

APPRAISAL REPORT
OF A

SERVICE COMMERCIAL BUILDING
Located at

1746 W Florence Ave
Los Angeles, California 90047

VALUATION DATES

As-Is Market Value: September 22, 2023

Date of Report: September 29, 2023

PREPARED FOR

Premier Money Source Inc
3334 E Coast Hwy, 507
Corona Del Mar, CA 92625
Premier Money Source Inc File No: AA230058

PREPARED BY

Accurate Appraisers

3903 East Anaheim Street
Long Beach, California 90804

Accurate Appraisers

A Professional Real Estate Appraisal Group

3903 East Anaheim Street, Long Beach, CA 90804 - (562) 307-0642/Cell.

September 29, 2023

Premier Money Source Inc
3334 E Coast Hwy 507
Corona Del Mar, CA 92625

RE: Appraisal Report
Service Commercial Building
1746 W Florence Ave, Los Angeles, California 90047

Accurate Appraisers File No: AA230058
Premier Money Source Inc File No: AA230058

Dear Premier Money Source Inc:

In fulfillment of our agreement, we are pleased to transmit here with the report of our appraisal of the market value of the fee simple interest in the above referenced property as of September 22, 2023. Premier Money Source Inc is the only intended user of this report. The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset.

As agreed, upon with the client prior to the preparation of this appraisal, this report is the result of the scope of work set forth in the appraisal. We used the As-Is Market Value (Fee Simple Interest) to value to estimate the "As-Is Market Value (Fee Simple Interest)" market value. The Cost Approach was not used for valuation purposes and is considered to be unnecessary for a credible result to this appraisal assignment. An element of this approach was utilized to determine insurable replacement cost new.

The subject is a Single-Tenant/user 2,750 SF GBA and 2,750 SF of NRA Commercial Stucco building currently Vacant located on a 8,863 SF interior lot at 1746 W Florence Ave in Los Angeles, California. The subject was built in 1956 and is in Average condition with an effective age of 30 years and a remaining economic life of 30 years based on our estimate. The improvements are of Class D construction that is on a commercial zoned site with 17 surface parking spaces located at the rear of subject accessed via a public alley. The owner plans to occupy the entire property, which is consistent with this property. Additionally, the subject has two in place tenants that are on month-to-month rental agreements paying significantly below market. We have appraised the subject's fee simple value as the property appeals to owner users and the property is not subject to long-term tenants. A one-time lease up adjustment was applied to the income approach to determine the As-Is as the income approach considers investors only.

The subject property has a current occupancy level of 100.0%, which is above the stabilized occupancy level estimate of 95.0% that was developed in this appraisal.

The report sets forth our value opinion, along with supporting data and reasoning that form the basis of our opinion. The value opinion reported is qualified by certain definitions, limiting conditions, and certifications that are set forth in the report. The property is more completely described therein, by legal description,

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Los Angeles, California 90047

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location maps, and photographs. Under the Assumptions and Limiting Conditions set forth in the report, we reconciled the approaches, analyses, and information obtained.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Fee Simple Interest). An Insurable Replacement Cost Estimate has also been included within the report. The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION				
VALUATION SCENARIO	INTEREST APPRAISED	EXPOSURE TIME	EFFECTIVE DATE	VALUE
As-Is Market Value	Fee Simple Interest	Three Months or Less	September 22, 2023	\$1,200,000
ADDITIONAL CONCLUSIONS				
Insurable Replacement Cost Estimate				\$300,000

Current Pending Sale/Under Contract

The property is currently in escrow on an off-market transaction at \$1,200,000 according to the Purchase and Sale Agreement dated September 9, 2023. The property is a market transaction, which was listed on the open market in August 11, 2023 by Wayne Brown from F C E Realty for \$1,210,000. The buyer submitted an offer based on their analysis and the seller agreed to the offer. The listing broker indicated he received two offers below the current escrow price and accept the current offer. The \$1,200,000 negotiated price is in line with the current market based on the analysis set forth in this report.

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards.

