Attachment E

Appraisal Report

Curtis-Rosenthal, Inc.
Real Estate Appraisal & Consulting

APPRAISAL REPORT

Basin Marine, Inc

829 Harbor Island Drive, Newport Beach, CA

CR File Number: 14558-20

Basin Marine, Inc

829 Harbor Island Drive, Newport Beach, CA

December 9, 2020

Lauren Wooding Whitlinger,
Real Property Administrator
City of Newport Beach,
Community Development Department
100 Civic Center Drive,
Newport Beach, CA 92660

RE: **APPRAISAL REPORT**
Basin Marine, Inc
829 Harbor Island Drive, Newport Beach, CA

CR File # 14558-20

Dear Ms. Whitlinger,

Per your request, we have appraised the above-referenced property. Our appraisal is intended to conform to:

- The Uniform Standards of Professional Appraisal Practice (USPAP)

Our analyses and conclusions are contained in this Appraisal Report which is intended to comply with the reporting requirements set forth in USPAP Standards Rule 2-2.

In conformance with the Scope of Work rule of USPAP, the sections below describe the Scope of Work for this assignment.

Client - The client for this assignment is City of Newport Beach, Community Development Department, c/o Lauren Wooding Whitlinger, Real Property Administrator.

Intended User - The intended user of this report is exclusively the Client. There are no other authorized users of this report.

Intended Use - The intended use of this assignment is to assist the City with negotiations to renew the lease agreement with current tenant Basin Marine, Inc.

Purpose of this Assignment - The purpose of this assignment is to estimate the **Fair Market Rent Value,** as defined in the Addenda, of the ownership interest(s) in the subject property stated in the valuation table below, as of the stated effective date(s) of value.

Effective Date of Value - The valuation table below includes the date of value for each valuation premise included in this assignment.

Relevant Characteristics of the Subject Property - The subject property is the Basin Marine, Inc. at 829 Harbor Island Drive, Newport Beach and is owned by the City of Newport Beach. The APN # is 050-431-25 and contains 32,990.71 square feet of Landside Area and 9,071.4 square feet of water portion with a total of 42,062.11 square feet or 0.9656 acre. This parcel is within the Balboa Yacht Basin.

Basin Marine Inc. is the current tenant of the property. The main structure is a commercial showroom/retail store selling items and hardware related mostly to yachts/ sailing/boating, plus boat slip rentals, and shipyard repairs. The building also houses unisex restroom, breakroom, accounting office, private executive office, yard office, carpenter's shop, mechanic's shop, and shipyard employees' locker, and restroom. The Site Plans received from the client show the building contains 3,560 square feet.

The exterior area is shipyard with concrete slab decking, hoist equipment to extract the yachts from the water onto drydock for repairs, painting, and refinishing of fiberglass material. The shipyard has water treatment with "Living Water Environmental M-CAT" automated system.

The City of Newport Beach Planning Department zone for the subject property is Special Purpose Zoning/Public Facilities (PF).

Analytical Approach- Our analysis included an inspection of the subject property, research of general data relating to the subject locale, research of transactions in the subject market area, as well as research of other market-related influences affecting the subject property. In our analysis, we gave consideration to the applicability of each of the traditional approaches to value including the Cost, Sales Comparison, and Income approaches. The methodology and data used in our valuation of the subject property are detailed in the Valuation Section of this appraisal report

Conditions of this Assignment - The analyses and conclusions in this assignment are subject to the Scope of Work described above, the General Assumptions and Limiting Conditions that are contained within this appraisal report, and the following:

- **Extraordinary Assumptions**, which USPAP defines as *assignment-specific assumptions as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions*.
    1. The subject site is zoned PF, Public Facility land uses. After discussions with City of Newport representatives, it is our opinion that the highest and best use of the subject site "as if vacant" is Mixed Use (MU) Commercial/Residential zone.

- **Hypothetical Conditions,** which USPAP defines as *conditions directly related to a specific assignment, which are contrary to what is known by the appraiser to exist on the effective date of the assignment results but are used for the purpose of analysis*.
    1. **None**

- **Special Limiting Conditions**, which are assignment-specific conditions that limit the use of the report.
    1. Market concerns regarding the COVID-19 coronavirus have resulted in substantial volatility in the capital markets, increasing uncertainty in the real property marketplace. It is difficult to predict what may happen in the capital markets going forward. As a result, it is difficult to predict what may happen to real property values over time. Our valuation of the subject property considered the best information that was available at the time of our analysis. Due to on-going volatility in the marketplace, users of this appraisal should consider the current market uncertainty when determining the level of confidence, they choose to place on these analyses

and conclusions. Users are reminded that the appraisal conclusions in this report are effective as of the state date(s) of valuation.

Significant Valuation Issues- The following are assignment-specific issues which we found to be significant in this valuation assignment.

1. As discussed previously, the current/ongoing Covid-19 global pandemic is having reported impact on financing rates/lender spreads, lowered loan-to-value (LTV) ratios, landlord and tenant cash flows, etc. Given the rapidity of events related to the pandemic that have affected real estate sales, the present risks (as of the effective date of value) appear to be financing related and broad uncertainty in global/national/local economics in the near term. This being the case, price/value discounting for the subject is prudent.

2. Only the site improvements pertaining to the real estate are considered in this valuation. **The furniture, fixtures and equipment within the parcel are not included in the valuation of this appraisal.**

3. Reportedly, the State of California will not allow residential uses in the filled tideland areas (land held in trust). (Source: Lauren Wooding Whitlinger)

As a result of our investigation and analysis, the table below presents our Fair Market Rental valuation opinion(s) for the subject property as of the stated effective date(s) of valuation.

Valuation Premise	Interest Appraised	Effective Date of Value	FINAL Value Conclusion
Fair Market Rent Value	**Leased Fee**	**10/21/2020**	**$492,000**

Thank you for the opportunity to have been of service to you. If you have any questions regarding the material presented in this report, or if you require any further assistance please give us a call.

Sincerely,

CURTIS-ROSENTHAL, INC.

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EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION:		Balboa Yacht Basin 829 Harbor Island Drive Newport Beach, CA 92660
FILE NUMBER:		14558-20
INTENDED USER:		City of Newport Beach, Community Development Department c/o Lauren Wooding Whitlinger Real Property Administrator
LEGAL DESCRIPTION:		Refer to Legal Description
ASSESSOR PARCEL NUMBER & LAND AREA:		
APN:		050-431-25
	Land	0.9656 acre/42,062.11 square feet 32,990.71 sq.ft, landside/9,071.4 sq.ft. water
	Building	3.560+/- square feet total. 2,300 sq.ft. Showroom/1,260 sq.ft. shops
PROPERTY TYPE:		Retail Sales, Offices, Repair Shop/Shipyard
ZONING:		Special Purpose Zoning District Public Facilities (PF)
HIGHEST AND BEST USE:		
As If Vacant		Mixed-Use Commercial/Residential
CRITICAL DATES:		
Date of Inspection		October 21, 2020
Date of Value		October 21, 2020
INTEREST APPRAISED:		Lease Fee Fair Market Rent Value

OPINION OF VALUE CONCLUSION LEASED FEE VALUE		
FAIR MARKET RENT VALUE:	**$**	**492,000**

Our analyses and conclusions are based on the described Scope of Work and the General Assumptions and Limiting Conditions that are made a part of the attached appraisal report.

MARKET AREA ANALYSIS

GREATER LOS ANGELES AREA

Components of Greater Los Angeles

The Los Angeles Metropolitan Area is widely considered to comprise the five counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. The map below shows the components of Greater Los Angeles, which form four-Metropolitan Statistical Areas (MSA). These are as follows: Los Angeles, Orange County, Oxnard-Ventura, and Riverside-San Bernardino.

A map of the region is located below.

Counties Comprising the Los Angeles Region

The region is well served by several international airports (including Los Angeles International), Amtrak (the national passenger rail service), and several east-west and north-south interstate highway systems. Intra-regional transportation service includes a network of freeways, a commuter rail system, several bus systems, and a small but growing system of "subway" and "light-rail" trains.

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ORANGE COUNTY

Orange County is in the heart of Southern California, with Los Angeles County to the north and San Diego County to the south. There are currently 34 cities within the county, which extends north to the cities of La Habra and Brea, east to the city of Rancho Santa Margarita, west to the cities of Los Alamitos and Seal Beach, and south to the city of San Clemente. Several cities in Orange County have been incorporated within the last decade. The most recent cities to incorporate were the cities of Laguna Woods (1999), Rancho Santa Margarita (2000), and Aliso Viejo (2001). While the unincorporated land area and related populations remain significant, they are declining in size and number due to recent annexation and incorporation activities.

Population

Orange County is second only to Los Angeles County in population for California counties. According to the Department of Finance's population January 2020 estimates, the county's population exceeded 3.1 million, essentially unchanged from January 2019 estimates. The County's cities had fractional gains and losses over the previous year estimates. Santa Ana and Anaheim are Orange's largest cities with populations of over 357,000 and 335,000, respectively.

The tables below show current population figures, forecasts, and trends for Orange County.

Population	
2000 Population	2,846,283
2010 Population	3,010,232
2019 Population	3,252,459
2024 Population	3,368,861
2000-2010 Annual Rate	0.56%
2010-2019 Annual Rate	0.84%
2019-2024 Annual Rate	0.71%
Households	
2019 Wealth Index	149
2000 Households	935,270
2010 Households	992,781
2019 Total Households	1,060,886
2024 Total Households	1,095,455
2000-2010 Annual Rate	0.60%
2010-2019 Annual Rate	0.72%
2019-2024 Annual Rate	0.64%
2019 Average Household Size	3.02

The household count in this area has changed from 992,781 in 2010 to 1,060,886 in the current year, a change of 0.72% annually. The five-year projection of households is 1,095,455, a change of 0.64% annually from the current year total. Average household size is currently 3.02, compared to 2.99 in the year 2010. The number of families in the current year is 756,645 in the specified area.

Mortgage Income	
2019 Percent of Income for Mortgage	37.7%
Median Household Income	
2019 Median Household Income	$88,453
2024 Median Household Income	$102,755
2019-2024 Annual Rate	3.04%
Average Household Income	
2019 Average Household Income	$121,359
2024 Average Household Income	$139,918
2019-2024 Annual Rate	2.89%
Per Capita Income	
2019 Per Capita Income	$39,619
2024 Per Capita Income	$45,530
2019-2024 Annual Rate	2.82%

Households by Income

Current median household income is $88,453 in the area, compared to $60,548 for all U.S. households. Median household income is projected to be $102,755 in five years, compared to $69,180 for all U.S. households

Current average household income is $121,359 in this area, compared to $87,398 for all U.S. households. Average household income is projected to be $139,918 in five years, compared to $99,638 for all U.S. households

Current per capita income is $39,619 in the area, compared to the U.S. per capita income of $33,028. The per capita income is projected to be $45,530 in five years, compared to $36,530 for all U.S. households

Housing	
2019 Housing Affordability Index	65
2000 Total Housing Units	969,434
2000 Owner Occupied Housing Units	574,457
2000 Renter Occupied Housing Units	360,813
2000 Vacant Housing Units	34,164
2010 Total Housing Units	1,048,907
2010 Owner Occupied Housing Units	588,313
2010 Renter Occupied Housing Units	404,468
2010 Vacant Housing Units	56,126
2019 Total Housing Units	1,112,825
2019 Owner Occupied Housing Units	602,697
2019 Renter Occupied Housing Units	458,189
2019 Vacant Housing Units	51,939
2024 Total Housing Units	1,147,134
2024 Owner Occupied Housing Units	625,646
2024 Renter Occupied Housing Units	469,809
2024 Vacant Housing Units	51,679

Currently, 54.2% of the 1,112,825 housing units in the area are owner occupied; 41.2%, renter occupied; and 4.7% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.4% are renter occupied; and 11.2% are vacant. In 2010, there were 1,048,907 housing units in the area - 56.1% owner occupied, 38.6% renter occupied, and 5.4% vacant. The annual rate of change in housing units since 2010 is 2.66%. Median home value in the area is $682,052, compared to a median home value of $234,154 for the U.S. In five years, median value is projected to change by 0.95% annually to $715,049.

Source: Site to do Business 2020

E-1: City/County Population Estimates with Annual Percent Change
January 1, 2019 and 2020

City	1/1/2019	1/1/2020	Change	City	1/1/2019	1/1/2020	Change
County	3,192,987	3,194,332	0.0	Lake Forest	84,576	84,711	0.2
Aliso Viejo	49,815	50,044	0.5	La Palma	15,572	15,492	-0.5
Anaheim	356,669	357,325	0.2	Los Alamitos	11,576	11,567	-0.1
Brea	44,879	45,629	1.7	Mission Viejo	94,766	94,267	-0.5
Buena Park	82,422	81,998	-0.5	Newport Beach	85,706	85,780	0.1
Costa Mesa	114,634	114,778	0.1	Orange	140,410	140,065	-0.2
Cypress	48,976	49,272	0.6	Placentia	51,750	51,494	-0.5
Dana Point	33,212	33,146	-0.2	Rancho Santa Margarita	49,051	48,793	-0.5
Fountain Valley	56,099	55,878	-0.4	San Clemente	64,541	64,581	0.1
Fullerton	141,931	141,863	0.0	San Juan Capistrano	36,149	36,318	0.5
Garden Grove	175,052	174,801	-0.1	Santa Ana	337,639	335,052	-0.8
Huntington Beach	201,239	201,281	0.0	Seal Beach	25,080	24,992	-0.4
Irvine	277,462	281,707	1.5	Stanton	39,097	39,077	-0.1
Laguna Beach	22,445	22,343	-0.5	Tustin	80,491	80,382	-0.1
Laguna Hills	31,674	31,508	-0.5	Villa Park	5,786	5,766	-0.3
Laguna Niguel	65,363	65,316	-0.1	Westminster	92,737	92,421	-0.3
Laguna Woods	16,329	16,243	-0.5	Yorba Linda	68,458	68,650	0.3
La Habra	63,319	63,371	0.1	Balance of County	128,082	128,421	0.3

Source: Site to do Business (2020)

California Economy[1]

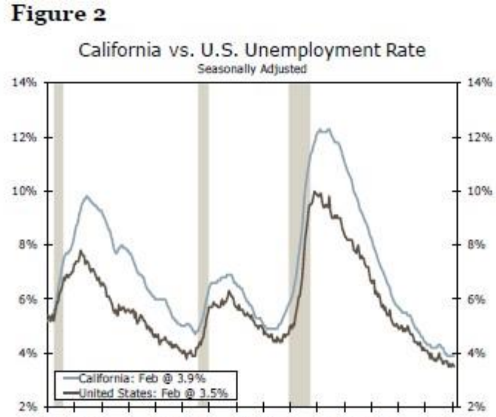
The California economy was on fairly solid footing heading into the COVID-19 pandemic. After adding 29,100 jobs in January, employers added 29,000 more in February. What's more, hiring was running at a 1.7% year-over-year rate, on par with the nation. The unemployment rate was unchanged at a record low of 3.9%. February predates the COVID-19 crisis and does not capture the coming tsunami of job losses since mid-March. In order to suppress the spread of COVID-19, nonessential businesses have been forced to shut down and residents have been ordered to shelter-in-place, which together have caused economic activity to ground to a halt in many industries.

A clearer indication of what is likely to unfold is provided by the most recent initial unemployment insurance claims, which are released every week. Nationally, jobless claims surged to a record 3.3 million for the week ending March 21, which is 12 times higher than the level registered just one week earlier. Claims in California more than tripled from about 57,600 to 186,800. Even with this record increase, these numbers are likely understated as many states had difficulty processing the extraordinary flood of new applications. More recent reports put the number of claims filed in California over the past two weeks at over one million. Unfortunately, this represents just the tip of the iceberg. Large parts of the California economy remain closed for business. Tourism, travel, and entertainment spending is down 80% or more across the state, resulting in massive layoffs in the state's large hospitality sector. Retailers have also largely shut down, necessitating massive job cuts. Manufacturing and construction are faring somewhat better but will struggle the longer virus-related shutdowns hold down overall economic activity.

The sheer size of the California (if it were a separate country, it would have the fifth largest economy in the world) makes the state particularly vulnerable to the adverse effects of the spread of COVID-19. The outbreak began relatively early in the state but has not been nearly as bad as in New York. The shutdowns have been fairly extensive, however. And with immigration tightening, the state's large agriculture sector may have even greater difficulty finding workers.

Figure 1

Figure 2



Source: U.S. Department of Labor and Wells Fargo Securities

California's leisure & hospitality industry is likely to be most directly impacted by COVID-19. As residents either "stay at home" or "shelter in place," many restaurants, hotels and bars have begun to lay off or furlough workers. In addition to domestic travel grinding to a standstill, all nonessential international

[1] Wells Fargo Economics Group, Commentary: March 27, 2020 and April 17, 2020

travel has essentially been banned. Hotels have been particularly hard hit and occupancy rates in Los Angeles and San Francisco have collapsed. For the week ending March 21, occupancy rates averaged just 29% in Los Angeles and 16.6% in San Francisco. This time last year, occupancy rates were above 80% in both markets.

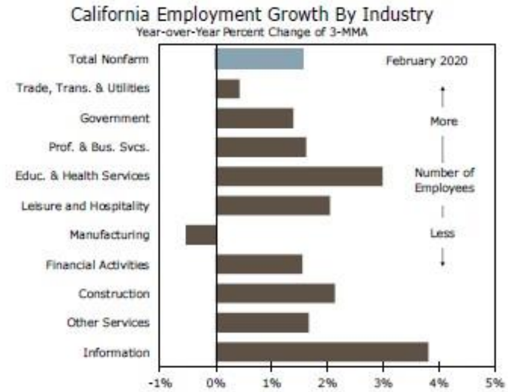
International trade is also likely to take a hit. Container traffic through the Port of Los Angeles and Port of Long Beach fell sharply in February, although those declines were tied to the timing of the Chinese Lunar New Year. Activity will also likely be off sharply on a year-over-year basis in March, reflecting dislocations tied to the COVID-19 outbreak in China, and remain soft through the first half of this year, reflecting sluggish demand in the United States and slower growth overseas. We currently expect global GDP to decline 2% this year and look for U.S. GDP to decline 2.4% on an annual basis, although we forecast output will fall at a 14.7% annual rate in the second quarter and a 6.3% pace in the third quarter. The slowdown in global trade will fall heaviest on Southern California's transportation and logistics sector, much of which is in the Inland Empire.

California's tech sector should hold up reasonably well, although we would expect to see hiring slow at healthier firms and look for layoffs at some of the more thinly capitalized firms. The unusual nature of this recession, which has resulted in large portions of the workforce working remotely, has increased the demand for technology services. Social media and digital streaming have also seen a surge in demand. Advertising revenues for social media and search engines will likely take a hit, however, which may lead to some belt tightening. Capital may also become harder to lock down for some businesses.

We expect California's economy to largely track the nation. The business cycle likely peaked in February, as the economy turned down sharply during the second half of March, likely producing a net drop in output for that month as a whole. We expect the recession to be unusually sharp but fairly short. Overall job losses will likely be worse than during the Great Recession, but the composition will be different. Housing, which was at the center of the last recession, should be less impacted during the current downtown and will play a critical role in the recovery. Housing is severely underbuilt throughout California today, and home construction has been deemed an essential industry. Moreover, a great deal of construction work can be done while adhering to the CDC guidelines on social distancing. To be certain, home sales will weaken this spring and home price appreciation will slow, but neither should create a problem. Affordability was already stretched in California's major metropolitan areas and some relief would be welcomed. Manufacturing should also hold up reasonably well, with demand for semiconductors and related equipment expected to remain strong, despite the slowdown in global economic growth.

Figure 3

Figure 4



Source: U.S. Department of Labor and Wells Fargo Securities

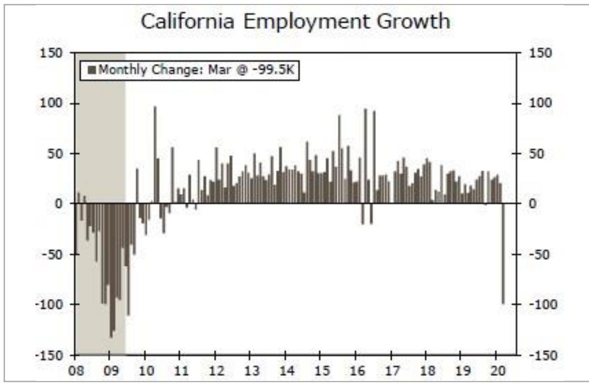
California's Economy Succumbs to COVID-19 Cutback (April 17, 2020)

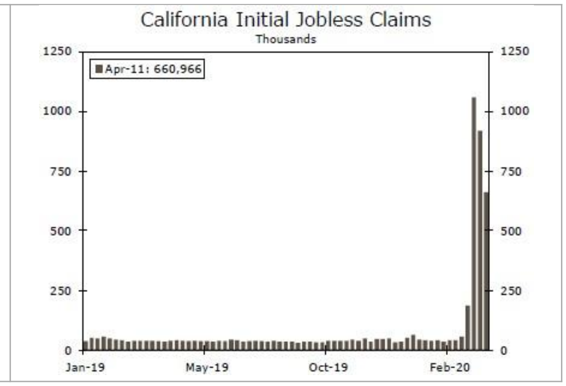
California's longest uninterrupted run of employment gains came to an abrupt end in March, when businesses began to slash payrolls in response to new social distancing guidelines and stay-at-home orders. Restaurants, bars, and entertainment facilities, including movie theaters, theme parks and casinos, all took an immediate hit—losing 67,200 jobs in March. Business, household and personal services and construction also posted notable job losses during the month. On the plus side, government payrolls rose modestly in March and the state's important information sector posted modest gains. Information includes new media such as internet search, software, and digital streaming, as well as motion pictures and slower growing portions of traditional media, such as printed publications and landline telecommunications.

With more than two-thirds of the state's job losses occurring in the leisure & hospitality sector, mostly at restaurants & bars, job losses were heavily skewed toward California's largest metropolitan areas. Southern California was particularly hard hit. Los Angeles-Long Beach-Glendale lost 39,600 jobs and Orange County lost 16,500 jobs. Job losses were more modest in the Inland Empire (-4,100), and Ventura County (-500). In total, greater Los Angeles lost 60,700 jobs during the month, while San Diego also had a bad month, posting a net loss of 14,500 jobs.

The San Francisco Bay area saw widespread job losses as well. While the Bay area is full of tech companies whose services are in high demand, the region's important tourism sector appears to have been the weak spot. San Francisco lost 13,700 jobs and Marin County lost another 1,400. Job losses were slightly less prevalent in East Bay and South Bay, with Oakland losing 3,300 jobs and San Jose losing 8,400 jobs. As bad as March was, we know job losses are set to surge even further in coming weeks. Weekly initial unemployment claims have surged over the past four weeks, totaling 2.8 million since mid-March. While in a typical recession there would not be a one-for-one decrease in nonfarm employment for each new jobless claim, the relationship is likely to be tighter this go-round because there are so few jobs being created. Jobless claims are also being pushed higher by contract workers, however, which will not be reflected as much in the monthly payroll data.

California's economy began to deal with COVID-19 earlier than the rest of the country, and the state's mitigation efforts appear to have produced positive results ahead of many other areas. Restarting the economy will be difficult, however, particularly given that social distancing guidelines are likely to remain in place for quite some time. Tourism and entertainment spending will also take longer to get back on track, particularly from overseas visitors. International trade is also likely to be soft spot until growth rebounds in the U.S. and around the world.





County Economy[2]

- As one of the wealthiest counties in the region, Orange County has also benefited from lower than average unemployment. This trend, and associate strong real wage growth, is expected to continue.

- Employment growth in the county is expected to take place in the middle- and high-skill portions of the education, health and professional services sectors with leisure and hospitality continuing to also be a locus of county job growth.

- The high ratio of median home prices to median household income will continue to put pressure on low- and middle-income earners.

[2] LAEDC Economic Forecast, 2020

Exhibit 5

	2015	2016	2017	2018	2019	2020f	2021f
Real GDP Growth	7.4%	0.2%	2.7%	2.7%	2.1%	1.7%	2.0%
Real Personal Income Growth	8.3%	2.3%	2.9%	4.1%	3.3%	2.4%	2.6%
Total Employment Growth	48,000	40,200	32,800	33,200	18,800	16,200	19,600
Unemployment Rate	4.5%	4.0%	3.5%	2.9%	2.8%	2.7%	2.6%
Real Per Capita Income ($2012)	$51,077	$51,927	$53,019	$54,969	$56,596	$57,265	$58,364
Employment Growth By Sector							
Construction, Natural Resources, and Mining	8,400	5,700	4,600	4,400	800	1,000	1,500
Manufacturing	-300	400	2,300	-600	500	-400	400
Transportation, Trade and Utilities	3,200	1,100	2,100	1,800	300	-300	200
Information	1,500	1,000	800	0	0	0	0
Financial Activities	2,500	1,700	1,500	-400	-100	-400	0
Professional & Business Services	9,500	10,100	5,100	12,600	7,100	3,100	5,100
Education & Health	8,000	7,300	9,800	9,200	4,700	8,200	7,600
Leisure & Hospitality	9,300	8,300	6,100	4,600	6,500	4,900	5,200
Other Services	1,600	1,600	-100	800	-800	0	-200
Government	4,200	3,200	600	700	-300	-100	-200
Housing Permits	10,800	11,500	9,500	7,500	7,800	7,900	7,700
Home Values	$592,195	$630,520	$669,763	$709,800	$726,264	$745,385	$764,271

Quick Facts

Population	3.2 million
Gross Domestic Product	306.3 billion
Median Household Income *	$89,759
Median Home Price to Household Income Ratio*	8.1
Poverty Rate*	10.5%
Unemployment Rate	2.8%

Current County Economic Conditions[3]

The unemployment rate in Orange County was 3.6 percent in March 2020, up from a revised 2.8 percent in February 2020, and above the year-ago estimate of 3.0 percent. This compares with an unadjusted unemployment rate of 5.6 percent for California and 4.5 percent for the nation during the same period.

Between February 2020 and March 2020, total nonfarm employment decreased from 1,677,800 to 1,664,600, a decline of 13,200 jobs.

- Professional and business services posted the largest employment decline with the loss of 5,500 jobs. Fifty-eight percent of the drop occurred in professional, scientific, and technical services (down 3,200 jobs). Administrative and support services decreased by 2,400 jobs which includes temporary help firms.

