

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

2,846 SQUARE FOOT REMNANT PARCEL
LOT 33 BLOCK A GARFIELD STREET
HUNTINGTON BEACH, CALIFORNIA 92646
CBRE FILE NO. 22-251PS-0138-1

CLIENT: BONANNI DEVELOPMENT

CBRE

Date of Report: March 4, 2022

Chris Segesman
BONANNI DEVELOPMENT
5500 Bolsa Avenue, Suite 120
Huntington Beach, California 92649

RE: Appraisal of: 2,846 Square Foot Remnant Parcel
Lot 33 Block A Garfield Street
Huntington Beach, Orange County, California
CBRE, Inc. File No. 22-251PS-0138-1

Dear Mr. Segesman:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the above property. Our analysis is presented in the following Appraisal Report.

The subject is a 2,846 square foot (0.065-acre) remnant parcel of vacant land located west of Main Street, east of Holly Lane, and south of Garfield Avenue, in the city of Huntington Beach, within Orange County, California. Remarkable to this parcel is its long, narrow, rectangular shape that significantly impacts this property's development potential. Further hindering the subject's development potential are several easements, the most restrictive of which is a subterranean pipeline easement in favor of Standard Oil that restricts any subsurface disturbance or above ground development. The property is zoned for commercial office and retail uses (SP-9, Section IV-6) and is within the Holly-Seacliff Specific Plan.

The subject is presently owned by the City of Huntington Beach. The Client, Bonanni Development, is entering into negotiations with the City of Huntington Beach to acquire this remnant parcel as part of an assemblage with four adjacent parcels for a proposed multifamily residential development. The Client also is seeking approval from the City for a rezone of the subject and adjoining parcels from Commercial to Multifamily Residential (MF), which carries a density of 15 dwelling units per acre. Ultimately, with density bonuses, the Client plans to build 35 townhome units once the subject and adjoining parcels are assembled and rezoned. It is an extraordinary assumption of this appraisal that this rezone will be allowed. The subject ultimately will serve as an interior site drive isle and will provide access to the development from both Holly Lane and Main Street. The subject is more fully described, both legally and physically within the attached report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Land Value	Fee Simple Estate, as encumbered	March 2, 2022	\$16,875
Compiled by CBRE			

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP 2020-21), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Steve Calandra, MAI
Director
California Certification No. 027877
Expiration Date: November 16, 2022
Phone: (949) 725-8408
Email: steve.calandra@cbre.com



Jennifer Simmonson, CGA
Appraiser
California Certification No. 3006659
Expiration Date: July 23, 2023
Phone: (858) 404-7218
Email: jennifer.simmonson@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (2020-21), as well as the requirements of the State of California.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, Steve Calandra, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
10. As of the date of this report, Jennifer Simmonson has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
11. Jennifer Simmonson has made a personal inspection of the property that is the subject of this report. Steve Calandra, MAI has not made a personal inspection of the subject property.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Jennifer Simmonson and Steve Calandra, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.

Steve Calandra, MAI
California Certification No. 027877

Jennifer Simmonson
California Certification No. 3006659

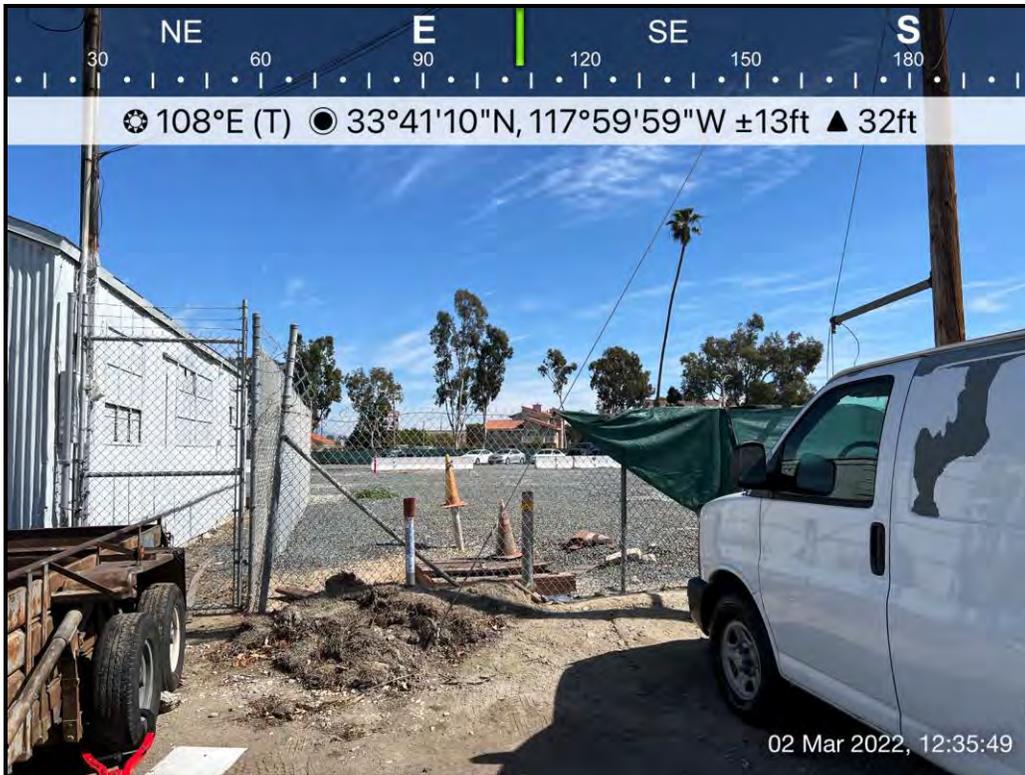
Subject Photographs



Aerial View



Looking West Across the Subject from Sidewalk on Main Street Near Bus Stop



Looking East Across Subject from Holly Lane



Looking Northwest Across APN #159-281-05 Towards Subject in Background



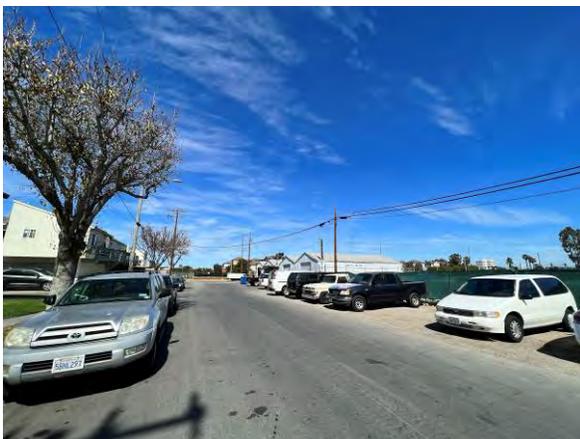
Street View: Main Street, Looking NE, Near Subject's Eastern Boundary



SW View Along Main Street, Subject at Right



View to South on Holly Lane, Subject at Left, Out of Frame



Looking North on Holly Lane, Subject at Right Near Structure



Bollards and Fencing at Subject's Western Boundary

Executive Summary

Property Name	2,846 Square Foot Remnant Parcel	
Location	Lot 33 Block A Garfield Street Huntington Beach, Orange County, CA 92646	
Parcel Number(s)	159-281-04	
Client	Bonanni Development	
Highest and Best Use	As If Vacant	
	Assemblage with adjacent parcels for future multifamily residential development	
Property Rights Appraised	Fee Simple Estate, as encumbered	
Date of Inspection	March 2, 2022	
Estimated Exposure Time	6 - 12 Months	
Estimated Marketing Time	6 - 12 Months	
Primary Land Area	0.07 AC	2,846 SF
Zoning	SP 9 - Section IV-6 (Commercial) As Currently Zoned / MF Re-Zone in Process	
Buyer Profile	Developer	
VALUATION	Total	Per SF
Land Value	\$16,875	\$5.93

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
Land Value	Fee Simple Estate, as encumbered	March 2, 2022	\$16,875

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The subject is located in the coastal community of Huntington Beach, within Orange County, California

Weaknesses/ Threats

- The subject’s long narrow shape severely limits the property’s development potential
- A detrimental easement encumbers the property and precludes subsurface disturbance or above ground development

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “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.”¹

- An oil pipeline is located underneath the subject parcel and is the basis for the pipeline easement which precludes subsurface disturbance and above-ground development. CBRE was not provided with an environmental site assessment report for review. It is an extraordinary assumption of this assignment that neither the subject nor the adjacent parcels owned by the Client suffer from any form of environmental contamination.
- It is an extraordinary assumption of this assignment that the subject and the adjacent parcels owned by the Client receive “MF” multifamily residential rezoning approval. This is reasonable given: Multifamily residential development of the subject and its adjacent parcels would be more harmonious with the existing adjacent properties, which are apartment buildings and condominiums. Further, conversion of older commercial sites into residential sites within the submarket was noted during the appraiser’s research.

The use of these extraordinary assumptions may have affected assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “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 purposes of analysis.”²

- None noted

OWNERSHIP AND PROPERTY HISTORY

OWNERSHIP SUMMARY	
Item	Current
Current Ownership	
Owner:	City of Huntington Beach
Sale in Last 3 Years?:	No
Legal Reference:	Please see Title Report in Addendum
County/Locality Name:	Orange
Pending Sale Negotiation	
Negotiations Pending	Yes
Buyer:	Bonanni Development
Contract Price:	TBD
Contract Date:	No contract as of yet
Arm's Length:	Yes
Current Listing	
Currently Listed For Sale:	No
Compiled by CBRE	

¹ The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

² The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

CBRE is unaware of any arm's length ownership transfers of the property within three years of the date of appraisal. Further, the property is not reportedly being offered for sale on the open market as of the current date; however, Bonanni Development has entered into negotiations with the City of Huntington Beach to purchase the subject as part of its multifamily residential development plans of the parcels immediately adjacent to the subject. The purpose of this appraisal is to estimate the market value of the subject for use in these negotiations.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- CoStar market data of multifamily residential land sales in the neighborhood

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA		
Investment Type	Exposure/Mktg. (Months)	
	Range	Average
Comparable Sales Data	1.0 - 20.0	9.0
CBRE Exposure Time Estimate	6 - 12 Months	
CBRE Marketing Period Estimate	6 - 12 Months	
Various Sources Compiled by CBRE		

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Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

INTENDED USE OF REPORT

This appraisal is to be used for internal decision-making purposes related to potential acquisition and no other use is permitted.

CLIENT

The client is Bonanni Development.

INTENDED USER OF REPORT

This appraisal is to be used by Bonanni Development. No other user(s) may rely on our report unless as specifically indicated in this report.

Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience.³

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this

³ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

INTEREST APPRAISED

The value estimated represents Fee Simple Estate, as encumbered, as defined below:

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.⁵

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description
- GIS Data
- appraisal inspection

Extent to Which the Property is Inspected

On March 2, 2022, Jennifer Simmonson inspected the subject property. Surrounding land uses were observed as well.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data
- Title Report
- As-Proposed architectural site plan
- As-Is "Existing Conditions Plan"

⁴ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

⁵ Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. For vacant land, the sales comparison approach has been employed for this assignment.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	Assessor's parcel map
Condition of Title Report	Order No.: 09206932-920-CMM-CM8, dated April 26, 2018 at 7:30
Existing Conditions Plan	"Third City Submittal" Dated September 8, 2021. Waden & Associates,
Proposed Site Plan, MFR	WHA. architectural firm, dated September 16, 2021
Compiled by CBRE	

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land

residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.

The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.

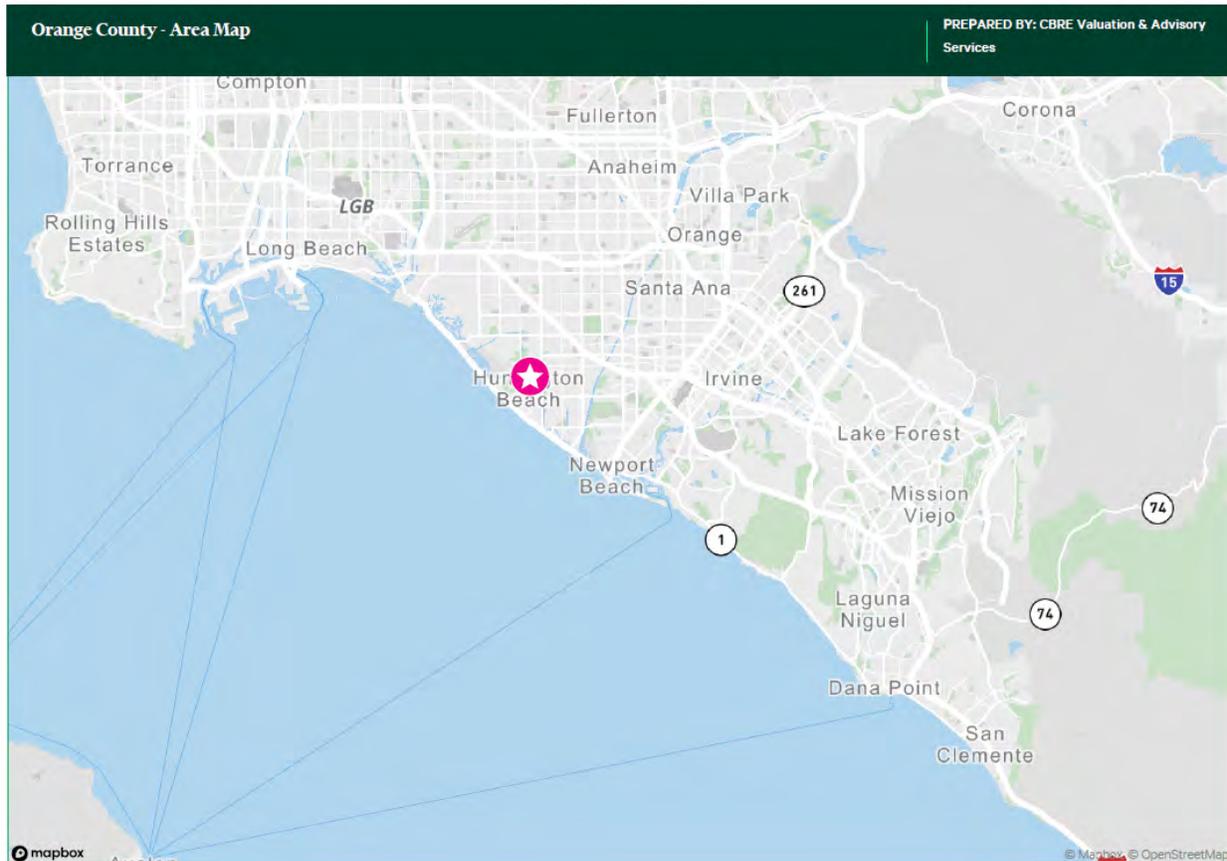
The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable, and the extraction method does not reflect market considerations.

For the purposes of this analysis, we have utilized the sales comparison approach as this methodology is employed for residential sites that are unentitled but feasible development. The other methodologies are used primarily when comparable land sales data is non-existent. Therefore, these approaches have not been used.

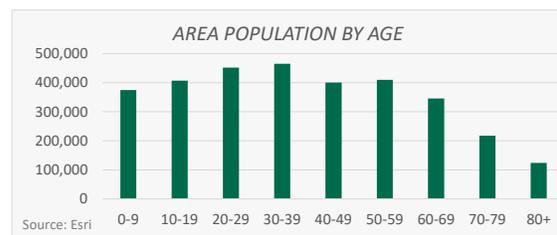
Area Analysis



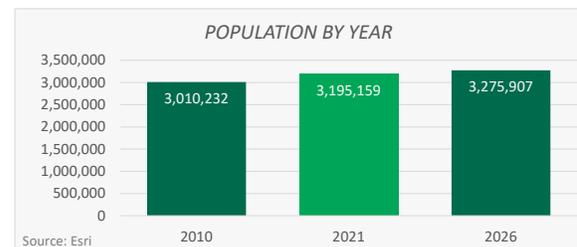
The subject is located in Orange County. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 3,195,159 and a median age of 38, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



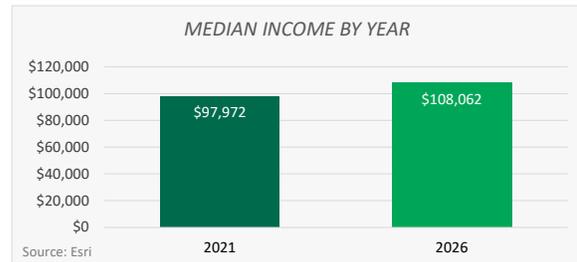
Population has increased by 184,927 since 2010, reflecting an annual increase of 0.5%. Population is projected to increase by an additional 80,748 by 2026, reflecting 0.5% annual population growth.



Source: ESRI, downloaded on Mar, 1 2022

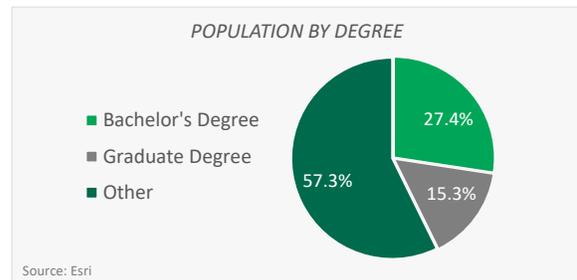
INCOME

The area features an average household income of \$130,171 and a median household income of \$97,972. Over the next five years, median household income is expected to increase by 10.3%, or \$2,018 per annum.