EXTRAORDINARY ASSUMPTIONS

The use of an extraordinary assumption(s) may have impacted the results of the assignment. The GBA and NRA estimates are accurate. According to the agreed upon scope of work, we have not performed a physical inspection of the subject property, neighborhood, or comparable data. We have relied on readily available public information and information provided by the Client to ascertain the physical and economic characteristics of the site, improvements, neighborhood, and comparable data. There may be issues readily identifiable only by a physical inspection that would have a material impact on the fair value estimate. Our value conclusion assumes no material issues exist. The rent roll provided is an accurate representation of the actual lease terms.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

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1746 W Florence Ave
Los Angeles, California 90047

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Respectfully Submitted,

ACCURATE APPRAISERS



Marcus Espinoza, MAI, SRA, CCIM, ASA
Certified General Real Estate Appraiser
California License No. AG 033988
Expiration Date 5/11/2024
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EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Name	Service Commercial Building
Property	Commercial - Commercial Building
Address	1746 W Florence Ave
City, State Zip	Los Angeles, California 90047
County	Los Angeles County
MSA	Los Angeles-Long Beach-Anaheim, CA MSA
Market / Submarket	Los Angeles / Inglewood/South LA
Geocode	33.9743440, -118.3081967
Census Tract	06-037-237900

SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	6018-001-011	
Land Area	Square Feet	Acres
Usable	8,863	0.20
Total	8,863	0.20
Zoning	Commercial (LAC2)	
Shape	Rectangular	
Topography	Rolling above street grade	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	No Risk	

IMPROVEMENT DESCRIPTION

Tenancy	Single-Tenant Owner-Occupied
Net Rentable Area (NRA)	2,750
Gross Building Area (GBA)	2,750
Ground Floor SF	2,750
Total Buildings	1
Floors	1
Year Built	1956
Actual Age	67 Years
Effective Age	30 Years
Economic Life	60 Years
Remaining Useful Life	30 Years
Land To Building Ratio	3.22 : 1
Site Coverage Ratio	31.0%
Parking	6.2 / 1,000 SF NRA

QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Average
Building Condition	Average
Building Appeal	Average

HIGHEST & BEST USE

Proposed Construction	No
As Vacant	Newly constructed commercial building
As Improved	Continued use as commercial building

EXPOSURE & MARKETING TIME

Exposure Time	Three Months or Less	
Marketing Time	Three Months or Less	
Current Occupancy	100.00%	
Stabilized Occupancy / Stabilized Vacancy & Credit Loss	95.00%	5.0%
Expense Structure	Triple Net	
Occupied SF Multifamily / Occupied SF Commercial	2,750	2,750
Number of Commercial Tenants in Occupancy	1	
Expense Ratio (Expenses/EGR)	27.16%	
Direct Capitalization NOI	\$66,169	\$24.06PSF
Capitalization Rate (OAR) Conclusion	5.25%	