[3] California Labor Market Information Division, Anaheim/Santa Ana/Irvine (Orange County), for April 2020

- Leisure and hospitality decreased by 3,000 jobs. All the payroll decline was in accommodation and food services (down 3,100 jobs) and was offset by a small increase of 100 jobs in arts, entertainment, and recreation.
- Four other sectors reported month-over employment declines. Construction (down 2,200 jobs), trade, transportation, and utilities (down 1,900 jobs), manufacturing (down 1,200 jobs), and other services (down 300 jobs).
- Three sectors increased over the month: government (up 500 jobs) and financial activities and educational and health services (up 200 jobs each). Mining and logging and information remained unchanged.

Between March 2019 and March 2020, total nonfarm employment increased by 3,600 jobs, or 0.2 percent. Financial activities posted the largest year-over increase with an overall gain of 5,400 jobs. Eighty-seven percent of the gain was in finance and insurance (up 4,700 jobs), led by advances in credit intermediation and related activities (up 3,900 jobs).

- Educational and health services reported a gain of 3,700 jobs. Additions in educational services (up 2,100 jobs) accounted for fifty-seven percent of the increase. Health care and social assistance added 1,600 jobs over the year.
- Eight sectors declined over the year. The largest employment loss was in manufacturing (down 2,600 jobs), with 92 percent of the decline in nondurable goods (down 2,400 jobs).

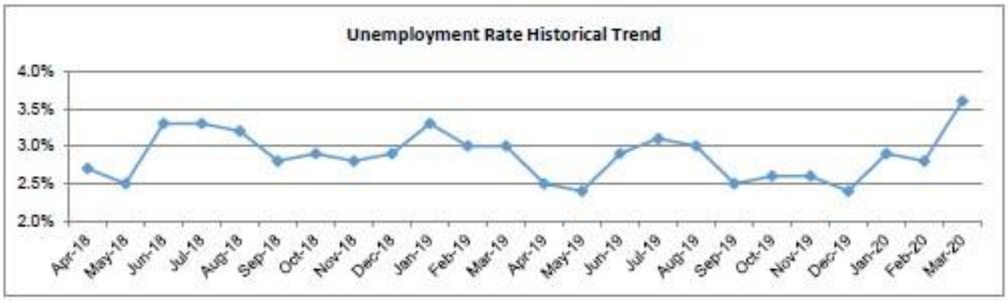
State of California
EMPLOYMENT DEVELOPMENT DEPARTMENT
Labor Market Information Division
933 S. Glendora Avenue
West Covina, CA 91790

April 17, 2020

Maritza Gamboa
626-960-7281

IMMEDIATE RELEASE
ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION (MD)
(Orange County)

The unemployment rate in Orange County was 3.6 percent in March 2020, up from a revised 2.8 percent in February 2020, and above the year-ago estimate of 3.0 percent. This compares with an unadjusted unemployment rate of 5.6 percent for California and 4.5 percent for the nation during the same period.



Industry	Feb-2020 Revised	Mar-2020 Prelim	Change		Mar-2019	Mar-2020 Prelim	Change
Total, All Industries	1,679,600	1,666,600	(13,000)		1,662,900	1,666,600	3,700
Total Farm	1,800	2,000	200		1,900	2,000	100
Total Nonfarm	1,677,800	1,664,600	(13,200)		1,661,000	1,664,600	3,600
Mining, Logging, and Construction	105,800	103,600	(2,200)		105,500	103,600	(1,900)
Mining and Logging	400	400	0		500	400	(100)
Construction	105,400	103,200	(2,200)		105,000	103,200	(1,800)
Manufacturing	158,700	157,500	(1,200)		160,100	157,500	(2,600)
Trade, Transportation & Utilities	258,300	256,400	(1,900)		257,000	256,400	(600)
Information	25,800	25,800	0		26,100	25,800	(300)
Financial Activities	120,800	121,000	200		115,600	121,000	5,400
Professional & Business Services	326,300	320,800	(5,500)		322,400	320,800	(1,600)
Educational & Health Services	235,100	235,300	200		231,600	235,300	3,700
Leisure & Hospitality	227,500	224,500	(3,000)		225,500	224,500	(1,000)
Other Services	50,800	50,500	(300)		51,200	50,500	(700)
Government	168,700	169,200	500		166,000	169,200	3,200

Notes: Data not adjusted for seasonality. Data may not add due to rounding
Labor force data are revised month to month
Additional data are available on line at www.labormarketinfo.edd.ca.gov

CURTIS-ROSENTHAL, INC.
REAL ESTATE APPRAISAL & CONSULTING

Largest Employers

Employer Name	Location	Industry
Allergan Inc	Irvine	Drug Millers (mfrs)
American Funds	Irvine	Services NEC
Anaheim City Hall	Anaheim	Government Offices-City/Village & Twp
Auto Club of S California	Costa Mesa	Automobile Clubs
B Braun Medical Inc	Irvine	Physicians & Surgeons Equip & Supls-Mfrs
Boeing Co	Seal Beach	Aerospace Industries (mfrs)
Boeing Co	Huntington Beach	Aircraft-Manufacturers
Broadcom Corp	Irvine	Semiconductors & Related Devices (mfrs)
California State Univ Fllrtn	Fullerton	Schools-Universities & Colleges Academic
Choc Children's	Orange	Hospitals
Edwards Lifesciences Corp	Irvine	Biotechnology Products & Services
Fairview Developmental Ctr	Costa Mesa	Hospitals
Fountain Valley Regional Hosp	Fountain Valley	Hospitals
Hoag Hospital Newport Beach	Newport Beach	Hospitals
James R Glidewell Dental Crmcs	Irvine	Dentists
Kaiser Permanente Orange	Anaheim	Hospitals
Laguna Woods Village Cmnty Ctr	Laguna Woods	Senior Citizens Service
Media Relations Dept-Ca Dept	Anaheim	Government Offices-State
Mflex	Irvine	Electronic Equipment & Supplies-Mfrs
Quest Diagnostics	San Juan Cpstrno	Laboratory Analytical Instruments (mfrs)
St Joseph Hospital	Orange	Hospitals
St Jude Medical Ctr	Fullerton	Hospitals
University of Ca-Irvine	Irvine	Schools-Universities & Colleges Academic
University-Ca Irvine Anteater	Irvine	Stadiums Arenas & Athletic Fields
Walt Disney Parks & Resorts US	Anaheim	Amusement & Theme Parks

Source: America's Labor Market Information System (ALMIS) Employer Database – 2020

County Transportation

Freeways: The region is serviced by the San Diego Freeway (I-405) / Golden State Freeway (I-5) that runs north/south between Los Angeles to the north and San Diego to the south. Other major north/south freeways include SR-73 and SR-55. Major east/west freeways include SR-22 and SR-91.

Air: The flourishing John Wayne International Airport provides air freight and passenger service. Additional air services are provided by Los Angeles International Airport (LAX), which is a major transportation hub both for passengers and cargo; and has experienced substantial growth over the past 15 years. In fact, LAX ranks third in the world for the number of passengers and tonnage of air cargo handled.

Rail: Orange County is served by the Metrolink, which provides access to the Los Angeles metropolitan area, as well as other areas in the region.

CONCLUSION – Market Area Analysis

The size, centrality, and diversity of the Greater Los Angeles' economic base is expected to insulate it from the harshest effects of a national recessionary climate. The City of Los Angeles has held a premier position in the world for several years due to its leading role among the trading nations of the Pacific Rim, its extensive and still-developing transportation systems, its vast marketplace in terms of total purchasing power and diversity of consumers, and the establishment of various industrial and commercial headquarters in the city. The region is well positioned to continue economic leadership in the Pacific Rim and the rest of the state and country. Ultimately, the positive features of the Greater Los Angeles area including favorable climate, cultural appeal, and historic presence as a leading metropolitan area are considered to be beneficial traits and are expected to be sufficient to maintain the region as a leading commercial and economic center and should serve as a means of sustaining future economic growth.

Neighborhood Description

The subject property known as the "Marine Basin Inc." in the City of Newport Beach, in Orange County. Newport Beach is bordered on the west by Huntington Beach at the Santa Ana River; on the north by Costa Mesa, John Wayne Airport, the City of Irvine and UC Irvine; and on the east by Crystal Cove State Park and Laguna Woods, and to the south is the Pacific Ocean. Newport Beach was incorporated September 1, 1906 and has an area of 52.92 square miles of which 29.13 square miles is water area. The average elevation of Newport Beach is 10 feet above sea level.

Today, Newport Beach is known for surfing and sandy beaches, it once supported maritime industries' however, today it is mostly recreational. Newport Beach is known for its regional shopping center known as "Fashion Island". Along its major arterials example businesses are unique shops for one-of-a-kind merchandises, restaurants, beach front businesses, interior design/accessories and furnishing, new car sales and yacht sales.

The subject property is in Lower Bay of Newport formed by sand brought along by ocean currents, which constructed the offshore beach that is now recognized as the Balboa Peninsula of Newport Beach. Newport Harbor is a semi-artificial harbor formed by dredging Newport Bay in the 1900's. The harbor supported maritime industries such as boatbuilding, shipbuilding and commercial fishing, but today it is used mostly for recreation with private upscale homes and private docks and is one of the largest recreational boat harbors on the U.S. west coast.

Surrounding community areas include the following:

- To the North: Costa Mesa, John Wayne Airport, City of Irvine, and UC Irvine
- To the South: Pacific Ocean
- To the West: City of Huntington Beach at the Santa Ana River in Los Angeles County
- To the East: Crystal Cove State Park and Laguna Woods

According to esri, the 2020 population of the subject within a 1-mile radius is 10,106, 2-mile radius is 99,969 and 5-mile radius is 229,736.

Entrance into the subject neighborhood is from East Coast Highway, a major arterial of Newport Beach and traveling south on Bayside Drive to the terminus of Harbor Island Drive. This area is upscale custom single-family residential in the millions of dollars range, these homes have private boat slips on their north rear property line at Promontory Bay. To the north of Bayside Drive and across Promontory Bay on Promontory Drive which has a higher elevation are multi-family residential properties, some with ocean views. The subject Basin Marine is just south of the terminus of Harbor Island Drive in the Balboa Basin Yacht Club which has the Galley Restaurant across the street and west of the subject property followed by the Balboa Club Yacht sales office. Boat slips occupy the area to the south. To the east of the subject property is the Promontory Bay with more high-end residential properties and private boat slips, because of the water, this area cannot be accessed from Harbor Island Drive. At the south end of the subject property is Balboa Island North Channel and Harbor Island is to the west and accessed by a bridge.

Vehicular ingress/egress is provided from Harbor Island Drive. The subject is not close to freeway access. Harbor Island Drive is a paved east/west two-lane collector street with curbs, gutters, sidewalks, and street lighting. Street parking is allowed on both sides of the street. Inside the Balboa Yacht Basin, the street is paved with curbs, gutters, sidewalks, and street lighting. The subject property has 2 private parking spaces within the Balboa Yacht Basin Marina, they are directly north of the subject building. All other vehicles must park in the public marked spaces.

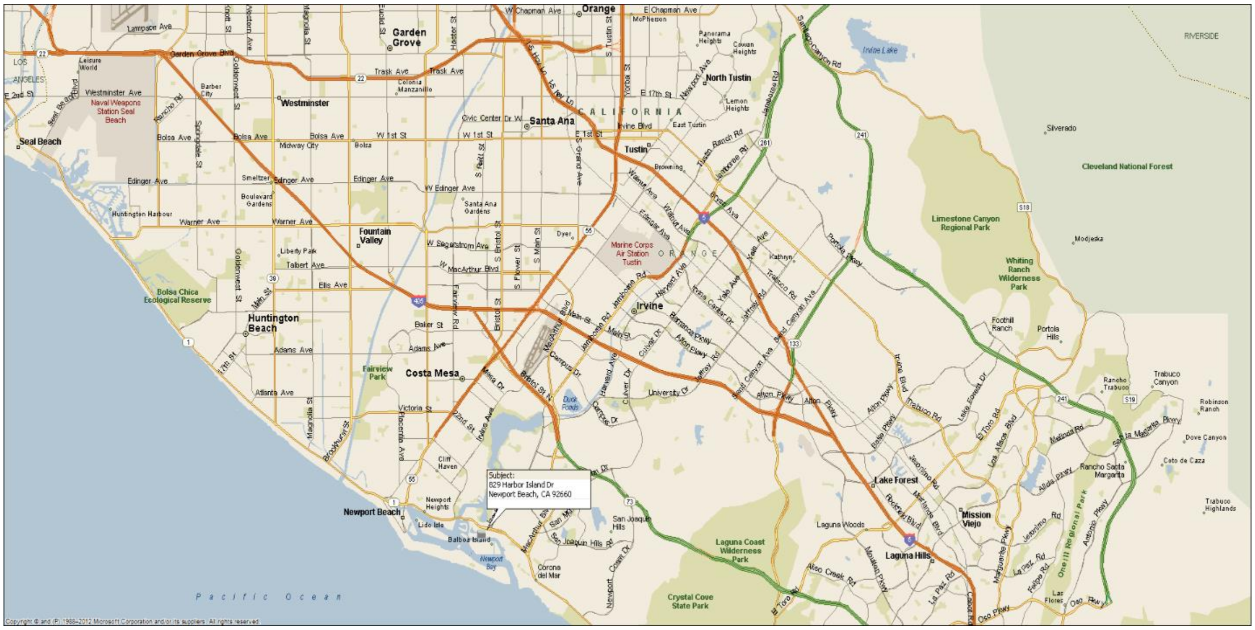
The City of Newport Beach Planning Department zoning for the subject property is PF (Public Facilities).

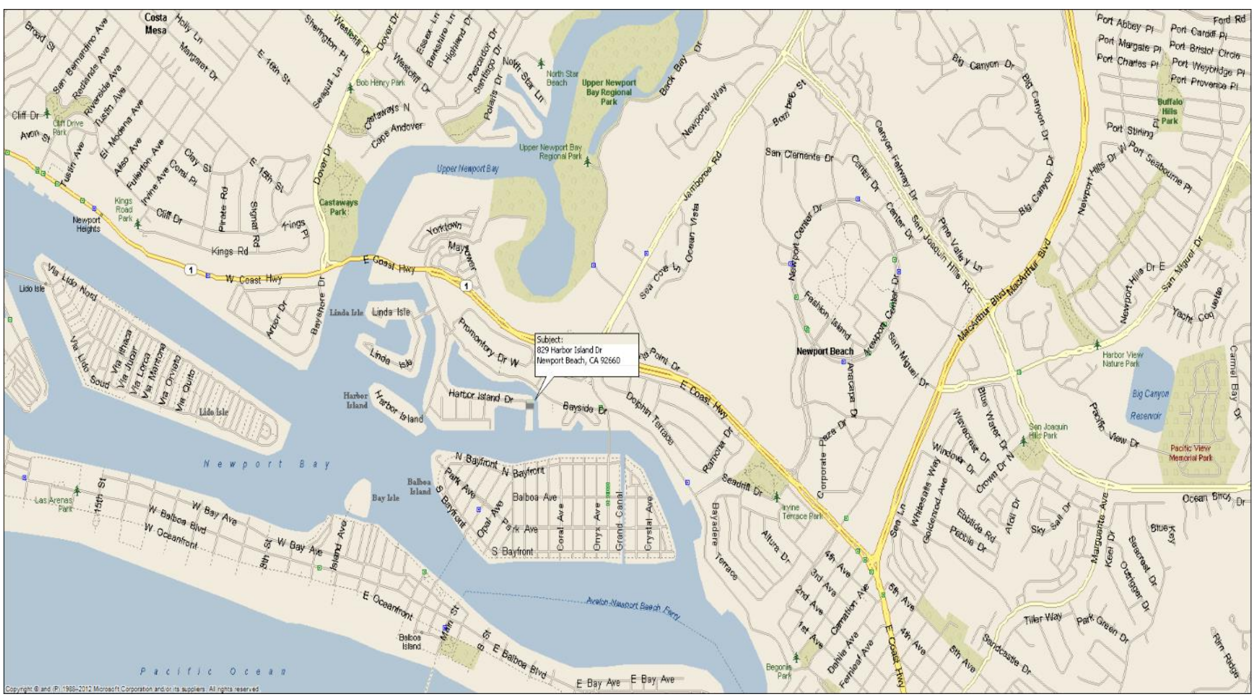
Balboa Yacht Basin Marina is a Cooperative Project funded by the State Department of Boating and Waterways from Boaters Fuel Taxes and operated and maintained by the City of Newport Beach.

Property uses immediately surrounding the subject site are:

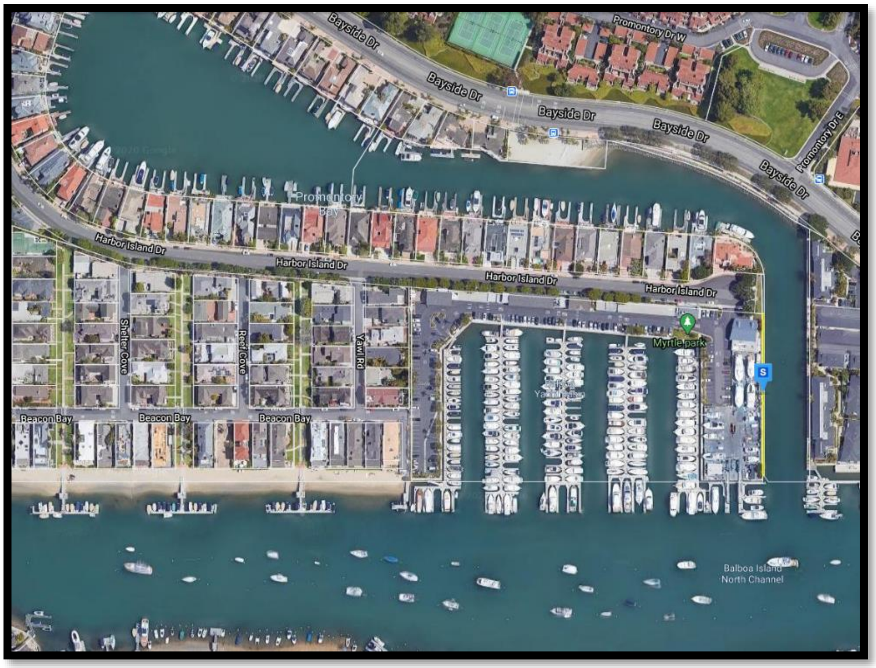
- To the North: Custom built upscale single-family homes with private boat slips on Promontory Bay
- To the South: Balboa Island North Channel (Waterway)
- To the West: Eaton Wash
- To the East: Promontory Bay (Waterway) and custom built upscale single-family homes with private boat slips across the waterway.

Location Maps





Aerial Photos



Property Market Overview

Overview

Newport Beach Retail

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
0	(47 K)	2.8%	-0.5%

Retail vacancies in Newport Beach were slightly elevated relative to the five-year average during the fourth quarter, and they increased modestly in the past 12 months. The rate also comes in below the region's average. Meanwhile, retail rents have slipped over the past year, falling by -0.5%.

As for construction, Newport Beach does not appear to face a burgeoning wave of supply pressure, and the pipeline is pretty empty.

Retail properties trade with regularity in Newport Beach, but deal flow fell short of the historical average in the past year. Compared to the overall Orange County area, market pricing sits at $549/SF, which is well above the region's average pricing.

However, the coronavirus outbreak has led to considerable uncertainty in commercial real estate. The effects of the pandemic will likely continue having a profound impact on demand, rent growth, and investment trends, and the retail sector, in particular, could face significant headwinds.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	1,275,100	0%	$31.66	0%	0	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	1,472,600	4.6%	$46.48	4.9%	(13,282)	0	0
Strip Center	271,205	4.4%	$46.31	4.3%	(5,160)	0	0
General Retail	2,274,134	3.0%	$49.98	4.1%	(11,169)	0	0
Other	0	-	-	-	0	0	0
Submarket	**5,293,039**	**2.8%**	**$44.41**	**3.3%**	**(29,611)**	**0**	**0**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.9%	2.6%	3.5%	4.5%	2006 Q2	1.3%	2020 Q2
Net Absorption SF	(47 K)	19,123	(13,498)	140,390	2010 Q3	(49,957)	2008 Q2
Deliveries SF	0	19,746	9,132	145,488	2010 Q1	0	2020 Q3
Rent Growth	-0.5%	1.0%	2.3%	5.4%	2007 Q1	-6.5%	2009 Q4
Sales Volume	$46.4 M	$38M	N/A	$84.2M	2013 Q2	$2.5M	2009 Q4

Sales Past 12 Months

Newport Beach Retail

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
17	**4.5%**	**$1,267**	**4.7%**

SALE COMPARABLE LOCATIONS

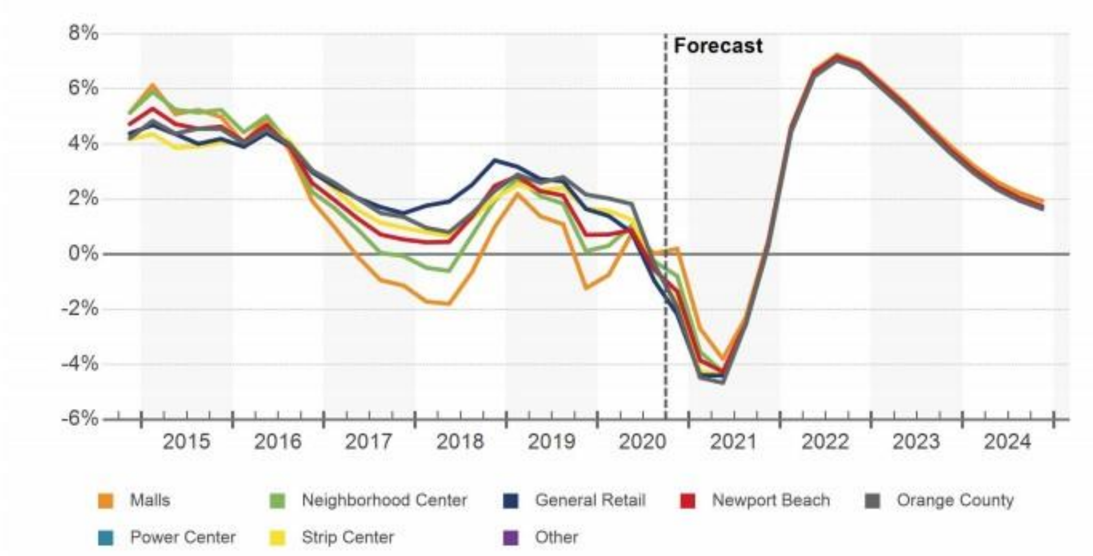
SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$2,015,000	$4,639,335	$3,547,156	$14,049,038
Price/SF	$714	$1,267	$1,197	$1,961
Cap Rate	4.0%	4.5%	4.5%	5.0%
Time Since Sale in Months	0.5	9.0	11.0	11.9
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	1,063	2,895	2,383	7,301
Stories	1	2	1	3
Typical Floor SF	827	1,881	1,840	3,651
Vacancy Rate At Sale	0%	4.7%	0%	33.7%
Year Built	1934	1960	1952	1991
Star Rating	★★☆☆☆	★★☆☆☆ 2.2	★★☆☆☆	★★★☆☆

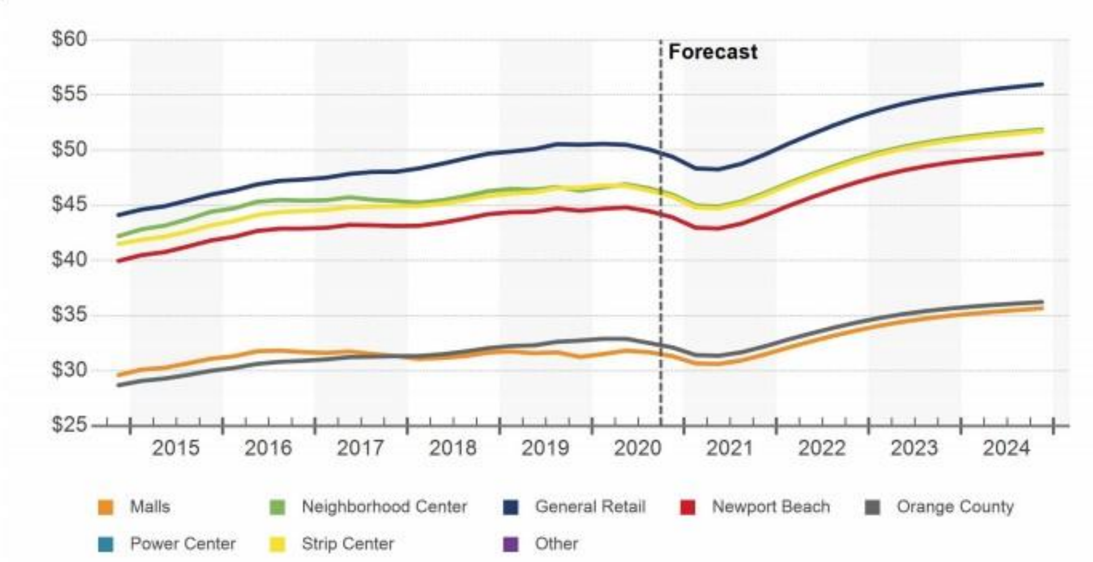
Rent

Newport Beach Retail

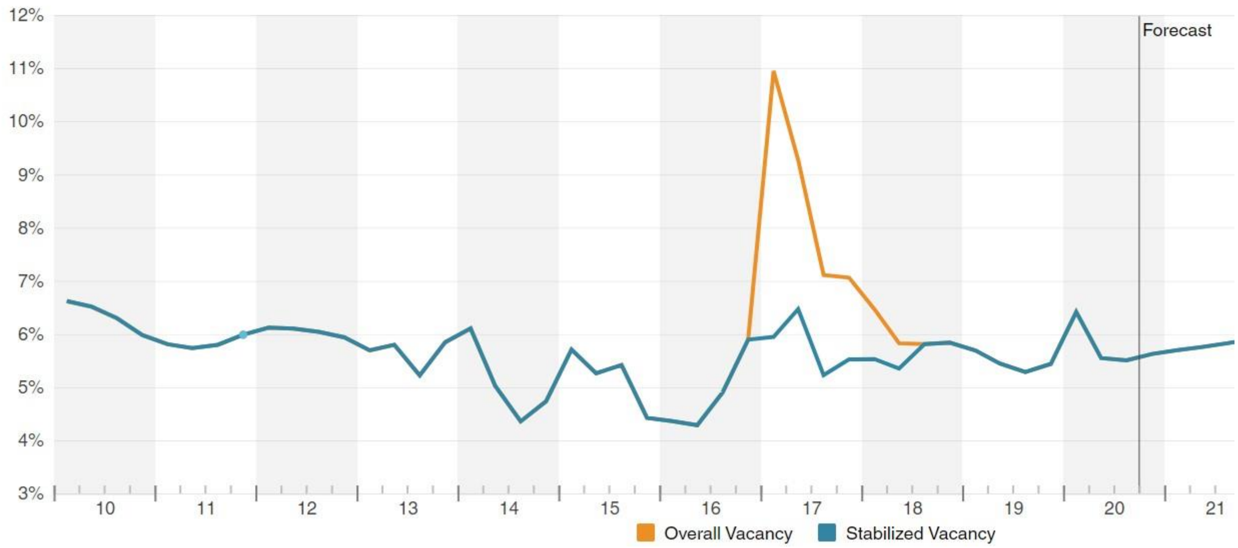
MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



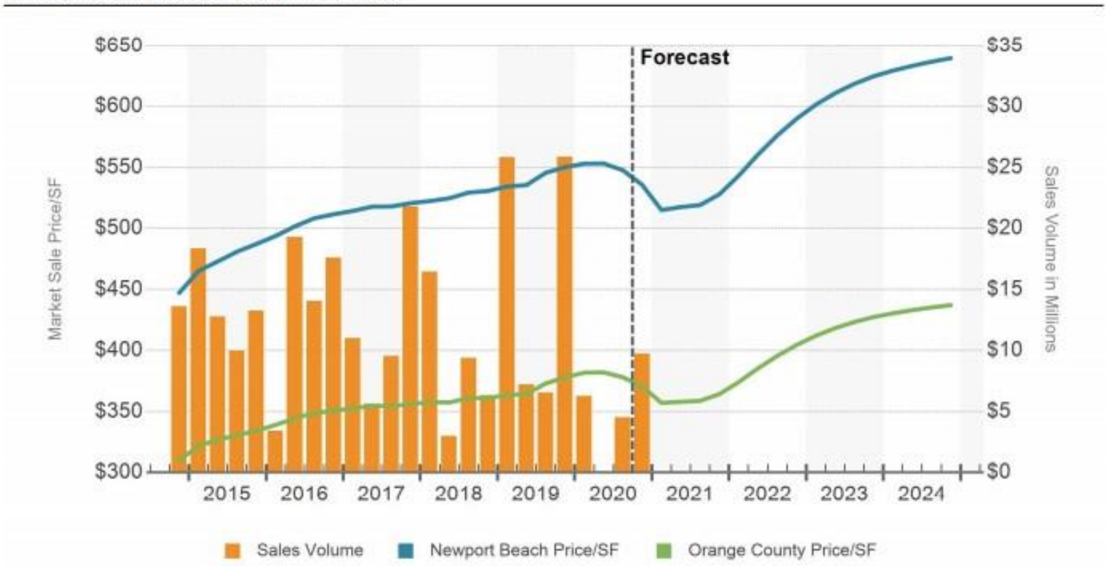
OVERALL & STABILIZED VACANCY



Sales

Newport Beach Retail

SALES VOLUME & MARKET SALE PRICE PER SF



Overview

Newport Beach Multi-Family

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
0	(126)	5.6%	1.4%

With a rich demographic base, both literally and figuratively, and a strong employment hub at Newport Center, Newport Beach has the reputation of being one of the best areas to live in all of Southern California. Despite this, developers have generally avoided the submarket over the past 15 years due to the geographic constraints and local opposition, among a myriad of other reasons. Only one community has delivered here this cycle, and with the current economic conditions, the likelihood of new projects in the near term is minimal.