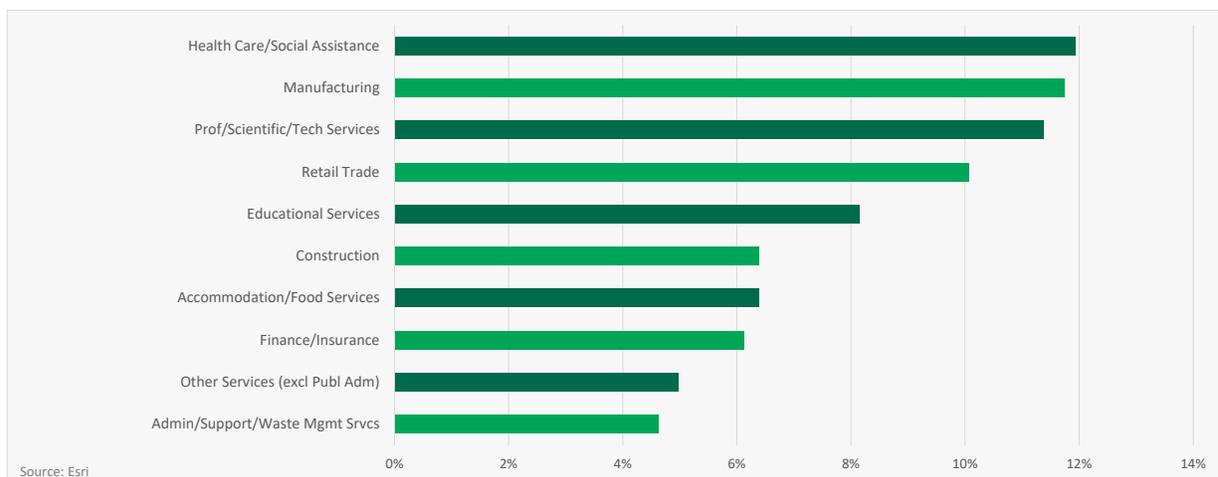


EDUCATION

A total of 42.7% of individuals over the age of 24 have a college degree, with 27.4% holding a bachelor's degree and 15.3% holding a graduate degree.



EMPLOYMENT

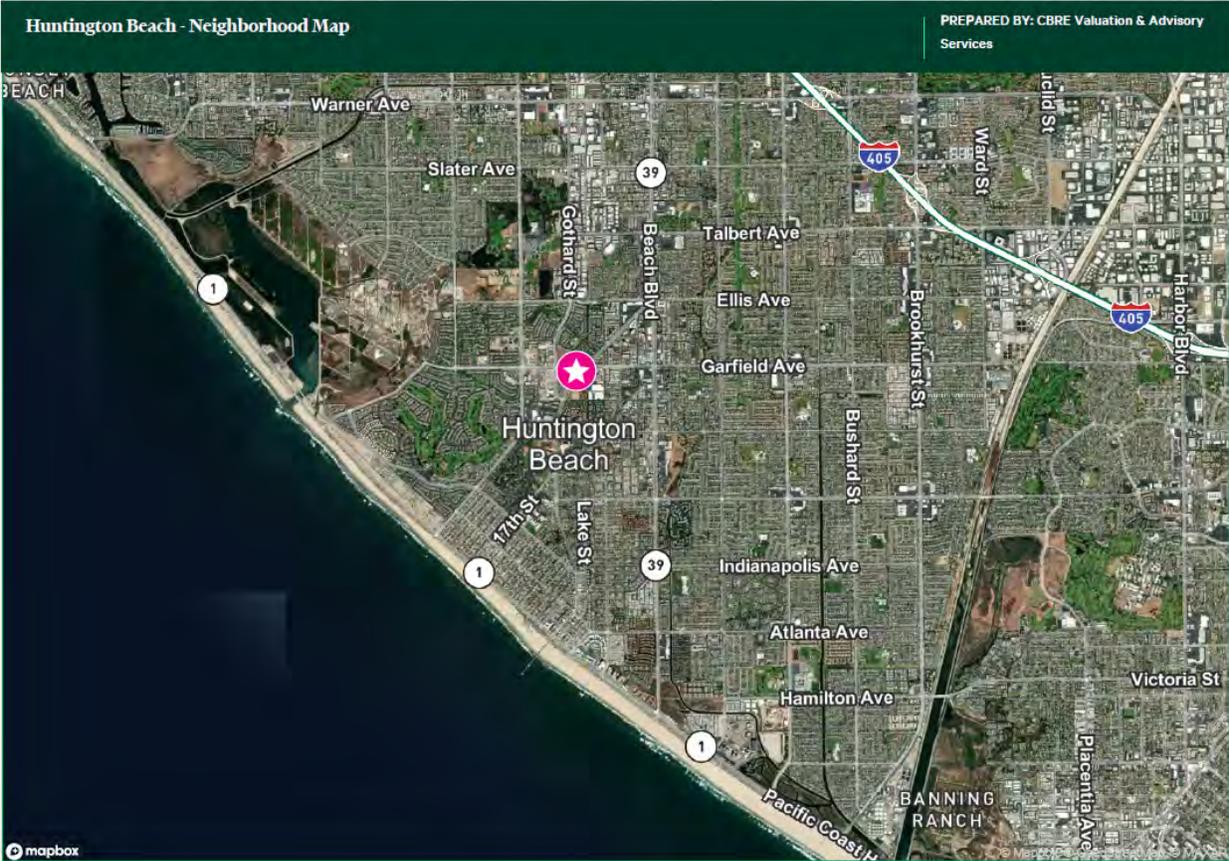


The area includes a total of 1,601,474 employees and has N/A unemployment rate. The top three industries within the area are Health Care/Social Assistance, Manufacturing and Prof/Scientific/Tech Services, which represent a combined total of 35% of the population.

Source: ESRI, downloaded on Mar, 1 2022; BLS.gov dated Jan, 0 1900

In summary, the area is forecasted to experience an increase in population and an increase in household income.

Neighborhood Analysis



LOCATION

The subject is located within the central portion of the coastal city of Huntington Beach, in northwestern Orange County.

NEIGHBORHOOD CHARACTERISTICS	
Location:	Suburban
Built-Up:	Over 75%
Life Cycle Stage	Stability
Change in Present Land Use:	Likely*
	(*) From: Commercial to Multifamily Residential
Neighborhood Boundaries	
North:	Garfield Avenue
South:	Hamilton Avenue
East:	Santa Ana River
West:	Pacific Ocean
Source: CBRE	

LAND USE

Land uses within the subject neighborhood consist of a mixture of residential and commercial development. The immediate area surrounding the subject consists primarily of residential uses with much of the development being built during the 1960s and 1970s. East of the subject are condominiums and west and south of the subject are multifamily residential properties.

NEIGHBORHOOD LAND USE			
Present Land Use %			
Single Unit Residential:	35%	Industrial:	15%
Multi-Housing:	25%	Agricultural:	0%
Commercial:	20%	Other:	5%
Commercial Land Use Patterns			
Primary Commercial Thoroughfares:	Garfield Avenue, Beach Blvd (39), Yorktown Avenue, Main Street, Goldenwest Street		
Major Commercial Developments:	Seacliff Village Shopping Center, Pacific City, and Beach Promenade		
Source: CBRE			

GROWTH PATTERNS

The subject neighborhood is fully-built-out, with new developments consisting of in-fill projects. The trend has been transitioning lower-density residential projects into higher-density multifamily residential, as permitted by the city of Huntington Beach.

ACCESS

The San Diego Freeway (405) is approximately three miles northeast of the subject and is the primary neighborhood freeway, connecting Huntington Beach with Los Angeles to the north and San Diego County to the south.

Beach Boulevard (39) is a north-south neighborhood arterial that begins in the south at Pacific Coast Highway in Huntington Beach and terminates in the north at E. Whittier Boulevard in the city of La Habra.

DEMOGRAPHICS

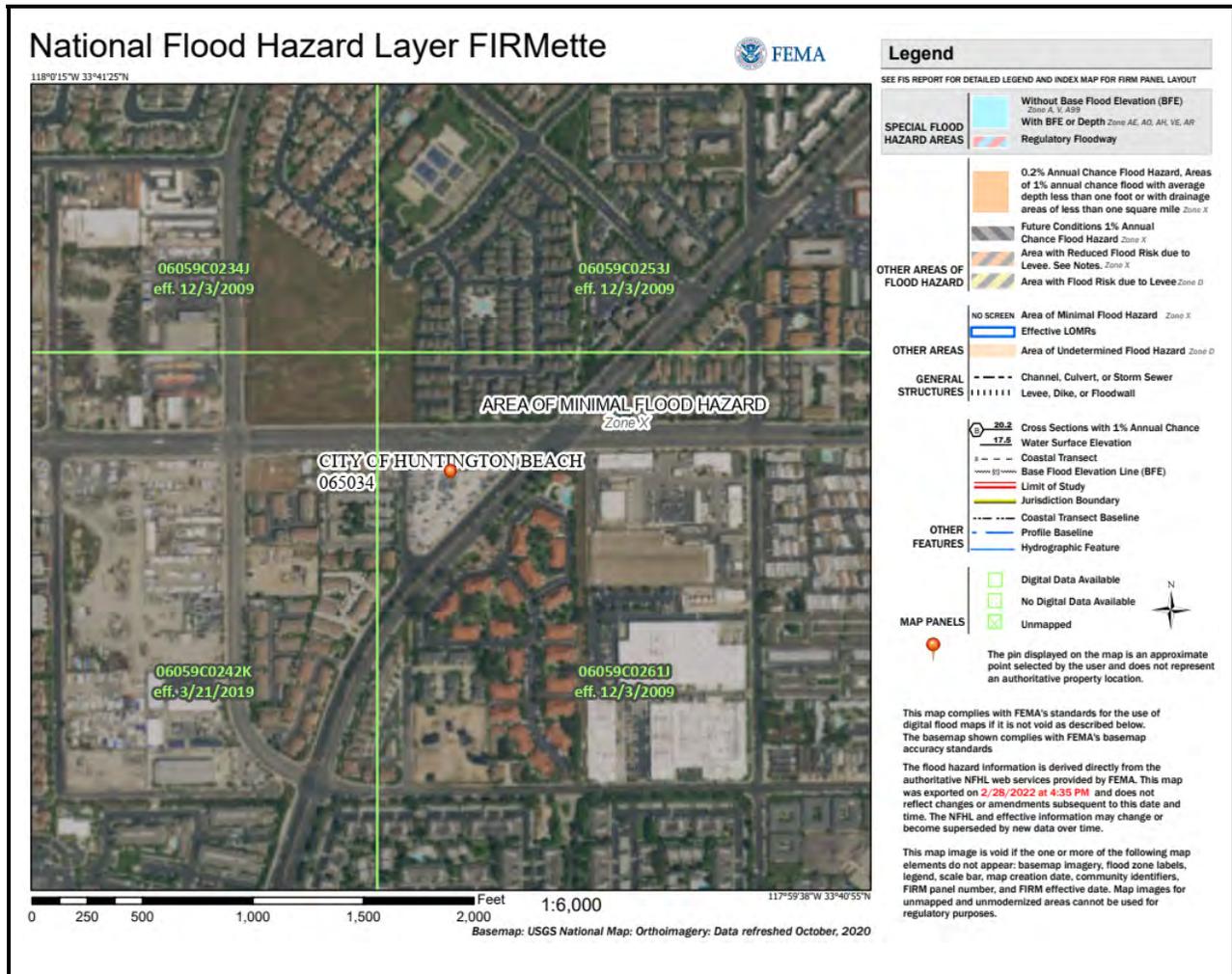
Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS					
Lot 33 Block A Garfield Street Huntington Beach, CA 92646	1 Mile Radius	3 Mile Radius	5 Mile Radius	California	Orange County
Population					
2026 Total Population	25,624	167,651	356,728	40,507,842	3,275,907
2021 Total Population	25,198	165,874	350,899	39,476,705	3,195,159
2010 Total Population	24,151	162,500	341,379	37,253,956	3,010,232
2000 Total Population	22,213	162,132	340,221	33,871,648	30,982
<i>Annual Growth 2021 - 2026</i>	0.34%	0.21%	0.33%	0.52%	0.50%
<i>Annual Growth 2010 - 2021</i>	0.39%	0.19%	0.25%	0.53%	0.54%
<i>Annual Growth 2000 - 2010</i>	0.84%	0.02%	0.03%	0.96%	N/A
Households					
2026 Total Households	10,313	63,017	126,241	13,615,954	1,073,115
2021 Total Households	10,181	62,549	124,716	13,283,432	1,047,779
2010 Total Households	9,861	61,759	122,479	12,577,498	992,781
2000 Total Households	8,837	60,907	121,589	11,502,870	935,270
<i>Annual Growth 2021 - 2026</i>	0.26%	0.15%	0.24%	0.50%	0.48%
<i>Annual Growth 2010 - 2021</i>	0.29%	0.12%	0.16%	0.50%	0.49%
<i>Annual Growth 2000 - 2010</i>	1.10%	0.14%	0.07%	0.90%	0.60%
Income					
2021 Median Household Income	\$90,733	\$102,495	\$95,505	\$80,044	\$97,972
2021 Average Household Income	\$124,531	\$134,177	\$125,333	\$113,468	\$130,171
2021 Per Capita Income	\$50,511	\$50,569	\$44,562	\$38,272	\$42,721
2021 Pop 25+ College Graduates	7,730	54,713	107,840	9,536,591	941,863
Age 25+ Percent College Graduates - 2021	41.6%	44.5%	42.0%	35.6%	42.7%
Source: ESRI					

CONCLUSION

The subject is located within the city of Huntington beach within western, coastal Orange County. During the past ten years, between 2010 and 2021, the growth rate within a three-mile radius of the subject was positive, but below that of Los Angeles County and the state of California. This is partially attributable to the lack of available land for growth and development as the city of Huntington Beach is fully built out. To this, the forecasted growth rate for this neighborhood is expected to remain below that of California and the county during the next five years. Median household income and average household income within a three-mile radius of the subject is above the average and median household income levels of both California and Orange County, reflecting its more desirable coastal location within the County. The overall outlook for the subject neighborhood is positive.

FLOOD PLAIN MAP



Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Site Area	0.07 Acres	2,846 Sq. Ft.	
Primary Road Frontage	Main Street	14 Feet	
Secondary Road Frontage	Holly Lane	10 Feet	
Shape	Narrow, Rectangular		
Topography	Generally Level		
Parcel Number(s)	159-281-04		
Zoning District	SP 9 - Section IV-6 (Commercial) As Curre		
Flood Map Panel No. & Date	06059C0262J	3-Dec-09	
Flood Zone	Zone X (Shaded)		
Adjacent Land Uses	Multifamily residential & condominiums		
Earthquake Zone	The subject is not located within an Alquist-Priolo identified earthquake fault zone.		
Comparative Analysis		Rating	
Visibility		Typical	
Functional Utility		Poor	
Traffic Volume		Good	
Adequacy of Utilities		Assumed adequate given surrounding land uses	
Landscaping		N/A	
Drainage		Assumed adequate	
Utilities		Availability	
Water		City of Huntington Beach	
Sewer		City of Huntington Beach	
Natural Gas		So Cal Gas	
Electricity		So Cal Edison	
Telephone		Various Providers	
Mass Transit		OCTA	
Other	<u>Yes</u>	<u>No</u>	<u>Unknown</u>
Detrimental Easements	x		
Encroachments		x	
Deed Restrictions		x	
Reciprocal Parking Rights		x	
Various sources compiled by CBRE			

LOCATION

The subject is west of Main Street, east of Holly Lane, and south of Garfield Avenue.

LAND AREA

The land area size was obtained via public record, which generally aligns with the parcel map. The site is considered too small in size for any potential (standalone) multifamily residential development based on MF zoning development standards, for which the Client has a rezoning application in process. Similarly, the size is considered too small for a commercial development within the subject neighborhood.

SHAPE AND FRONTAGE

The site is characterized by its long, narrow rectangular shape measuring $\pm 10' \times 285'$. While it has frontage along adjoining streets on either side (Holly Ave to the west and Main Street to the East), the subject would have limited to no utility as a stand alone site.

INGRESS/EGRESS

Presently the subject may only be accessed by traversing one of its neighboring parcels to its north or south. Though the subject abuts two streets, Main Street and Holly Lane, there is no direct access to the site at present. The eastern portion of the subject would require a curb cut in the sidewalk. On the western portion of the subject, a fence, two bollards, and a power pole prevent vehicular ingress and egress.

Excepting removal of the bollards and electrical/telephone pole on the western portion of the subject, or a curb cut along the eastern portion, access to the subject site would require an access easement across one of the neighboring parcels to the north or south.

TOPOGRAPHY AND DRAINAGE

The site is generally level and at street grade. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

The subject is encumbered by various easements including:

- a water main easement for irrigation purposes

- pole lines and incidental purposes
- public utilities, and
- pipeline easements in favor of Standard Oil

These easements are detailed in the following excerpt from the Client-provided title report:

SCHEDULE B

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2018-2019.
 - B. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.
 - C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
1. Water rights, claims or title to water, whether or not disclosed by the public records.
 2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as delineated on or as offered for dedication on the map of said tract

Purpose: water mains for irrigation purposes, pole lines and incidental purposes
Affects: the rear 4 feet of said land
 3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Standard Oil Company, a Corporation
Purpose: public utilities
Recording Date: April 29, 1930
Recording No: in [Book 377, Page 303](#) of Official Records
Affects: Lot 33 in Block "A"
 4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Standard Oil Company of California, a Corporation
Purpose: pipe line
Recording Date: April 10, 1935
Recording No: in [Book 746, Page 151](#) of Official Records
Affects: Lot 33 in Block "A"
 5. Matters contained in that certain document

Entitled: Development Agreement
Dated: Not set out
Executed by: City of Huntington Beach, Pacific Coast Homes and Garfield Partners
Recording Date: November 14, 1990
Recording No: as [Instrument No. 90-599766](#) of Official Records

Reference is hereby made to said document for full particulars.

