitality, information (which includes the motion picture and sound recording industry), and other services (which includes personal care services such as hair and nail salons).

Overall, employment in L.A. County was significantly up across most industries in 2021 compared to the depths of the pandemic in 2020. The hardest-hit industries added the highest number of jobs with leisure and hospitality adding back the most. Though Los Angeles County has been adding jobs back to payrolls on a monthly basis, employment in L.A. County is still significantly below January 2020 levels.

Over the next two years, professional and business services, leisure and hospitality, and education and health services are expected to add the most payroll jobs.

Los Angeles County is quickly recovering from the negative economic and social effects of the COVID-19 pandemic. The pandemic-induced job losses, business failures, industry shifts, and

overall social and economic changes, will have ramifications that will extend beyond the end of the pandemic.

In addition to the economy-wide transformative shifts discussed earlier in the report, a number of developments specific to Los Angeles County were identified.

The change in consumer housing demand during the pandemic, against a backdrop of extraordinarily low inventories in the Los Angeles region, has led to a significant increase in home values, with the median seasonally adjusted typical home value (which includes single family, condominium, and cooperative home types) in the county topping \$800,000 for the first time in September 2021. From October 2020 to November 2021, Los Angeles County home values increased by over 17 percent. Home values in Los Angeles County closed 2021 at around 2.5 times higher than the value of the typical home in the United States.

Housing demand during the pandemic increased for a variety of reasons including increased cash balances for down payments, low mortgage interest rates, and remote work effects. That being said, this increase in home values is the product of a longterm trend as well and, although home value increases are expected to slow in the near future, we expect the trend to continue unless there is a substantial housing supply increase or an economic shock that serves to significantly decrease demand for homes.

Adding to the issue is the degree of rent burden that residents of the county face. As seen in the previous report, about 51 percent of renter households in California were rent burdened — spending more than a third of their income on housing — in 2019. About a quarter of households were extremely rent burdened.

Several potential labor issues in 2022 have the potential to interrupt economic recovery in the Los Angeles region. The year 2021 was characterized by significant backups at Los Angeles County's ports of Long Beach and Los Angeles (collectively known as the San Pedro Bay Ports), as people shifted their spending away from services and started buying more goods. Backups at the ports related to unprecedented numbers of ship arrivals exacerbated pandemic-related global supply chain issues. This year, if an agreement is failed to be reached during upcoming labor negotiations, potential work stoppages may lead to additional backups and supply chain issues.

The International Longshore and Warehouse Union (ILWU) will be seeking a new collective bargaining agreement with the Pacific Maritime Association (PMA), who represents ports and terminal operators on the West Coast. The current contract is set to expire at the end of June 2022. Key themes in the upcoming discussions are expected to include wages and benefits, automation and other technological advancements, and conditions at the ports. If an agreement cannot be reached, and workforce stoppages and service disruptions cannot be avoided, it will have negative implications for the supply chain and goods movement industries. Moreover, further diversion of the discretionary import segment to other ports on the East coast and Gulf coasts, and to British Columbia may take place, negatively affecting the local

economy. A quick resolution to any potential labor disruption in 2022 will play a key role in the performance of the trade and logistics industry and the regional economy.

At all levels, there has been a general economic recovery over the past year, however, challenges related to the COVID-19 health crisis portend to linger. After a full recovery takes place, we expect the national, state, and the Los Angeles region's economies will likely differ in significant way from the pre-pandemic period.

NEIGHBORHOOD/IMMEDIATE SURROUNDINGS

The subject property is located in the City of Whittier, located in the southeast portion of Los Angeles County. Whittier is bordered by the community of Hacienda Heights to the northeast, City of Industry to the north, and several other unincorporated communities in the San Gabriel Valley mostly along its northern sections. Pico Rivera lies at the west, La Habra Heights to the east, La Habra to the southeast and Santa Fe Springs to the south.

As of the 2020 United States Census, the city had a population of 87,306, up from the 83,680 counted in the 2000 Census, and encompasses 14.7 square miles. Whittier was incorporated in February 1898 and became a charter city in 1955.