Even as Newport Beach boasts an aging profile among its stock and amenities that cannot compete with those in new communities in neighboring Irvine, rents are still the highest in the metro. Residents are in the area for the great shopping and local beaches, and median incomes are the highest in Orange County. These high rents, however, have meant the submarket has been hit particularly hard in the downturn. And even before the coronavirus pandemic, investment activity is perennially among the lowest in the metro. Little inventory comes to market, but when it does, units often trade for some of the highest prices in the metro, with cap rates among the lowest.

KEY INDICATORS

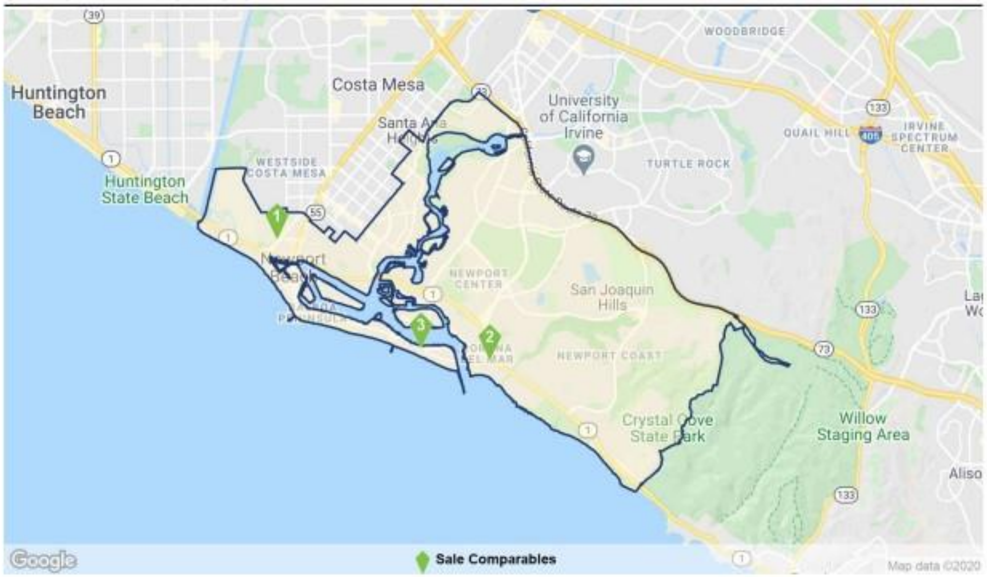
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,344	4.0%	$3,543	$3,529	(3)	0	0
3 Star	4,473	5.6%	$2,249	$2,237	(2)	0	0
1 & 2 Star	1,233	9.7%	$2,393	$2,380	0	0	0
Submarket	**9,050**	**5.6%**	**$2,778**	**$2,765**	**(5)**	**0**	**0**
Annual Trends	**12 Month**	**Historical Average**	**Forecast Average**	**Peak**	**When**	**Trough**	**When**
Vacancy Change (YOY)	0.2%	6.1%	5.8%	11.0%	2017 Q1	4.3%	2016 Q2
Absorption Units	(126)	25	(9)	410	2018 Q1	(128)	2020 Q3
Delivered Units	0	35	0	524	2017 Q4	0	2020 Q3
Demolished Units	114	7	11	114	2020 Q3	0	2020 Q1
Asking Rent Growth (YOY)	1.4%	2.6%	3.7%	7.8%	2005 Q4	-8.9%	2009 Q3
Effective Rent Growth (YOY)	1.4%	2.6%	3.6%	7.8%	2005 Q4	-9.0%	2009 Q3
Sales Volume	$31 M	$31.6M	N/A	$246.6M	2005 Q1	$0	2006 Q3

Sales Past 12 Months

Newport Beach Multi-Family

Sale Comparables	Avg. Price/Unit (thous.)	Average Price (mil.)	Average Vacancy at Sale
3	$492	$10.3	4.8%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

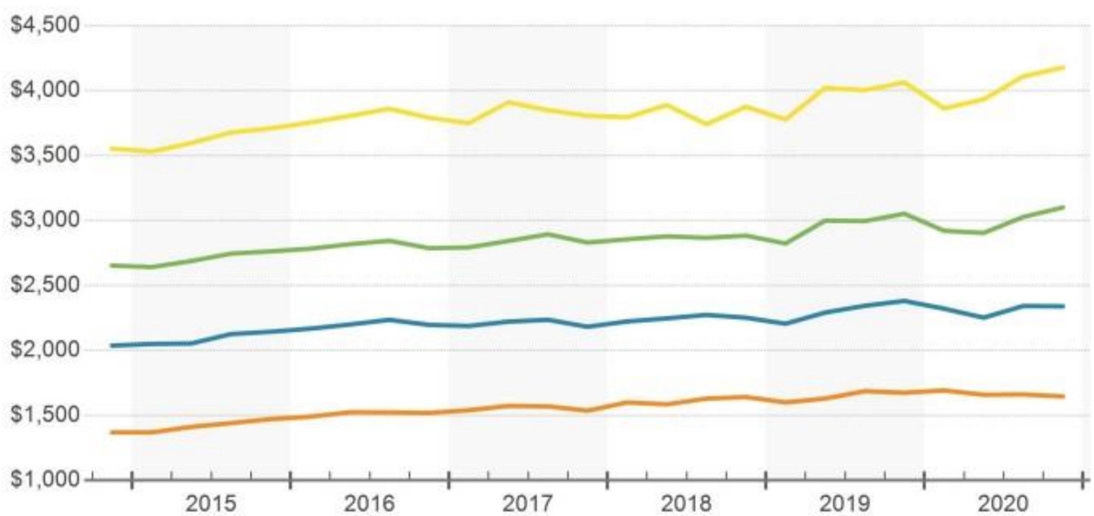
Sales Attributes	Low	Average	Median	High
Sale Price	$2,100,000	$10,340,000	$4,025,000	$24,895,000
Price/Unit	$262,500	$492,381	$508,061	$670,833
Cap Rate	-	-	-	-
Vacancy Rate At Sale	0%	4.8%	0%	4.1%
Time Since Sale in Months	1.6	5.1	2.7	11.1
Property Attributes	**Low**	**Average**	**Median**	**High**
Property Size in Units	6	21	8	49
Number of Floors	2	2	2	3
Average Unit SF	647	789	813	908
Year Built	1958	1963	1959	1974
Star Rating	★★☆☆☆	★★☆☆☆ 2.7	★★★☆☆	★★★☆☆

Rent

Newport Beach Multi-Family

MARKET RENT PER UNIT & RENT GROWTH

MARKET RENT PER UNIT BY BEDROOM



Vacancy

Newport Beach Multi-Family

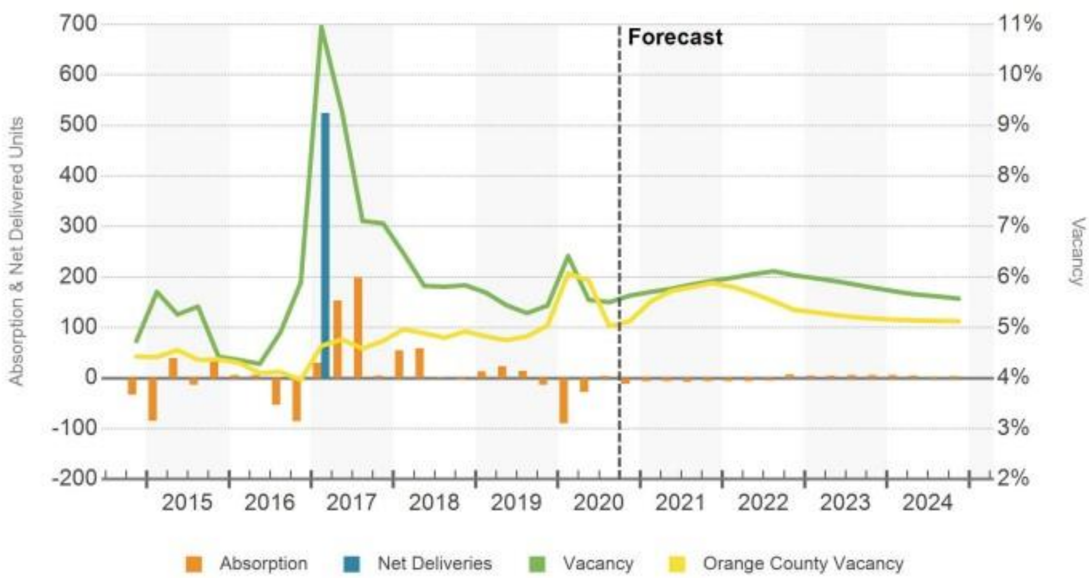
After vacancies spiked when the only new inventory of this cycle, fundamentals settled in Newport Beach. Vacancies, at 5.6%, continue to trend around the historical average and just below the metro average due to the underlying demand in the submarket.

Newport Beach is among the most attractive submarkets in the metro in terms of employment and commercial and recreational activity. The submarket's reputation as one of Orange County's central commercial nodes stems from the presence of several prominent tenants located at Newport Center with a notable footprint, among them PIMCO, Merrill Lynch, Irvine Company, and Chipotle.

The employment base in Newport Beach is varied and includes a significant white-collar presence, ensuring that fundamentals for this high-rent district remain strong. Its easy accessibility via the 73 by way of the I-405 positions it well for commuters, not to mention that its proximity to John Wayne Airport adds a further layer of convenience. From the beaches to shopping at renowned Fashion Island, Newport Beach has something for everyone. Like many coastal areas of Southern California, outdoor amenities often replace interior ones.

Newport Beach has the highest median age and household income in the metro—46 and $115,000, respectively. It also has one of the highest percentages of residents with bachelor's degrees: Two-thirds of residents have a bachelor's or advanced degree. That lines up neatly with Irvine. Beach towns in Orange County are expensive and often price out the millennial cohort, a demographic that might not be willing to sacrifice amenities and new construction for older stock with no parking, especially when neighboring Irvine continues to receive a flood of new supply with rents 10% cheaper than the average rent in Newport Beach.

ABSORPTION, NET DELIVERIES & VACANCY



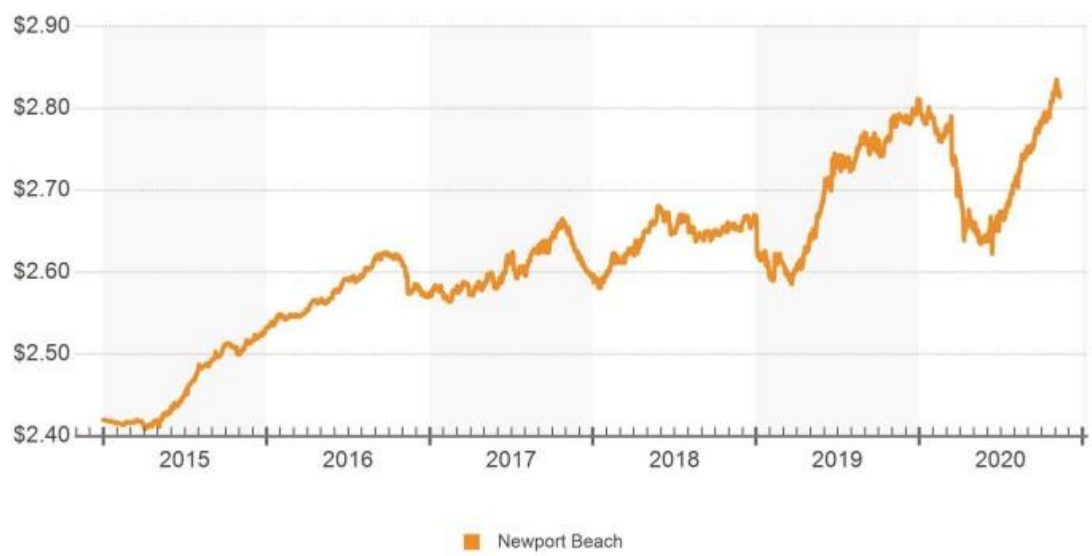
Rent

Newport Beach Multi-Family

Rents in Newport Beach are easily the highest in Orange County at around $2,780/month. They even maintain a significant 10% premium over Irvine and its new communities. Even with older inventory, people line up to live in Newport Beach and have shown a willingness to sacrifice amenities for proximity to the beach and bay. The high rents likely are not prohibitive for the demographic. While median household income is about $115,000, the median renter household income is lower, only about $85,000, and average rents account for 35% of income.

Rents tend to pick up noticeably during the summer months, although those gains are usually given back at the end of the year. However, rents have dropped significantly since mid-March and now are some of the lowest in the metro at 1.4%.

DAILY ASKING RENT PER SF



Sales

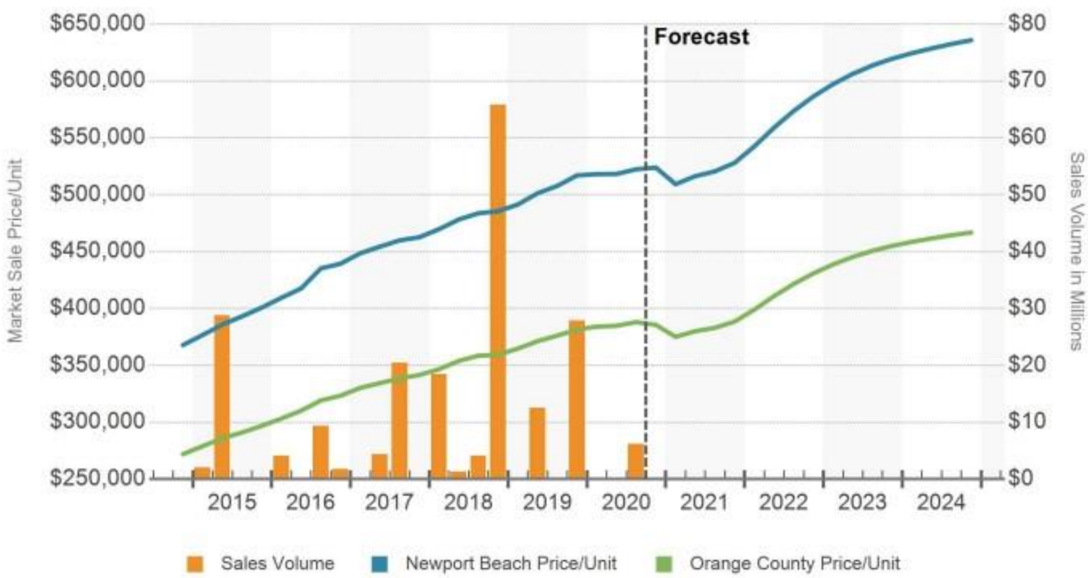
Newport Beach Multi-Family

Turnover in Newport Beach consistently ranks near the bottom of the metro, since little product comes to market and since it has one of the metro's smallest inventories. Newport Beach averages about five arms-length trades a year, and what does sell is often for the highest price paid per unit in Orange County. Transactional cap rates often come in near 3%. From 2011–17, only a few properties sold for more than $10 million, three of which sold twice (or more), averaging 35% more for the second sale than the first. Last year did not break the trend as no trade over $10 million took place in 2019, and only three properties had sold. The largest sale was that of 303 Main St. in May. The 12-unit property sold for $5.7 million, or $475,000/unit, at a 3.56% cap rate.

With sales activity limited throughout the metro due to the economic downturn, trading in Newport Beach has been unsurprisingly been absent. As of August, no market-rent properties had sold in the submarket, and that trend looks unlikely to change anytime soon.

The only trend to buck that trend in the past few years was 2018. Not only were there more than five trades in the year, but four of them were also over $10 million, which pushed sales volume to cyclical highs. The year started strong. In January 2018, Newport Landing sold for $18.5 million ($355,769/unit) at a 3.25% cap rate. It last traded in 2014 for $13.6 million. However, the largest sale to take place happened at the end of the year and was the trade of the Dover Heights Apartments in December. The 3 Star, 60-unit community was sold from a private investor to Irvine-based Waterford Residential for around $30.5 million ($463,000/unit) at a little under 3% cap rate. In addition to these two trades, there were the sales of the 49-unit Newport Terrace for $20.7 million in October and the 25-unit Newport Seaside Apartments for $11.24 million in November. All of these trades recorded cap rates below 3.5%.

SALES VOLUME & MARKET SALE PRICE PER UNIT



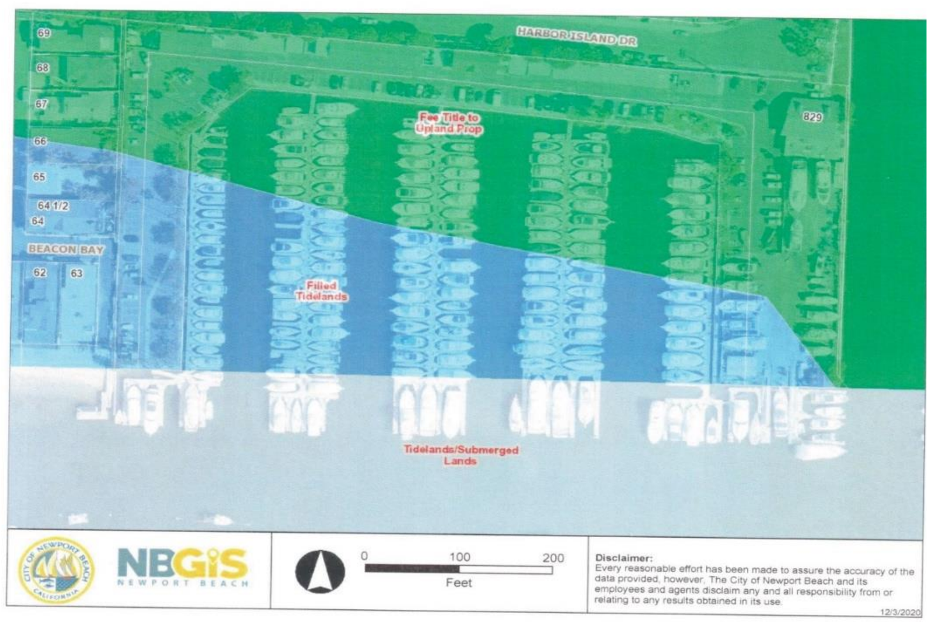
SITE DESCRIPTION

Address	829 Harbor Island Drive, Newport Beach, CA
Assessor Parcel No.	050-431-25
Legal Description	050-431-25: Abbreviated Description: N Tr 3867 Blk Lot F *Source: DataTree* S TWP 6 RGE 10 Sec 35 Sec T 6 R 10 Tide Land Strip in Sec *Source: City of Newport Beach*
Site Area	Landside Area is: 32,990.71 square feet Water Area is: 9,071.4 square feet Total area: 42,062.11 square feet or 0.9656 acre
Site Shape	"L" Shaped
Topography	Level with gradual slope to south.
Improvements	Basin Marine, Inc., showroom and workshops.
Vehicular Access	Harbor Island Drive (paved 2 lane east/west arterial) and Balboa Yacht Basin (paved 2-lane east/west road)
Pedestrian Access	Harbor Island Drive and Balboa Yacht Basin have concrete sidewalks, curb gutters, and public sidewalks.
Zoning	The Planning Department of the City of Newport Beach zoning for the subject property is PF (Public Facilities). Public Facilities is listed in Special Purpose Zoning Districts, Chapter 20.26. Further, it is our opinion that the subject site has a potential zoning of Mixed Use (MU) Commercial and Residential use. (Source: Laura Wooding Whitlinger, Real Property Administrator, City of Newport Beach). The Special Purpose Zoning District proposes the individual special purpose zoning districts and the way they are applied. The Special Purpose Zoning Districts are OS (Open Space), PC (Planned Community), PF (Public Facilities), PI (Private Institutions), and PR (Parks and Recreation. The PF (Public Facilities) Zoning District is intended to Provide for areas appropriate for public facilities including community centers, cultural institutions, government facilities, libraries, public hospitals, public utilities, and public schools. Permitted Use in PF (Public Facilities) is limited to Minor utilities. Uses with MUP (Minor Use Permit) are: Assembly/Meeting Facilities, Cultural Institutions, Parks and Recreation Facilities both active and passive, Schools, Public and Private, Day Care, General, Residential Care, Government Facilities, Marine Services - Boat Storage and Boat Yard, Parking Facilities, Heliports and Helistops, Marina Support Facilities, and Accessory Structures and Uses.
Development Standards	Development standards for PF (Public Facilities) are established during review of the required permit (conditional use permit or minor use permit). Newport Beach Municipal Code is current through Ordinance 2020-23 passed September 22, 2020.

Zoning Compliance	The subject property is legal conforming as to zoning requirements.
Utilities	All utilities are available at 829 Harbor Island Drive.
Flood Zone	Two Zones: Land Area is Zone X, Water Area (Boat Slips Area) is Zone AE. The Panel is 06059C0382K, dated 3/21/2019. Zone X is an area that is determined to be outside the 100- and 500-year floodplains. Zone AE is an area inundated by flooding, for which BFEs or average depths have been determined. Flood insurance is required in AE Zone. *Source: FEMA*
Earthquake Zone	Properties in California are subject to some degree of earthquake risk. The subject is not known to be in the Alquist-Priolo Earthquake Special Study Zone for seismic activity. The parcel is within the Newport-Inglewood Earthquake Fault Zone. According to the California Department of Conservation the parcel is in a Fault Zone, Landslide and Liquefaction Zone. **We are not seismic engineers and we are not qualified to determine earthquake hazards. Our appraisal assumes that the subject is not adversely impacted by atypical earthquake risk.** *We recommend obtaining a geologic study to determine any potential earthquake hazard that might impact the subject site*
Soil Conditions	No soil report has been provided to us. Our on-site inspection of the subject property revealed no obvious evidence of adverse geologic or soil conditions on the subject site. **We are not geologists or soil engineers and we are not qualified to detect geologic or soil related problems. Our appraisal assumes that no detrimental geologic or soil-related conditions impact the subject property.** *We recommend consulting with a qualified geologist or soil engineer to determine whether detrimental geologic or soil conditions exist on the subject site.*
Environmental Conditions	No environmental report has been provided to us. Our on-site inspection of the subject property revealed no obvious or apparent evidence of soil contamination or the presence of toxic or hazardous substances. **We are not environmental engineers and we are not qualified to detect environmental contamination. Our appraisal assumes the subject site is clean with no contamination.** *We recommend consulting with a qualified environmental engineer to determine whether environmental contamination exists on the subject site.*
Easements and Encumbrances	We are not aware of any easements or encumbrances impacting the subject. Other easements may be those imposed by local government and quasi-government agencies for common utilities, public rights-of-way, etc. ***Our appraisal assumes the subject to be free and clear of any negative easements, restrictions, and encumbrances impacting the subject site.***

Beacon Bay Bill

The State of California granted to the City of Newport Beach and its successors all of the right, title and interest of the State of California that portion of the tidelands and submerged lands, whether filled or unfilled , bordering upon and under the Pacific Ocean or Newport Bay in the County of Orange. A State Tidelands Map is included for reference below. The blue area is identified as the Fill Tidelands. The southeastern portion of the subject site is impacted by the land held in trust. Reportedly, the State of California will not allow residential uses in the filled tideland areas (land held in trust). (Source: Lauren Wooding Whitlinger)



The City of Newport Beach may grant franchises thereon for a period not exceeding 50 years for wharves and other public uses and purposes and may lease the lands, or any part thereof, for terms not exceeding 50 years for purposes consistent with the trust upon which the lands are held by the State of California. The consideration received by the City for such leases shall be the fair market rental value of such lots as finished subdivided lots with streets constructed and all utilities installed. All money received by the City from existing and future leases of those lots shall be deposited in the City Trust Funds as provided in Section 2. The City shall establish a separate tidelands trust fund, and the city shall deposit in the fund or funds all money received directly from, or indirectly attributable to, the granted tidelands in the City. 80% of the money received shall be deposited in the Tideland Capital Fund and in the Tideland Operation and Maintenance Fund, the allocation between those funds to be determined by the City of Newport Beach.