SCHEDULE B
(Continued)

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as reserved in a document;

Purpose: private alleys
Affects: said land more particularly described therein

These easements significantly impact the development potential of the site and are considered to negatively affect the marketability of the subject on its own as a standalone parcel without assemblage. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

UTILITIES AND SERVICES

The site includes all municipal services, including police, fire and refuse garbage collection. All utilities can be made available to the site in adequate quality and quantity to service the highest and best use. The appraiser observed an electrical pole on the subject's western portion, though electrical and telephone/cable is not "to site."

ENVIRONMENTAL ISSUES

CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination above the surface or adverse conditions. However, an underground oil pipeline is known to traverse the subject, which is cause for potential environmental concerns.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	Commercial/Light Industrial Business (De Guelle Glass Co., glass and mirror shop)
South:	Unimproved vacant lot used for vehicle parking
East:	Condominium development (residential)
West:	Multifamily residential

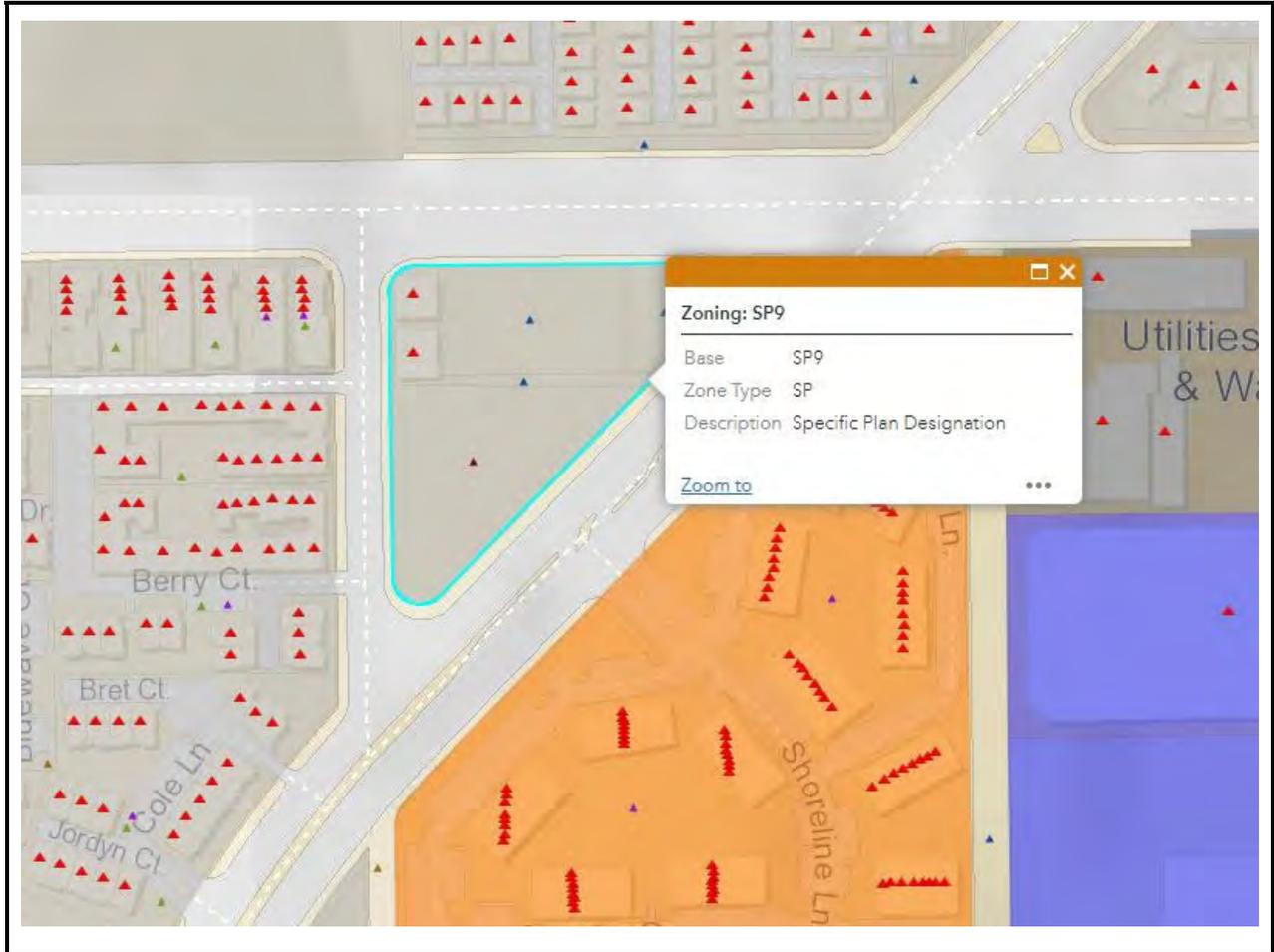
The Client recently acquired the adjacent land immediately to the north and south of the subject.

CONCLUSION

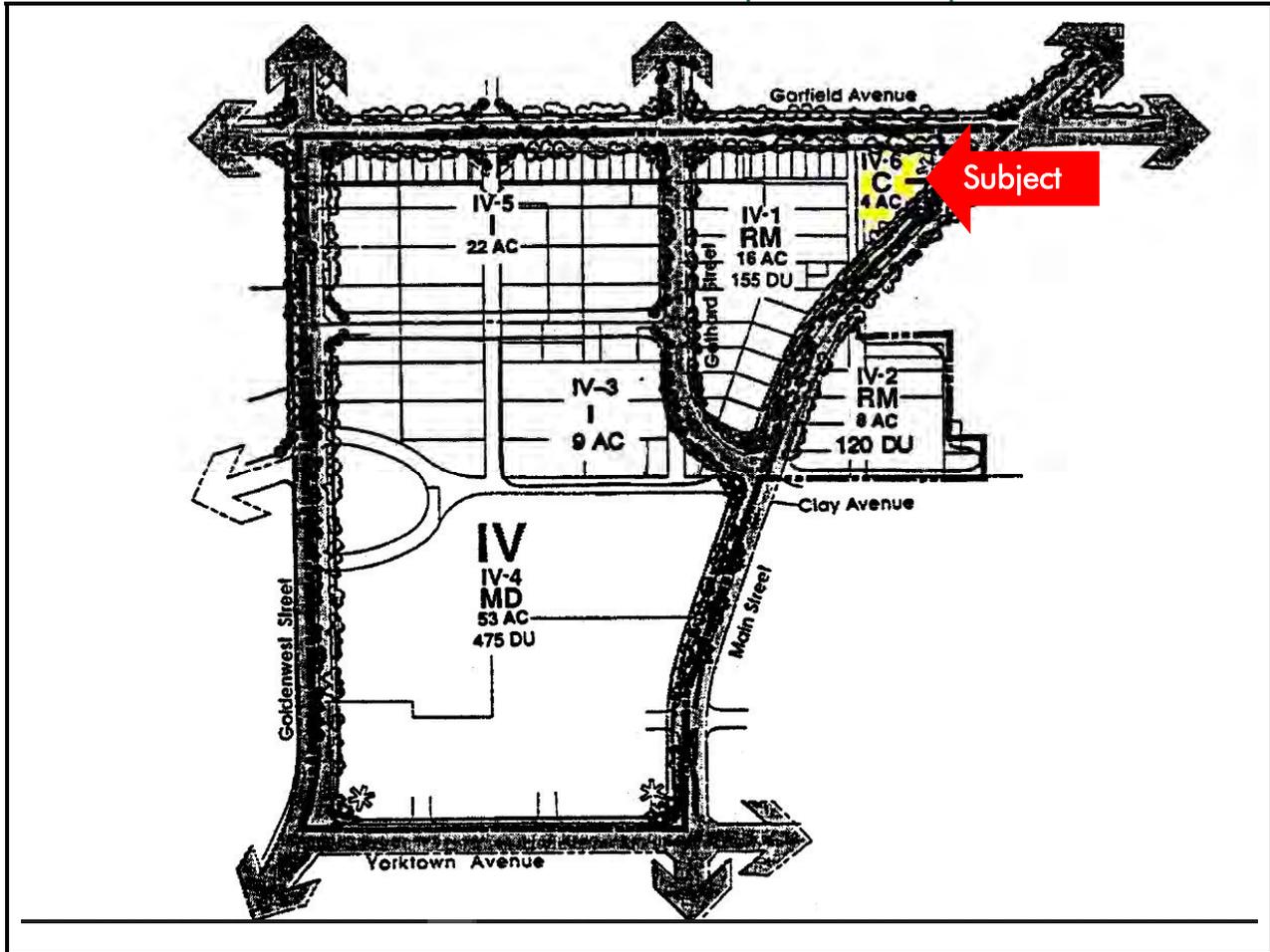
The site is not well suited for independent development. Access, size, and shape all negatively impact the subject's use potential. Additionally, current zoning standards do not support

development of the subject based on setback, minimum lot size, and frontage/width requirements. Additionally, detrimental easements preclude any subsurface disturbance or above-ground development. These detrimental site attributes significantly and negatively impact the marketability of the subject. Due to these limiting site characteristics, the highest and best use of the subject is assemblage with adjacent parcels, time and circumstances warranting.

ZONING MAP: SPECIFIC PLAN 9 DESIGNATION - HOLLY-SEACLIFF SPECIFIC PLAN



ZONING MAP: SPECIFIC PLAN 9 – SECTION IV-6-C (COMMERCIAL)



ZONING CHART: HOLLY-SEACLIFF SPECIFIC PLAN LAND USE TABLE

**TABLE 1
HOLLY-SEACLIFF SPECIFIC PLAN
LAND USE TABLE**

PLANNING AREA	PLANNING UNIT	LAND USE CATEGORY	GROSS ACRES	TOTAL UNITS	MAXIMUM GROSS DENSITY	AVERAGE GROSS DENSITY	DEV. STANDS. (PAGE)
I	I-1	RESIDENTIAL-LOW DENSITY 1	6	15	4	2.5	III-10
	I-2	RESIDENTIAL-LOW DENSITY 1	26	90	4	3.5	III-10
	I-3	RESIDENTIAL-LOW DENSITY 1	16	55	4	3.4	III-10
	I-4	OPEN SPACE	16				III-32
	SUBTOTAL		64	160			
II	II-1	RESIDENTIAL-LOW DENSITY 3	62*	310	7	4.1	III-16
	II-2	RESIDENTIAL-MEDIUM DENSITY	40	415	15	11.0	III-20
	II-3	RESIDENTIAL-MEDIUM DENSITY	34*	390	15	13.0	III-20
	II-4	RESIDENTIAL-MEDIUM-HIGH DENSITY	9	170	25	16.6	III-23
	II-5	RESIDENTIAL-MEDIUM-HIGH DENSITY	4	75	25	18.8	III-23
	II-6	RESIDENTIAL-MEDIUM-HIGH DENSITY	4	75	25	18.8	III-23
	II-7	RESIDENTIAL-MEDIUM-HIGH DENSITY	6	100	25	16.6	III-23
	II-8	INDUSTRIAL	32				III-31
	SUBTOTAL		191	1,535			
III	III-1	RESIDENTIAL-MEDIUM DENSITY	19	285	15	15.0	III-20
	III-2	RESIDENTIAL-LOW DENSITY 2	105	397	7	3.8	III-13
	III-3/4	RESIDENTIAL-LOW DENSITY 3	21	86	5	5	III-16
	III-5/7	RESIDENTIAL-LOW DENSITY 3	26**	119	5	5	III-16
	III-6	COMMERCIAL	11				III-31
	III-8	OPEN SPACE	16				III-32
	SUBTOTAL		198	887			
IV	IV-1	RESIDENTIAL-MEDIUM DENSITY	16	155	15	9.7	III-20
	IV-2	RESIDENTIAL-MEDIUM DENSITY	8	120	15	15.0	III-20
	IV-3	INDUSTRIAL	9				III-31
	IV-4	MIXED DEVELOPMENT	53	165	25	14.4	III-25
	IV-5	INDUSTRIAL	22				III-31
	IV-6	COMMERCIAL	4				III-31
	SUBTOTAL		112	440			
	TOTAL		565	3,022			

Subject

Subject

* Includes 4-acre Neighborhood Park.
** Includes 5-acre Neighborhood Park.

Zoning

The following chart summarizes the subject's zoning requirements, as the subject is currently zoned. Note that an application for re-zone to MF (multifamily residential) is in process.

ZONING SUMMARY	
Current Zoning	SP 9 - Section IV-6 (Commercial) As Currently Zoned / MF Re-Zone in Process
Legally Conforming Uses Permitted	No - See Comments Various commercial uses, including retail and office; existing oil and gas production facilities or consolidation of existing facilities permitted, subj. to CUP
Zoning Change	Not likely
Category	Zoning Requirement
Minimum Lot Size	10,000 Sq. Ft.
Minimum Lot Width	100 Feet
Maximum Height	50 Feet
Minimum Setbacks	
Front Yard	10 Feet
Street Side Yard	0 Feet
Interior Side Yard	10 Feet
Rear Yard	0 Feet
Maximum FAR/Density	1.50 : 1
Subject's Actual FAR	0.00 : 1
Parking Requirements	Varies by use type
Subject's Actual Parking	None
Source: Planning & Zoning Dept.	

ANALYSIS AND CONCLUSION

Even though the subject does not contain any improvements, it is still considered legally non-conforming due to not meeting the minimum lot size requirement. As noted previously, it is an extraordinary assumption of this assignment that the city of Huntington Beach would approve a rezone of the subject to Multifamily (MF). Multifamily residential development of the subject and its adjacent parcels would be more harmonious with the existing adjacent properties, which are apartment buildings and condominiums. Further, conversion of older commercial sites into residential sites within the submarket was noted during the appraiser's research.

Tax and Assessment Data

STATE OF CALIFORNIA PROPERTY TAX SUMMARY

In California, privately held real property is typically assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally, a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). In the case of long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes, the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations and special assessments. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. The following table summarizes the actual and pro forma assessment values.

SUBJECT TAX OBLIGATION

The subject is owned wholly by the City of Huntington Beach. Therefore, the Orange County Assessor's Office and Treasurer-Tax Collector do not assess nor tax the subject property as it is a municipal property. However, if the subject sold for the value estimate in this report, a reassessment at that value would most likely occur, with tax increases limited to two percent annually thereafter until the property is sold again.

Market Analysis

As noted, the subject site is zoned for commercial uses; however, the client intends to assemble the site with the adjacent parcels and redevelop to a multifamily project. It is an extraordinary assumption that this use will be approved by the City of Huntington Beach.

The subject is in the Orange County market and the Huntington Beach/Seal Beach submarket. As the subject is being valued based on a multifamily residential rezone basis, the following market analysis provides information relative to the subject's multifamily market and submarket. This market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The primary data source utilized for this analysis is CoStar.

METROPOLITAN ORANGE COUNTY - CA APARTMENT MARKET OVERVIEW

Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Orange County - CA apartment market, as reported by CoStar.

ORANGE COUNTY - CA APARTMENT MARKET								
Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Asking Rent (\$/Unit / Mo.)	Asking Rent Change	Net Absorption (Units)	Transaction Price Per Area (Units)
2016	228,564	2,076	219,697	96.1%	\$1,893	3.91%	2,768	\$304,586
2017	233,235	4,671	222,570	95.4%	\$1,952	3.16%	2,871	\$270,487
2018	237,278	4,043	225,600	95.1%	\$2,003	2.57%	3,031	\$341,535
2019	242,152	4,874	229,211	94.7%	\$2,069	3.31%	3,612	\$252,405
Q1 2020	242,784	600	229,304	94.4%	\$2,053	-0.76%	64	\$298,614
Q2 2020	242,802	50	229,470	94.5%	\$2,043	-0.48%	199	\$288,407
Q3 2020	242,688	-114	232,031	95.6%	\$2,070	1.32%	2,563	\$244,511
Q4 2020	243,353	665	233,116	95.8%	\$2,092	1.03%	1,082	\$327,339
2020	243,353	1,201	233,116	95.8%	\$2,092	1.10%	3,908	\$327,339
Q1 2021	244,592	1,239	235,438	96.3%	\$2,135	2.09%	2,323	\$358,932
Q2 2021	244,613	21	238,132	97.4%	\$2,272	6.40%	2,699	\$342,865
Q3 2021	244,976	363	239,827	97.9%	\$2,443	7.53%	1,699	\$399,991
Q4 2021	245,764	788	240,536	97.9%	\$2,456	0.52%	712	\$429,807
2021	245,764	2,411	240,536	97.9%	\$2,456	17.41%	7,433	\$429,807
2022	248,883	3,119	243,114	97.7%	\$2,636	7.35%	2,578	\$0
2023	252,448	3,565	245,472	97.2%	\$2,786	5.66%	2,357	\$0
2024	254,130	1,682	247,117	97.2%	\$2,907	4.38%	1,646	\$0
2025	257,157	3,027	249,643	97.1%	\$3,008	3.46%	2,526	\$0
2026	260,758	3,601	252,303	96.8%	\$3,092	2.80%	2,660	\$0

* Future Projected Data according to CoStar
Source: CoStar, 4th Quarter 2021

The Orange County - CA apartment market consists of approximately 245,764 units of apartment space. The following observations are noted from the table above:

- As of 4th Quarter 2021, there were approximately 240,536 units of occupied apartment space, resulting in an occupancy rate of 97.9% for the metro area. This reflects no change from the previous quarter's occupancy of 97.9%, and an increase from an occupancy rate of 95.8% from last year.