Whittier is centrally located between 60 Pomona Freeway, Interstate 605, 57 Orange Freeway and the 5 Santa Ana Freeway. State Route 72 runs via Whittier Boulevard and forms part of El Camino Real. Other major streets in Whittier include Beverly Boulevard, Colima Road, Greenleaf Avenue, Lambert Road, Mar Vista Street, Mills Avenue, Norwalk Boulevard, Painter Avenue, Philadelphia Street and Washington Boulevard. Whittier's top employers include Whittier College, Kaiser Permanente and FedEx.

The subject has an address on Workman Mill Rd., but is actually accessed via Sierra Morena Ave. The southwestern edge of the subject is situated at the point where Sierra Morena Ave. rounds into Tierra Antigua Dr. Current access to the subject is available only from this point of the parcel. Overall, the subject's access to support services and neighborhood amenities is good. The immediate area is comprised of single family residences, condominiums and multi family residences, with commercial properties on the main traffic arteries. The subject is also well situated in proximity to freeways and public transportation. There were no unfavorable factors noted.

APPRAISAL METHODOLOGY

Introduction

Our valuation process involves the three traditional methods of valuation in the appraisal of real estate. These three traditional approaches to value are:

- ***The Cost Approach***
- ***The Income Approach***
- ***The Sales Comparison Approach***

Included in each approach are the contributing value analyses of the real estate and site improvements. Further description and scope of each of the three approaches follows.

The Cost Approach

This approach utilizes the subject's land value, which is added to the depreciated replacement cost of the improvements to arrive at an indication of value for the overall property. This approach is particularly useful in the valuation of properties that are either new or proposed. Its relevance is based largely on the principal of *substitution*, which implies that a purchaser will typically pay no more for a property than it would cost to find a similar site and replace the subject improvements on the alternative site. However, the Cost Approach loses some relevance when dealing with older properties if market-derived estimates of depreciation are not possible.

The subject is appraised as a vacant site. As the improvements are not considered to make a significant economic contribution to the property, no consideration was given to the cost approach in this appraisal.

The Sales Comparison Approach

This approach involves comparing the subject property to other properties of similar size, location and utility, which have sold recently. A search was performed for sales of properties similar to the subject and four sales were found. It was necessary to analyze the various possible unit values of comparison. Using physical units of comparison such as price per unit or price per square foot was found to be a reliable indicator and is appropriate with this type of property.

Overall, our use of the Sales Comparison Approach included a degree of assumptions that were consistent with the other approaches. We have specific real estate values, which were helpful in isolating a value range. Since good sale comparables were found, this approach is considered to be a reliable indicator of value.

The Income Approach

This approach involves the conversion of net operating income into an indication of value via a process of capitalization, which involves capitalizing the net operating income stream with an overall capitalization rate.

This approach is based heavily on the principal of *anticipation* which is defined as the perception that value is created by the expectation of benefits or return on and of original investment over a specific holding period. This approach is highly relevant in the analysis of leased fee properties since they are invariably analyzed and purchased as investments on the basis of their proven operation and continued income generating potential. As such, the market value is generally dictated by the net operating income a property can generate including capital costs of real estate and tangible assets, and a reasonable entrepreneurial/ownership profit.

The subject is being valued as vacant land available for development and the income approach is not relevant.

THE COST APPROACH

This approach utilizes the subject's land value, which is added to the depreciated replacement cost of the improvements to arrive at an indication of value for the overall property. This approach is particularly useful in the valuation of properties that are either new or proposed. Its relevance is based largely on the principal of *substitution*, which implies that a purchaser will typically pay no more for a property than it would cost to find a similar site and replace the subject improvements on the alternative site. However, the Cost Approach loses some relevance when dealing with older properties if market-derived estimates of depreciation are not possible.

The Cost Approach was not performed, as it is not a reliable indicator of market value for the subject. Market participants do not use or rely upon the Cost Approach when making an investment decision about this type of property (development site).

SALES COMPARISON APPROACH

Introduction

The Sales Comparison Approach is essential in almost every real estate appraisal. The value estimated by this approach frequently is defined as:

“The price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure.”

This definition assumes that both buyer and seller are fully informed as to the property and state of the market for that type of property, and that the property has been exposed in the open market for a reasonable amount of time.