Plat Map

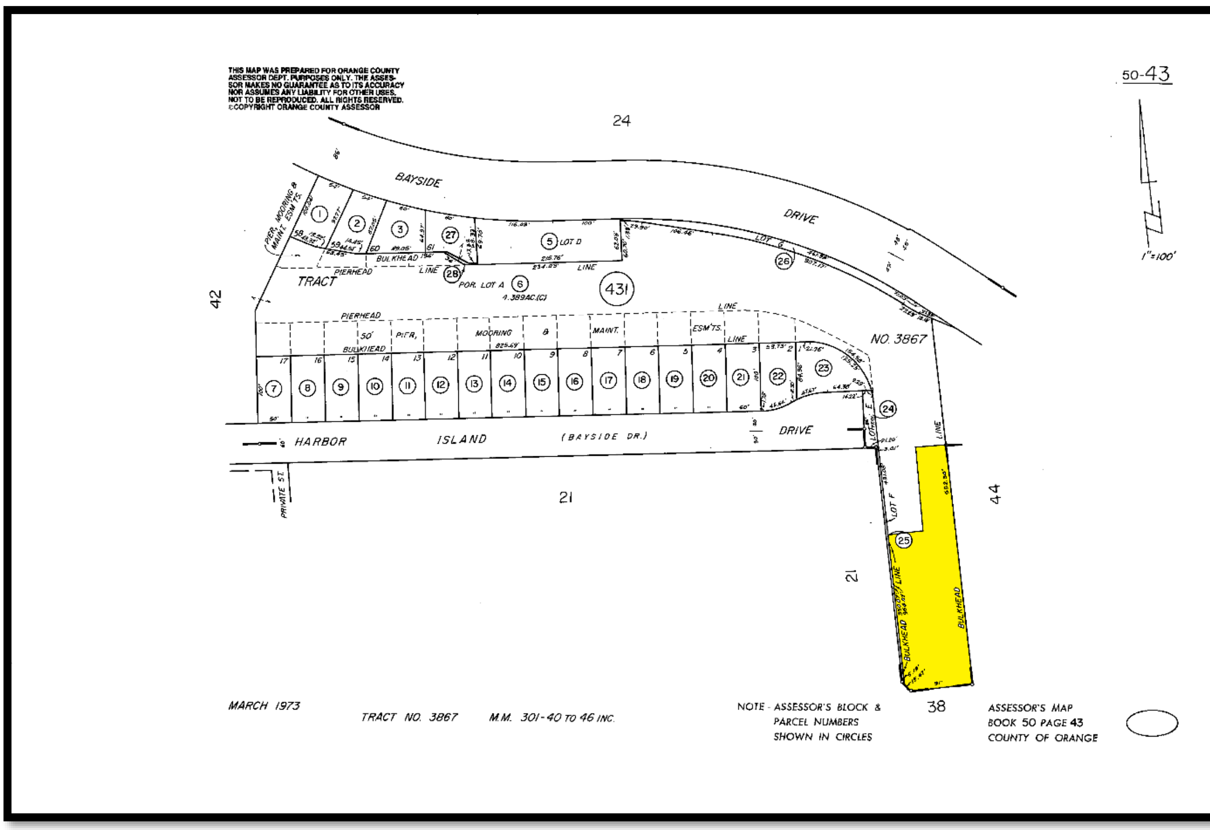
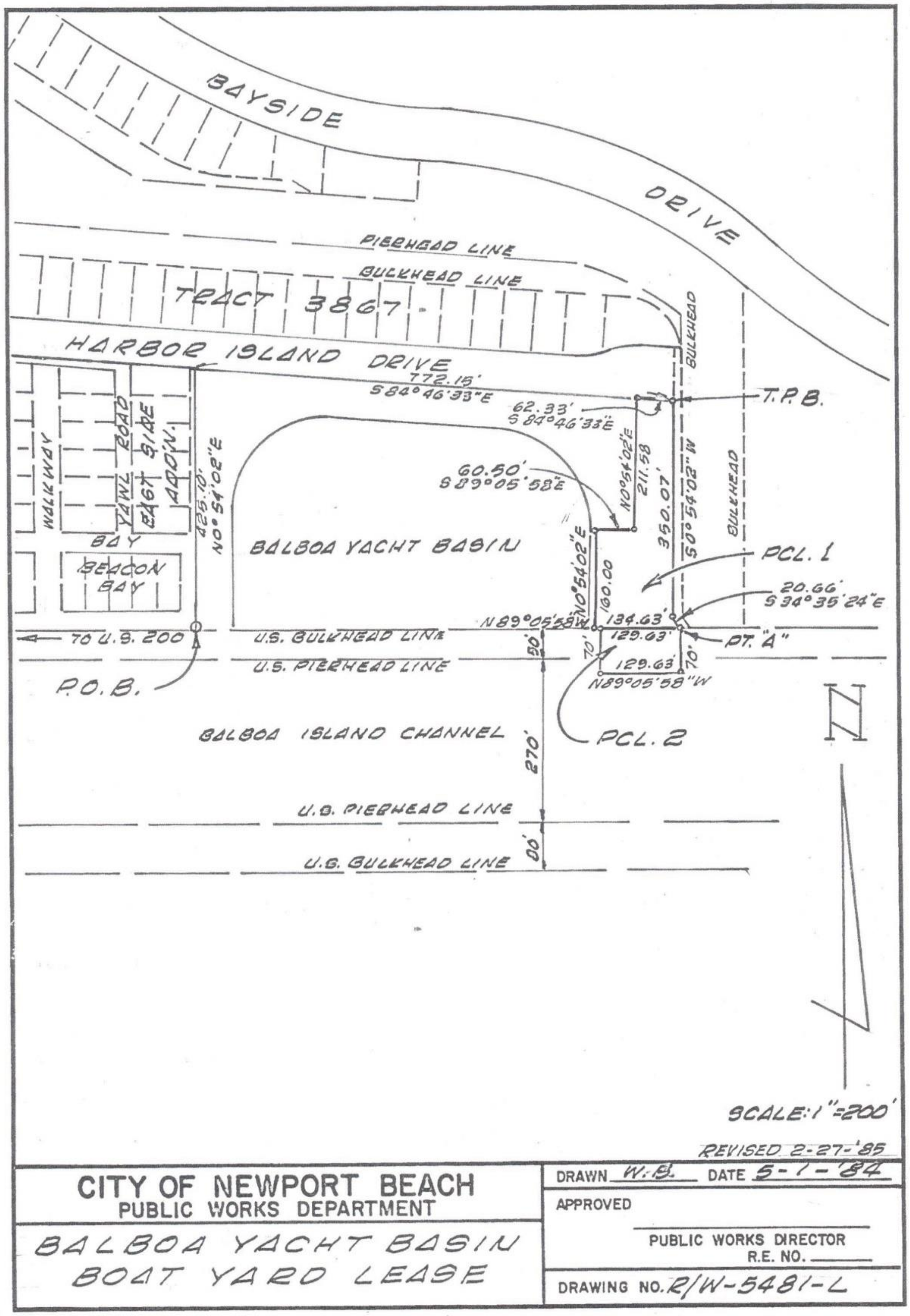


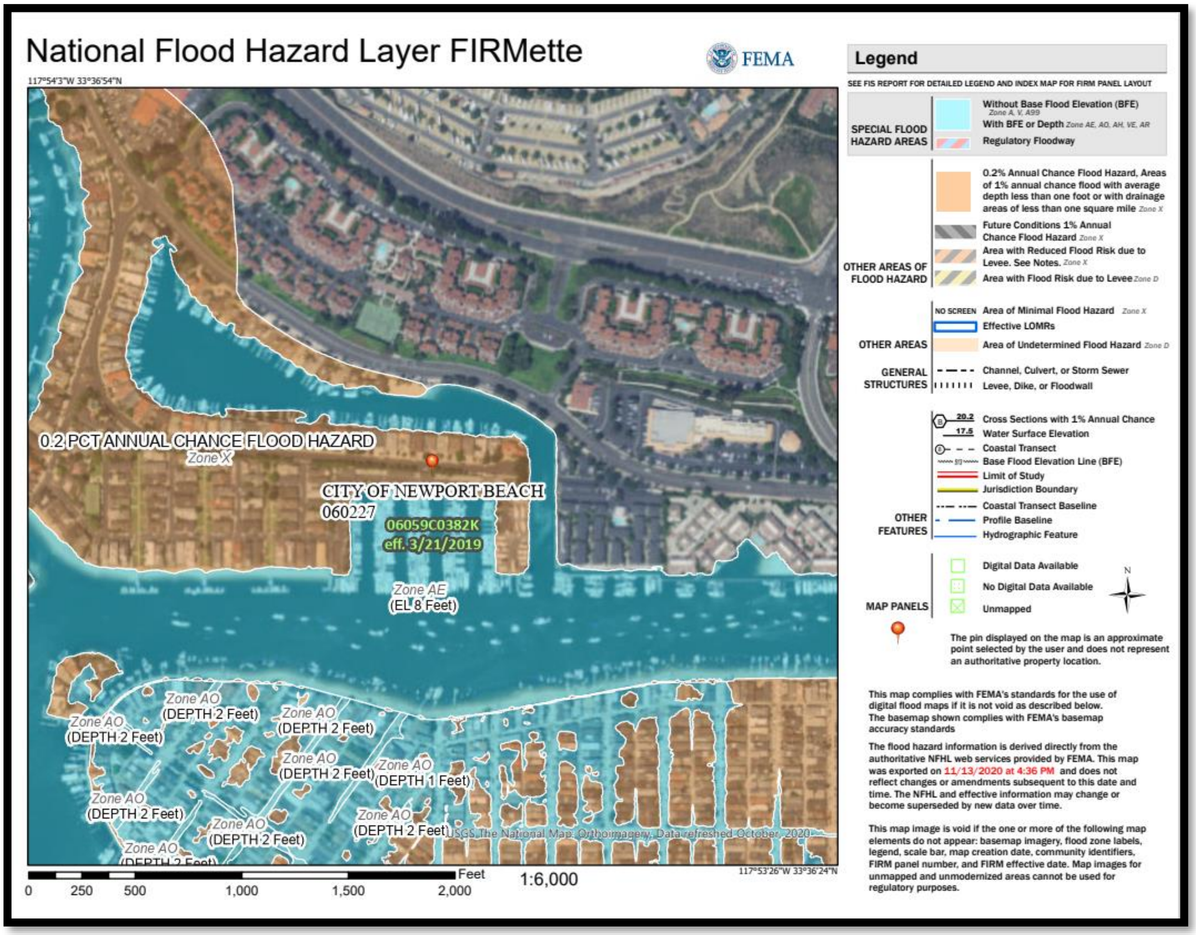
Exhibit A Plat Map



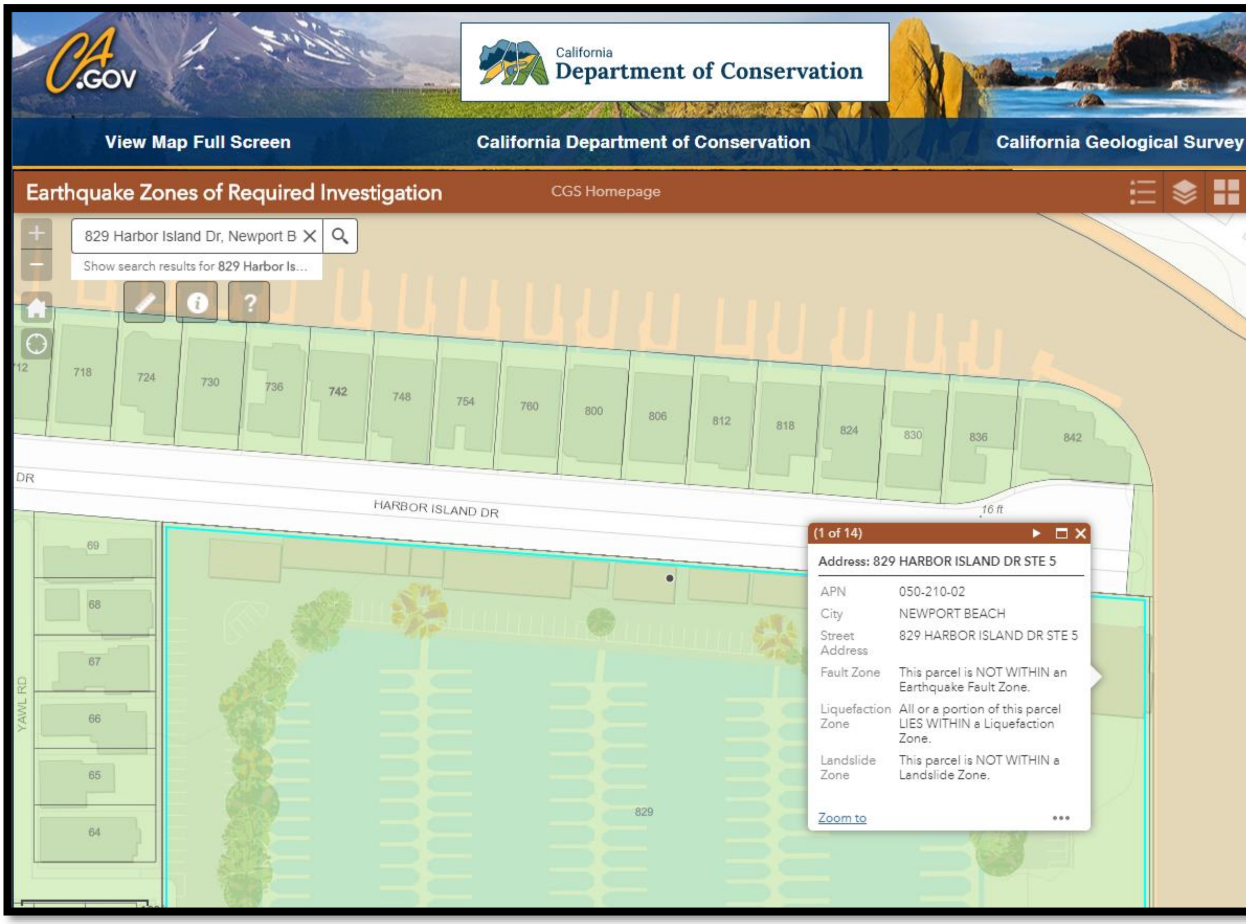
Lot Size Map


HARBOR ISLAND DR
62.602'
829
211.58'
350.07'
60.5'
32,990.71 ft²
160'
5'
30.164'
9,071.4 ft²
70'
129.63'
Dry Area Leased
Wet Area Leased
NBGIS
NEWPORT BEACH
0
100
200
Feet
Disclaimer:
Every reasonable effort has been made to assure the accuracy of the data provided, however, The City of Newport Beach and its employees and agents disclaim any and all responsibility from or relating to any results obtained in its use.
10/21/2020

FEMA Flood Map



Earthquake Data Map



IMPROVEMENT DESCRIPTION

Overview	
Type of Use	Basin Marine, Inc
Year Built	Estimated originally constructed in 1945. *Source: David New, President, Basin Marine, Inc. Based on pictures of the building and cars in photos.* Reconstructed 1985. *Source: City of Newport Beach*
Gross Building Area	3,560 square feet
GBA Source	City of Newport Beach Site Plans
Net Rentable Area	3,560 square feet
Source	City of Newport Beach Site Plans and appraisers measurements.
Building Area	For exact measurements, we recommend retaining a surveyor.

Comments

The appraisers where escorted through the building on October 21, 2020 by David L. New, President, Basin Marine Inc. The entire property was toured and described as follows:

Mr. New took the appraisers through a quick tour of the property, explaining the various operations and then returning to the Basin Marine Hardware Store for a more detailed inspection.

Beginning at the interior entry of the Basin Marine Hardware there are dual white wood French doors and an entry tile and pebble design of a fish with black border and ceramic tile for the rest of the flooring in the retail area. The ceiling is T-B with acoustic tile and indirect fluorescent lighting. Windows are white vinyl with dual glazed panes. The northwest corner of the room has a conversation area with leather couches and coffee table. The southwest corner is the customer service counter with white enameled wood paneling and white upper display cabinets with glass sliding doors and a pegboard merchandise area for small hanging items on the back wall. There are adequate windows including a bay window on the north wall.

The northeast corner of the area has a unisex restroom with manufactured wood flooring, white enameled wood wainscot and chair rail and blue painted drywall above with white painted drywall ceiling. The restroom has a wall mount wash basin with wrapped pipes, commercial grade toilet with grab bars, incandescent lighting, mirror, and paper towel holder, etc.

The southeast corner of the commercial retail area has a breakroom with white upper and lower kitchen cabinets with 2 countertops of Formica material. The ceiling is T-Bar with acoustical tiles and indirect fluorescent lighting. The flooring in this room is ceramic tile. Appliances include refrigerator, electric 4 burner stove and oven, micro-wave, stainless steel bar type sink and an area for 2 bar stools, and coffee maker area.

The two accounting offices are at the center of the south wall. Entry into this office is through dual white French doors. Flooring in this area is manufactured wood flooring. The clerical office has a white wood reception and work desk that matches the front customer service counter and has a grey Formica counter-top, a computer area and file cabinets, photo-fax machine are at a 2nd counter area. The ceiling has T-Bar with acoustic tiles and indirect fluorescent lighting. The private accounting office is like the above office with "U" shaped desk to match the décor of the offices and 2nd countertop cabinet area on the north wall.

There is a central hall that leads to the Executive Office on the west side of the hall and to the south the hall leads to the Shipyard Offices.

The Executive Office has manufactured wood flooring, it is a larger office with windows to the west. The office has the same ceiling T-Bar system as the rest of the office areas. The executive desk and storage cabinet, display cabinetry is at the east end of the room with area rug in the middle of the room and 2 large leather couches at the west end next to the windows. Wide blade white shutters are the window treatment. Walls are white painted drywall.

The interior commercial retail area of Basin Marine Hardware has been designed to co-ordinate together in an attractive nautical design that flows from one area into another, which is neat, clean, and attractive.

The above-mentioned central hall has a solid core passage door with lock that when open leads three steps down into the Yard Office, and Carpentry Shop. There is a skylight in this area. The Yard Office is where work orders, job sheets, and employee time sheets are kept. The room has white painted drywall ceilings and walls, epoxy coated (black and white specks on grey background) cement flooring, fluorescent lighting fixture mounted to sloped ceiling. There are waist-high white lower wood cabinets along the west wall with white Formica countertops and a stool for sitting. Windows are above this clerical area. The north wall has electrical power supply and breaker panel. The south wall is partitioned off with a storage area and then the passage door that opens onto the Shipyard.

To the east of the Yard Office is the Carpentry Shop. This can be accessed from the Central Hall or from the Shipyard. The Carpentry Shop has a 15' x 9' roll-up metal overhead door that allows entry from the Shipyard and a passage door from the interior central hall. Walls, ceilings, and lighting are the same as the Yard Office. The flooring is cement. There is a built-in wood cabinet at the north wall with wood countertop. The shop is designed for saws, drills, plastic wrapping, and storage. At the northwest corner of the room is the passage door to the hall and an area for electric extension cords of various sizes and shapes. An air hose reel is at the ceiling next to the Mechanical Shop. A sliding glass patio door gives access to the Mechanic's Shop to the east as well as the exterior roll-up overhead door at the south wall.

Mechanical Shop has the same walls, ceiling, lighting, and flooring as the Carpentry Shop. The southeast corner of the shop has a dust collector for sawdust. This shop also has a metal roll-up door 15' x 9' at the south exterior wall. On the east wall is a glass enclosure with glass door that houses a Kaeser Compressor Si5 Sigma. The shop has 2 cabinets with wood countertops that provide foundations for vices to hold objects, and drills. Pegboards holds hand tools. There is a small GE elec. water heater and compressor tanks.

Shipyard Marina

The exterior area east of the Mechanical Shop and west of the boundary block wall that is the east property line of the subject property is a concrete pathway with a drinking fountain mounted to the building, refrigerator/freezer with ice maker and 3 microwaves. There is an Enviro Water Separator for the Mechanical Shop and compressor equipment, and wrapped tank.

Three steps up from this area is a privacy area with white lattice covering an area above the block wall. This area is for employee lockers, fresh uniform shirt open closet. An open doorway unisex restroom is on the west side of the path. The restroom has linoleum flooring in a stone pattern, large plastic utility sink, rubberized floor bas, mirror, paper towel holder and soap dispenser. Walls are waterproof paneling in white. Lighting is ceiling mount fluorescent fixture. There is 1 urinal, 1 regular commode enclosed stall. This restroom is not handicap equipped, no wrapped pipes or grab bars.

The Shipyard Marina area south of the building and immediately along the exterior east block wall is the lunch, break area with 3 picnic tables and canopy cover for shade. Directly west of this area is the Shipyard Repair/Drydock platform area where large yachts are under repair, polishing, and painting. At the time of the appraisers' inspection the yachts farther to the south were smaller and approximately 15 yachts, a sail ship and boats were on the Drydock platform for various repairs and/or painting.

At the south center of the parcel is a dock and ramp to pull boats from the water, this is done with a hoist by Marina Travelift. The 2 ramps are each 90 feet in length and 5' in width and are constructed of concrete and are in a "U" shape. One ramp is for the operation of the Marina Travelift and the second ramp in the same area is for access to the boat slips on the east and west of the equipment. The second ramp is constructed of wood with concrete pavers and has metal handrails for safety. The Travelift is a large piece of personal equipment owned by Basin Marine Inc.

Another hoist is a large Devault hoist (also personal property) attached to the concrete of shipyard platform at the southwest corner of the parcel. To the north of this area on the east side of the platform are two portable woodsheds. Shed One is used in refinishing Fiberglass surfaces. Shed Two is used in repair of Fiberglass surfaces and storage of needed equipment and the exterior serves as storage for ladders, etc. Each shed measure 10' x 30', they have unfinished wood walls, ceilings, and wood flooring with skylights.

The Lean-to structure on the southeast corner of the parcel is divided into two partitions. The Lean-to is "L" shaped. The construction is 5' height of concrete block, and 3' high of fiberglass panels with metal roof support framing and fiberglass panels serving as the roof. The south end partition stores various paint supplies and materials with a fiberglass door. The north partitioned area contains the Living Water Environmental MCAT automated water treatment system which delivers 22 gallon per minute into holding tanks. This portion of the Lean To measures 12' x 23' part concrete is 5' height and 3' height fiberglass. The north side of this part of the lean-to is open.

Note: The personal property of furniture, fixtures and equipment described within section are not part of the Fair Market Rent Value of the Real Property of this appraisal report.

Exterior

There are dual chain-link gates to the southern area of the Shipyard Marina area from the public parking approach of the Balboa Basin Yard. There is another dual chain-link driveway gate into the Shipyard Marina area just to the south of the Basin Marine building. The parcel has wrought iron and block walls that provide the property line on both the east side and the west side of the parcel from the water channels.

Mr. New stated his desire is to replace the Shipyard platform concrete flooring which has many cracks throughout, he estimates the cost will be $300,000.

Exterior of Basin Marine Building

The exterior of the building is a board and batt wood siding in a light blue grey with white trim. White vinyl windows with side shutters, a bay window on the north side. At the northeast corner of the building is evidence of the original masonry building, the brick in this area has been painted to match the wood siding. The roof is metal. The building has downspouts and gutters, exterior security lighting and security cameras. There are floral planted and maintained planter boxes around the building, an entry ramp for handicap and two private parking spaces to the north of the building.

#. of Buildings	One plus 2 portable sheds and two Lean-to sheds
#. of Stories	One
#. of Tenant Spaces	One
Floor Area Ratio	0.0846
<u>Exterior Shell</u>	
Building Structure	Wood frame and siding and considered (Class D), with reinforced concrete slab foundation.
Exterior Walls	Wood trim and wood siding and small area at northeast corner of building is masonry finish.
Exterior Windows	Dual Wood French Doors, Dual Glazed White Vinyl Windows with White molding, White wood shutters trim on some windows and additional trim work at some windows. One bay window on the north side of the building.
Roof	Metal Roofing

Interior Finish	
Floors	Ceramic Tile, Wood types of flooring, Linoleum, Epoxy coated cement, and cement.
Ceilings	Drywall, T-Bar acoustic tiles
Walls/Partitions	Drywall
Lighting	Recessed lighting, Indirect fluorescent lighting, ceiling mount fluorescent light fixtures.

Systems	
HVAC	Central heating and air conditioning
Plumbing	Assumed Adequate. There are two restrooms, one is the unisex restroom in the commercial/retail area and the other is the shipyard employees' restroom at the east side of the building.
Electrical	600 amps, 3 phase, 4 wire.
Fire Protection	Smoke Detectors and Fire Extinguishers

Parking	
# of Spaces and Type	The subject has two marked private spaces for Basin Marine, Inc. Customers use the public parking spaces available in the Balboa Yacht Basin Marina

Parking Ratio — 2 private marked and paved spaces with a Parking Ratio of 0.56

Site Improvements

The exterior planters and landscaping around the building are well maintained. The common area street parking is asphalt paved, and the two private spaces are marked, and asphalt paved. The property is overall well maintained and very attractive.