- The area experienced positive 7,433 units of net absorption for the current quarter. This indicates an improvement from the previous quarter’s positive 712 units of net absorption, and an improvement from the positive 3,908 units of net absorption from last year.
- The area had completions of positive 2,411 units for the current quarter, which indicates an increase from the previous quarter’s completions of positive 788 units, and indicates an improvement from completions of positive 1,201 units from last year.
- The area achieved average asking rent of \$2,456 per unit, which indicates no change from the previous quarter’s asking rent of \$2,456 per unit, and an increase from the asking rent of \$2,092 per unit from last year.

Historical Inventory – Market

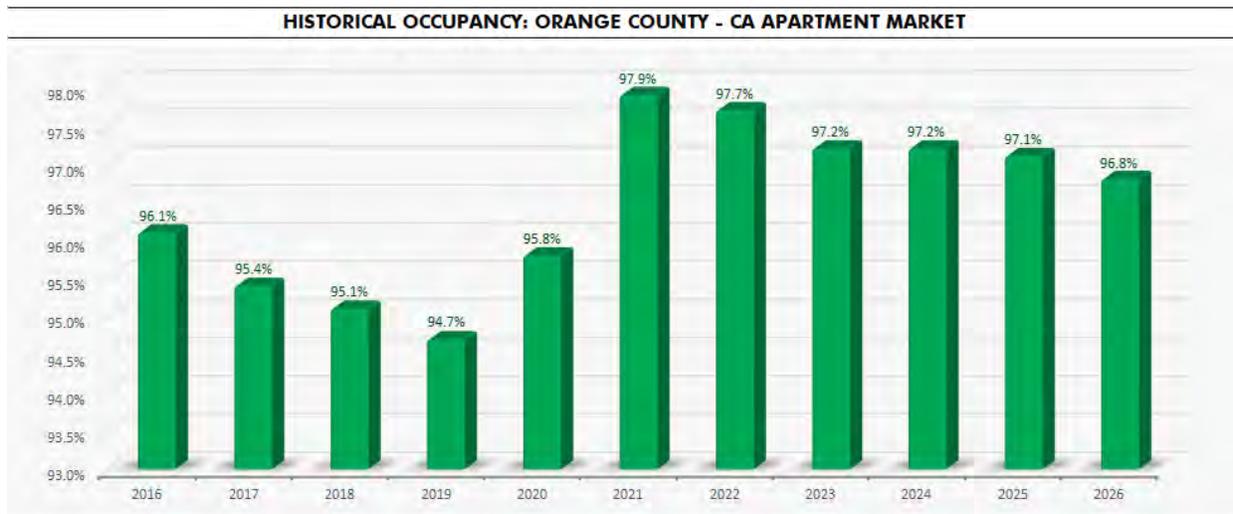


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

Inventory is projected to be 245,764 units at the end of the current year, which represents an increase from the previous year’s inventory of 243,353 units. Inventory for next year is projected to be 248,883 units, reflecting an increase from the current year.

Historical Occupancy - Market

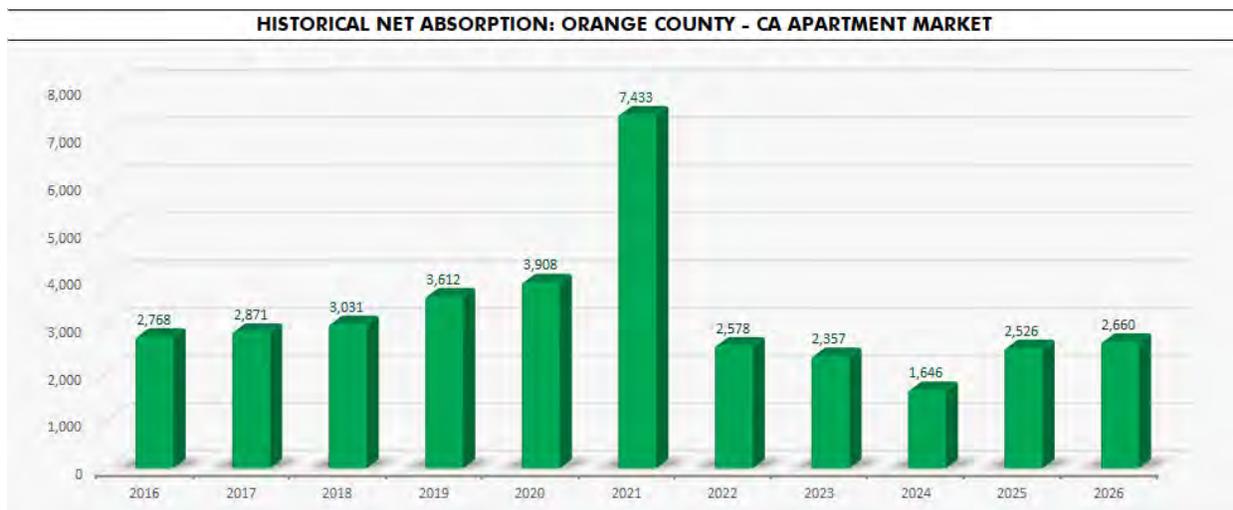


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

At the end of the current year, the occupancy rate is projected to be 97.9%, which reflects an increase from the 95.8% occupancy rate at the end of last year. Occupancy for next year is projected to be 97.7%, reflecting a small decrease from the current year.

Historical Net Absorption - Market



* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

At the end of the current year, the area is projected to experience positive 7,433 units of net absorption, which indicates an improvement from the positive 3,908 units of net absorption for the previous year. The area is projected to experience positive 2,578 units of net absorption as of the end of next year, which indicates a decline from the current year.

Historical Completions - Market

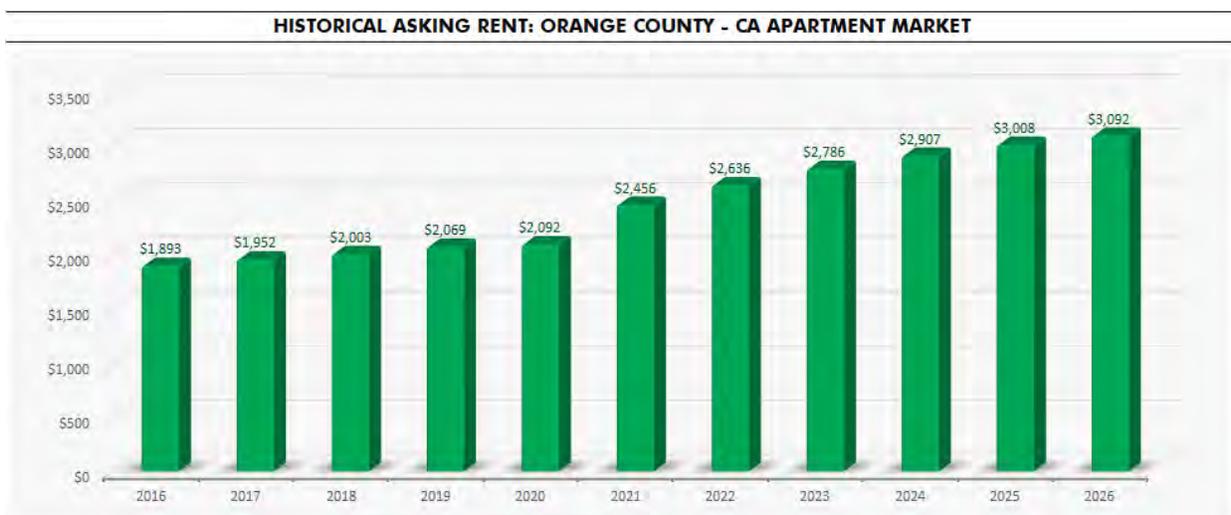


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

The area is projected to achieve completions of positive 2,411 units for the current year, which indicates an improvement from the previous year’s completions of positive 1,201 units. The area is projected to experience completions of positive 3,119 units as of the end of next year, which indicates an improvement from the current year.

Historical Asking Rent - Market



* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

The area is projected to achieve average asking rent of \$2,456 per unit at the end of the current year, which indicates an increase from the previous year’s asking rent of \$2,092 per unit. The area is projected to achieve asking rent of \$2,636 per unit by the end of next year, indicating an increase from the current year.

SUBMARKET SNAPSHOT: HUNTINGTON BEACH/SEAL BEACH

The following table summarizes the supply of apartment units for each submarket within the Orange County - CA market as of 4th Quarter 2021.

ORANGE COUNTY - CA APARTMENT SUBMARKET SNAPSHOT				
Submarket	Inventory (Units)	Completions* (Units)	Asking Rent (\$/Unit / Mo.)	Occupancy
Anaheim	36,061	55	\$1,995	98.0%
Central OC East of I-5	9,552	451	\$2,261	94.7%
Central OC West of I-5	40,345	188	\$2,069	98.6%
Costa Mesa	16,740	0	\$2,372	97.6%
Huntington Beach/Seal Beach	15,776	0	\$2,470	98.5%
Irvine	41,321	291	\$3,101	97.7%
Newport Beach	9,185	0	\$3,286	99.1%
North County	37,892	1,225	\$2,101	97.4%
South County	28,951	201	\$2,732	97.7%
Tustin	9,936	0	\$2,300	98.8%

*Completions include trailing 4 quarters

Source: CoStar, 4th Quarter

Note that the subject submarket 4th most expensive submarket in the County, with Newport Beach, Irvine, and South County being 1st, 2nd and 3rd respectively.

Huntington Beach/Seal Beach Submarket

Important characteristics of the Huntington Beach/Seal Beach apartment market are summarized below:

HUNTINGTON BEACH/SEAL BEACH APARTMENT SUBMARKET								
Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Asking Rent (\$/Unit / Mo.)	Asking Rent Change	Net Absorption (Units)	Transaction Price Per Area (Units)
2016	14,372	0	13,771	95.8%	\$1,986	2.68%	44	\$337,273
2017	14,750	378	14,044	95.2%	\$2,015	1.42%	272	\$330,981
2018	15,776	1,026	14,849	94.1%	\$2,059	2.21%	804	\$371,087
2019	15,776	0	15,135	95.9%	\$2,137	3.78%	286	\$342,857
Q1 2020	15,776	0	15,116	95.8%	\$2,137	0.01%	-18	\$231,875
Q2 2020	15,776	0	15,134	95.9%	\$2,139	0.09%	18	\$381,842
Q3 2020	15,776	0	15,253	96.7%	\$2,162	1.05%	119	\$285,714
Q4 2020	15,776	0	15,307	97.0%	\$2,162	0.01%	54	\$312,788
2020	15,776	0	15,307	97.0%	\$2,162	1.17%	173	\$312,788
Q1 2021	15,776	0	15,331	97.2%	\$2,207	2.08%	24	\$387,500
Q2 2021	15,776	0	15,466	98.0%	\$2,309	4.61%	136	\$353,902
Q3 2021	15,776	0	15,536	98.5%	\$2,440	5.68%	70	\$321,543
Q4 2021	15,776	0	15,535	98.5%	\$2,470	1.21%	-1	\$402,788
2021	15,776	0	15,535	98.5%	\$2,470	14.21%	229	\$402,788
2022	15,773	-3	15,503	98.3%	\$2,654	7.48%	-32	\$0
2023	15,932	159	15,583	97.8%	\$2,805	5.67%	78	\$0
2024	15,950	18	15,582	97.7%	\$2,929	4.44%	-2	\$0
2025	15,992	42	15,611	97.6%	\$3,032	3.51%	30	\$0
2026	16,042	50	15,618	97.4%	\$3,119	2.85%	7	\$0

*Future Projected Data according to CoStar

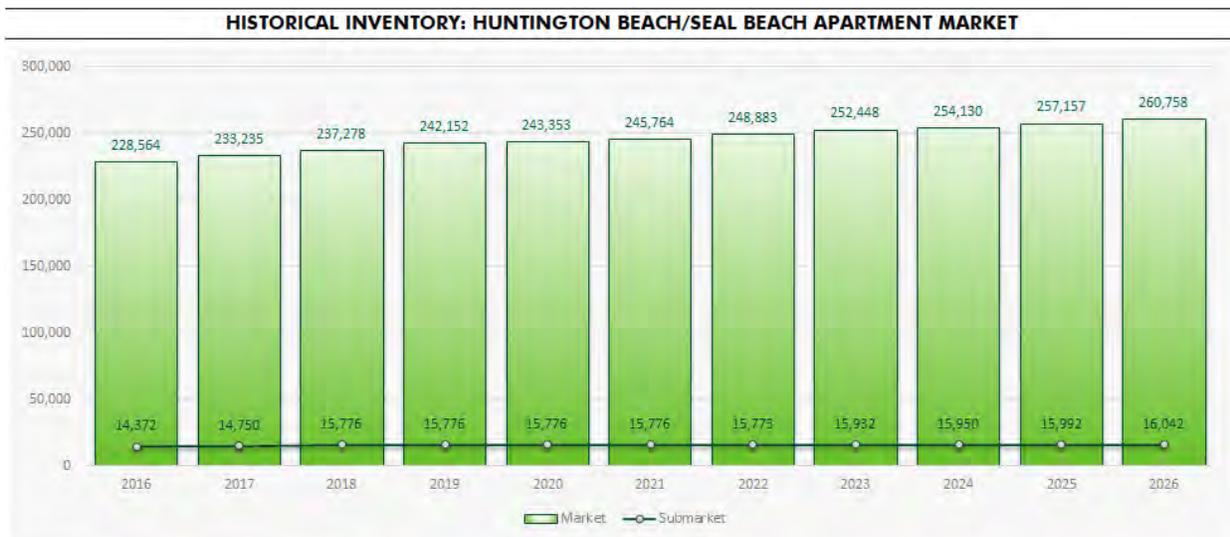
Source: CoStar, 4th Quarter 2021

Importantly, as will later be used as basis for market conditions adjustments, note that asking rent increased 14.25% between 2020 and 2021, and between 2020 and 2022 the total increase is forecasted by CoStar at 24.19%

The Huntington Beach/Seal Beach apartment submarket consists of approximately 15,776 units of apartment space. The current submarket inventory represents approximately 6.4% of the overall market inventory. The following observations were noted from the table above:

- As of 4th Quarter 2021, there were approximately 15,535 units of occupied apartment space, resulting in an occupancy rate of 98.5% for the submarket. This reflects no change from the previous quarter's occupancy of 98.5%, and an increase from an occupancy rate of 97.0% from last year. The submarket occupancy is above the 97.9% market occupancy.
- The submarket experienced positive 229 units of net absorption for the current quarter. This indicates an improvement from the previous quarter's negative 1 units of net absorption, and an improvement from the positive 173 units of net absorption from a year ago. Overall, the submarket has experienced positive 229 units of net absorption for the current year-to-date period. The submarket's current net absorption of positive 229 units is below the overall market net absorption of positive 7,433 units.
- The submarket had zero completions for the current quarter, which indicates no change from the previous quarter's zero completions, and no change from the zero completions from last year.
- The submarket achieved average asking rent of \$2,470 per unit, which indicates no change from the previous quarter's asking rent of \$2,470 per unit, and an increase from the asking rent of \$2,162 per unit from last year. The submarket's current asking rent of \$2,470 per unit compares favorably with the overall market asking rent of \$2,456 per unit.

Historical Inventory - Submarket

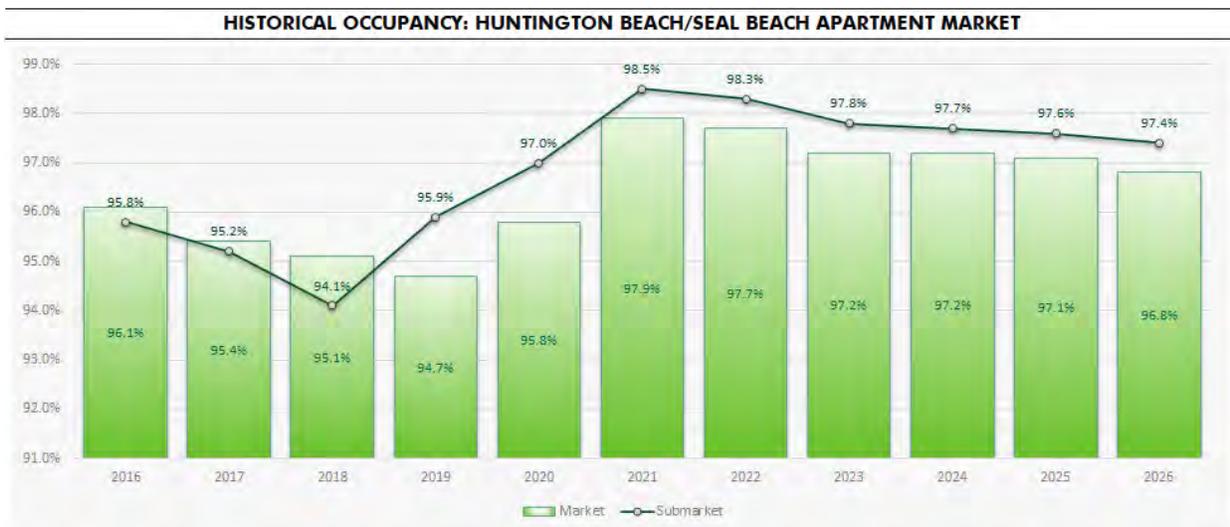


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

Submarket Inventory is projected to be 15,776 units at the end of the current year, which represents no change from the previous year’s submarket inventory of 15,776 units. Inventory for next year is projected to be 15,773 units, reflecting a decrease from the current year.

Historical Occupancy - Submarket



* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

Submarket occupancy is projected to be 98.5% at the end of the current year, which represents an increase from the previous year’s submarket occupancy of 97.0%. Submarket occupancy for next year is projected to be 98.3%, reflecting a small decrease from the current year.