In the Sales Comparison Approach to value an attempt is made to locate and analyze recent sales of properties similar to the subject in terms of physical, locational, and economic characteristics. Inherent in this approach is the principal of substitution, which holds that a typical purchaser will pay no more for a property than the cost of acquiring an equal substitute.

Adjustments for major differences are made to comparable sales such that the resulting adjusted market price of each is an indication of value for the subject. Units of comparison such as the price per square foot are abstracted from the adjusted market prices of the comparable sale properties, which are then correlated and applied to the subject property to arrive at an estimate of value based directly upon the market.

Cash Equivalency

Except where noted, cash equivalency analyses were not considered appropriate with the sales data employed in the report. Said market data reflects typical current market conditions. In those cases where it was not possible to verify comparable financing data, the sales were assumed to be typical market transactions.

LAND COMPARABLES

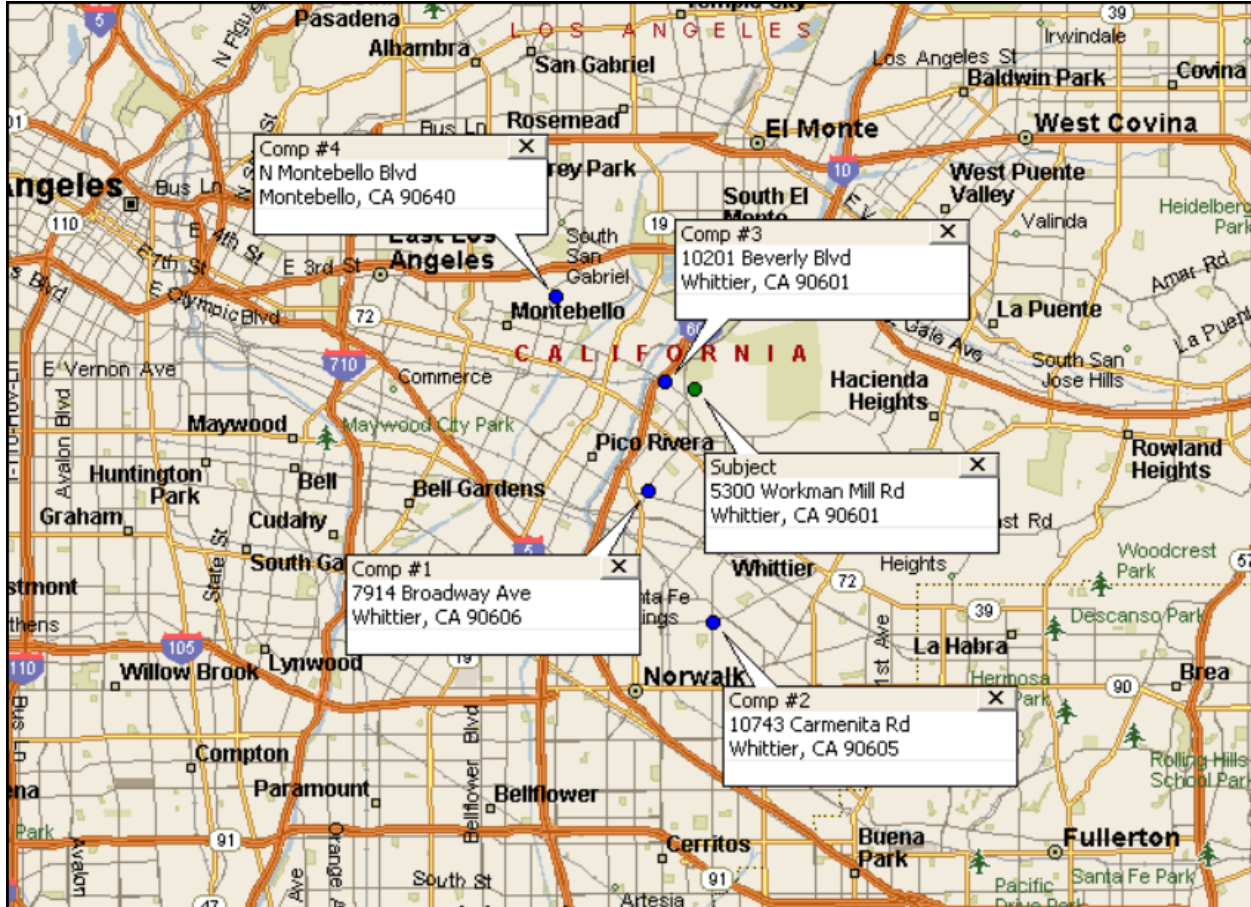
Address	Subject	Comp # 1	Comp # 2	Comp # 3	Comp # 4
	5300 Workman Mill Rd. Whittier	7914 Broadway Ave. Whittier	10743 Carmenita Rd. Whittier	10201 Beverly Blvd. Whittier	N. Montebello Bl. Montebello
Sale Date		01/31/2022	12/20/2021	10/15/2021	12/11/2020
Sale Price		\$1,325,000	\$4,050,000	\$600,000	\$190,000,000