Fencing Measurements

1. 47 lineal feet x 6' wide concrete block wall.
2. 65 lineal feet x 3 'wide concrete block wall.
3. Wrought iron 65 lineal feet x 3' wide
4. Chain-link 3' Bar with screen slats 15 lineal feet x 6' (Roll Type)
5. 313 lineal feet x 5' Block wall at south side perimeter
6. 28 lineal feet x 4' block wall
7. 18.5 lineal feet x 6' plus 12.4 x 6'

Marina Travelift

Ramp #1: 90 lineal feet x 5' concrete
Ramp #2. 90 lineal feet x 5' concrete
Concrete area between ramps 40' x 20'

8. Chain-link sliding gate with slats 30' x 6'

Docks/Ramps

1. Ramp #1 Southside 26 lineal feet x 3 feet (wood & concrete pavers) Metal handrails.
2. Dock #2: 46 lineal feet x 4 feet wide, concrete plank
3. Boat slip 25' wide x 46 lineal feet.
4. Dock #3: 35 lineal feet x 4 feet, concrete plank
5. Boat slip 25' wide x 46 lineal feet.
6. Dock #4: 46 lineal feet x 4 feet, concrete plank
7. Boat slip 30' wide x 62 lineal feet.
8. Dock #5: 50 lineal feet x 4 feet, concrete plank
9. Dock #6: 64 lineal feet x 4 feet, concrete plank
10. Dock #7: 39 lineal feet x 4 feet, concrete plank
11. Dock #8: 56 lineal feet x 4 feet, concrete plank
12. Ramp #2 North side 26 lineal feet x 3' with metal handrails 3' height and 26 lineal feet (wood & concrete pavers).
13. Dock #9: 26 lineal feet x 4 feet concrete plank
14. Dock #10: 66 lineal feet x 4 feet concrete plank
15. Dock #11: 45 lineal feet x 4 feet concrete plank

Portable Sheds

Paint room is 10' x 30'.
Repair, equipment, and storage room 10' x 30'

Lean-to's

6' x 19' Part concrete.5' height, part fiberglass 3' height.
12' x 23' part concrete 5' height, 3 height fiberglass.

Appraiser Observations

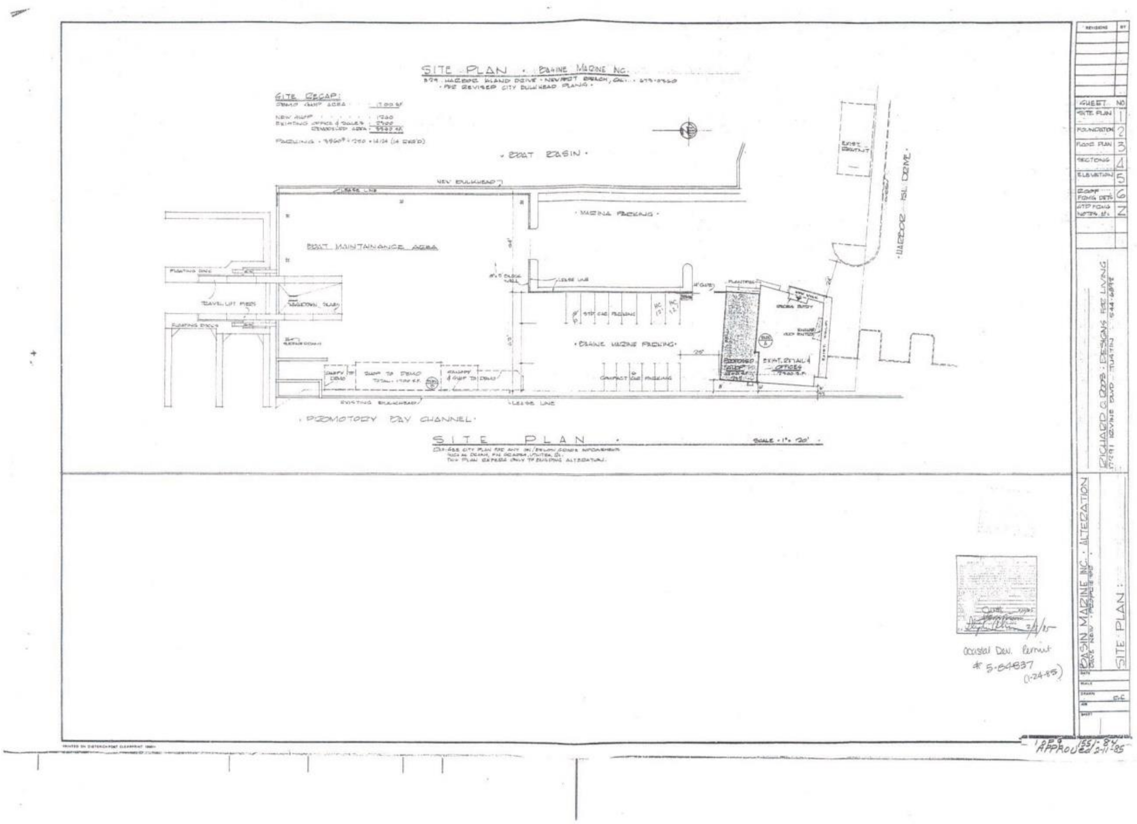
Quality	Good
Condition	Good
Deferred Main.	None
Functional Utility	Conforms with typical market standards
General Comments	The subject improvements are considered good for overall quality of construction including the basic structural system, the exterior walls and roof, mechanical systems. The overall condition of the property is considered good.

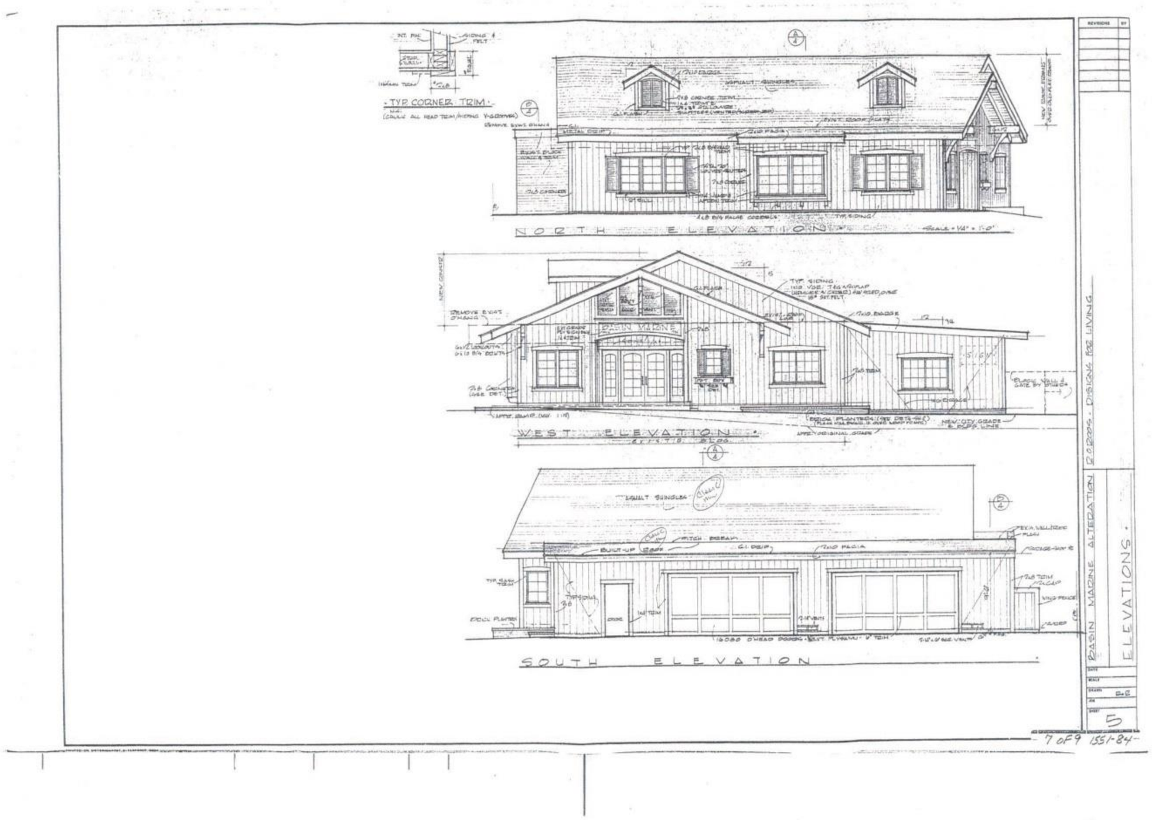
Improvements-Age/Life, Depreciation (includes parking structure)

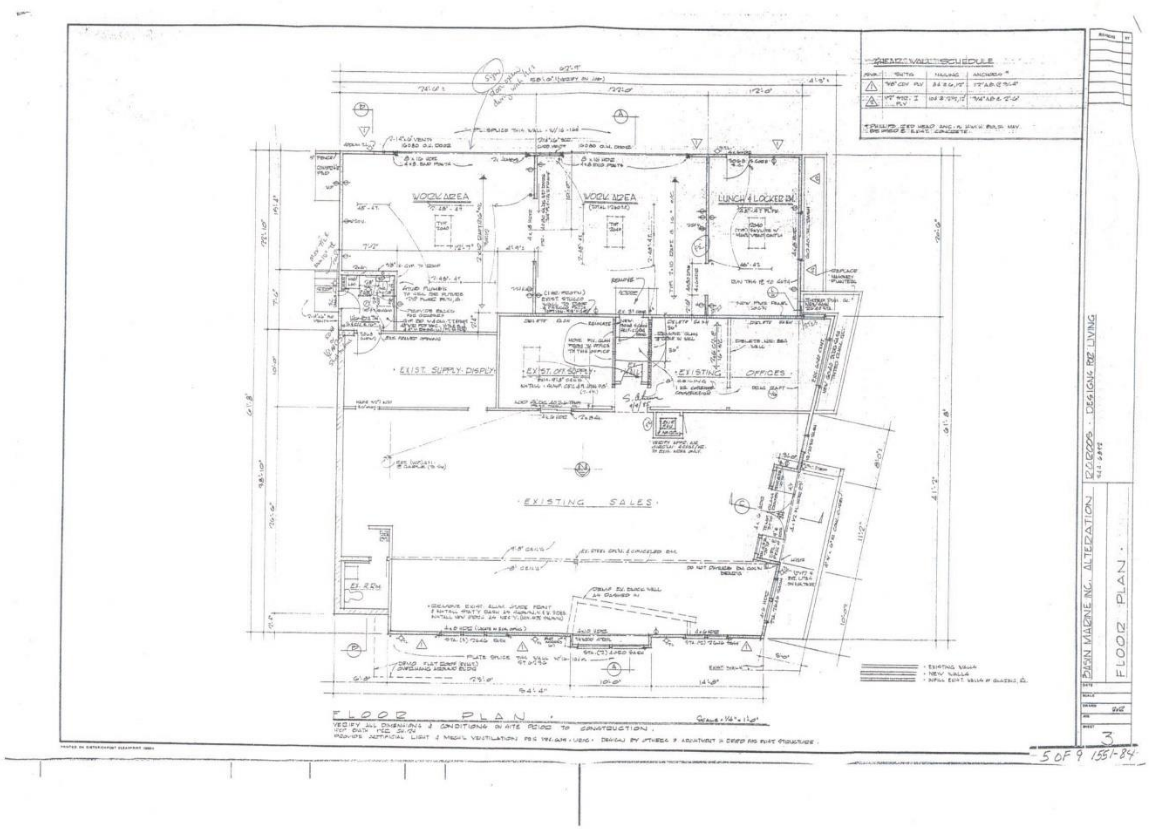
Actual Age	35	years
Effective Age	**20**	years, per our observation and estimate
Economic Life	**45**	years, per Marshall and Swift Valuation Service
Remain. Econ Life	25	years, per our observation and estimate

Depreciation	**Effective Age**	/	**Economic Life**	=	Depreciation %
	20 years	/	**45 years**	=	44%

FLOOR, ELEVATION, AND SITE PLANS




TYP CORNER TRIM
NORTH ELEVATION
WEST ELEVATION
SOUTH ELEVATION
ELEVATIONS
5


WORK AREA
WORK AREA
LUNCH & LOCKER RM.
EXIST. SUPPLY DISPLAY
EXISTING OFFICES
EXISTING SALES
FLOOR PLAN
BASIN MARINE INC. ALTERATION
FLOOR PLAN
5 OF 9

Photographs of the Subject Property Taken October 21, 2020

Street view of Harbor Island Drive

Front Elevation of Basin Marine

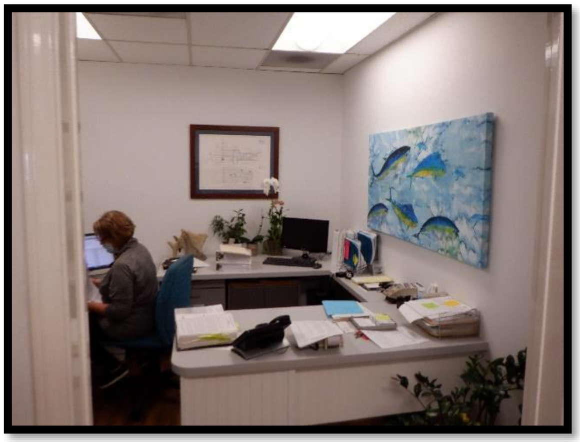
Front customer service counter

Retail Hardware Store

Retail/Office Unisex Restroom

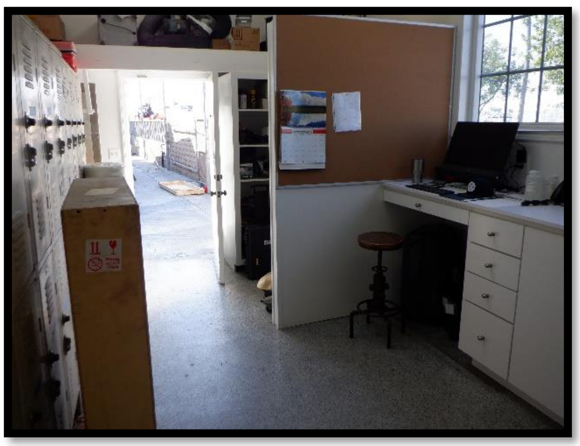
Retail/Office Breakroom

Photographs of the Subject Property Taken October 21, 2020



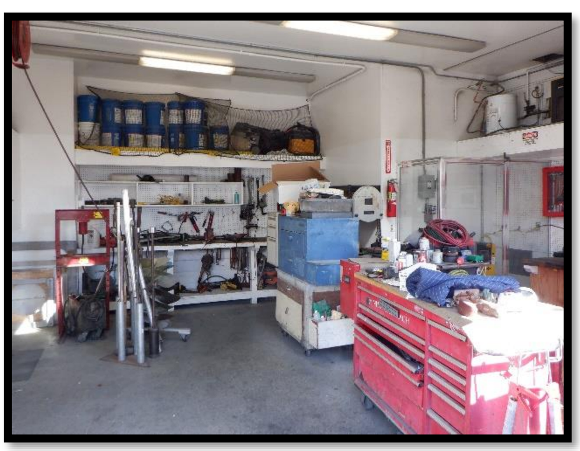
Private Accounting Office

Executive Office



Yard Office

Carpentry Office



Mechanical Office

Shipyard Employees Restroom

Photographs of the Subject Property Taken October 21, 2020

Narrow Boat Slip (not a part)

Large Slip with 2 Boats @ southeast corner

Boat Slip A-1 Rental (not a part)

Boat Slip A-3 Rent (not a part)

Boat Slip looking south, Hoist Platform to left

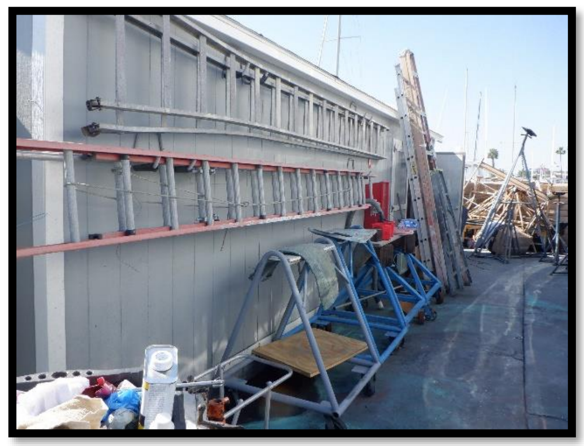
Travelift Hoist that pulls ships up to drydock for repairs

Photographs of the Subject Property Taken October 21, 2020

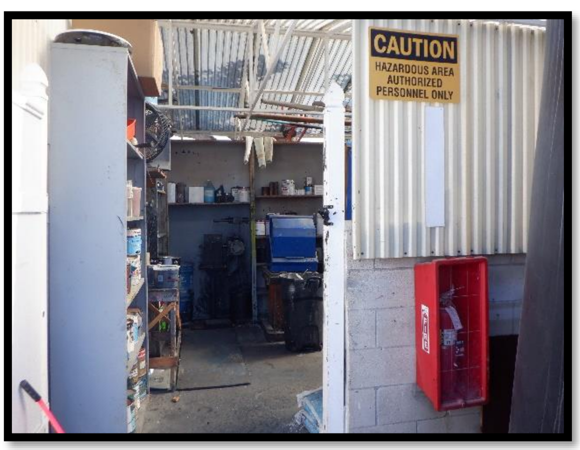
2 Portable Sheds /southwest corner of parcel

Fiberglass Refinishing @ Shed One

Shed Two – Fiberglass Repair & Storage



Ladder storage @ exterior of Shed 2



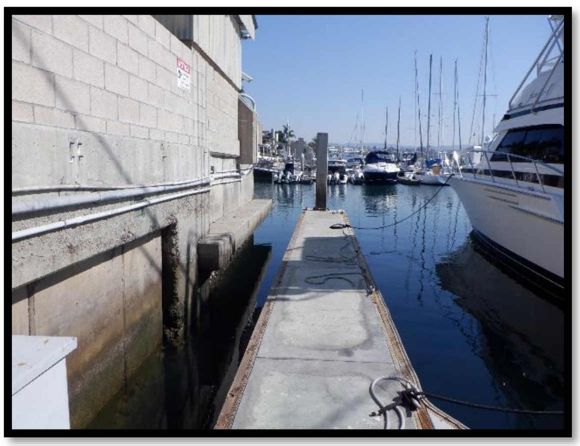
Southwest Paint & Storage Area

Water Treatment Area

Photographs of the Subject Property Taken October 21, 2020

Boat Slip on east side

Boat Side-tie Slip on east side



Southeast corner of parcel & boat slip

Boat slip on east side

Looking north at property at water treatment tanks and hoist

Public Parking Lot looking south to shipyard

CURTIS-ROSENTHAL, INC.
REAL ESTATE APPRAISAL & CONSULTING

Photographs of the Subject Property Taken October 21, 2020

Looking south at Shipyard from Carpentry Shop

Shipyard looking south, Public Parking to right of vehicle gate

Basin Marine looking northeasterly

Basin Marine 2 Private Parking Spaces

Real Estate Taxes

Current property tax information is shown below.

ASSESSED VALUE (2020-2021)				
APN	**Land**	**Improvement**	**Total**	**Total Taxes**
050-431-25	N/A	N/A	$0	Exempt
TOTALS	**$0**	**$0**	**$0**	**$0**
TAX RATE AREA:	**07-001**			
TAX RATE:	**1.052850%**			
DIRECT ASSESSMENTS:	**$0.00**			

The subject property is exempt from real property taxes as it is owned by the City of Newport Beach, CA.

According to California Proposition 13, real estate taxes in California are limited to 1.00% of assessed value plus limited amounts for bonded indebtedness. Properties are reassessed upon sale or transfer of over 50% of the ownership interest, and when significant remodeling or new construction is completed. The new assessed value would be based on the current market value of the property on the date of sale, which typically corresponds with the purchase price paid for the property, or on the date of reassessment.

Since the definition of value for this assignment assumes a sale of the property, our valuation analysis uses a property tax liability based on our appraised value estimate for the subject property as though a sale had occurred.

Our inquiry with the County Tax Assessor's Office did not reveal any past-due taxes currently impacting the subject property. The property is exempt of real property taxes.

Our appraised value estimate of the subject is higher than the current assessed value due to improved market conditions since the date of acquisition.

Ownership History

The following table presents the current ownership and recent ownership history of the subject property.

Ownership History					
Transaction	**Doc. No.**	**Buyer**	**Seller**	**Date of Sale**	**Sale Price**
N/A	N/A	City of Newport Beach, CA	N/A	N/A	N/A

We are not aware of any other sales, listings, escrows or pending sales of the subject property during the past three years.

Discussion of Contract Rent

The subject property is leased to Basin Marine, Inc., a California Corporation (lessee) and between the City of Newport Beach, a Municipal Corporation (lessor) as of January 1, 2001. The original lease term was 15 years plus two 5-year options to extend the lease. The base term was 15 years and expired December 31, 2015. The first 5-year option commenced January 1, 2016 and expires December 31, 2020. The 2nd option will commence January 1, 2021. A portion of the site area is currently being used by tenant for a shipyard/boat repair facility with a marine hardware store. The marine hardware store improvements contain a gross area of approximately 2,300 square feet plus workshop area of 1,260 square feet which is leased at a base rent of $11,399.58 per month plus a percentage rent as follows.

Gross Sales Percentage Rates:

1. Shipyard/boat repair (labor, service and materials) at 4% of gross sales.
2. Outside labor and materials at 10% of gross commissions and fees received by tenant.
3. Equipment and hardware sales, exclusive of internal sales to boat repair business at 5% of gross sales.

Periodic Adjustment of Rent

At the end of every 3rd lease year the annual base rent shall be adjusted to the greater of either: 75% of the average reconciled annual total rent for such just ended 3 lease year period or the annual base rent for the just concluded lease year.

The appraisers reviewed the existing Lease Agreement. The complete lease for the tenant was provided to the appraisers. The Lease Agreement is triple net which means the tenant is responsible for all real estate taxes, fire and public liability insurance, all utility services and all repairs and maintenance. The tenant, in addition to paying rent, at tenant's sole expense shall do the following.

1. Haul out and re-launch, each lease year, up to four of the vessels owned and maintained by the City, of a size capable of being handled by tenant's equipment provided, however all such four City vessels shall be hauled out no more than two vessels at a time.
2. Transport the vessels to an area on the Premises suitable for purposes of repairs or maintenance.
3. Allow each such vessel to remain on the Premises for a period of two weeks immediately after haul-out.
4. Permit access to the vessels by employees or representatives of the City for the purpose of repairs and maintenance, which shall be performed by City at no cost or liability to tenant.

HIGHEST AND BEST USE

Highest and Best Use is defined as follows:

"*The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity*."

An analysis of **Highest and Best Use** must consider a property **As If Vacant and As Improved**.

Analysis of Land, As If Vacant

Physically Possible: The subject site is level with access from Harbor Island Drive. No physical impediments were observed that would prevent the subject site from being developed to its Highest and Best Use.

Legally Permissible: The zoning of the subject site PF, Public Facility District. Based on the zoning of the subject site, legally permissible uses of the site would include a mixed-use development of residential and commercial uses. Reportedly, the State of California will not allow residential uses in the filled tideland areas (land held in trust). (Source: Lauren Wooding Whitlinger)

Financially Feasible: The subject's immediate neighborhood primarily consists of an area of upscale single family and multi-family residences and limited commercial retail uses. The general composition of uses in the subject area is generally consistent with the legally permissible uses as prescribed by local zoning standards. Therefore, if the subject was vacant and suitable for development, it is our opinion that the most financially feasible alternative would appear to be represented by the development of a mixed-use single-family or multi-family residential and commercial use.

Maximally Productive: The maximally productive use is that use which provides the greatest return and the most profitable alternative. Physically the subject site would not specifically preclude any type of development. Legally the zoning allows for various types of uses as discussed above. From the legally permissible uses, it is our opinion that financially feasible uses would include mixed use residential and retail uses. Our analysis indicates that of the financially feasible uses, the maximally productive use of the subject site would be mixed-use single-family or multi-family residential and commercial use.

Note, that the subject site has water area that include boat docks and slips. With respect to the water areas, given that water parcels or parcels containing both land and water areas, rarely sell, the rental value of the water areas is based on a direct rental comparison approach, considering other boat slip rental rates in the immediate and general subject area.

Therefore, it is our opinion that the **Highest and Best Use, As If Vacant** of the subject site would be single-family or multi-family residential and commercial use**.**

Analysis of the Property, As Currently Improved

The analysis of the subject property, As Improved, relies on the same basic criteria outlined in the discussion of Highest and Best Use of the subject site assumed vacant. However, the current discussion focuses on whether the existing improvement program offers any contributory value.

The subject is generally functional for its intended use and is operating successfully under a ground lease dated January 1, 2001. A review of the subject’s physical traits did not suggest any specific items or modifications that would need to be completed in order to achieve the subject’s Highest and Best Use. Our analysis indicates that the existing improvement program offers substantial contributory “value in use” over and above the underlying land value.

Therefore, it is our opinion that the **Highest and Best Use, As Currently Improved** of the subject property, is to **continue the existing use of the property as presently configured**.

VALUATION TECHNIQUES AND METHODOLOGY

Valuation Techniques

Three approaches to value form the foundation for current appraisal theory. These approaches are Cost Approach, Sales Comparison Approach, and Income Capitalization Approach.

Cost Approach - Utilized

This approach is based on the proposition that an informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. It is particularly applicable when the subject property involves relatively new improvements that represent the Highest and Best Use of the land, or when relatively unique or specialized improvements are located on the site for which there exist no comparable properties in the market.

Sales Comparison Approach - Utilized

This is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and current listings. The former fixes the lower limit of value in a static or advancing market (price-wise) and fixes the higher limit of value in a declining market. The latter fixes the high limit in any market. It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price of the property being appraised.

The reliability of this technique is dependent upon:

1. The availability of comparable sales data;
2. The verification of the sales data; and,
3. The degree of comparability or extent of adjustment necessary for time differences affecting the sales price.

Income Capitalization Approach – Not Utilized

This approach is widely applied in appraising income-producing properties and ground leased land. Anticipated present and future income, as well as any future reversions, is discounted to the present value through a Discount Cash Flow Analysis.