Historical Net Absorption - Submarket

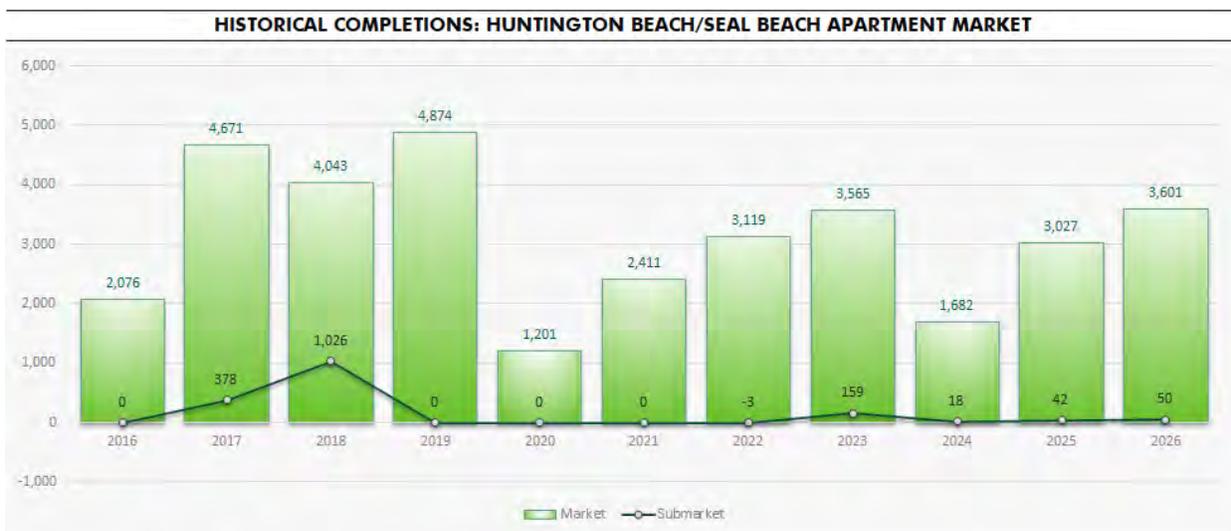


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

Net absorption in the submarket is projected to be positive 229 units at the end of the current year, reflecting an improvement from the previous year’s net absorption of positive 173 units. Net absorption for next year is projected to be negative 32 units, indicating a decline from the current year.

Historical Completions - Submarket



* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2021

The submarket is projected to achieve zero completions at the end of the current year, which is unchanged from the previous year’s zero completions. The submarket is projecting completions of negative 3 units for next year, which indicates a decline from the current year.

Historical Asking Rent - Submarket



The submarket is projected to achieve average asking of \$2,470 per unit at the end of the current year, which represents an increase from the previous year’s asking rent of \$2,162 per unit. The submarket is projected to achieve average asking rent of \$2,654 per unit, reflecting an increase from the current year.

CONCLUSION

Like trends reported and observed across Orange County and the State of California, the subject’s multifamily submarket is performing well, with asking rents forecasted to increase significantly through 2026. The overall outlook for the subject’s multifamily market and submarket is positive.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections. Importantly, as previously noted, it is an extraordinary assumption of this appraisal that the subject may be rezoned as multifamily residential by the City of Huntington Beach.

Physical Possibility

Due to a pressurized underground oil pipeline that precludes subsurface disturbance or above-ground development, the subject site would not support any physically possible or legally probable development as a standalone development site. However, the subject has historically been used and could continue to be used for surface parking and/or as an access road for adjacent developments on parcels not encumbered by detrimental easements.

Financial Feasibility

Potential uses of the site include a surface parking lot and or access road. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. With respect to the legal uses for the subject site, the local commercial/retail and multifamily market is generally stabilized. Development of new commercial/retail and multifamily properties has occurred in the recent past and continues to this day. Further, within the subject market, there are multiple proposed projects for these property types.

Since development of the subject is not physically or legally possible, assemblage with the subject's adjacent parcels to the north and/or south is the subject's highest and best use. Assemblage is financially feasible and maximally productive.

Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant is

assemblage with the subject's adjacent parcels to the north and south, as part of a multifamily residential development. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be a developer. Notably, given that assemblage is the highest and best use, the potential buyer-pool of the subject is exceptionally limited.

Land Value

The following land valuation employs the sales comparison approach. The land is valued as multifamily residential land (MF) based on the Client's planned application for a rezone of the subject and its adjoining parcels. The limiting characteristics of the subject, including its narrow rectangular shape and detrimental easements are later considered with below-the-line adjustments made. First, though, the appropriate unit of comparison is analyzed and established.

UNIT OF COMPARISON

CBRE performed a correlation coefficient analysis to determine which unit of comparison would provide the most meaningful analysis relative to the subject as multifamily residential development land. The following chart summarizes the analysis, based on the four comparables used herein:

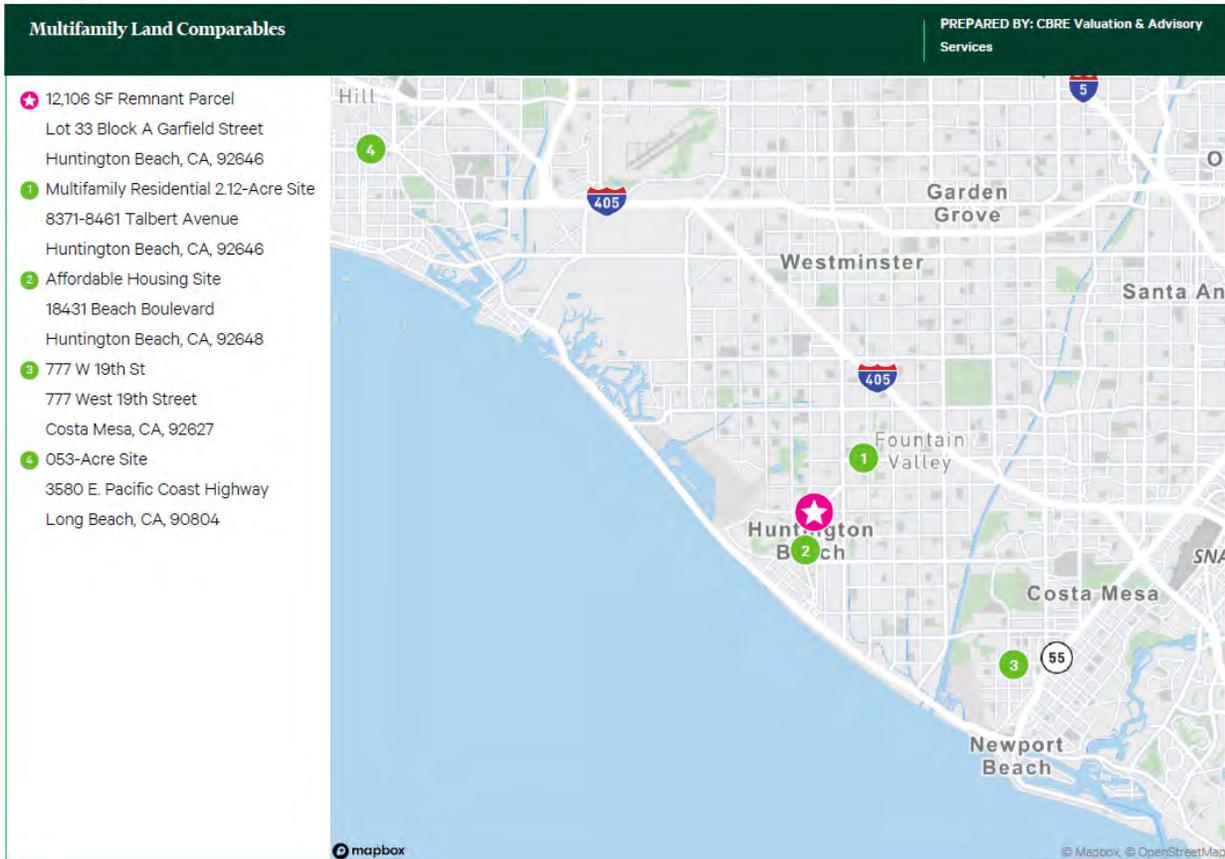
CORRELATION COEFFICIENT - UNIT OF COMPARISON	
Unit of Comparison	Correlation Coefficient
Price per Square Foot (\$/SF)	0.985
Price per Potential Unit (\$/Unit)	0.496
Strongest Unit of Comparison:	\$/SF
Compiled by CBRE	

As indicated above, price per square foot provides the most significant and meaningful unit of comparison when analyzing the subject property as multifamily residential land and is given dominant consideration.

SELECTION OF COMPARABLE SALES

The sales utilized represent the best data available for comparison with the subject and were selected from the Huntington Beach, Costa Mesa, and Long Beach neighborhoods. These sales were chosen based upon level of entitlements (e.g. having none), density by right, and size. Two other multifamily residential land sales in Huntington Beach were considered but ultimately excluded for having densities above 100 dwelling units per acre. Other sales uncovered on Pacific Coast Highway were considered too dissimilar to the subject given the superior coastal proximity of these sites.

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES												
No.	Property Location	Transaction		Proposed Use	Sale Price ¹	Size (Acres)	Size (SF)	Density (UPA)	Allowable Units	Price Per SF	Price Per Bldg Unit	
		Type	Date									
1	8371-8461 Talbert Avenue Huntington Beach, CA 92646	Under Contract	Mar-22	34-MFR Units	\$6,538,880	2.12	92,434	15.55	33	\$70.74	\$198,148	
2	18431 Beach Boulevard (N/O Main Street) Huntington Beach, CA 92648	Sale	Jan-20	24 units	\$3,000,000	0.79	34,412	30.38	24	\$87.18	\$125,000	
3	777 West 19th Street Costa Mesa, CA 92627	Sale	Dec-19	35 units	\$3,575,000	0.73	31,694	48.10	35	\$112.80	\$102,143	
4	3580 E. Pacific Coast Highway Long Beach, CA 90804	Sale	Dec-19	77-MFR Units	\$2,500,000	0.53	23,087	54.72	29	\$108.29	\$86,207	
						Average	1.04	45,407	37.19	30	\$94.75	\$127,874
						Minimum	0.53	23,087	15.55	24	\$70.74	\$86,207
						Maximum	2.12	92,434	54.72	35	\$112.80	\$198,148
Subject	Lot 33 Block A Garfield Street, Huntington Beach, California	---	---	Assemblage with adjacent parcels for future multifamily residential development	---	0.07	2,846	15.31	1	---	---	

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

Location Adjustments

The following supplemental data was collected in order to provide support for our location adjustments:

LAND SALES LOCATION ADJUSTMENT ANALYSIS					
Comparable Number	Subject	1	2	3	4
Address	Lot 33 Block A Garfield Street	8371-8461 Talbert Avenue	18431 Beach Boulevard	777 West 19th Street	3580 E. Pacific Coast Highway
Radius for Demographic Analysis	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius
2021 Households	62,549	73,200	52,605	60,337	109,467
2021 Average Household Income	\$134,177	\$128,625	\$138,118	\$136,176	\$94,366
<i>AHI Relative to Subject</i>	---	-4.1%	2.9%	1.5%	-29.7%
2021 Median Value of Owner Occupied Housing Units	\$828,491	\$803,507	\$841,856	\$894,724	\$714,105
2021 % Renter Occupied Housing Units	38.8%	38.3%	37.1%	49.9%	60.8%
2021 % College/Graduate Degree Age 25+	44.5%	43.3%	45.6%	47.7%	37.8%
2021 Median Age	42.6	42.8	43.1	38.2	34.9
Indicated Qualitative Adjustment	---	Similar	Similar	Similar	Inferior
<i>Concluded Quantitative Adjustment</i>	---	0%	0%	0%	5%
Compiled by CBRE					

The indicated adjustments will be used in the following discussions.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This comparable represents the pending sale of 2.12-gross acres of multifamily residential land in Huntington Beach. The property is currently improved with three units in fair condition that are occupied by three tenants on month-to-month leases and will be delivered vacant to the pending buyer. The listing agent marketed the property as RM development land, with up to 15 units per acre, assuming a re-zone from R-L 2-4 Units (7 units per acre by right). The marketing material and CoStar report the site size as 2.429 acres, but the parcel map and public record report 2.12-acres, which is used in this analysis. A capital adjustment of \$38,880, estimated by the appraiser, is made for demolition of the three residential units. The listing agent indicates that multiple offers have been received at or above asking. Using the asking price of \$6,500,000, the pending purchase price equates to \$69.90 per square foot of site area, or \$195,792 per unit by right (assuming RM re-zone granted at 15 units per acre, say 33 units with affordable density bonus).

Land Sale Two

This was the sale of 0.79-acres of land on Beach Boulevard. Twenty-four units can be constructed on site. The site is uniquely situated along a major commercial thoroughfare in Huntington Beach, within the Beach and Edinger Corridors Specific Plan Area that was established to support and promote investment along the City's primary commercial corridors. It was reported that the buyer plans on building affordable housing on site. Information about specific number of units that will be built is not available at this time. No sale conditions were reported. The property is within walking distance to numerous dining, retail, and entertainment amenities.

Land Sale Three

This is December 2019 sale of a site that is currently improved with an office building located on West 19th Street in Costa Mesa. The property is situated in an opportunity zone with a residential zoning overlay. The existing income of the office building yields a cap rate of 4.85% cap rate. The buyer plans to operate the office property, while undergoing entitlements for a mixed-use development that would include a small commercial ground floor component and 35 residential units. The entitlement process for the redevelopment is estimated to take 10 months. The buyer fulfilled a 1031 exchange to purchase the property.

Land Sale Four

The buyer is a developer, owner, and operator of affordable multi-family properties. The property is located at the southwest corner of Pacific Coast Highway and Loma Avenue in Long Beach with amenities located nearby. The property is part of the new Long Beach Land Use and General Plan which allows up to five levels of construction on this site. The upper floor should have ocean views. The property is improved with a 10,000-square foot, 2-story office building. The 10 tenants are on month-to-month leases. According to the Long Beach zoning ordinance, the maximum density allowed on this site is based on the R-4N zone at 1DU/975 SF or 44.7 DU/Acre. For this site, it equates to 23 units. However, with the Land Use Element (NSC-M) the density is 54 du/a so the 'by-right' would have been 29 units. The city's zoning vs land use element was confusing at the time of escrow because the city was in the process of approving the updated land use element while the property was in escrow. The city approved it shortly before the sales closed. The land use element supersedes the zoning. Ultimately, the buyer is proposing 77 units for their affordable project. No entitlements were in place at the time of the sale.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID					Subject
Comparable Number	1	2	3	4	
Transaction Type	Under Contract	Sale	Sale	Sale	
Transaction Date	Mar-22	Jan-20	Dec-19	Dec-19	
Interest Transferred	Fee	Fee	Fee	Fee	
	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	
Proposed Use	34-MFR Units	24 units	35 units	77-MFR Units	
Adjusted Sale Price ¹	\$6,538,880	\$3,000,000	\$3,575,000	\$2,500,000	
Size (Acres)	2.12	0.79	0.73	0.53	
Size (SF)	92,434	34,412	31,694	23,087	
Price (\$ PSF)	\$70.74	\$87.18	\$112.80	\$108.29	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions (Time)	0.0%	13.0%	13.0%	13.0%	
...reflects:		the improved market conditions since the date of sale	the improved market conditions since the date of sale	the improved market conditions since the date of sale	
Price (\$ PSF)	\$70.74	\$98.51	\$127.46	\$122.37	
Size	0%	0%	0%	0%	
Shape (below-line adj)	0%	0%	0%	0%	
...due to:	the superior shape of comparable relative to subj.	the superior shape of comparable relative to subj.	the superior shape of comparable relative to subj.	the superior shape of comparable relative to subj.	
Corner	0%	0%	0%	0%	
Frontage	0%	0%	0%	0%	
Topography	0%	0%	0%	0%	
Location	0%	0%	0%	5%	
...due to:	inferior demographics			inferior demographics	
Zoning/Density	0%	-10%	-20%	-20%	
...because of:	Density of 15.55	Density of 30.38	Density of 48.1	Density of 54.72	
Utilities	0%	0%	0%	0%	
Highest & Best Use (below-line adj)	0%	0%	0%	0%	
...due to:	pipeline easement	pipeline easement	pipeline easement	pipeline easement	
Total Other Adjustments	0%	-10%	-20%	-15%	
Value Indication for Subject (\$/SF)	\$70.74	\$88.66	\$101.97	\$104.01	
Absolute Adjustment	0%	23%	33%	38%	

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

Based on the preceding analysis, Comparable 1 is most representative of the subject site and warranted greatest consideration because of its location, recency of pending transaction, similar potential MF zoning, and density. As such, a price per square foot of land indication towards the top of the range was most appropriate for the subject given its overall similarity to Comparable 1, which consequently requires the fewest adjustments.

Discussion of Significant Adjustments

MARKET CONDITIONS

As documented in the Market Analysis, multifamily rental rates have been and are increasing significantly in Southern California. Based on asking rental rates as reported by CoStar, large upward adjustments are warranted to comparables 3 and 4, which transacted in December 2019. Because multifamily land does not always appreciate equal to improved multifamily properties due the length of development cycles, the upward market conditions were tempered somewhat an adjustment of 6.0% per year was applied in our analysis.

SHAPE (BELOW-THE-LINE DEDUCTION)

A sizeable downward adjustment is warranted for the subject's long, narrow rectangular shape, which precludes any type of development. As a basis of our adjustment, we consider four sales with irregular shape and/or poor access and compared their purchase price with market averages at time of the respective transactions.