Sale Price/SF		\$36.05	\$36.89	\$35.64	\$36.35
Prop. Rights		Fee simple	Fee simple	Fee simple	Fee simple
APN		8173-023-020, 021	8011-009-011**	8129-007-018, 019	5271-022-034***
Sources		CoStar, RealQuest	MLS, RealQuest	RealQuest	RealQuest
Document No.		119543	1884474	1554189	1631586
Seller		Palma Di Trust	Pesci Trust	Sergio Rangel	Sentinel Peak
Buyer		Osito Trust	JMCosmetics	JJ Props & Invs	Metro Heights
Cond. of Sale		None	None	None	None
Site Size	239,580 sq. ft.*	36,755 sq. ft.	109,771 sq. ft.	16,836 sq. ft.	5,227,200 sq. ft.
Location	Good	Similar	Similar	Similar	Similar
Access	Average	Superior	Superior	Superior	Similar
Zoning	H-R	R-1	A-1	R-1	R-A
Topography	Sloping	Level	Level	Level	Sloping
View	Some	None	None	None	Some
Utilities	At street	On site	On site	At street	At street
Improvements	None	Older SFR	Older MFR units	None	None
Entitlements	None	None	None	None	All (RTI permits)
Unadj. Price/SF		\$ 36.05	\$ 36.89	\$ 35.64	\$ 36.35
Prop. Rights		0%	0%	0%	0%
Subtotal		\$ 36.05	\$ 36.89	\$ 35.64	\$ 36.35
Financing		0%	0%	0%	0%
Subtotal		\$ 36.05	\$ 36.89	\$ 35.64	\$ 36.35
Cond. Of Sale		0%	0%	0%	0%
Subtotal		\$ 36.05	\$ 36.89	\$ 35.64	\$ 36.35
Market Cond.		0%	0%	0%	0%
Subtotal		\$ 36.05	\$ 36.89	\$ 35.64	\$ 36.35
Other Adjust.					
Location		0%	0%	0%	0%
Site Size		-10%	-5%	-10%	+10%
Zoning		0%	0%	0%	0%
Topography		-10%	-10%	-10%	0%
View		+5%	+5%	+5%	0%
Utilities		0%	0%	0%	0%
Access		-5%	-5%	-5%	0%
Entitlements		0%	0%	0%	-25%
Total Net Adj.		-20%	-15%	-20%	-15%
Adjust. Price/SF		\$ 28.84	\$ 31.36	\$ 28.51	\$ 30.90