Valuation Methodology Used in This Assignment

Our valuation of the subject property includes the following analyses:

- **Cost Approach Valuation**

Significant valuation issues we addressed are cited below:

1. The valuation of the subject improvements does not include furniture, fixtures and hoist equipment, per our scope of work we were not asked to appraise the furniture, fixtures and hoist equipment only the site improvements pertaining to realty.

2. Note, that the subject site has water area that include boat docks and slips. With respect to the water areas, given that water parcels or parcels containing both land and water areas, rarely sell, the rental value of the water areas is based on a direct rental comparison approach, considering other boat slip rental rates in the immediate and general subject area.

3. As discussed previously, the current/ongoing Covid-19 global pandemic is having reported impact on financing rates/lender spreads, lowered loan-to-value (LTV) ratios, landlord and tenant cash flows, etc. Given the rapidity of events related to the pandemic that have affected real estate sales, the present risks (as of the effective date of value) appear to be financing related and broad uncertainty in global/national/local economics in the near term. This being the case, price/value discounting for the subject is prudent.

4. Reportedly, the State of California will not allow residential uses in the filled tideland areas (land held in trust).

COST APPROACH

The **Cost Approach** is based on the economic principle of substitution. A cornerstone of this valuation approach is the premise that an informed buyer would not pay more for a property than the cost of acquiring a comparable vacant site and constructing an improvement program of similar utility.

The fundamental steps of the Cost Approach are outlined below:

1. Estimate the value of the site assumed vacant and available for development to its Highest and Best use.

2. Estimate the total reproduction or replacement costs associated with the improvement program. These costs include direct or hard costs such as building materials and labor, as well as indirect or soft costs such as financing charges, real estate taxes during construction, professional fees, carrying charges, etc. Reproduction costs are used when it is necessary to estimate the costs to exactly replicate a building in every detail. Typically, a replacement cost estimate is more appropriate and useful. The replacement cost estimate is based on the expense associated with developing a similar building of equal utility and function.

3. Estimate an appropriate level of entrepreneurial profit. This cost reflects the required return to the developer for assuming the time, coordination, and risk associated with project development. This cost is distinct from contractor's profit and overhead which is incorporated as a direct cost.

4. Add together the total construction costs (i.e.-direct costs, indirect costs, and entrepreneurial profit) associated with development.

5. Subtract any observed levels of depreciation impacting the subject property. Depreciation may stem from physical deterioration, functional obsolescence, or economic obsolescence. The total construction cost adjusted for accrued depreciation yields the Replacement or Reproduction Cost less Depreciation.

6. Add the total depreciated improvement value to the estimated land value to derive the value indicated by the Cost Approach.

In this assignment the Cost Approach is **applicable** for the following reasons: The subject property is a viable boat repair yard, showroom/retail sales building and site improvements. The site improvements pertain to realty.

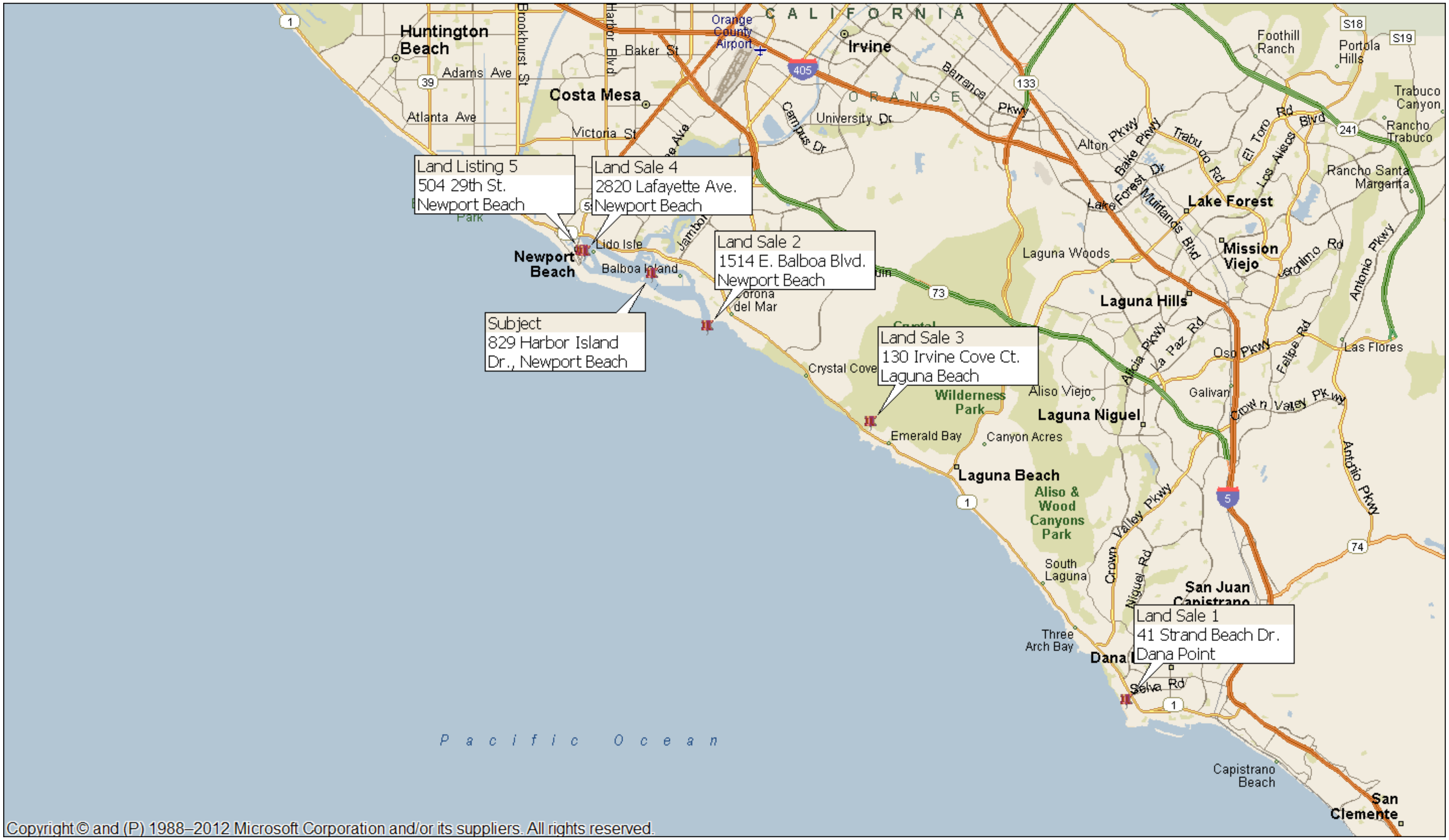
Land Valuation

Our **Land Valuation** analysis uses the Sales Comparison Approach which is a method of valuation that compares prices paid for similar properties in an open and free marketplace.

We surveyed the market in the subject area in order to locate comparable sales of similar sites which would aid in forming an opinion of land value for the subject property. Our search parameters are summarized below.

Primary Search Parameters for Land Sale Comparables	
Location	Newport Beach & Surrounding Cities
Sale Date	January 2019 to November 2020
Property Type	¼ acre to 1 Acre of Residential and Mixed-Use Land
Method of Analysis	
Price Per SF	Our research indicated most investors analyze land sale comparables on this basis.

Map of Comparable Land Sales



SUMMARY OF EFFECTIVELY VACANT LAND SALES

ITEM	STREET ADDRESS / CITY STATE ZIP / ASSESSOR'S PARCEL NUMBER	SALE DATE / DOCUMENT NO. / SELLER / BUYER	ZONE / SQUARE FEET / ACRES	CASH EQV. PRICE / PRICE PSF / PRICE PACRE
1	41 Strand Beach Drive	September 29, 2020	R1	$ 12,500,000
	Dana Point, CA 92629	533798	10,215	**$ 1,223.69**
	672-641-29	Donna & Douglas Neff & OCCF	0.23	53,303,965
		Bryan & Pyeatt Taylor Living Tr.		
2	1514 E. Balboa Blvd.	September 25, 2020	R1	$ 6,150,000
	Newport Beach, CA 92663	525579	9,540	**$ 644.65**
	048-182-13	So. Cal Land Co. LLC	0.22	28,081,132
		Golden Opportunity No. 17 LP		
3	130 Irvine Cove Court	October 21, 2019	R1	$ 4,000,000
	Laguna Beach, CA 92651	411254	11,930	**$ 335.29**
	496-191-15	The Sue J. Gross Living Trust	0.27	14,605,197
		Brighton Road Investments, LLC		
4	2820 Lafayette Ave.	Under Contract	MU-H2	$ 3,550,000
	Newport Beach, CA 92663	N/A	4,800	**$ 739.58**
	047-023-01 & 02	2820 Lafayette LLC	0.11	32,216,250
		Not Disclosed	(net usable area)	
5	504 29th St.	Listing	MU-H2	$ 2,395,000
	Newport Beach, CA 92663	N/A	4,500	**$ 532.22**
	047-051-07	2820 Lafayette LLC	0.10	23,183,600
		Not Disclosed		

Photographs of Comparable Sales

Sale Number One

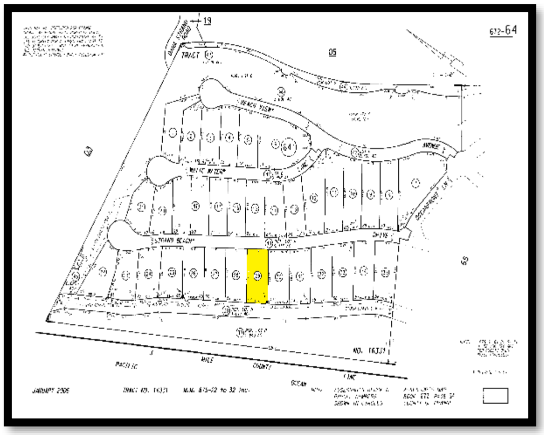
Sale Number Two

Sale Number Three

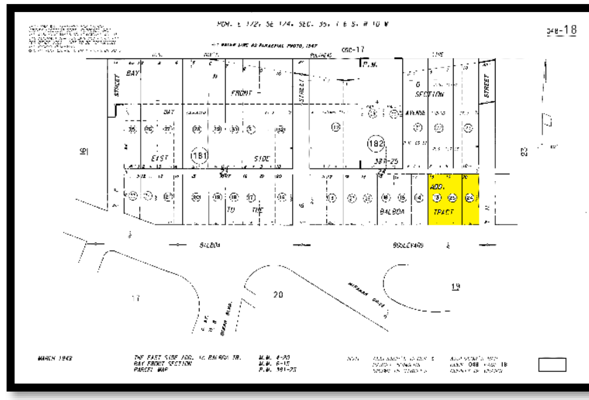
Sale Number Four

Listing Number Five (Google Photo)

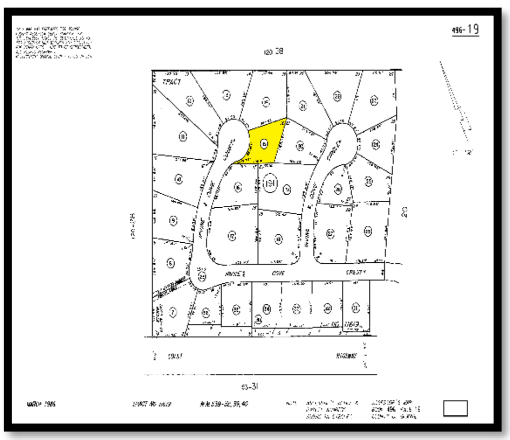
Plats of Comparable Land Sales



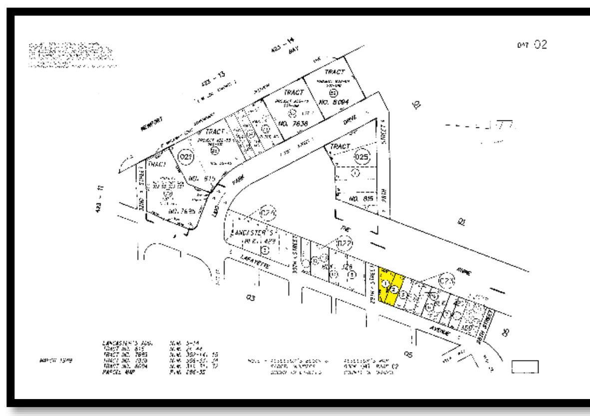
Sale Number One



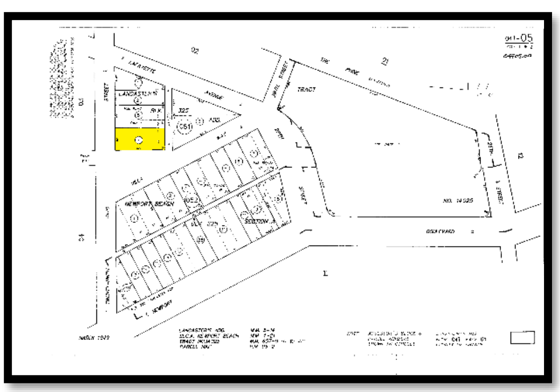
Sale Number Two



Sale Number Three



Sale Number Four



Listing Number Five

Land Sale Adjustment Grid

ADJUSTMENT OF COMPARABLE LAND DATA

	SUBJECT	One	Two	Three	Four	Five
Sale Price	N/A	$12,500,000	$6,150,000	$4,000,000	$3,550,000	$2,395,000
Site Size (sf)	32,990.71	10,215	9,540	11,930	4,800	4,500
Acres	0.76	0.23	0.22	0.27	0.11	0.10
$ SF	N/A	$1,223.69	$644.65	$335.29	$739.58	$532.22
Rights Conveyed	0%	0%	0%	0%	0%	0%
Adjusted $ SF	N/A	$1,223.69	$644.65	$335.29	$739.58	$532.22
Financing Terms	0%	0%	0%	0%	0%	0%
Condition of Sale	0%	0%	0%	0%	0%	-10%
Adjusted $ SF	N/A	$1,223.69	$644.65	$335.29	$739.58	$479.00
Date	November-20	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted $ SF	N/A	$1,223.69	$644.65	$335.29	$739.58	$479.00
General Location	Newport Beach	similar	similar	similar	similar	similar
Specific Location	Harbor Island Drive Water Front	similar	inferior	inferior	similar	inferior
Site Configuration	Interior Site	similar	superior	similar	superior	superior
Site Shape	"L" Shape	superior	superior	similar	similar	superior
Topography	Level	similar	similar	similar	similar	similar
Utility Status	Water, Power, Gas	similar	similar	similar	similar	similar
Zone/Density	Best Use (Potential Mixed Use)	inferior	inferior	inferior	similar	similar
Filled Tidelands	No Residential Use	superior	superior	superior	superior	superior
Site Improvements	Assume Vacant	similar	similar	similar	similar	inferior
Site Size (ac)	0.76	superior	superior	superior	superior	superior
Subtotal of Adjustments		-40%	-40%	-30%	-55%	-50%
FINAL INDICATORS	**Adjusted $ SF**	**$734.21**	**$386.79**	**$234.70**	**$332.81**	**$239.50**
Overall Comparability		**Superior**	**Superior**	**Inferior**	**Superior**	**Inferior**

Valuation Analysis

Our analysis of the comparable sales takes into account features of comparison that a knowledgeable buyer in the subject marketplace would consider. The adjustments applied are not based on paired-data analysis and they are not intended to be viewed in a precise or absolute context. Rather, they are intended to offer general insight with regard to the order of magnitude afforded each of the adjustment categories, based on our research in the subject marketplace.

Market Conditions (Time)

According to Trends 2020 in Retail Rent Growth as of the 3rd quarter of 2020 was reported by Costar at -0.06%. Multi-family Residential land Rent Growth increased in the last 12 months was reported by Costar at +1.4%. Further, the appraisers considered the opinion of Evan Forrest, Senior Consultant with Metro Study, that land prices are flat in 2020 due to COVID19 Pandemic and that land sales in 2018 and 2019 increased slowly. Therefore, no time adjustments are warranted.

Our discussion of each of the Comparable Sales is presented below.

Comparable Sale Number One – refers to a closed sale in September 2020. The parcel is zoned R1, one dwelling unit per parcel. This property has water frontage and level from within a gated residential community known as the Strand at Headlands. There is water, sewer and power in the street. The shape is rectangular. The parcel is a finished lot. The buyer's intended use is for future single-family residential development. According to Maleny Rodriquez assistant for Tim Smith, listing agent and the Regional MLS, the sale was confirmed at $12,500,000 with no concessions to the buyer.

The comp's general location is similar to the subject. The specific location is similar to the subject property. The comparable's utilities (water, sewer and power) are similar to the subject property. The comp is an interior site and rated similar to the subject. The comp has a lesser highest and best use than the subject's MU zoning. The rectangular shape/utility of the comp is superior to the subject property. The level topography is similar to the subject. The comparable has paved road access and is similar to the subject property. The parcel is a vacant finished lot and is similar to the subject property. The smaller size of the comp is superior to the subject property (economies of scale). The lack of residential use in the filled tideland areas are rated superior to the subject. All factors considered; the subject property's unit value is below this indicator.

Comparable Sale Number Two – refers to a closed sale in September 2020. The parcel is zoned R-1, one dwelling unit per parcel. This property is a corner site without water frontage. There is water, sewer and power in the street. The shape is rectangular. The parcel is three contiguous finished lots. The buyer's intended use is for single family development on each lot. According to Kimberly Bibb, listing agent and the Regional MLS, the sale was confirmed at $6,150,000. There is a tennis court on the site.

The comp's general location is similar to the subject. The specific location is inferior to the subject. The comparable's utilities (water, sewer and power) are similar to the subject property. The comp is a corner site and rated superior to the subject. The comp has a lesser highest and best use than the subject's MU zoning. The rectangular shape/utility of the comp is superior to the subject property. The level topography is similar to the subject. The comparable has paved road access and is similar to the subject property. The parcels are vacant finished lots and is similar to the subject property. The smaller size of the comp is superior to the subject property (economies of scale). The lack of residential use in the filled tideland areas are rated superior to the subject. All factors considered; the subject property's unit value is below this indicator.

Comparable Sale Number Three – refers to a closed sale in October 2019. The parcel is zoned R1, single family residential of one dwelling unit per parcel. This property has no water frontage and is accessible from the gated residential community known as Irvine Cove. The site is a vacant finished lot with ocean views. There is water, sewer and power in the street. The shape is irregular. The buyer's intended use is for future residential development. According to Kathryn White, listing agent and the Regional MLS, the sale was confirmed at $4,000,000. There is gated paved road access to the site.

The comp's general location is similar to the subject. The specific location is inferior to the subject property. The comparable's utilities (water, sewer and power) are similar to the subject property. The comp is an interior site and rated similar to the subject. The comp has a lesser highest and best use as compared to the subject's MU zoning. The irregular shape/utility of the comp is similar to the subject property. The level topography is similar to the subject. The comparable has paved road access and is similar to the subject property. The smaller size of the comp is superior to the subject property (economies of scale). The lack of residential use in the filled tideland areas are rated superior to the subject. All factors considered; the subject property's unit value is above this indicator.

Comparable Sale Number Four – refers to a Pending sale due to close escrow in November 2020. The parcel is zoned MU-H2, mixed use commercial and residential zone. This property is a level corner site with water frontage. The site is within the Cannery Village. There is water, sewer and power in the street. The shape is irregular. The parcel is a finished lot consisting of 6,900 gross square feet with a net land area of 4,800 square feet. The buyer's intended use no plans for development. According to Chris Maddy, listing agent and LoopNet, the Pending sale was confirmed at $3,550,000. There is paved road access to the site.

The comp's general and specific locations are similar to the subject. The comparable's utilities (water, sewer and power) are similar to the subject property. The comp is a corner site and rated superior to the subject. The comp has a similar zoning. The irregular shape/utility of the comp is similar to the subject property. The level topography is similar to the subject. The comparable has paved road access and is similar to the subject property. The parcel is a vacant finished lot and is rated similar to the subject property. The smaller size of the comp is superior to the subject property (economies of scale). The lack of residential use in the filled tideland areas are rated superior to the subject. All factors considered; the subject property's unit value is below this indicator.

Comparable Listing Number Five – refers to a current listing. The parcel is zoned MU-H2, mixed use commercial and residential zone. This property is a level corner site without water frontage. The site is within the Cannery Village. There is an older commercial building which will be demolished (no value assigned to the improvements). There is water, sewer and power in the street. The shape is rectangular. The parcel is a finished lot consisting of a net land area of 4,500 square feet. The buyer's intended use is for an automobile storage garage. According to Chris Maddy, listing agent and the MLS, the listing was confirmed at $2,395,000. There is paved road access to the site.

This comparable listing was adjusted downward from the listing price to an estimated closed sale price. The comp's general location is similar to the subject. The specific location is inferior to the subject property due to its lack of water frontage. The comparable's utilities (water, sewer and power) are similar to the subject property. The comp is a corner site and rated superior to the subject. The comp has a similar zoning. The rectangular shape/utility of the comp is superior to the subject property. The level topography is similar to the subject. The comparable has paved road access and is similar to the subject property. The parcel is improved with an older commercial building and is rated inferior to the subject property relative to demolition costs after the purchase. The smaller size of the comp is superior to the subject property (economies of scale). The lack of residential use in the filled tideland areas are rated superior to the subject. All factors considered; the subject property's unit value is above this indicator.

Sales Comparison Approach Conclusion

VALUE ARRAY		
Sale Number	**Overall Comparison**	**Adjusted $/SF**
1	Superior	$734.21
2	Superior	$386.79
4	Superior	$332.81
	Subject	
5	Inferior	$239.50
3	Inferior	$234.70

The adjusted value range is from $234.70 per SF to $734.21 per SF. Consideration has been given to each of the comparable sales. Greatest weight is given to Sale Four and Listing Five. Listing Five suggests the lower value range of $239.50 per SF for the subject property. Sale Four suggests the upper value range of $332.81 per square foot for the subject property. The appraisers reconciled the preceding value range at $250.00 per square foot.

Land Size (SF)	**X**	**Unit Value ($/SF)**	**=**	**Value Conclusion**
32,990.71	X	$250.00	=	$8,247,677.50

<u>Covid-19 Market Impact</u>

As discussed previously, the current/ongoing Covid-19 global pandemic is having reported impact on financing rates/lender spreads, lowered loan-to-value (LTV) ratios, landlord and tenant cash flows, etc. Given the rapidity of events related to the pandemic that have affected real estate sales, the present risks (as of the effective date of value) appear to be financing related and broad uncertainty in global/national/local economics in the near term. This being the case, price/value discounting for the subject is prudent.

Based on published information on the virus impacts available to us and our discussions with industry professionals, it is considered that an applied 5% risk discount for the subject is warranted and prudent. This being the case, an adjusted value for the subject that considers this nominal risk discount is estimated as $8,247,677.50 X .95 = $7,835,294, rounded to $7,835,000.

Based on the data and analysis presented above, it is our opinion that the following value is indicated for the subject property according to the Sales Comparison Approach.

Value Conclusion – Sales Comparison Approach	
"Fair Market" Value Conclusion	**$7,835,000**

Cost Data

The analysis of the subject development via the Cost Approach has been undertaken utilizing a study based on cost data published by Marshall Valuation Service. The replacement cost and physical depreciation estimates presented are based on cost data from Marshall Valuation Service, a national cost estimating service, together with other cost data maintained in our files. These costs include direct costs, overhead, and contractor's profit. The replacement cost new for the showroom/workshop building areas, Section 14, pages 31 and 32, dated February 2020, equipment shed buildings, Section 17, page 12 dated May 2019. The concrete paving and asphalt paving costs were found in Section 66, page 1, dated December 2019. The chain link fencing and gate costs were found in Section 66, page 4, dated December 2019. The masonry wall cost were found in Section 66, page 4, dated December 2019. The deck and ramp costs were found in Section 67, page 6, dated December 2019. The handicapped ramp were found in Section 66, page 2, dated December 2019. Current Cost multiplier of 1.05 were found in Section 99, page 3 and Local Cost Multiplier of 1.25 was found in Section 99, page 6 dated September 2020 and July 2020, respectively.

The cost factors from the Marshall Valuation Service of Marshall & Swift are based on a survey of actual, final costs to the owner. These costs include the following:

1. Architect's and Engineer's fees, which in turn includes plans, plan check, building permits, and surveys to establish building lines and grades;

2. Normal interest on building funds during the period of construction. These financing costs have been extrapolated and deducted from the base cost factor used in our analysis. They are added back in as separate items for explanatory purposes;

3. Sales taxes on materials;

4. Normal site preparation including excavation for foundation and backfill;

5. Utilities from structure to lot line (figured for typical setback);

6. Contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, etc.

A detailed breakdown of the direct and indirect costs applied in the Cost Approach via Marshall & Swift is provided on the following page.

SUMMARY OF COST APPROACH ANALYSIS

ESTIMATION OF DIRECT COSTS

Component	Sq. Ft.			$/Sq. Ft.			
Building Improvements (Showroom)	2,300	x	$	176.00	=	$	404,800
Building Improvements (Workshops)	1,260	x	$	63.00	=	$	79,380
Portable Shed Improvements	600	x	$	30.00	=	$	18,000
Site Improvements	0	x	$	-	=	$	355,963
TOTAL DIRECT COSTS						**$**	**858,143**

ESTIMATION OF INDIRECT COSTS

Financing Cost During Construction			
Loan Amount	$ 858,143		
Construction Period (months)	12		
Average Outstanding Balance	65%		
Interest Rate	5.00%		
Total Interest Payment		$	27,890
Points to Secure Financing	2.00%	$	17,163
Lease-Up Costs			
Rentable Area			
Average Market Rent psf	$ -		
Typical Lease Term (months)			
Broker's Fee	0.00%		
Total Lease-Up Cost		$	-
Contingencies (change orders, etc.)	2.00%	$	17,163
Real Estate Taxes During Construction			
Land Value	$ 7,835,000		
Construction Period (months)	8		
Tax Rate	1.052850%	$	54,994
TOTAL INDIRECT COSTS	**(12%)**	**$**	**117,209**
TOTAL COST NEW PRIOR TO DEVELOPER'S PROFIT	**(100%)**	**$**	**975,352**
PLUS DEVELOPER'S PROFIT	15% =	$	146,303
TOTAL COST NEW INCLUDING DEVELOPER'S PROFIT		**$**	**1,121,655**

LESS ACCUMULATED DEPRECIATION

Effective Age	20 Years
Economic Life	45 Years

Physical	44%	=	$	498,513		
Functional	0%	=	$	-		
Economic	0%	=	$	-	$	498,513
ESTIMATED REMAINING IMPROVEMENT VALUE					$	623,142
PLUS LAND VALUE					$	7,835,000
VALUE INDICATED BY COST APPROACH					**$**	**8,458,142**
ROUNDED					**$**	**8,500,000**

Therefore it is our opinion that the **Market Value** of the subject property as of the stated date of valuation, according to the Cost Approach, is: **$ 8,500,000**

The base factor utilized in our analysis is based on Marshall & Swift's category for Class-S, Metal and Class D wood frame Construction properties. Effective age for the showroom and workshop building, were estimated at 20 years and a total economic life of 45 years which results in 44% physical depreciation.