IRREGULARLY SHAPED / POOR ACCESS SALES				
Considered for Shape Adjustment				
Sale No.	1	2	3	4
Address	19130 Figueroa	2811 E. Grant	1474 E. Franklin	19101 S. Broadway
City	Gardena	Wilmington	Pomona	Carson
Parcel Size	96,268	118,701	50,014	116,305
Sale Date	12/29/2009	12/4/2013	4/17/2009	7/1/2013
Sale Price	\$750,000	\$1,714,298	\$515,000	\$1,356,000
\$/SF	\$7.79	\$14.44	\$10.30	\$11.66
Market Average (\$/SF)	\$26.35	\$22.84	\$19.84	\$27.14
SP as % of Market	30%	63%	52%	43%
Adjustment	70%	37%	48%	57%

Compiled by CBRE

As can be noted, they reflect discounts ranging from 37% to 70%. We have applied a 70% discount below-the-line to account for the development-impacting shape factor of the subject.

DETRIMENTAL PIPELINE EASEMENT (BELOW-THE-LINE ADJUSTMENT)

As noted, several easements impact the subject site, the most restrictive of which is an underground pressurized oil pipeline that runs the length of the property. A below the line adjustment is made for the associated detrimental pipeline easement that precludes subsurface disturbance and above-ground development.

Easements are typically valued as a percentage of the underlying fee value of the land. The percentage is related to the perceived "bundle" of rights acquired, or the rights acquired from the property owner. In other words, the valuation, or in this case, the discount, is based upon what the property owner has lost, not what the grantee of the easement has gained. This bundle of rights acquired involves 1) the owner's loss of the use of the easement area during the

construction period, 2) the limits on normal use of the area after project construction is completed and 3) the potential for future disruptions if maintenance or modifications are required.

From our appraisal experience involving other projects with various types of easements, easement valuations typically are in the range of 25% of fee for minor impacts to 100% of fee for acquisition of nearly all the land rights, such as permanent road easements or levee/flood control easements.

The matrix below is from an easement appraisal article (Easement Valuation) authored by Donald Sherman, SR/WA, published in the May/June 2006 Right-of-Way Magazine of the International Right-of-Way Association. It is included only for reference; the appraiser has pondered the rights being acquired in valuing the proposed utility easement.

Easement Valuation Matrix

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	<ul style="list-style-type: none"> Severe impact on surface use Conveyance of future uses 	Overhead electric, flowage easements, railroad right of way, irrigation canals, exclusive access easements
75% - 89%	<ul style="list-style-type: none"> Major impact on surface use Conveyance of future uses 	Overhead electric, pipelines, drainage easements, railroad right of way, flowage easements
51% - 74%	<ul style="list-style-type: none"> Some impact on surface use Conveyance of ingress/egress rights 	Pipelines, scenic easements
50%	<ul style="list-style-type: none"> Balanced use by both owner and easement holder 	Water or sewer lines, cable lines, telecommunications
26% - 49%	<ul style="list-style-type: none"> Location along a property line location across non-usable land area 	Water or sewer line, cable lines
11% - 25%	<ul style="list-style-type: none"> Subsurface or air rights with minimal effect on use and utility Location with a setback 	Air rights, water or sewer line
0% - 10%	<ul style="list-style-type: none"> Nominal effect on use and utility 	Small subsurface easement

The matrix supports indicates a discount range of between 75% and 89% for pipeline easements. Though the grantor will not be allowed to develop the encumbered area, it still may be used as an access road/driveway and/or parking; therefore we have discounted the full fee simple value by 75% due to the presence of the easements on the subject site.

CONCLUSION

The following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
\$ PSF		Subject SF	=	Total
\$75.00	x	2,846	=	\$213,450
\$85.00	x	2,846	=	\$241,910
Indicated Value:				\$225,000
				<i>(Rounded \$ PSF)</i>
Discount for Shape:				-70%
Indicated Value:				\$67,500
				<i>(Rounded \$ PSF)</i>
Discount for Detrimental Pipeline Easement:				-75%
Concluded As-Is Value:				\$16,875
				\$5.93
<i>(Rounded \$ PSF)</i>				
Compiled by CBRE				

Prior to adjustments, the four comparables range from \$70.74 per square foot to \$112.80 per square foot, with an average of \$94.75 per square foot. Following adjustments for market conditions, location, and density, these same comparables range between \$70.74 per square foot and \$104.01 per square foot, with an average of \$91.35 per square foot. We have reconciled between the low end and the average of the adjusted range because of the emphasis placed on both Comparable 1 and Comparable 2, with the former receiving most consideration. We conclude to a value range of \$75.00 to \$85.00 per square foot reconciling to \$225,000. The subject's concluded value is well bracketed by the comparables, both before and after adjustments, on a price per square foot basis.

Following the below-the-line deduction for the subject's shape and detrimental pipeline easement, the concluded value equates to \$16,875 or \$5.93 per square foot of land.

Conclusion

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and required adjustments are based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on other properties as they relate to available substitutes in the market. Adjustments were made for the factors that affect value, with special consideration given to parcel shape and existing easements.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Land Value	Fee Simple Estate, as encumbered	March 2, 2022	\$16,875
Compiled by CBRE			

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

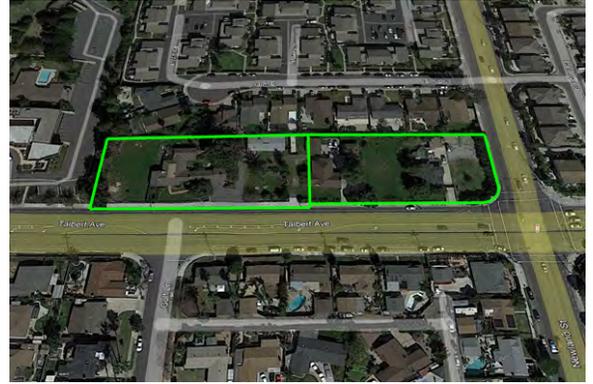
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

LAND SALE DATA SHEETS

Property Name	Multifamily Residential 2.12-Acre Site
Address	8371-8461 Talbert Avenue Huntington Beach, CA 92646
County	Orange
Govt./Tax ID	Multiple
Land Area Net	2.122 ac/ 92,434 sf
Land Area Gross	2.122 ac/ 92,434 sf
Site Development Status	Finished
Utilities	All to site
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Topography	Generally Level
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	06059C0253J/ Dec 2009
Zoning	RL 2-4 Multi Family now (7 DU/AC), assume rezone to RM (15 DU/AC)
Entitlement Status	None



Transaction Details

Type	Under Contract	Primary Verification	LA: Scott Owens, OM, LandVision
Interest Transferred	Fee Simple	Transaction Date	03/01/2022
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$6,500,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	Gordon & Mary Langston	Cash Equivalent	\$6,500,000
Marketing Time	20 Month(s)	Capital Adjustment	\$38,880
Listing Broker	Sperry Commercial: Scott Owens - 949.705.5067	Adjusted Price	\$6,538,880
Doc #	NOT YET RECORDED	Adjusted Price / ac and	\$3,081,470 / \$70.74
		/ sf	
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	\$198,148

Comments

This comparable represents the pending sale of 2.12-gross acres of multifamily residential land in Huntington Beach. The property is currently improved with three units in fair condition that are occupied by three tenants on month-to-month leases and will be delivered vacant to the pending buyer. The listing agent marketed the property as RM development land, with up to 15 units per acre, assuming a re-zone from R-L 2-4 Units (7 units per acre by right). The marketing material and CoStar report the site size as 2.429 acres, but the parcel map and public record report 2.12-acres, which is used in this analysis. A capital adjustment of \$38,880, estimated by the appraiser, is made for demolition of the three residential units. The listing agent indicates that multiple offers have been received at or above asking. Using the asking price of \$6,500,000, the pending purchase price equates to \$69.90 per square foot of site area, or \$195,792 per unit by right (assuming RM re-zone granted at 15 units per acre, say 33 units with affordable density bonus).

Property Name	Affordable Housing Site
Address	18431 Beach Boulevard (N/O Main Street) Huntington Beach, CA 92648
County	Orange
Govt./Tax ID	159-031-18
Land Area Net	0.790 ac/ 34,412 sf
Land Area Gross	0.790 ac/ 34,412 sf
Site Development Status	Semi-Finished
Utilities	To Site
Maximum FAR	0.32
Min Land Bldg Ratio	3.16:1
Shape	L Shaped
Topography	Level, At Street Grade
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	065034 - 06059C0253J/ Dec 2009
Zoning	RMH, SP-14
Entitlement Status	Other (See Comments)



Transaction Details

Type	Sale	Primary Verification	Tierra Develop Advisors, Ana Mendoza
Interest Transferred	Fee Simple	Transaction Date	01/29/2020
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	Beach Housing Partners LP	Sale Price	\$3,000,000
Buyer Type	Developer	Financing	Cash to Seller
Recorded Seller	Five Points Plaza LLC	Cash Equivalent	\$3,000,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$3,000,000
Doc #	38041	Adjusted Price / ac and / sf	\$3,797,468 / \$87.18
		Adjusted Price/ FAR	\$275.23
		Adjusted Price/ Unit	\$125,000

Comments

This was the sale of 0.79-acres of land on Beach Boulevard. Twenty-four units can be constructed on site. The site is uniquely situated along a major commercial thoroughfare in Huntington Beach, within the Beach and Edinger Corridors Specific Plan Area that was established to support and promote investment along the City's primary commercial corridors. It was reported that the buyer plans on building affordable housing on site. Information about specific number of units that will be built is not available at this time. No sale conditions were reported. The property is within walking distance to numerous dining, retail, and entertainment amenities.

Property Name	777 W 19th St
Address	777 West 19th Street Costa Mesa, CA 92627
County	Orange
Govt./Tax ID	424-201-03
Land Area Net	0.728 ac/ 31,694 sf
Land Area Gross	0.728 ac/ 31,694 sf
Site Development Status	Finished
Utilities	All to site
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Topography	Level, At Street Grade
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	N/A
Zoning	C1
Entitlement Status	None



Transaction Details

Type	Sale	Primary Verification	Broker & Costar
Interest Transferred	Fee Simple	Transaction Date	12/31/2019
Condition of Sale	1031 Exchange	Recording Date	N/A
Recorded Buyer	Lambert Properties, LLC	Sale Price	\$3,575,000
Buyer Type	N/A	Financing	All Cash
Recorded Seller	19th St, LLC	Cash Equivalent	\$3,575,000
Marketing Time	11 Month(s)	Capital Adjustment	\$0
Listing Broker	Maso Ito - Avison Young	Adjusted Price	\$3,575,000
Doc #	0551984	Adjusted Price / ac and / sf	\$4,913,414 / \$112.80
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	\$102,143

Comments

This is December 2019 sale of a site that is currently improved with an office building located on West 19th Street in Costa Mesa. The property is situated in an opportunity zone with a residential zoning overlay. The existing income of the office building yields a cap rate of 4.85% cap rate. The buyer plans to operate the office property, while undergoing entitlements for a mixed-use development that would include a small commercial ground floor component and 35 residential units. The entitlement process for the redevelopment is estimated to take 10 months. The buyer fulfilled a 1031 exchange to purchase the property.

Property Name	053-Acre Site
Address	3580 E. Pacific Coast Highway Long Beach, CA 90804
County	Los Angeles
Govt./Tax ID	7259-003-038
Land Area Net	0.530 ac/ 23,087 sf
Land Area Gross	0.530 ac/ 23,087 sf
Site Development Status	N/A
Utilities	To the site
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Topography	Level, At Street Grade
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	CO (Office Commercial)
Entitlement Status	N/A



Transaction Details

Type	Sale	Primary Verification	Buyer, Tish Kelly 562-346-3234
Interest Transferred	Fee Simple	Transaction Date	12/20/2019
Condition of Sale	Arm's Length	Recording Date	N/A
Recorded Buyer	Excelerate Housing Group	Sale Price	\$2,500,000
Buyer Type	Developer	Financing	Cash to Seller
Recorded Seller	Santo & Antonietta LaFerrara	Cash Equivalent	\$2,500,000
Marketing Time	21 Month(s)	Capital Adjustment	\$0
Listing Broker	Lee & Associates Guy LaFerrara 949-790-3115	Adjusted Price	\$2,500,000
Doc #	19-1425290	Adjusted Price / ac and / sf	\$4,716,981 / \$108.29
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	\$86,207

Comments

The buyer is a developer, owner, and operator of affordable multi-family properties. The property is located at the southwest corner of Pacific Coast Highway and Loma Avenue in Long Beach with amenities located nearby. The property is part of the new Long Beach Land Use and General Plan which allows up to five levels of construction on this site. The upper floor should have ocean views. The property is improved with a 10,000-square foot, 2-story office building. The 10 tenants are on month-to-month leases. According to the Long Beach zoning ordinance, the maximum density allowed on this site is based on the R-4N zone at 1DU/975 SF or 44.7 DU/Acre. For this site, it equates to 23 units. However, with the Land Use Element (NSC-M) the density is 54 du/a so the 'by-right' would have been 29 units. The city's zoning vs land use element was confusing at the time of escrow because the city was in the process of approving the updated land use element while the property was in escrow. The city approved it shortly before the sales closed. The land use element supersedes the zoning. Ultimately, the buyer is proposing 77 units for their affordable project. No entitlements were in place at the time of the sale.

Addendum B

LEGAL DESCRIPTION



CLTA GUARANTEE FACE PAGE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, AND THE GUARANTEE CONDITIONS ATTACHED HERETO AND MADE A PART OF THIS GUARANTEE,

COMMONWEALTH LAND TITLE INSURANCE COMPANY
a corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A of this Guarantee

against loss or damage not exceeding the Amount of Liability stated in Schedule A sustained by the Assured by reason of any incorrectness in the Assurances set forth in Schedule A.

Commonwealth Land Title Insurance Company

Countersigned:

By: Natalie Bombardieri
Authorized Officer or Agent



By: Randy Quirk
Randy Quirk, President
Attest: Michael Gravelle
Michael Gravelle, Secretary

GUARANTEE EXCLUSIONS AND CONDITIONS (06-05-14)

EXCLUSIONS FROM COVERAGE

Except as expressly provided by the assurances in Schedule A, the Company assumes no liability for loss or damage by reason of the following:

- (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the Land.
- (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the Public Records (1) that are created, suffered, assumed or agreed to by one or more of the Assureds; or (2) that result in no loss to the Assured.
- (c) Defects, liens, encumbrances, adverse claims or other matters not shown by the Public Records.
- (d) The identity of any party shown or referred to in any of the schedules of this Guarantee.
- (e) The validity, legal effect or priority of any matter shown or referred to in any of the schedules of this Guarantee.
- (f) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the Public Records.
- (g) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the Public Records.

GUARANTEE CONDITIONS

1. Definition of Terms.

The following terms when used in the Guarantee mean:

- (a) the "Assured": the party or parties named as the Assured in Schedule A, or on a supplemental writing executed by the Company.
- (b) "Land": the Land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "Land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
- (c) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (d) "Public Records": those records established under California statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
- (e) "Date of Guarantee": the Date of Guarantee set forth in Schedule A.
- (f) "Amount of Liability": the Amount of Liability as stated in Schedule A.

2. Notice of Claim to be Given by Assured.

The Assured shall notify the Company promptly in writing in case knowledge shall come to the Assured of any assertion of facts, or claim of title or interest that is contrary to the assurances set forth in Schedule A and that might cause loss or damage for which the Company may be liable under this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of the Assured under this Guarantee unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

- (a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in Paragraph 4 (b), or to do any other act which in its opinion may be necessary or desirable to establish the correctness of the assurances set forth in Schedule A or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of the Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.

(c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.

(d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, the Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the Assured for this purpose. Whenever requested by the Company, the Assured, at the Company's expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the correctness of the assurances set forth in Schedule A or to prevent or reduce loss or damage to the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.

(a) In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Assured furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

(b) In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this paragraph shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested

information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this Guarantee, the Company shall have the following additional options:

(a) To pay or tender payment of the Amount of Liability together with any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

(b) To pay or otherwise settle with the Assured any claim assured against under this Guarantee. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(c) To pay or otherwise settle with other parties for the loss or damage provided for under this Guarantee, together with any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in 6 (a), (b) or (c) of this paragraph the Company's obligations to the Assured under this Guarantee for the claimed loss or damage, other than the payments required to be made, shall terminate, including any duty to continue any and all litigation initiated by the Company pursuant to Paragraph 4.

7. Limitation of Liability.

(a) This Guarantee is a contract of Indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in Schedule A and only to the extent herein described, and subject to the Exclusions From Coverage of this Guarantee.

(b) If the Company, or the Assured under the direction of the Company at the Company's expense, removes the alleged defect, lien or, encumbrance or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(c) In the event of any litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom.

(d) The Company shall not be liable for loss or damage to the Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

8. Reduction of Liability or Termination of Liability.

All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the Amount of Liability under this Guarantee pro tanto.

9. Payment of Loss.

(a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions, the loss or damage shall be payable within thirty (30) days thereafter.

10. Subrogation Upon Payment or Settlement.

Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured.

The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or

property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

11. Arbitration.

Either the Company or the Assured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision, or to any other controversy or claim arising out of the transaction giving rise to this Guarantee. All arbitrable matters when the amount of liability is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. Arbitration pursuant to this Guarantee and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

12. Liability Limited to This Guarantee; Guarantee Entire Contract.

(a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.