* Usable site size

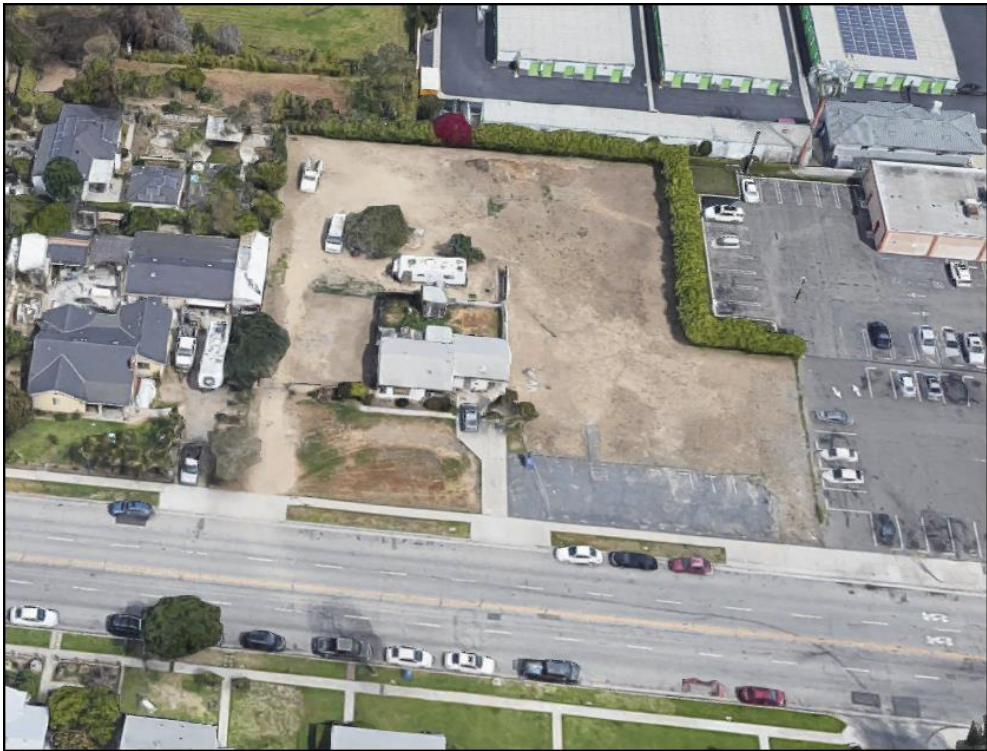
** Includes 7 parcels

*** Includes 49 parcels

LOCATION MAP – SALE COMPARABLES



Sale Comp # 1



Sale Comp # 2



Sale Comp # 3



Sale Comp # 4



Sales Comparison Approach – Comments and Conclusions

The subject's competing market area was searched for comparable properties. The comps utilized were considered to be the best and most recent comps available for comparison.

While there is evidence that property values have been increasing for several years, the onset of the Covid 19 pandemic in March 2020 upended the market and altered the fundamentals, at least in the short term. Given that there is such limited data available for vacant land sales and no clear trend exists, there is no standard by which to make adjustments. Furthermore, the adjusted values of the comparable sales do not support an appreciation or depreciation trend. Hence, no time adjustments were made.

The comparable sales utilized required adjustments for dissimilarities. Efforts were made to quantify any adjustments. As the market data was limited, and this is considered to be an imperfect data set, it was not possible to quantify all adjustments and some qualitative adjustments were necessary based upon paired sales and the appraiser's experience. All of the adjustments made are reasonably supported given the data available and this approach is considered to be typical, appropriate and reasonable in the appraisal industry.

Comp #1 is a sale of two adjacent sites that were previously improved. The improvements do not make an economic contribution to the site and the property sold at land value. This comp is similar to the subject in location and zoning. Comp #1 is a level site, and is therefore superior to the subject in topography (adjusted -10%). Comp #1 is smaller than the subject and was adjusted -10%. This comp is superior in access (adjusted -5%) but inferior in view (adjusted +5%).

Comp #2 consists of two parcels that are located across from each other. Although the sites are not adjacent, the value is not diminished. The sites are improved with older multi family units that do not make an economic contribution to the property and the sale price is reflective of land value. Comp #2 is similar to the subject in location and zoning. The site is level and is therefore superior to the subject in topography (adjusted -10%). Comp #2 is smaller than the subject in site size and was adjusted -5%. This comp is superior in access (adjusted -5%) but inferior in view (adjusted +5%).

Comp #3 consists of a vacant site that has never been improved. Comp #3 is similar to the subject in location and zoning. Comp #3 is superior to the subject in topography and was adjusted -10%. This comparable is significantly smaller than the subject in site size and was adjusted -10%. This comp is superior in access (adjusted -5%) but inferior in view (adjusted +5%).

Comp #4 consists of 49 parcels that comprise a very large site. The site is raw land that is very similar to the subject in location, topography, access, view and zoning. The site is moderately to severely sloping with both usable and unusable areas and has a topography similar to the subject. Comp #4 is a significantly larger site than the subject and was adjusted +10%. At the

time of sale, the site was fully entitled with ready-to-issue permits for 1,200 single family residences. The entitlements contribute significant value and a -25% adjustment was made.