Physical depreciation is calculated based on the effective age/life method as follows:

> Effective age divided by estimated economic life equals depreciation percentage. The subject property is proposed. Therefore, the amount of depreciation is applicable.

Functional Obsolescence stems from features intrinsic to the subject property such as poor design features, building inadequacies, or features of the property that are deemed super-adequate. The subject improvements as designed do not reflect Functional Obsolescence.

Economic Obsolescence is loss in value stemming from sources outside the subject property such as changes in surrounding uses, declination in market conditions, or offensive byproducts or pollution emanating from nearby uses. There are no external surrounding uses that reflect External Obsolescence.

Developer's profit is the economic return required by a developer as compensation for taking on the entrepreneurial risk of development. Developers typically calculate profit based on any of the following relationships: As a proportion of direct costs; as a proportion of direct plus indirect costs; as a proportion of direct, indirect and land costs; and finally, as a proportion of the total value of the project. The same dollar value of profit could result in a wide range of proportions due to differing basis of comparison. A survey of developers for properties similar to the subject in its general area indicated that profit is typically calculated as a percentage of total direct and indirect costs. This survey dictated a typical required profit of 10% to 20% of that base. This method of calculation has been used in our Cost Approach analysis, assuming a 15% required profit.

Conclusion of Market Value – Cost Approach

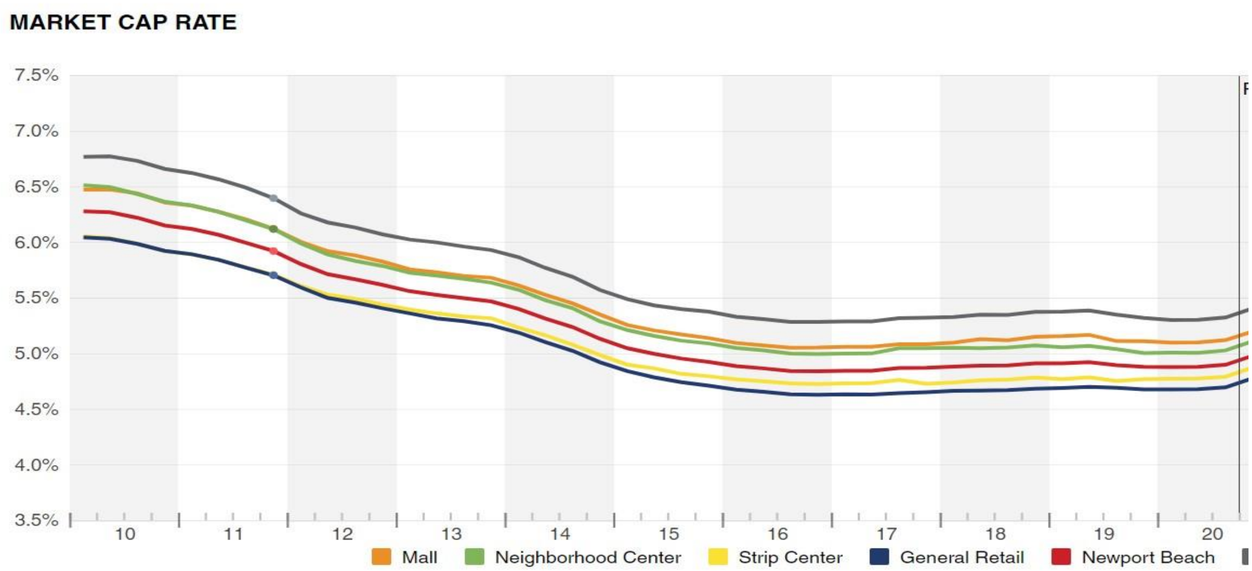
Therefore, in our opinion the **Market Value** of the **Leased Fee Interest** in the subject landside property, as of our date of inspection, is rounded to **$8,500,000**.

Landside Area:

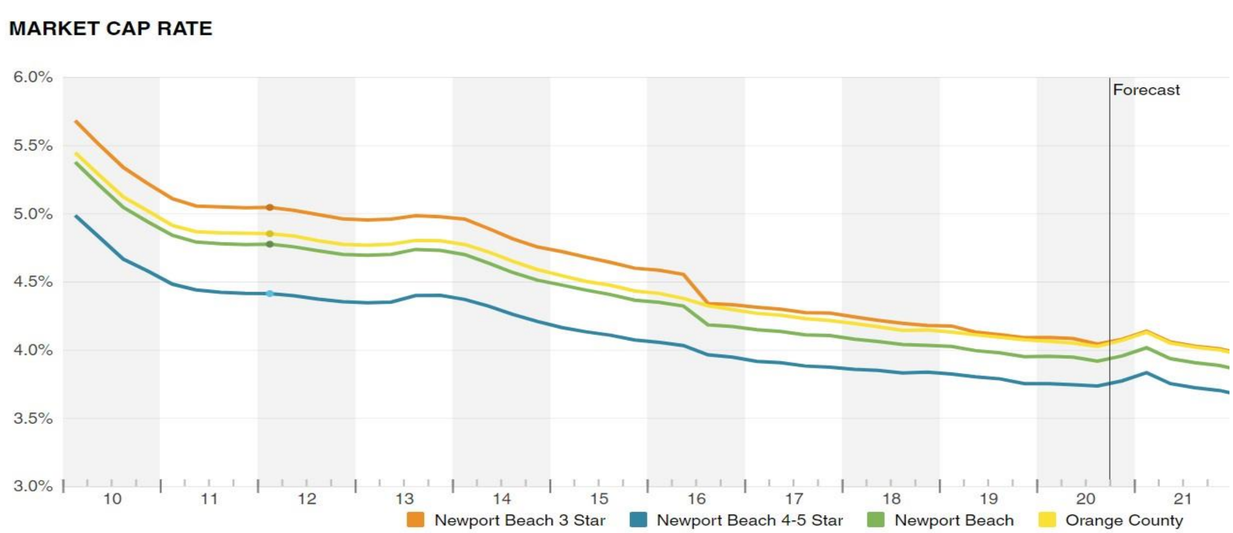
RATE OF RETURN

Upon determining the market value of the landside area and related land improvements (showroom, workshops and site improvements) a rate of return was employed to estimate the market rental value. The rate of return employed in the subject case is derived based on Capitalization Rates (1) Costar Newport Beach Submarket retail and multi-family rates (2) Realty Rates.Com retail and apartment land leases and (3) Price Waterhouse Real Estate Investor Survey (PWC) of Net Lease Investments and apartment investments.

Retail Market Cap Rates



Multi-family Market Cap Rates



The preceding Market Cap Rate graph for retail properties was reported by Costar at 4.5% and for Multi-family properties at approximately 4.0%.

Realty Rates.com

Land Leases

The following table summarizes prevailing land lease capitalization and discount rates. The former reflect initial rates of return on appraised values for vacant land proposed for development. They do not address increases in land lease payments or the reversion but may include percentage rent. The latter are internal rates of return being achieved by landowners on improved properties. As such, they include changes in land lease payments, percentage rent where applicable, and the reversion of the entire property at the termination of the lease. Total lease terms range from 40 to 99 years, while fixed rent periods range from one to 10 years. Generally, short-term (1-3 years) fixed rent periods auto-adjust based on a national reference rate such as the Consumer Price Index, while long-term (5-10 years) fixed rent periods are based on appraised values but are often subject to negotiation and/or arbitration.

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2020*
LAND LEASES

	Capitalization Rates			Discount Rates		
Property Type	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	1.42%	8.37%	5.18%	4.02%	8.87%	6.18%
Golf	1.63%	14.57%	7.49%	4.23%	15.07%	8.49%
Health Care/Senior Housing	1.79%	9.65%	5.87%	4.39%	10.15%	6.87%
Industrial	1.52%	8.77%	5.59%	4.12%	9.27%	6.59%
Lodging	1.62%	13.92%	6.09%	4.22%	14.42%	7.09%
Mobile Home/RV Park	1.14%	11.45%	6.44%	3.74%	11.95%	7.44%
Office	1.43%	8.13%	5.08%	4.03%	8.63%	6.08%
Restaurant	2.43%	13.86%	7.13%	5.03%	14.36%	8.13%
Retail	1.47%	9.62%	5.73%	4.07%	10.12%	6.73%
Self-Storage	1.47%	9.15%	6.70%	4.07%	9.65%	7.70%
Special Purpose	2.07%	15.19%	7.46%	5.47%	17.34%	8.34%
All Properties	1.14%	15.19%	6.25%	3.74%	15.07%	7.13%

*2nd Quarter 2020 Data

The preceding Market Cap Rate graph for retail land leases was reported by RealtyRates.com at an average of 5.73% and for Multi-family properties land lease rates was reported at an average of 5.18%.

PWC Real Estate Investor Survey

OVERALL CAPITALIZATION RATE ANALYSIS
Third Quarter 2020

	OVERALL CAP RATES		BASIS POINT CHANGE		FORECAST CHANGE (SIX MONTHS)		
	Range	Average	Quarterly	Year Ago	Increase	Decrease	Hold Steady
National							
Regional Mall	4.50% – 15.00%	6.93%	– 2	75	100%	0%	0%
Power Center	5.50% – 9.00%	6.81%	6	41	83%	17%	0%
Strip Shopping Center	4.75% – 10.00%	6.84%	9	7	83%	0%	17%
CBD Office	3.75% – 7.50%	5.59%	4	7	71%	0%	29%
Suburban Office	4.00% – 7.50%	6.05%	5	– 23	40%	0%	60%
Net Lease	4.00% – 8.00%	6.22%	0	– 28	75%	0%	25%
Medical Office Buildings	4.25% – 10.50%	6.73%	5	12	20%	0%	80%
Secondary Office	6.00% – 9.50%	7.69%	1	9	83%	0%	17%
Warehouse							
National	3.40% – 7.00%	4.84%	0	1	9%	9%	82%
ENC Region	4.00% – 6.00%	5.05%	2	– 13	20%	0%	80%
Pacific Region	3.70% – 5.50%	4.17%	0	– 23	0%	20%	80%
Apartment							
National	3.50% – 8.00%	5.22%	3	12	22%	0%	78%
Mid-Atlantic Region	4.00% – 6.75%	5.43%	0	30	33%	0%	67%
Pacific Region	4.00% – 6.00%	4.80%	0	26	20%	0%	80%
Southeast Region	4.00% – 6.50%	5.00%	– 3	2	0%	0%	100%
Individual Office Markets							
Atlanta	5.00% – 8.50%	6.72%	– 1	– 8	43%	0%	57%
Austin	5.00% – 8.00%	6.23%	– 4	34	50%	0%	50%
Boston	4.25% – 9.50%	6.04%	4	– 3	60%	0%	40%
Charlotte	5.00% – 7.50%	6.29%	– 5	– 13	0%	0%	100%
Chicago	5.50% – 12.00%	7.86%	8	36	75%	0%	25%
Dallas	5.00% – 8.50%	6.63%	49	45	60%	0%	40%
Denver	5.50% – 10.00%	6.96%	9	61	80%	0%	20%
Houston	5.75% – 10.00%	7.42%	3	26	50%	0%	50%
Los Angeles	4.50% – 8.50%	6.21%	4	17	83%	0%	17%

The preceding Market Cap Rate graph for retail Net Lease properties was reported by PWC at an average of 6.22% and for Multi-family properties in the Pacific Region at an average of 4.80%.

The PWC survey is more broadly based survey, and typically involves major income producing properties. Primary weight has been assigned to (1) the capitalization rates derived from the Newport Beach Submarket survey, having a range from 4.0% to 4.5% for both property types and (2) the RealtyRates.com Investor survey, having a range from 5.18% to 5.73%.

Given that the subject property represents a net lease investment and considering that the value is derived from the Cost Approach, a rate at the upper end of survey's (1) and (2) is employed herein. The indicated rate of return applied to the subject landside area, inclusive of the underlying land value, building and site improvements, is estimated at an annual rate of return of **4.5%.**

Water Area:

As stated, the rental value of the water area is based on a Direct Rental Comparison Approach. The water area of the subject site is typically suitable to support boat slips. As is typical with water parcels, many of which are developed with marinas, the rental rate for the water area is based on the boat slip rental rates, typically expressed as a rate per lineal foot. The boast slip rental rates are all inclusive of the water area, boat slips and the dock improvements.

A survey was conducted of certain other marinas in the immediate subject area to determine the rental rate (per lineal foot) applicable to boat slips. It should be noted that given there is generally greater demand for larger slips, the greater the slip length, the higher the rate per lineal foot.

The reader is referred to the summary of certain boat slip rental rates below.

Boat Slip Survey:

Balboa Yacht Basin, Newport Beach

Slip Length	2020-2021 Slip Rate (per foot per month)
20’	$25.82
25’	$26.78
31’	$29.35
32’	$29.84
34’	$34.14
35”	$34.14
37’	$34.24
40’	$37.75
50’	$46.84
60’	$51.69
75’	$54.79

Lido Yacht Anchorage Marina

Slip Length	2020-2021 Slip Rate (per foot per month)
40’	$48.00
45’	$40 to $49.00
60’	$57.00

Marina at Dana Point

Slip Length	2020-2021 Slip Rate (per foot per month)
40’	$19.68
45’	$20.07
50’	$20.80
60’	$22.90

Newport Marina at Bayshore Drive

Slip Length	2020-2021 Slip Rate (per foot per month)
45’	$40.00

Balboa Marina

Slip Length	2020-2021 Slip Rate (per foot per month)
58’	$44.83

With respect to the subject water areas, the City of Newport Beach owner of the water area) constructed all landside and water improvements. **Hence, it is necessary to estimate the rental value of the effective “unimproved” water areas.** For the unimproved water area, is typically based on a percentage rent of the total gross revenue derived from the boat slips. **According to Section 9 (e) “all construction improvements shall, upon completion, become part of the Premises, owned by the City of Newport Beach,” (costs pertinent to the docks/slips).**

AS noted, the boat slip rental rates are within a generally tight range, when considering the overall rate per lineal foot and slip length. In the case of the subject property, there are three boat slips and one side-tie slip. The side-tie slip according to Chris Miller, City of Newport Beach Public Works Department would be leased at the same rental rate as the boat slips. The sizes are restated below with our estimate of fair market rent for the slips.

Sizes	Rent Per Lineal Foot	Monthly Rent
1. 46-lf by 25’ wide	$40.00	$1,840
2. 46-lf by 25’ wide	$40.00	$1,840
3. 62-lf by 30’ wide	$52.00	$3,224
4. 46’ side-tie dock	$40.00	$1,840

Following is a survey of percentage rental rates for boast slips at various marinas in the Southern California area:

Port of Los Angeles	20% to 25%
Dana Landing Marina	25%
Marina del Rey	25%
Port of San Diego	22% to 25%
Balboa Yacht – Newport Beach	31%

As noted, the percentage rates range from 20% to 31%. The 31% rate at Newport Beach is deemed far superior given the location. The vast majority of percentage rates at Marina del Rey (20+/- master lessee tenants) is 25%. The majority of the percentage rates at Port of San Diego owned marinas is 22%.
Given the subject is located in the Newport Beach Harbor Marina, a percentage rate of 30% is deemed applicable to the subject slips. Note, that the 30% percentage rate is applied to the fair market annualized gross slip rental rates set forth above.

FAIR MARKET RENTAL VALUE

Water Rental Value:

	Boat Slip	Slip Rate/year	Water % Rent	Annual Land Rent
1.	46-lf by 25' wide	$22,080.00	0.30	$ 6,624
2.	46-lf by 25' wide	$22,080.00	0.30	$ 6,624
3.	62-lf by 30' wide	$38,688.00	0.30	$11,606
4.	46' side-tie dock	$22,080.00	0.30	$ 6,624
	Subtotal:			$31,478
	Plus, Land-Side Area (Cost Approach)	Rate of Return		Annual Landside Rent
	$8,500,000	0.045		$382,500
	Total Fair Market Base Rent:			$413,978

Historical Percentage Rent Paid:

Year End – 2018	**$73,727.24 or $6,144 per month (average)**
Year End – 2019	**$70,360.29 or $5,863 per month (average)**
Average Annual Rent Paid:	**$72,043.76**
Average Monthly Rent Paid:	**$6,003.65**
February 2020	**$ 6,655.83**
March 2020	**$ 8,888.01**
April 2020	**$ 9,536.69**
May 2020	**$ 2,189.05**
June 2020	**$15,367.87**
July 2020	**$ 8,201.93**
August 2020	**$ 9,050.68**
Total (7 months)	**$59,890.06**
Average Monthly Rent Paid:	**$ 8,555.72**

The economic impact by the Corona Virus Pandemic from March thru August 2020 suggest that the percentage rent is more in-line with the average annual rent paid in 2018 and 2019 of $72,043.76. Therefore, we have reconciled the annual 2020 rent at $6,500 or $78,000 per year.

Reconciled Monthly Percentage Rent:	**$ 6,500.00**
Reconciled Annual Percentage Rent:	**$ 78,000.00**
Plus, Base Rent:	**$413,978.00**
Fair Market Rent:	**$491,978.00**
Rounded to:	**$492,000.00**

RECONCILIATION

Our valuation analyses presented in this appraisal report concluded to the following opinions:

Valuation Approach	Value Conclusion
Cost Approach	$8,500,000
Sales Comparison Approach	Not Applicable
Income Capitalization Approach	Not Applicable

The **Cost Approach** is considered to be a strong indicator of value in recently constructed buildings, particularly when current construction costs are available and there is recent comparable land sale data that would lead to an accurate estimate of the underlying site value. This approach is weakened, however, as a building grows older because of the difficulty in accurately measuring physical depreciation. On special purpose properties, the Cost Approach can provide a reasonable return on the land and improvements.

The Cost Approach is applicable to this assignment for the following reasons:

- The subject property is improved land and,
- A reasonable annual return rate is the conventional approach relied upon by participants in the subject's marketplace for the land and improvement valuation.

The **Sales Comparison Approach** can be a strong indicator of value when there is an adequate number of comparable property sales that are similar to the subject in physical, functional, economic and location characteristics. This approach is weakened when the quantity or nature of available market data is insufficient for purposes of direct comparison.

We gave primary consideration to the Sales Comparison Approach for the land valuation.

The **Income Capitalization Approach** via the Discount Cash Flow analysis considers the future expectations of investors for properties such as the subject. It considers current market rate-of-return requirements through the selection of a market-derived discount rates. This approach is most relevant when there are adequate market data from which to determine market discount rate requirements.

We gave primary consideration to the Cost Approach and applicable annual return rates for the subject property because the subject property is encumbered by a short-term ground lease (five years remaining).

CONCLUSION

Our research indicates that the Cost Approach should be given the greatest consideration in our final determination of the Leased Fee value.

Therefore, based on the data and analysis above, the table below presents our final valuation conclusion(s) of the stated ownership interest, as of the stated date(s) of valuation.

Valuation Premise	Interest Appraised	Effective Date of Value	FINAL Value Conclusion
Fair Market Rental Value	**Leased Fee**	**10/21/2020**	**$492,000**

EXPOSURE TIME

Exposure Time is defined as *"The estimated length of time the property interest being appraised would have to have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."*

The following table shows exposure times for each of the land comparable sales reported in the Sales Comparison Approach.

Sale Comp #	Exposure Time
1	1 day
2	1 day
3	367 days
4	188 days
5	89 days

In addition, we inquired with knowledgeable local brokers about a reasonable exposure time that would have been required to sell the subject property as of the date of valuation. Our research indicates that a reasonable exposure time estimate for the subject property would have been 3 to 4 months.

CERTIFICATION

We certify that to the best of our 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 are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 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, **Joe Villegas, MAI and David Rosenthal, MAI** have completed the continuing education program for designated members of the Appraisal Institute.
- We have had ample experience with the subject property type and marketplace, and we possess the requisite knowledge to perform this appraisal assignment competently.
- **Joe Villegas, MAI** and Naomi Jean Bonner have made a personal inspection of the property that is the subject of this report. **David Rosenthal, MAI, FRICS** has not made a personal inspection of the property that is the subject of this report.
- **Joe Villegas, MAI** has performed the selection of comparable properties, collection and verification of data, and preliminary analysis. **David Rosenthal, MAI, FRICS** has reviewed and approved the final selection of comparable properties, and the final analysis and conclusion of value. Other than those mentioned, no one provided significant real property appraisal assistance to the person(s) signing this certification.
- We have not performed appraisal services, as appraisers regarding the property that is the subject of this report, immediately preceding acceptance of this assignment.

Joe J. Villegas, MAI
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David M. Rosenthal, MAI, FRICS
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ADDENDA

DEFINITIONS

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

APPRAISER QUALIFICATIONS AND LICENSES

PARTIAL LIST OF CLIENTS

Definitions

Definitions are cited from *The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010),* published by the Appraisal Institute, unless otherwise noted)

Appraisal – "*1. The act or process of developing an opinion of value. 2. An opinion of value.*"

As Is Market Value - "*The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.*"

Extraordinary Assumption – "*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis."* (USPAP 2018-2019)

Fair Market Value - *"The price at which the property would change hands between a willing buyer and willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts." (IRS Regulations 26 CFR 20.2031-1b and 26 CFR 25.2512-1)*

Fee Simple Estate - "*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*"

Ground Lease – "*A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term.*"

Hypothetical Condition – "*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis*." (USPAP 2018-2019)

Leased Fee Estate – "*A freehold (ownership interest) where the possessory interest has been granted to another party by* creation *of a contractual landlord-tenant relationship (i.e., a lease)*."

Leasehold Estate – "*The tenant's possessory interest created by a lease.*"

Market Rent - "*The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*"

Market Value - The following definition of Market Value is used by agencies that regulate federally insured financial institutions in the United States *(U.S. Code Title 12, CFR Banks and Banking, Part 323.2 as published in the Federal Register)*:

"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:

a. buyer and seller are typically motivated;

b. both parties are well-informed or well-advised, and acting in what they consider their best interests;

c. a reasonable time is allowed for exposure in the open market;

d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

e. 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."

Prospective Opinion of Value – "*A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.*"

Retrospective Value Opinion – *"A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*

Sandwich Leasehold Estate – "*The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate.*"

Stabilized Occupancy – *"An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent."*

General Assumptions and Limiting Conditions

This appraisal report has been made with the following **General Assumptions**:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that there is compliance with all applicable zoning and land use regulations and restrictions unless nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following **General Limiting Conditions**:

1. The distribution, if any, of the total valuation in this report between land and improvements, applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraisers, by reason of this appraisal, are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate unless such proration or division of interests has been set forth in the report.
6. The appraisers assume that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, encumbering the property.
7. No survey was furnished so the appraisers relied on the assessor's plat map to ascertain the physical dimensions and acreage of the subject property. Should a survey prove these characteristics inaccurate, it may be necessary for this appraisal to be adjusted.
8. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.
9. Complete building plans and specifications were not available for use in the preparation of this appraisal. The analysis, therefore, is subject to review of the final plans and specifications when available.
10. Any proposed improvements are assumed to have been completed unless otherwise stipulated. Any construction is assumed to conform to the building plans referenced in the report.
11. Since earthquakes are not uncommon in the area, no responsibility is assumed due to their possible effect on individual properties, unless detailed geologic reports are made available.
12. No termite inspection report was available. The appraisers personally inspected the subject property and found no significant evidence of termite damage or infestation. No guarantee that none exists, however, should be construed.
13. No consideration has been given in this appraisal to the value of property considered by the appraisers to be personal, located on the premises, or the cost of moving/relocating such personal property. Only the real estate has been considered.

14. In this appraisal assignment, the existence of potentially hazardous materials used in the construction or maintenance of the building, such as the presence of asbestos or urea formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in the field if desired.

15. Unless otherwise stated, no responsibility is assumed for any damage sustained in connection with actual or potential deficiencies or hazards such as, but not limited to, inadequacies or defects in the structure, design, mechanical equipment or utility services associated with the improvements, air or water pollution, lead paint, noise, flooding, storms or wind, traffic and other neighborhood hazards, radon gas, asbestos, natural or artificial radiation, or hazardous materials or toxic substances of any description, whether on or off the property appraised. The appraisers are not qualified to detect hazardous waste or materials on, in or under the land or the improvements. Such a determination requires the investigation of a qualified expert in hazardous materials and assessment. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of asbestos or urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

16. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the subject property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to-cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report; however, this does not suggest ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

17. The appraisers made no engineering survey of the subject property. Except as specifically stated, data relative to size and area has been taken from sources considered reliable, but no guarantee of accuracy is expressed or implied. Interested parties should retain a surveyor or other qualified professional for exact measurements of the subject property.

SPECIAL ASSUMPTIONS AND CONDITIONS

The applicability of ***Extraordinary Assumptions, Hypothetical Conditions*** or ***Special Limiting Conditions*** is addressed in the **Scope of Work** section of this report.

Market concerns regarding the COVID-19 coronavirus have resulted in substantial volatility in the capital markets, increasing uncertainty in the real property marketplace. It is difficult to predict what may happen in the capital markets going forward. As a result, it is difficult to predict what may happen to real property values over time. Our valuation of the subject property considered the best information that was available at the time of our analysis. Due to on-going volatility in the marketplace, users of this appraisal should consider the current market uncertainty when determining the level of confidence, they choose to place on these analyses and conclusions. Users are reminded that the appraisal conclusions in this report are effective as of the stated date(s) of valuation.