(c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

13. Severability

In the event any provision of this Guarantee, in whole or in part, is held invalid or unenforceable under applicable law, the Guarantee shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

14. Choice of Law; Forum

(a) Choice of Law: The Assured acknowledges the Company has underwritten the risks covered by this Guarantee and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of Guarantees of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims that are adverse to the Assured and to interpret and enforce the terms of this Guarantee. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Assured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

15. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at **Commonwealth Land Title Insurance Company**, Attn: Claims Department, P.O. Box 45023, Jacksonville, FL 32232-5023.

CONDITION OF TITLE GUARANTEE
SCHEDULE A (V2)

Order No.: **09206932-920-CMM-CM8**

Guarantee No.: **CA-SFXFC-IMP-81G28-1-18-09206932**

Amount of Liability: **\$5,000.00**

Date of Guarantee: **April 26, 2018 at 7:30 A.M.**

Fee: **\$600.00**

1. Name of Assured:

City of Huntington Beach

2. The estate or interest in the Land which is covered by this Guarantee is:

A FEE

3. The Land referred to in this Guarantee is described as follows:

See Exhibit A attached hereto and made a part hereof.

4. ASSURANCES:

According to the Public Records as of the Date of Guarantee,

a. Title to the estate or interest in the Land is vested in:

City of Huntington Beach, a municipal corporation

b. Title to the estate or interest is subject to defects, liens or encumbrances shown in Schedule B which are not necessarily shown in the order of their priority.

EXHIBIT A
LEGAL DESCRIPTION

All that certain real property situated in the County of Orange, State of California, described as follows:

LOT 33 IN BLOCK A OF THE GARFIELD STREET ADDITION TO HUNTINGTON BEACH, IN THE CITY OF HUNTINGTON BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN [BOOK 7, PAGES 27](#) AND 28 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

[APN: 159-281-04](#)

SCHEDULE B

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2018-2019.
- B. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.
- C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
 - 1. Water rights, claims or title to water, whether or not disclosed by the public records.
 - 2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as delineated on or as offered for dedication on the map of said tract

Purpose: water mains for irrigation purposes, pole lines and incidental purposes
Affects: the rear 4 feet of said land
 - 3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Standard Oil Company, a Corporation
Purpose: public utilities
Recording Date: April 29, 1930
Recording No: in [Book 377, Page 303](#) of Official Records
Affects: Lot 33 in Block "A"
 - 4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Standard Oil Company of California, a Corporation
Purpose: pipe line
Recording Date: April 10, 1935
Recording No: in [Book 746, Page 151](#) of Official Records
Affects: Lot 33 in Block "A"
 - 5. Matters contained in that certain document

Entitled: Development Agreement
Dated: Not set out
Executed by: City of Huntington Beach, Pacific Coast Homes and Garfield Partners
Recording Date: November 14, 1990
Recording No: as [Instrument No. 90-599766](#) of Official Records

Reference is hereby made to said document for full particulars.

SCHEDULE B
(Continued)

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as reserved in a document;

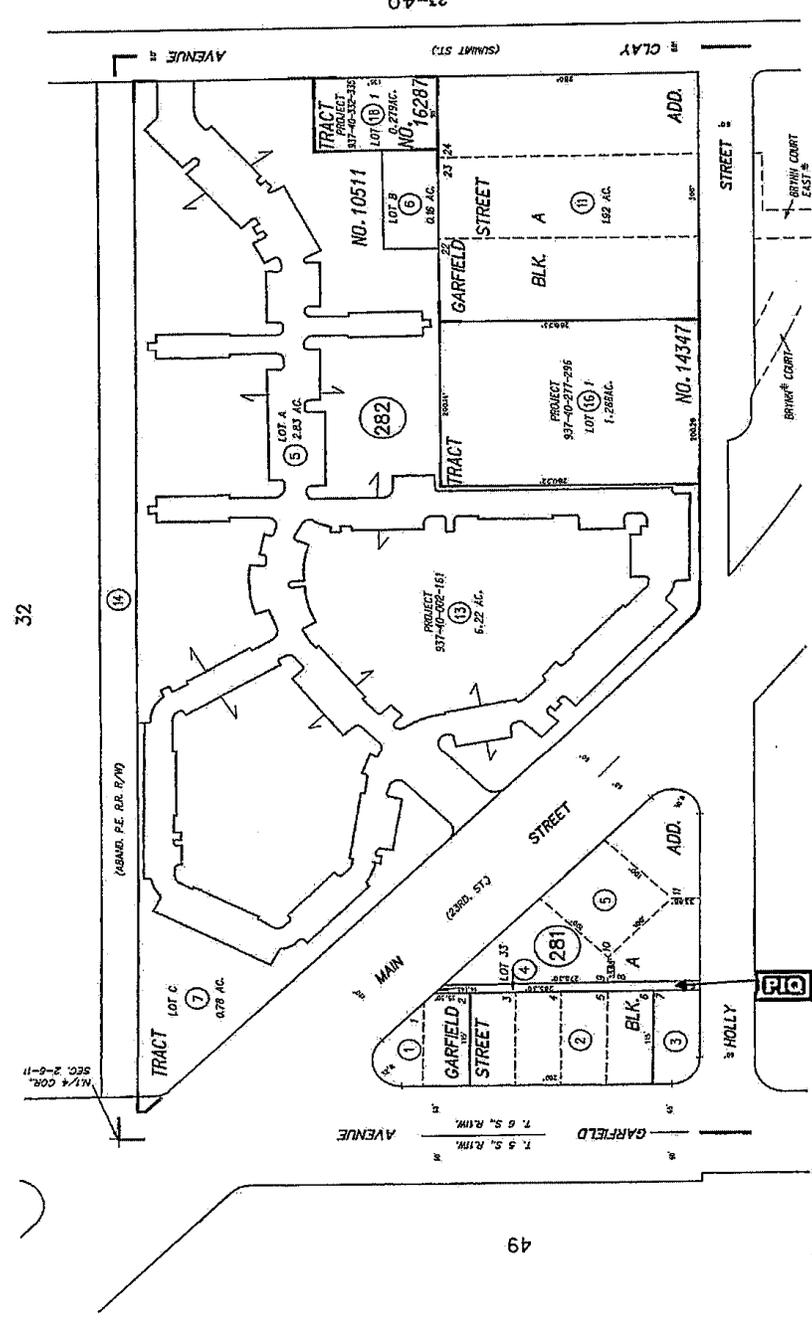
Purpose: private alleys
Affects: said land more particularly described therein

W

159-28

POR N1/2, N1/2, SEC. 2, T6S, R11W

Order: 09206932
Doc: 159-28 MAP ASSESSOR



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

ASSESSOR'S MAP BOOK 159 PAGE 28 COUNTY OF ORANGE

M.M. 7-27-28
M.M. 455-43 to 17 Inc.
M.M. 669-35-36
M.M. 837-46-47

GARFIELD STREET ADD.
TRACT NO. 11511
TRACT NO. 14347
TRACT NO. 16287

MARCH 1980

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Addendum C

CLIENT PROVIDED DOCUMENTS

SITE PLAN SUMMARY

See Sheet CS2 for more information

Total Site Area:
2.128 Acres Gross
1.80 Acres Net

Total Units:
2-Bedroom Units
Unit 2A
11 Units (31.4%)
3-Bedroom Units
Unit 3A
16 Units (46.6%)
Unit 3B
8 Units* (22.2%)
*4 Units are accessible
(See Sheet CS2 for Affordable Unit Calculations)

Density:
Allowed: (per RM Zoning)
15 du/gross ac
16.5 du/gross ac
10% bonus for 15% affordable)
Provided:
16.59 du/gross ac*
*See Sheet CS2 for Rounding

Parking:
Required*:
2-Bed = 2 Space/Unit
3-Bed = 2 Space/Unit
Guest = None Required
*(HCMC 230.14.D, By-Right Reduction)

Provided:
Garage:
Open (off-street):
Required Accessible = 1 Space
Unassigned Open (12 x 5%)
70 Spaces
12 Spaces

Open Space: (HSSP III.D.4.J):
Common Open Space Required:
11,700 S.F.
12,083 S.F.

Private Open Space Required:
2,625 S.F.
16,980 S.F.

Private Open Space Provided:
Patios
7,900 S.F.
Decks
3,320 S.F.
Roof Decks
5,760 S.F.

Site Coverage: (HSSP III.D.4.E):
Maximum Allowed:
50.0%
Provided Site Coverage:
35.3%
(27,723 S.F. Total Coverage / 78,436 S.F. Net Site)

Setbacks: (HSSP III.D.4.F.H):
Front Yard (to dwelling)
15 feet
Front Yard (to eave/terrace/balcony)
5 feet
Interior Side Yard (to dwelling)
5 feet
Street Side Yard (to dwelling)
10 feet
Street Side Yard (to eave/fireplace/arch feature)
8 feet
Building Separation (3-Story Buildings)
20 feet

Legend:
Adaptable Unit Per CBC 1102A.3 (4 Units total)
Existing Oil Well Locations. To Be Capped, 3 Locations
Affordable Unit Locations (5 Units total)

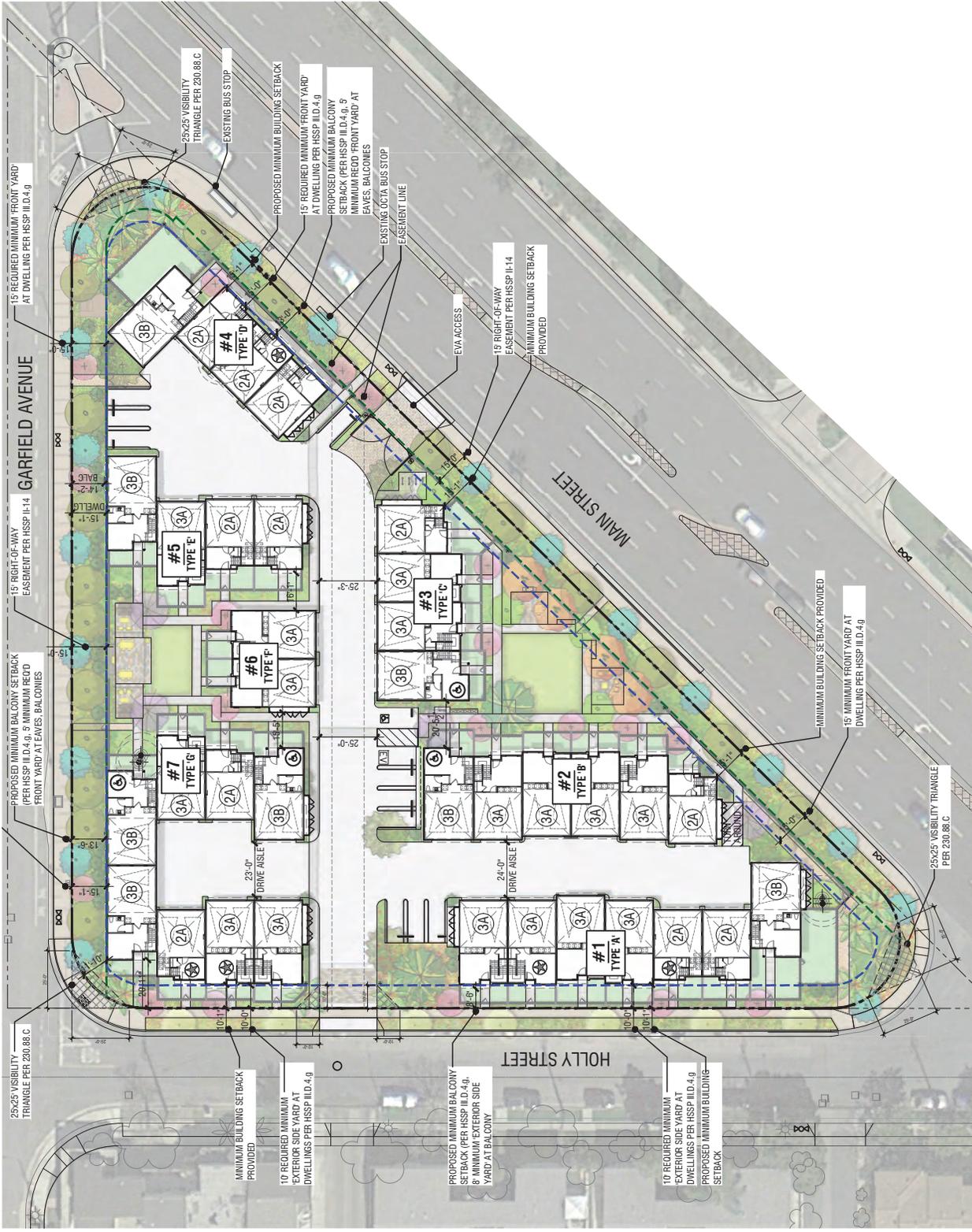


ARCHITECTURAL SITE PLAN A1.10
SCHEMATIC DESIGN - CITY SUBMITTAL
2020083.01 | 09-16-2021

HB TRI
GARFIELD AVENUE AND MAIN STREET
HUNTINGTON BEACH, CA

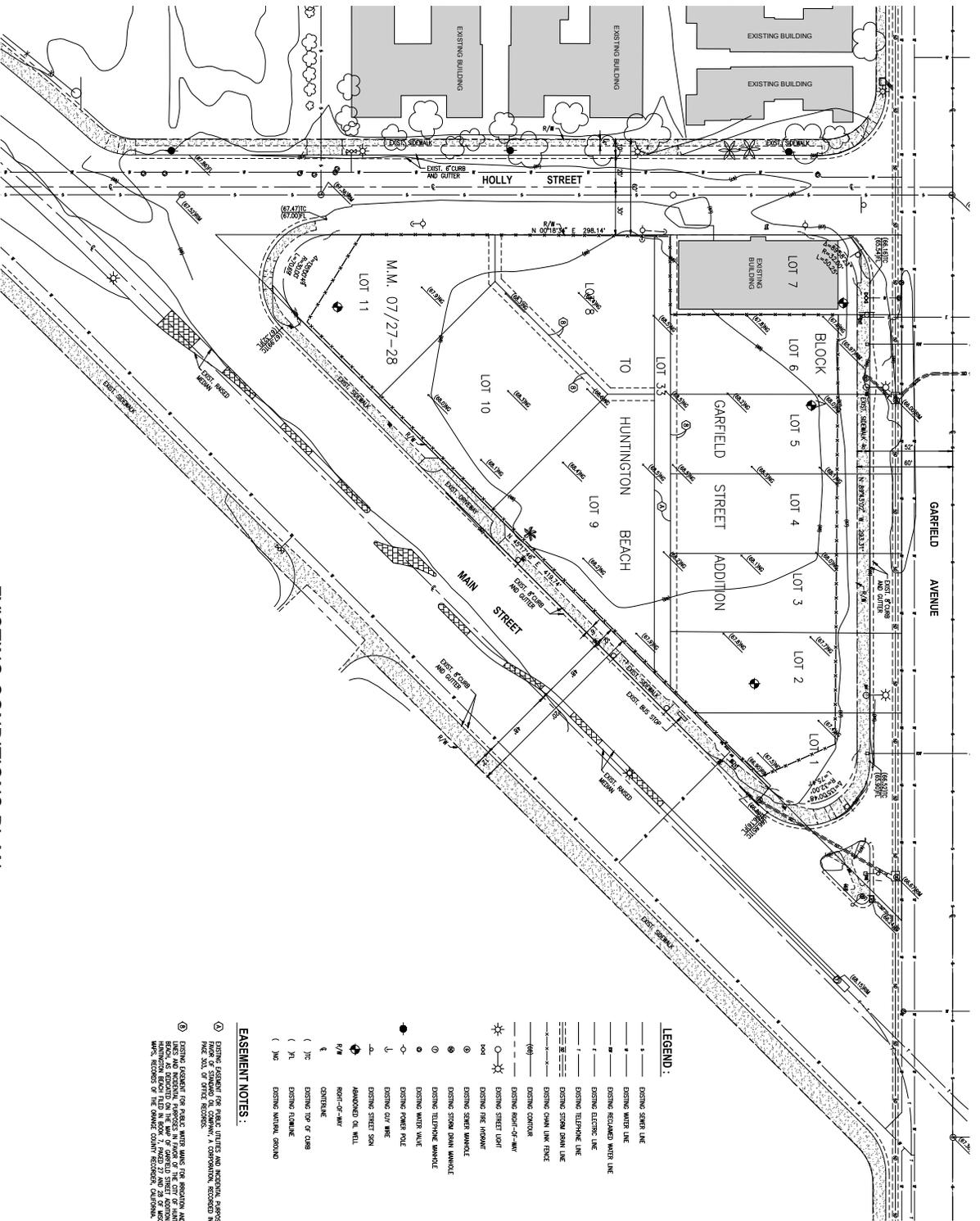
BONANNI DEVELOPMENT

WHA
ARCHITECTS + PLANNERS + ENGINEERS
CHANDLER COUNTY, LOS ANGELES, NEW YORK



25'x25' VISIBILITY TRIANGLE PER 230.88.C
15' REQUIRED MINIMUM FRONT YARD AT DWELLING PER HSSP III.D.4.G
15' RIGHT-OF-WAY EASEMENT PER HSSP II-14
PROPOSED MINIMUM BALCONY SETBACK PER HSSP III.D.4.G. 5' MINIMUM REAR FRONT YARD AT EAVES, BALCONIES
MINIMUM BUILDING SETBACK PROVIDED
10' REQUIRED MINIMUM EXTERIOR SIDE YARD AT DWELLINGS PER HSSP III.D.4.G
PROPOSED MINIMUM BALCONY SETBACK PER HSSP III.D.4.G. 8' MINIMUM EXTERIOR SIDE YARD AT BALCONY
10' REQUIRED MINIMUM EXTERIOR SIDE YARD AT DWELLINGS PER HSSP III.D.4.G
PROPOSED MINIMUM BUILDING SETBACK
25'x25' VISIBILITY TRIANGLE PER 230.88.C
15' MINIMUM FRONT YARD AT DWELLING PER HSSP III.D.4.G
MINIMUM BUILDING SETBACK PROVIDED
15' RIGHT-OF-WAY EASEMENT PER HSSP II-14
MINIMUM BUILDING SETBACK PROVIDED
EVA ACCESS
19' RIGHT-OF-WAY EASEMENT PER HSSP II-14
MINIMUM BUILDING SETBACK PROVIDED
EXISTING OCTA BUS STOP
EASEMENT LINE
15' REQUIRED MINIMUM FRONT YARD AT DWELLING PER HSSP III.D.4.G
PROPOSED MINIMUM BALCONY SETBACK PER HSSP III.D.4.G. 8' MINIMUM EXTERIOR SIDE YARD AT EAVES, BALCONIES
EXISTING BUS STOP
25'x25' VISIBILITY TRIANGLE PER 230.88.C
EXISTING BUS STOP