Conclusion

The sales adjusted to a range of \$28.51 to \$31.36, with an average of \$29.90. Giving equal emphasis to all of the comparable sales, the indicated price per square foot for the subject is determined to be \$30.00. Therefore:

$$239,580 \text{ square feet} \times \$30.00 = \$7,187,400$$

Rounded to: \$7,185,000

THE INCOME APPROACH

In the Income Approach to value, anticipated economic benefits are converted into a present value estimate through a capitalization process. The underlying value concept is that of anticipation which holds that a likely buyer will value a property based on his opinion of the present worth of the future income stream.

Several methods exist for accomplishing discounting of future benefits into an estimate of current value. In the case of the subject property, the Direct Capitalization Approach is judged to be most appropriate. This involves the estimation of the gross income potential of the property, as well as what allowances should be made for vacancy, collection loss, and operating expenses, so that a stabilized net income stream can be calculated.

The other method of capitalization is the discounted cash flow method. In this method, anticipated future net income streams and a reversionary value are discounted to an estimated present value. The discounted cash flow analysis was not considered to be a good indicator of market trend in this analysis (the discounted cash flow analysis requires many assumptions and is not believed to be an approach which is recognized by owners of small investment properties in the subject area).

The subject is being appraised as a development site and the Income Approach is not applicable and was not performed.

FINAL VALUE RECONCILIATION

The subject consists of a residentially zoned development site. The Sales Comparison Approach was considered to be the most relevant approach to value in this appraisal. The Cost Approach and Income Approach are not utilized by market participants to establish values for this property type and were not performed. The results are as follows:

Cost Approach:	Not Performed
Sales Comparison Approach:	\$ 7,185,000
Income Approach:	Not Performed

The Sales Comparison Approach relies upon four comparable sales from the subject's immediate market area that are very similar to the subject. The Sales Comparison Approach resulted in a reliable value conclusion.

Taking into consideration all of the analyses set forth in this report, the *As-Is Market Value* of the subject property, as of February 10, 2022 was determined to be:

Seven Million One Hundred Eighty Five Thousand Dollars

(--\$7,185,000--)

STATEMENT OF BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is made expressly subject to the conditions and stipulations following:

1. This report is made for the client to whom it is addressed and is delivered to the client on the condition that it is to be used by said client only for the purpose stated in the report. No reliance is to be placed on this report for any other purposes nor shall it be published, distributed or shown to other parties except to the party to whom the report is addressed.
2. No responsibility is assumed for matters legal in character. We render no opinion as to the title, but assume that it is marketable. The property is appraised as though free and clear of all liens and encumbrances, except as otherwise indicated. Management and ownership are presumed to be competent and responsible.
3. All drawings and diagrams in this report are included to assist the reader in visualizing the property. These drawings do not represent the product of any professional survey made by this office. The appraiser is not a professional engineer, and no engineering survey of the property has been made, nor are we reporting on structural adequacy.
4. No right to expert testimony, attendance in court, or publication is indicated with possession of this report.
5. The appraiser has no present or contemplated future interest in the property.
6. Rentals and other income have been supplied by the owner and have not been subjected to independent verification, unless otherwise noted. Expenses are based either on data supplied by the owner or are the appraiser's own estimate. Other factors reported in the report are correct to the best of the appraiser's knowledge and belief. Market data is based on information reported by lessors and sellers, and lessees and buyers. Since not all transactions are reported and some information may be inaccurate, available market information may not accurately reflect the status of the market.
7. Our opinion assumes that the existing improvements comply with building and zoning codes of the municipality in which it is located, unless otherwise noted.
8. Any proposed improvements are assumed to have been completed unless stipulated otherwise in this report; and construction is assumed to conform to the building plans and/or improvement descriptions included in the report. Proposed or under construction programs frequently require changes in design, layout, dimensions or use. Should the premises under review as described in this report, necessitate such changes, our final estimate of value is not applicable. In order to obtain a fair evaluation of any report, it must be considered in its entirety, including the above limiting and contingent conditions.
9. Cash flow projections are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within the appraisal report. The achievement of the financial projections will be affected by fluctuating economic conditions and

is dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections made herein. The appraisers do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of the appraisers.