Appraiser Qualifications

Professional Qualifications of **JOE VILLEGAS, MAI**

EDUCATION

Bachelor of Arts Degree, 1974
California State University, Fullerton, Fullerton, California
Major in Art and History

PROFESSIONAL DESIGNATIONS

Appraisal Institute No. 9196
MAI Member

State of California, Bureau of Real Estate Appraisers
Certified General Real Estate Appraiser (#AG004648)

State of California, Real Estate Broker
(License # 00380118)

International Right of Way Association
Member and Past President of Inland Empire Chapter 57

EXPERIENCE

CURTIS - ROSENTHAL, Inc., 2016 to date – Regional Manager Inland Empire
Perform field appraisals, and review appraisals for public and private sector clients. Properties appraised include: residential, apartments, commercial, industrial, special purpose, vacant land and part takes.

Villegas Appraisal Co., -1987-2015 Real Estate Appraiser
Responsible for the appraisal of retail shopping centers, office buildings, restaurants, motels, apartment complexes, cold storage facilities, mixed use commercial projects and residential subdivisions. Completed hundreds of appraisal assignments for public and private sector clients throughout Southern California. Experience includes providing reviews of commercial and residential appraisal reports for the banking industry. Extensive experience providing expert witness services including deposition and trial testimony.

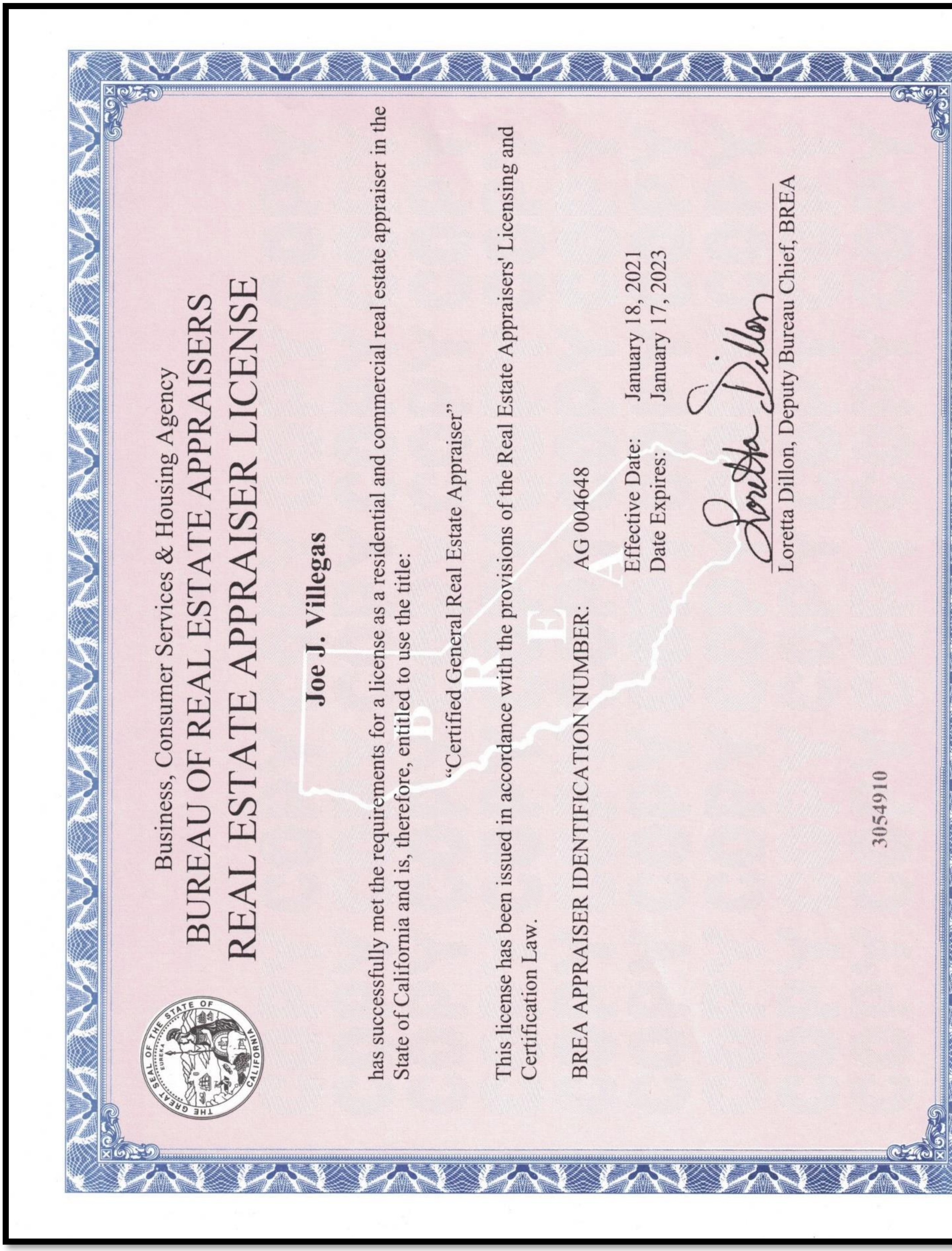
EXPERT WITNESS

Accepted as an expert witness in Los Angeles County Superior Court and Orange County.

PROJECT EXPERIENCE

- California High-Speed Rail Authority, First Construction Section, Fresno County, CA
- De Anza Boulevard Realignment Project, City of Calexico, CA
- Caltrans, Region 7, 710 Freeway Corridor Project, Cities of South Pasadena, Pasadena and Los Angeles, CA
- Southern California Gas Company Pipe Line Upgrade Project, San Luis Obispo County and City of Pismo Beach, CA
- Southern California Gas Company Pipe Line Upgrade Project, Kings County, CA
- Yucaipa Boulevard Widening Project, City of Yucaipa
- Palm Canyon Drive Widening Project, City of Palm Springs
- Alder Avenue Widening Project, City of Rialto
- Avenue E Roundabout Project, City of Yucaipa
- Renaissance Parkway Project, City of Rialto
- Former Youth Correction Facility, Paso Robles for the CA Department of General Services

Current Appraiser License



Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Joe J. Villegas

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 004648

Effective Date: January 18, 2021

Date Expires: January 17, 2023

Loretta Dillon, Deputy Bureau Chief, BREA

3054910

Professional Qualifications of **DAVID M. ROSENTHAL, MAI, FRICS**

PROFESSIONAL DESIGNATIONS

Appraisal Institute
MAI Member, Appraisal Institute (MAI #8024)
Member of the Regional Ethics & Counseling Panel, 1994-1997, 2000-2003

Royal Institution of Chartered Surveyors
Fellow of the Royal Institution of Chartered Surveyors, (FRICS #1291058)

State of California, Bureau of Real Estate Appraisers
Certified General Real Estate Appraiser (#AG001641)

EDUCATION

Master of Management Degree (MBA), 1980
J.L. Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois - Concentrations in Finance and Accounting

Bachelor of Science Degree, 1978
University of Florida, Gainesville, Florida
Major in Business Administration - concentration in Finance

EXPERIENCE

CURTIS - ROSENTHAL, Inc., 1983 to present – President & CEO
Founding principal of regional commercial real estate appraisal and consulting firm. Perform field appraisals and review appraisals for: Commercial Mortgage Lenders (Banks, Life Insurance Companies, CMBS, Pension Funds), Public Agencies (City Governments, Transit Agencies), Law Firms (Real Estate Litigation, Estate and Trust, Lease Negotiation), Corporations (Valuation for Financial Reporting), and Accounting Firms. Properties appraised include: retail, office, industrial, apartments, condominiums, mixed-use, special purpose, and vacant land. Areas of experience include southern and northern California, Arizona and Nevada.

Security Pacific National Bank, 1981-1982 - Corporate Loan Officer
Responsible for portfolio of loans consisting primarily of real estate companies. Projects financed included construction and renovation of income properties and development of new residential tracts.

EXPERT WITNESS

Accepted as an expert witness in the following courts:
Federal Bankruptcy Court - California Central District
Superior Court - Los Angeles County and Orange County
Municipal Court - Orange County

INSTRUCTOR

Loyola Marymount University, 1987 - 2016
College of Business Administration, Finance Department - Guest Instructor

Federal Reserve Bank of San Francisco, 2015
Risk Connection 2015, Risks with Construction Development Lending-Guest Trainer

University of California at Los Angeles, 1988
UCLA Extension, Financial Institutions Management Program - Guest Instructor

Professional Qualifications of **DAVID M. ROSENTHAL, MAI, FRICS** (Cont'd)

PROFESSIONAL AFFILIATIONS

Appraisal Institute, 1989-present
- Strategic Planning Committee, Chairman 2014
- IRS Valuation Summit, Los Angeles, Conference Co-Chair 2013; Washington D.C., Planning Committee 2(

California Bankers Association, Affiliate Member 2009-present
California Mortgage Bankers Association (CMBA), Affiliate Member, 2001-2014, 2017, 2018
- Planning Committee for Commercial Real Estate Finance Conference, 2003–2014

Entrepreneurs Organization (EO, formerly YEO/WEO), 1997 to 2007
International Council of Shopping Centers (ICSC), 2011, 2017
Los Angeles Economic Development Corporation, 2004
Los Angeles Estate Planning Council (LAEPC), 2009-present; Program Chair 2009-2010
Los Angeles Mortgage Association (LAMA), Co-Founder, Co-Chair 2000–present
Royal Institution of Chartered Surveyors, 2010-present
Society of Chief Appraisers (SCA), Planning Committee, 2009-present
Southern California Real Estate Alliance (SCREA), 1987-present; Co-Chair 1995-1996, 2003
Western Independent Bankers, Affiliate Member 2009-2011

SPEAKING ENGAGEMENTS

Appraisal Institute
- IRS Valuation Summit, Conference Co-Chair 2013; Moderator-Partial Interest Valuation Panel 2013, 2014
- Western Regional Conference, 1996-1999
- SF Bay Area Fall Conference, 1998

California Bankers Association, Chief Credit Officers Symposium, 2008-2010
California Bar Association, Real Property Law Section, 2011
California Mortgage Bankers Association, Commercial Real Estate Finance Conference, 2003-200
California CPA Education Foundation, 1998
CREFC Capital Markets Conference, 2014
Crittenden National Conference, 2009
ICSC/LAMA Capital Markets Conference, 2011-2012
IMN Troubled Assets Conference, 2010
Institute of Management Accountants, 1997
International Right of Way Association, IRWA/AI Joint Conference, 2002, 2008
Los Angeles Estate Planning Council, 2009
National Council of Real Estate Investment Fiduciaries (NCREIF), National Conference, 2005
Society of Chief Appraisers 2009-2015
Special Assets Management Association, 2010-2012
Western Independent Bankers, Troubled Asset Forum, 2009, 2011

PUBLICATIONS

California Mortgage Bankers Association Legal News
- *Valuation Clauses in Leases, Ground Leases and Purchase Options*, September 2011

California Mortgage Finance News
- *Silicon Beach, The New Frontier, September 2015*
- *Life Company Risk-Based Capital for Commercial Mortgages, September 2013*
- *Understanding the New Interagency Appraisal and Evaluation Guidelines*, May 2011

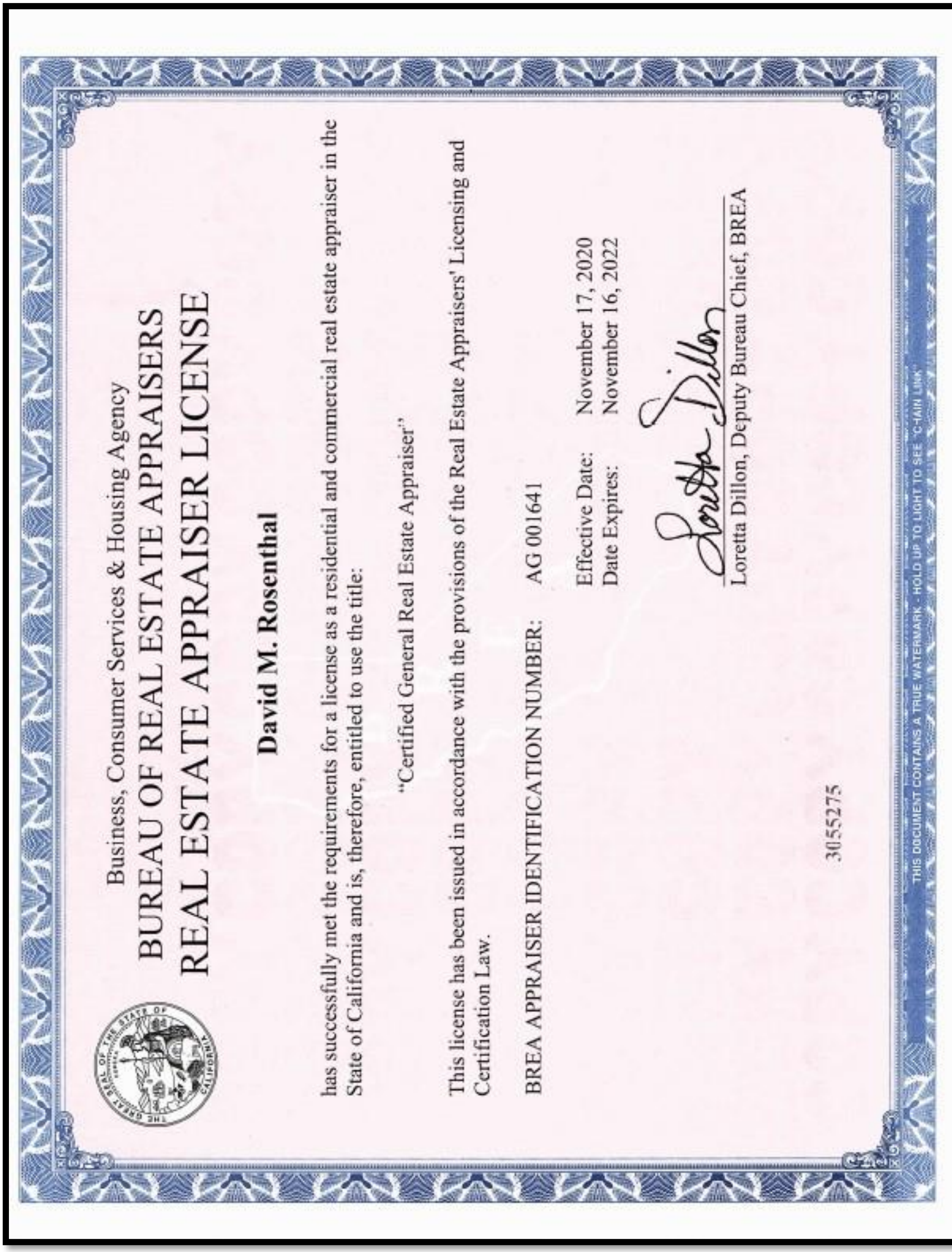
California Real Estate Journal
- *Telling the Story – A Solutions Approach to Appraisal*, September 2003

Real Estate News Television (RENTV.com)
- *Economic Update*, Regular Column 2002 to 2015

Real Estate Southern California
- *What Happened to CMBS?* September 2007
- *The ABC's of CDO's*, September 2006
- *The CMBS Market Comes of Age*, March 2006
- *Real Estate Cycles – A Long Term Perspective*, September 2005

Western Independent Bankers – Lending and Credit Digest
- *Evaluations in Compliance with the Interagency Appraisal and Evaluation Guidelines*, June 2012
- *Assessing Collateral Values,* October 2010
- *Commercial Bank Appraisal Administration*, July 2010

Current Appraiser License



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

David M. Rosenthal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 001641

Effective Date: November 17, 2020
Date Expires: November 16, 2022

Loretta Dillon, Deputy Bureau Chief, BREA

3055275

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "C-HAIN LINK"

Partial List of Clients Served

COMMERCIAL BANKS

American Continental Bank
Americas United Bank
Bank of America
Bank of Manhattan
Bank of Hemet
Bank of the Ozarks
Bank of Santa Clarita
Bank of the West
Bank One Arizona
BofI Federal Bank
Borel Private Bank & Trust Co.
Boston Private Bank & Trust Co.
Builders Bank
California Business Bank
Capital One Bank
Cathay Bank
Centennial Bank
Citigroup
Citizens Business Bank
City National Bank
City State Bank
Coast National Bank
Community Bank
CTBC Bank
Eastern International Bank
East West Bank
EverTrust Bank
Far East National Bank
Farmers and Merchants Bank
FDIC
First Commerce Bank
First Foundation Bank
First General Bank
First National Bank of Northern California
First National Bank of Southern California
First Republic Bank
Grandpoint Bank
Greater Bay Bancorp
Habib American Bank
Hanmi Bank
Heritage Oaks Bank
Independence Bank
JP Morgan Chase Bank
Key Bank
Korea Exchange Bank
La Jolla Bank
Luther Burbank Savings Bank
Macquarie Bank
Marshall & Isley Bank
Mellon First Business Bank
Mercantile National Bank
MidFirst Bank
Mission Bank
Mission Valley Bank
NARA Bank
National Bank of California
Northern Trust Bank
Pacific Alliance Bank
Pacific Capital Bancorp
Pacific City Bank
Pacific Commerce Bank
Pacific Mercantile Bank
Pacific Premier Bank
Pacific Western Bank
Philippine National Bank
Popular Community Bank
Preferred Bank
Premier Business Bank
Premier Commercial Bank
Provident Bank
Provident Savings Bank
Rabobank
Regents Bank
Royal Business Bank
Saehan Bank
Security Bank of California
Silvergate Bank
Sunwest Bank
The Private Bank of California
United Business Bank
Universal Bank
US Bancorp
US Metro Bank
Vibra Bank
Wells Fargo Bank
Wilshire Bank
Zions Bank

CREDIT UNIONS

Altura Credit Union
American First Credit Union
California Coast Credit Union
California Credit Union
Extensia Financial
Kinecta Federal Credit Union
LA Fireman's Credit Union
Mission Federal Credit Union
NuVision Credit Union
Orange County's Credit Union
Premier America Credit Union
Southland Credit Union

Partial List of Clients Served (Cont)

INSURANCE COMPANIES

AEGON USA
Allianz Life Insurance Company
Allstate Investments, LLC
American Equity Investment Life Insurance Co.
American National Insurance Company
American United Life Insurance Company
Assurant Inc.
Chubb Group of Insurance Companies
Columbian Mutual Life Insurance Company
Genworth Financial
Golden State Mutual Life
Great West Life Insurance Company
Hartford Insurance Company
Home Life Insurance Company
IDS Life Insurance Company
ING Life Insurance Company
John Hancock Real Estate Finance
Kansas City Life Insurance Company
Lafayette Life Insurance Company
Lincoln National Life Insurance Company
MetLife Capital Financial Corporation
Nationwide Insurance Company
Principal Global Investors
Protective Life Insurance Company
Prudential Mortgage Capital
Riversource
Southern Farm Bureau Life Insurance
Stancorp Mortgage Investors, LLC
State Farm Insurance Company
Sun Life Insurance Company
SunAmerica Insurance Company
Symetra Financial
Thrivent Financial for Lutherans
Union Central Life Insurance Company
Union Labor Life Insurance Company
United Farm Family Life Insurance Company
United Olympic Life Insurance Company
United Security Insurance Company

MULTI-FAMILY LENDERS

ABN/AMRO Apartment Lending
Ameriprise Financial
Amerisphere Multi-Family Finance
Arbor National Mortgage
Beech Street Capital
Centerline Capital Group
CW Capital
Deutsche Bank Mortgage Capital
Mark One Capital, Inc.
PNC/ARCS Commercial Mortgage
Prudential Huntoon Paige
Walker & Dunlop

COMMERCIAL MORTGAGE BANKERS/ BROKERS

Alison Mortgage Company
Amherst Real Estate Capital
Balboa Financial
Barry S. Slatt Mortgage Company
Berkadia Commercial Mortgage
Bond Street Capital
Buchanan Street Partners
Burnham Capital Markets
Cohen Financial
George Elkins Mortgage Banking Company
George Smith Partners, Inc.
Grandbridge Real Estate Capital
Highland Realty Capital, Inc.
Holiday Fenoglio Fowler, LP
iCap Realty Advisors
Koss Financial Corporation
Love Funding Corporation
Marcus and Millichap Capital Corporation
Mason McDuffie Financial Corporation
Meridian Capital Group, Inc.
Newmark Realty Capital, Inc.
NorthMarq Capital, Inc.
Pacific Southwest Realty Services
Partners Realty Capital, LLC
Pathfinder Mortgage Corporation
Q10 National Mortgage Co.
Sunrise Mortgage & Investment Company
Terrix Financial Corporation
Walker and Dunlop

PENSION FUNDS / ADVISORS

Alcatel Lucent Asset Management Corp.
American Realty Advisors
CALPERS
California State Teachers Retirement System
Construction Laborers Pension Trust
Crosson Dannis, Inc.
Emerson International
Equitable Real Estate Investment Mgt., Inc.
Essex Property Trust
Guggenheim Trust Company, LLC
Heitman/JMB Institutional Realty Advisors
J.P. Morgan Investment Management
Olympic Realty Advisors
Principal Real Estate Investors
Standard Management Company

Partial List of Clients Served (Cont)

CMBS SPECIAL SERVICERS

C-III Asset Management, LLC
Key Bank
LNR Partners, LLC
Midland Loan Services
Helios AMC, LLC
Berkadia Commercial Mortgage
TriMont Real Estate Advisors

CMBS LENDERS

Barclays Capital Real Estate, Inc.
Bridger Commercial Funding
CIBC World Markets Corp.
Credit Suisse
CW Capital
Deustchebanc Mortgage Capital
JP Morgan Mortgage Capital
Key Commercial Mortgage
Morgan Stanley
Natixis Real Estate Capital, Inc.
RBS Greenwich Capital
Redwood Trust
UBS Securities, LLC

CORPORATIONS

Alta Hospital System
ATT Wireless Services, Inc.
Best California Gas Co.
Bridgestone Retail Operations
Brotman Hospital
California Sports, Inc.
Chevron Oil Company
Getty Oil Company
IMAX Corporation
Los Angeles Orthopedic Hospital Foundation
Mercury Air Cargo, Inc.
Mobil Oil Corporation
Neiman-Marcus Group, Inc.
Pandemic Studios
Rite Aid Corporation
Safeway Corporation
Salvation Army
Santa Monica Home Owners Corporation
Thrifty Oil Company
Wal-Mart Stores, Inc.
Whirlpool Financial Corporation

PUBLIC AGENCIES

California Housing Finance Association
Carson Redevelopment Agency
City of Adelanto
City of Chino
City of Colusa
City of Gardena
City of Grand Terrace
City of Inglewood
City of Los Angeles
City of Montebello
City of Norco
City of Palos Verdes
City of Pasadena
City of Rialto
City of Riverside
City of San Louis Obispo, Housing Authority
City of San Mateo
City of Santa Monica
City of Vernon
City of Whittier
City of Yukaipa
Coachella Valley Mountains Conservancy
Compton Unified School District
Consulate General of Poland
County of San Mateo
Inglewood Redevelopment Agency
Inglewood Unified School District
Los Angeles Community College District
Los Angeles Housing Department
Los Angeles Unified School District
Los Angeles World Airports (LAWA)
Metropolitan Transit Authority (MTA)
Mountains Recreation & Conservation Authority
Newport Harbor Nautical Museum
Oakland Community Housing, Inc.
Philippine Consulate
Rosamond Community Services District
San Fernando Valley Economic Development Corp.
Santa Monica College
Santa Monica-Malibu Unified School District
Simi Valley Unified School District
The Port of Long Beach
The Port of Los Angeles
US General Services Administration
US Postal Service

Partial List of Clients Served (Cont)

ATTORNEYS

Akin Gump Strauss Hauer & Feld, LLP
Allen Matkins Leck Gamble Mallory & Natsis
Arter & Hadden
Barnes & Thornburg LLP
Bird Marella
Booth, Mitchel & Strange, LLP
Brownstein, Hyatt, Farber, Schreck, LLP
Bryan Cave
Burhenn & Gest, LLP
Cadden & Fuller, LLP
Charlston, Revich, & Williams
Chrystie and Berle
Coudert Brothers, LLP
Cox, Castle, & Nicholson
DeCastrow, West, Chodorow, Glickfield & Nass
Engstrom, Lipscomb and Lack
Frandzel Robins Bloom & Csato, LC
Gianelli and Morris
Gibson, Dunn and Crutcher, LLP
Goodson and Wachtel
Greenberg, Glusker, Fields, Claman and Machtinger
Greenberg Traurig
Haight, Brown, & Bonesteel
Hoffman, Saban and Watenmaker
Holt Ney Zatcoff & Wasserman, LLP
Inman, Weisz, & Steinberg
Jeffer, Mangels, Butler, & Mitchell
K&L Gates, LLP
Kane, Ballmer & Berkman
Katten, Muchin, Zavis and Weitzman
King, Holmes, Paterno & Berliner, LLP
Levin & Seligman
Levinson & Lieberman
Loeb and Loeb
Luce, Forward, Hamilton & Scripps LLP
Manatt, Phelps & Phillips, LLP
Marlin and Saltzman
McDermott, Will & Emery
McGuire Woods
McNicholas & McNicholas, LLP
Mindlin and Tigerman
Mitchell, Silberberg, & Knupp, LLP
Morris, Polich and Purdy, LLP
Munger, Tolles, & Olson
Murchison & Cumming
Musick, Peeler & Garrett, LLP
Nixon Peabody, LLP
O'Melvany and Meyers
Orbach Huff Suarez & Henderson, LLP
Parker Milliken
Pillsbury, Madison, and Sutro
Pircher, Nichols, and Meeks
Resch Polster & Berger, LLP
Robinson, Diamant, & Brill
Rodi, Pollock, Pettker, Christian & Pramov
Rucker and Clarkson
Shapiro, Poesell, & Close
Shiotani & Inouye
Sidley and Austin
Smith and Hilbig
Thomashow, Brown and Paiallii, LLP
Tilem and Gole
Troy and Gould
Weinstock Manion
White & Case
Wolf, Rifkin, Shapiro & Shulman
Youngerman and McNutt, LLP

DEVELOPERS

Athena Group, LLC
California Landmark Development
Catellus Development Corporation
Champion Real Estate Services
CIM Group
Cloverfield Group
Combined Properties
Daiwa House Corporation
First City
Goldrich and Kest Industries
Haseko, Inc.
HB Drollinger Company
Held Properties, Inc.
Jamison Services, Inc.
Kennedy Wilson
Koar Development Group, LLC
O&S Holdings
Regency Centers
Roberts Companies
Soboroff Partners
Trammel Crowe