25'x25' VISIBILITY TRIANGLE PER 230.88.C
15' REQUIRED MINIMUM FRONT YARD AT DWELLING PER HSSP III.D.4.G
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EXISTING BUS STOP
25'x25' VISIBILITY TRIANGLE PER 230.88.C
EXISTING BUS STOP



EXISTING CONDITIONS PLAN

HB TRI

**GARFIELD AVENUE AND MAIN STREET
HUNTINGTON BEACH, CA**

LEGEND:

- EXISTING SEWER LINE
- EXISTING WATER LINE
- EXISTING RECLAIMED WATER LINE
- EXISTING ELECTRIC LINE
- EXISTING TELEPHONE LINE
- EXISTING STORM DRAIN LINE
- EXISTING CANAL LINE FENCE
- EXISTING CONDUIT
- EXISTING RIGHT-OF-WAY
- EXISTING STREET LIGHT
- EXISTING FIRE HYDRANT
- EXISTING STREET MARKING
- EXISTING STORM DRAIN MARKING
- EXISTING TELEPHONE MARKING
- EXISTING WATER MARKING
- EXISTING POWER POLE
- EXISTING GUY WIRE
- EXISTING STREET SIGN
- HANGING OVER WALL
- RIGHT-OF-WAY
- CENTERLINE
- EXISTING TOP OF CURB
- EXISTING EASEMENT
- EXISTING NEUTRAL GROUND

EASEMENT NOTES:

- ① EXISTING EASEMENT FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES IN PARTIAL TOOL OF OFFICE RECORDS.
- ② EXISTING EASEMENT FOR TRUCK TRAILER TURN FOR RECEPTION AND FUEL BURN, AS SHOWN ON THE MAP OF COASTED STREET ADJACENT TO MAIN STREET, RECORDS OF THE ORANGE COUNTY RESOLUTION, CALIFORNIA.



C-1

Addendum D

CLIENT CONTRACT INFORMATION

Proposal and Contract for Services

January 11, 2022

Chris Segesman
Bonanni Development
5500 Bolsa Avenue, Suite 120
Huntington Beach, CA 92649
Phone: (714) 892-0123
Email: chris@bonannidevelopment.com

CBRE, Inc.
3501 Jamboree Road, Ste 100
Newport Beach, CA 92660
www.cbre.us/valuation

Steve Calandra, MAI
Director

RE: Assignment Agreement – Appraisal of City of Huntington Beach Owned Land identified as Lot 33 in Block A of the Garfield Street addition to Huntington Beach (APN 159-281-04)
Huntington Beach, CA

Dear Mr. Segesman:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Property:	APN 159-281-04 – Strip of land that is $\pm 25'$ wide by $\pm 275'$ long located south of Garfield Avenue between Holly Street and Main Street, in Huntington Beach, CA. The property is encumbered with various easements including a water main for irrigation purposes, pole lines and incidental purposes and public utilities and pipeline easements in favor of Standard Oil.
Purpose:	To estimate the Market Value of the above referenced real estate.
Premise:	As Is
Rights Appraised:	Fee simple as encumbered
Intended Use:	Internal Decision-Making purposes related to potential acquisition.
Intended User:	The Intended User is Bonanni Development (“Client”), and such other parties and entities (if any) expressly recognized by CBRE as “Intended Users” (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained

in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

Inspection:	CBRE will conduct a physical inspection of the subject property, and its surrounding environs on the effective date of appraisal.
Valuation Approaches:	All applicable approaches applied.
Report Type:	Standard Appraisal Report
Appraisal Standards:	USPAP
Appraisal Fee:	\$7,500
	Any consultation work completed outside of the scope of this assignment will be billed at our standard hourly rates as noted below:
	(A) Current non-litigation in-office rates:
	Directors (MAI) \$500.00/hour
	Senior Analyst \$250.00-\$350.00/hour
	Analyst \$175.00-\$250.00/hour
	Researcher \$150.00/hour
	Administrative \$125.00/hour
	(B) All reports for which testimony is required must be disclosed prior to report authorization.
	(C) Current rates for conferences, trial/deposition preparation and appearances:
	Directors (MAI) \$550.00/hour
	Senior Analyst \$300.00-\$350.00/hour
	Analyst \$250.00-\$300.00/hour
	Researcher \$200.00/hour
	Administrative \$175.00/hour
	(D) All fees for reports, conferences, depositions and trial must be paid prior to appearance at trial
Expenses:	Fee includes all associated expenses
Retainer	\$3,750
Payment Terms:	We will invoice you for the assignment balance at the completion of a draft report.
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. An Adobe PDF file via email will be delivered to chris@bonannidevelopment.com

Delivery Schedule:

Preliminary Value: Not Required
Draft Report: 6 Weeks from start date
Final Report: Upon request

Start Date: Upon receipt of the signed engagement letter and the requested retainer.

Acceptance Date: These specifications are subject to modification if this proposal is not accepted within 5 business days from the date of this letter.

Market Volatility:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a global pandemic on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Our valuation is based on the information available to us at the date of valuation. You acknowledge that our reports may include clauses highlighting heightened uncertainty if appropriate, and we recommend our valuation is kept under frequent review.

Both governments and companies are initiating travel restrictions, quarantine and additional safety measures in response to the COVID-19 pandemic. If, at any point, our ability to deliver the services under this LOE are restricted due to the pandemic, we will inform you within a reasonable timeframe and work with you on how to proceed. Whilst we will endeavor to meet the required timeframe for delivery, you acknowledge any Government or company-imposed restrictions due to the virus may impede our ability to meet the timeframe and/or deliverables of this engagement, and delays may follow. Any delays or inability to deliver on this basis would not constitute a failure to meet the terms of this engagement.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Steve Calandra, MAI
Director
As Agent for CBRE, Inc.
T 949.599.5751
Steve.Calandra@cbre.com

AGREED AND ACCEPTED

FOR BONANNI DEVELOPMENT ("CLIENT"):



Signature

January 11, 2022

Date

Chris Segesman

Name

Partner

Title

714-892-0123

Phone Number

chris@bonannidevelopment.com

E-Mail Address

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the hourly rate of the time expended and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$1,500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.
2. Current title report and title holder name
3. Legal description
4. Survey and/or plat map
5. Site plan for the existing development
6. Building plans and specifications, including square footage for all buildings and units
7. Any previous market/demand studies or appraisals
8. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
9. Any other information that might be helpful in valuing this property

If any of the requested data and information is not made available to the Appraiser following written request to Client, CBRE, Inc., reserves the right to reasonably extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Steve Calandra, MAI
Director
Steve.Calandra@cbre.com
CBRE, Inc.
Valuation & Advisory Services
3501 Jamboree Road, Ste 100
Newport Beach, CA 92660



CBRE | WIRING/ACH INSTRUCTIONS

VALUATION & ADVISORY SERVICES

Bank information to be provided in wire transaction or ACH transfer:

Bank Name:	Wells Fargo
Address:	420 Montgomery Street San Francisco, CA 94104
Bank Contact:	Michelle Polcari Tel: (310) 606-4792
Account Name:	CBRE, Inc. Valuation & Wire Receipts
ABA Number:	121-000-248
Account Number:	4121-248561

PAYMENT BY CHECK

Please make check payable to:

CBRE, Inc. - Valuation & Advisory Services
Attn: Bank of America Lockbox Services
P.O. Box 281620, Location Code 4187
Atlanta, GA 30384-1620

REFERENCE

Please reference our Invoice number, Property name (if applicable) and address of the asset(s) being valued in your payment transaction. If multiple properties, reference a deal identifier. Notice of your payment transaction to VAS-PacSWNewAssign@cbre.com will ensure prompt and accurate processing.

****NOTE: Credit cards are not an accepted form of payment***

RETAINER PAYMENT

Select a payment option above.

- If an invoice number has not been provided, reference "RETAINER 41251PS" and the property name/address in your transaction:

(Example: RETAINER 41251PS, 123 Main Street, Los Angeles, CA).

Addendum E

QUALIFICATIONS

STEVE CALANDRA, MAI

Director- Valuation and Advisory Services

CBRE



STEVE CALANDRA, MAI

Director

C: 808.723.9793

C: 949.599.5751

Steve.Calandra@cbre.com

1003 Bishop Street, Suite 1800
Honolulu, HI 96813

3501 Jamboree Road Suite 100
Newport Beach, CA 92660

SELECT CLIENTS

- Caltrans
- County of Fresno
- City of Rancho Santa Margarita
- City of Banning
- City of Hemet City of Ontario
- City of San Bernardino
- LA Beaches and Harbors
- Clovis Unified School District
- Fresno Unified School District
- Merced Unified School District
- Brea-Olinda School District
- Fontana Unified School District
- Southern California Edison
- U.S. Postal Service
- Huntington Beach City USD
- Aleshire & Wynder, LLP
- Baker, Manock & Jensen
- Brown and Streza
- Bryan Cave, LP
- Buchalter Nemer
- Dowling, Aaron & Keeler
- Hess-Verdon
- Latham Watkins
- Law Offices of Noelle R. Minto
- Lusk, Stern & Eisler LLP
- Pillsbury, Winthrop, Shaw & Pittman
- Greenman, Lacy, Klein, Hinds
Weiserman & Heffron

Steve Calandra serves as a Director of Valuation and Advisory Services in Hawaii and Southern California. In this role, he directs valuation and consulting engagements related to a wide variety of property types in the State of Hawaii and Southern California market, agricultural assignments throughout the southwest.

Mr. Calandra has a broad range of experience in the valuation and analysis of asset types including agricultural properties, development and transitional land, subdivisions, office, industrial, single and multi-family, hotels, self-storage, ground leased sites and going-concern valuations of complex assets. Mr. Calandra's expertise includes valuation of fee simple, leased fee and leasehold interests, feasibility studies, highest and best use studies, rental surveys, conservation easements, re use and redevelopment projects, partial takings, eminent domain and condemnation, acquisition/disposition, foreclosure related valuations, trust accounts, estate, gift and Internal Revenue Service related tax valuations.

EXPERIENCE

Steve Calandra has been involved in commercial real estate valuations since 1996. Prior to joining CBRE, he was the Managing Director for JLL Valuation and Advisory Services and held various positions with Integra Realty Resources, including Senior Managing Director of the Orange County and Inland Empire office. Mr. Calandra has become a trusted advisor to his clients providing appraisal and consulting services to lenders, pension funds, REITs, law firms, CPA's, government agencies, school districts, and builders in all phases of development, helping them to achieve their current goals and plan for the future.

SPECIALTIES

Agricultural Properties
Special Use Properties
Highest and Best Use Case Studies

Subdivision and Masterplans
Eminent Domain/Condemnation
Luxury Residences

EDUCATION AND DESIGNATIONS

Bachelor of Arts, English Literature and Creative Writing; California State University, Fresno

MAI designation of the Appraisal Institute

Certified General Real Estate Appraiser, State of California #AG027877
Certified General Real Estate Appraiser, State of Hawaii #1031

SELECT CLIENTS CONT.

- Blackstone
- CalPERS
- CS Capital Management
- Hines Management
- LaSalle Investment Management
- Prudential
- Urdang
- CS Capital
- JP Morgan Chase
- Key Bank
- Armed Forces Bank
- Bank of America
- BBVA Compass Bank
- BBCN Bank
- Beach Business Bank
- Beverly Hills Private Bank
- Banco Popular
- Bank of the West
- Bank of Hawaii Comerica Bank
- Citizens Business Bank
- Dickinson Financial
- East West Bank
- Hanmi Bank
- La Jolla Bank
- PacTrust Bank
- PNC Bank
- Popular Community Bank
- Tomato Bank
- Wells Fargo

APPRAISAL INSTITUTE COURSES

Course 110, Appraisal Principles
Course 120, Appraisal Procedures
Course 310, Basic Income Capitalization
Course 320, General Applications
Course 410, Standards of Professional Practice, Part A
Course 420, Standards of Professional Practice, Part B
Course 510, Advanced Income Capitalization
Course 520, Highest and Best Use
Course 530, Adv. Sales Comparison & Cost Approaches
Course 540, Report Writing and Valuation Analysis
Course 550, Advanced Applications
Appraising Convenience Stores
Eminent Domain & Condemnation
Small Hotel/Motel Valuations
Argus Enterprise Parts 1 & 2
Laws & Regulations for California Appraisers
Laws & Regulations for Nevada Appraisers
Introduction to Green Buildings: Principles & Concepts
Case Studies in Appraising Green Commercial Buildings
Appraising Automobile Dealerships
FHA Appraising—Principles and Procedures
Subdivision Valuation

REFERENCES

Thomas Pastore, ASA, CFA
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Justin Stout, MAI
Review Appraiser
Banner Bank
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Office: (509) 241-0167
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Ken Brown, ARA
Appraisal Manager
Fresno-Madera Farm Credit
4635 W Spruce Ave,
Fresno, CA 93722
559-277-7000
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Mark H. Persico, AICP
COO and Senior Vice President
Kosmont Companies
Office: (424) 297-1070
mpersico@kosmont.com

Additional references are available upon request



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

Steven R. Calandra

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 027877

Effective Date: November 17, 2020

Date Expires: November 16, 2022

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3054776

Jenn Simmonson

Appraiser

CBRE



Appraiser
CA CGREA No. 3006659

+1 619 248 6080 - C
jennifer.simmonson@cbre.com

4301 La Jolla Village Drive,
Suite 3000
San Diego, CA 92122

Experience

Jenn Simmonson is third-generation Southern California real estate appraiser. She has over ten years of commercial real estate appraisal experience, with specialty experience including multifamily, land, agribusiness, natural resources, industrial, hospitality, and seniors housing properties throughout the West Coast and Hawaii. Additional experience includes litigation support and U.S. Federal Land Acquisition assignments. Clients served include a broad base of lenders, local and national investment firms, development and operating companies, commercial and investment banks, insurance companies, estate attorneys, and REITs.

Prior to joining CBRE, Jennifer spent eight years as owner of a successful consulting business. She has a solid management, accounting, and marketing foundation.

Jennifer has held multiple leadership rolls within the community. She has served on the board of the USC Trojan Club of San Diego (2014-2016). She is Past Co-President of the USC Alumni Club of San Diego (2012-2014) and has served on the following non-profit boards: Friends of Homeless Veterans (2008-2012) and San Diego Coastal Rotary Club (2007-2012). She was the Founder and Past President of San Diego Surf Ladies, Southern California's first all-women's surf club (2004-2006).

Professional Affiliations / Accreditations

- Appraisal Institute – Candidate for Designation

Education

- University of Southern California, B.A. International Relations
 - Graduated with Departmental Honors
 - *Thematic Option* Undergraduate Honors Program
 - Business courses completed

Professional Education

350+ hours of appraisal education, including:

Appraisal Institute: 2020-21 USPAP - 2021; General Appraiser Sales Comparison Approach – 2019; General Appraiser Market Analysis Highest & Best Use – 2018; IRS Valuation Symposium - Valuation of Donated Real Estate, Including Conservation Easements and Other IRS Valuation Assignments– 2018; General Appraiser Report Writing and Case Studies – 2018; General Appraiser Income Approach/Part 2 -2018; General Appraiser Income Approach/Part 1 – 2018; Solving Land Valuation Puzzles Seminar – 2018; Online Business Practices and Ethics – 2017; Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications – 2017; General Appraiser Site Valuation & Cost Approach – 2017; 4-Hour Federal and California Statutory and Regulatory Laws – 2016

Jenn Simmonson

Appraiser

CBRE



Appraiser
CA CGREA No. 3006659

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Suite 3000
San Diego, CA 92122

Professional Education

(continued)

McKissock: Real Estate Appraisal Courses, 2016-2019: General Appraiser Sales Comparison Approach – 2019; 2016-2017 15-Hour National Uniform Standards of Professional Appraisal Practice – 2017; Supervisor-Trainee Course for California – 2016

American Society of Farm Managers & Rural Appraisers: Real Estate Appraisal Courses, 2018-2019: The Nuts and Bolts of California's Water Supply System – 2019; CA Chapter Spring Ag Tour – 2018; CA Chapter 2018 Outlook Conference - 2018

Anthony Schools – A Kaplan Professional Company: Math & Regulations for Appraisers – 2005; National 15 Hour USPAP Course with Exam -2004; Residential RE Appraisal – 2004; Legal Considerations in Appraisal – 2004



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

Jennifer O. Simmonson

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: **A** 3006659

Effective Date: July 24, 2021
Date Expires: July 23, 2023


Loretta Dillon, Deputy Bureau Chief, BREA

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