10. This appraiser assumes that the property is free of all hazardous materials and toxic wastes. The presence of hazardous materials or toxic wastes on the property can substantially impact the value of the property. A variety of materials including chemicals, metals and minerals have been determined to be hazardous or toxic under local, state and/or federal laws and regulations and can be required to be specially handled and removed from the property at the expense of the property owner. Certain materials which may have been used in the construction of the premises or in building components may be hazardous. Asbestos, for example, can be hazardous and has been included in a number of building components such as fireproofing, insulation, linoleum, floor tiles, ceiling panels and acoustical ceiling coatings. Appraisers are not experienced in identifying potential toxic waste and hazardous material problems or estimating the cost of resolving such problems. In order to identify the nature and extent, if any, of toxic waste and hazardous material problems on the property, the appropriate experts should be selected and retained.
11. Except as noted, this analysis assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use. We assume no liability as to the soils condition of the subject site. This analysis is of surface rights only, and no analysis has been made of the value of subsurface rights, if any. In addition, we assume that there are no significant surface or subsurface archeological conditions that may impact value.
12. We assume that all building systems, including electrical, mechanical, and plumbing, are in good operating condition. The appraiser has not inspected these systems nor is he qualified to comment on the condition of the systems. An expert in these fields should be retained for an inspection. Except as otherwise noted in this report, the property is appraised as though there are no soils, structural, mechanical or other defects or problems with it.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute. This appraisal report has been developed and prepared in conformity with and subject to the requirements of the Appraisal Institute's Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of the Appraisal Institute and Appraisal Foundation.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the analyst or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or RM designation) shall be disseminated to the public through the advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the analyst.
16. The Americans With Disabilities Act became effective January 26, 1992. The appraiser neither has nor made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that the compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not compliance with one or more of the requirements of

the act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

17. Appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination requires investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.
18. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
19. It is the intention of the appraiser and a policy of b Alex, Inc. that this report comply with all statutes, rules, and regulations prohibiting discrimination on the basis of race, color, religion, sex, national origin, and marital status.
20. The liability of **b Alex, Inc.**, its agents or employees is limited to the client only and only up to the amount of the fee actually received for the assignment. No third parties other than the client may rely upon this appraisal for any purpose whatsoever, including the provision of financing for the subject property. This appraisal was prepared specifically for **Mr. Jon Pace, c/o Ryan and Associates** to whom this appraisal is addressed.
21. This appraisal was prepared specifically for our client, **Mr. Jon Pace, c/o Ryan and Associates**. Third parties who desire an appraisal of the subject property for their use should contact Brian Bregman.

Brian Alex Bregman

b Alex (President)
 5850 Canoga Ave.
 Woodland Hills, CA 91367 (818) 225-9550

Professional Affiliations

Certified General (State of California #AG 008978)
 Member, Appraisal Institute

Types of Properties Appraised & Services

Single Family and Multi Family Residences, Subdivisions, Commercial and Industrial Properties, Vacant Land, Hotels, Special Purpose Properties, Portfolios, Tax Reassessment, Diminution in Value, Eminent Domain, Estate Planning, Qualified Expert Witness

Education

1982-1986

Claremont Mckenna College

Claremont, California
 Degree: Bachelor of Arts
 Major: Political Science
 Relevant Courses: Economics, Statistics, Calculus, Legal Analysis, Computer Analysis

1986-1987

University of California Los Angeles

Los Angeles, California
 Extension Course: Real Estate Appraisal
 Extension Course: Real Estate Principles

1987-Present

Appraisal Institute (Formerly AIREA)

Various Locations in the United States
 Course: Real Estate Principles
 Course: Basic Valuation Procedures
 Course: Standards of Professional Appraisal Practice, Parts A, B, C
 Course: Capitalization Theory and Techniques, Part A
 Course: Capitalization Theory and Techniques, Part B
 Course: Case Studies in Real Estate Valuation
 Course: Report Writing and Valuation Analysis
 Course: Advanced Sales Comparison and Cost Approaches
 Course: Highest and Best Use

Professional Experience

1985-1986

Department of Justice - Legal Intern

1986-1993

Document Analysis (including Real Estate Appraisals) and Case Investigation

1993-Present

Sentry Appraisal - Real Estate Appraiser - Independent Contractor

B Alex - Real Estate Appraiser and Consultant – President