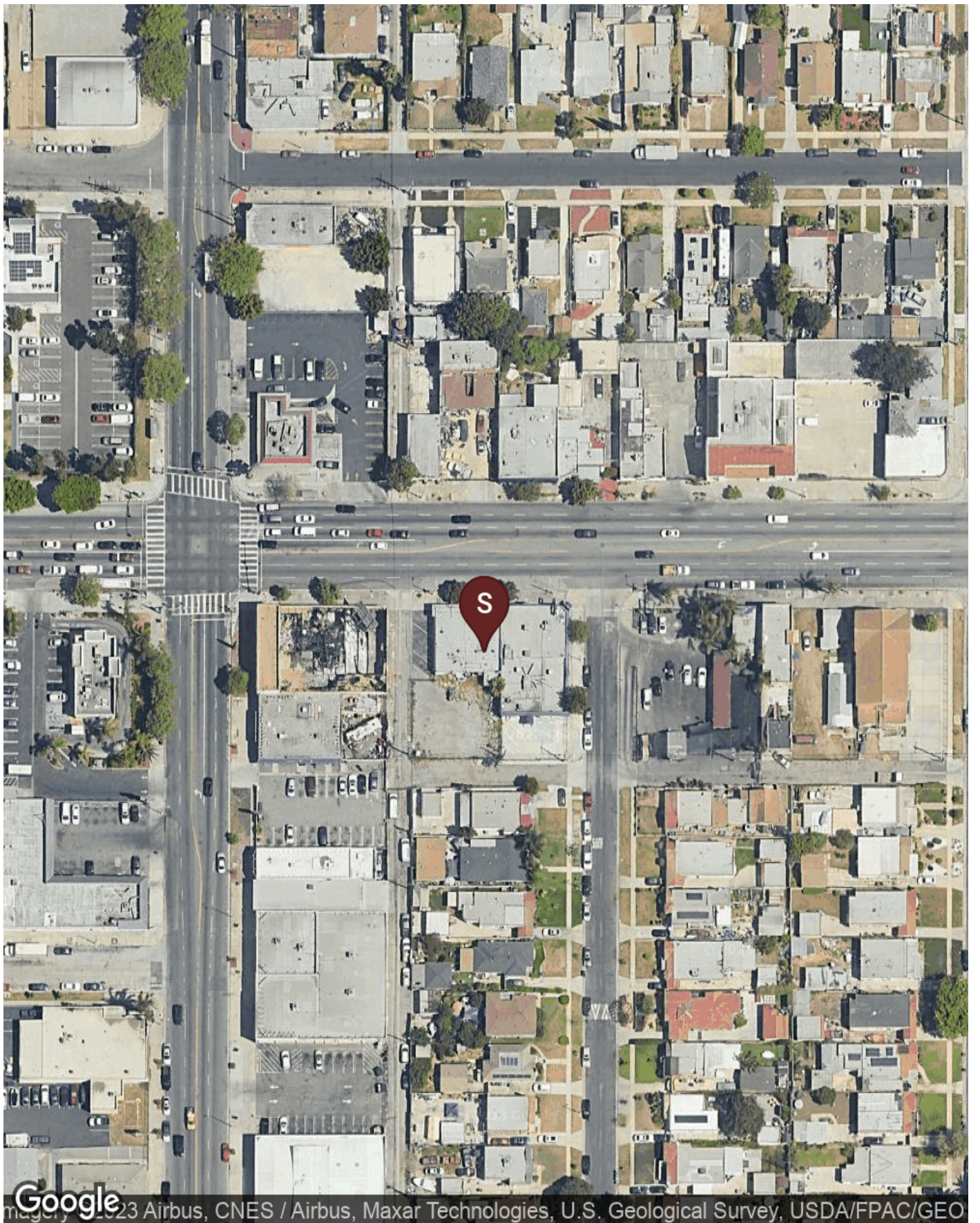
VALUE CONCLUSION

VALUATION SCENARIOS

AS-IS MARKET VALUE

FINAL VALUE CONCLUSION	\$1,200,000
Insurable Replacement Cost Estimate	\$300,000

AERIAL PHOTOGRAPH





SUBJECT PROPERTY PHOTOGRAPHS



Front View



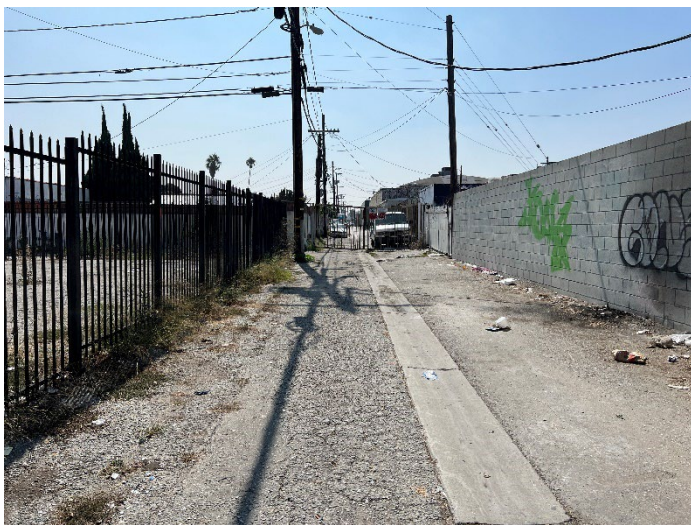
Another Front View



Side and Parking View



Rear View



Alley View



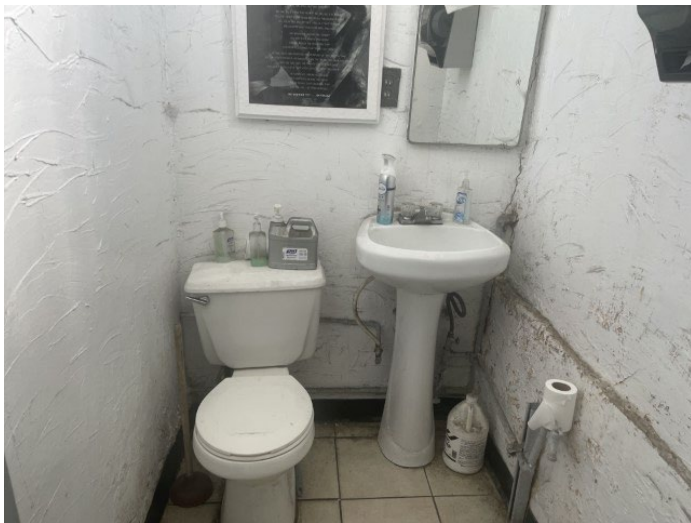
Street View



1748 Florence Waiting Area



1748 Florence Storage



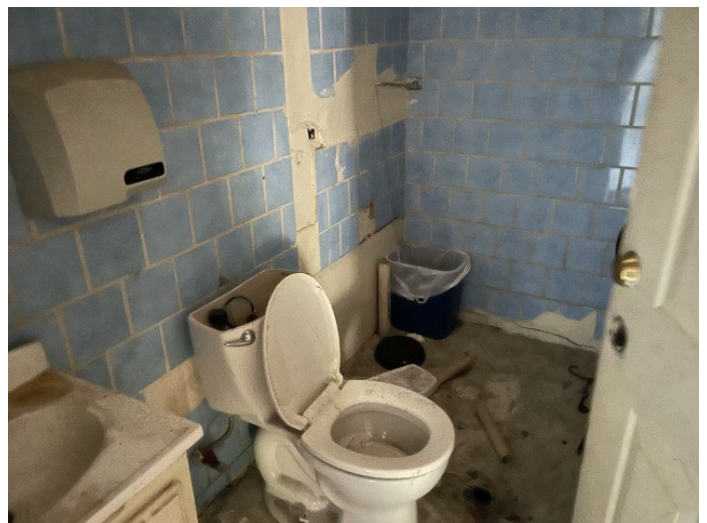
1748 Florence Bathroom



1746 Florence Front Room



1744 Florence Main Room



1744 Florence Bathroom

PROPERTY IDENTIFICATION

The subject is a Single-Tenant/user 2,750 SF GBA and 2,750 SF of NRA Commercial Stucco building currently Vacant located on a 8,863 SF interior lot at 1746 W Florence Ave in Los Angeles, California. The subject was built in 1956 and is in Average condition with an effective age of 30 years and a remaining economic life of 30 years based on our estimate. The improvements are of Class D construction that is on a commercial zoned site with 15 surface parking spaces located at the rear of subject accessed via a public alley.

The assessor parcel Number is: 6018-001-011.

LEGAL DESCRIPTION

TRACT NO 6757 LOTS 22,23 AND LOT 24 BLK 1

CLIENT IDENTIFICATION

The client of this specific assignment is Premier Money Source Inc.

INTENDED USE & INTENDED USERS

The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset. Premier Money Source Inc is the only intended user of this report.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Fee Simple Interest).

PERSONAL PROPERTY & BUSINESS INTANGIBLE

There is no personal property (FF&E) included in this valuation.

PROPERTY AND SALES HISTORY**Current Owner**

The subject title is currently recorded in the name of Eddie L Davis Sr who acquired title to the property on September 1, 1976, for the improvements for an undisclosed amount as recorded in the Los Angeles County Deed Records.

Three-Year Sales History

According to county records there has been no transfer of ownership for the subject property in the past three years and there is no known pending sale or listing of the subject.

Current Pending Sale/Under Contract

The property is currently in escrow on an off-market transaction at \$1,200,000 according to the Purchase and Sale Agreement dated September 9, 2023. The property is a market transaction, which was listed on the open market in August 11, 2023 by Wayne Brown from F C E Realty for \$1,210,000. The buyer submitted an offer based on their analysis and the seller agreed to the offer. The listing broker indicated he received two offers below the current escrow price and accept the current offer. The \$1,200,000 negotiated price is in line with the current market based on the analysis set forth in this report.

EXPOSURE & MARKETING TIME

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

SUBJECT PROPERTY PHOTOGRAPHS

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. The following information is used to estimate exposure time and marketing time for the subject:

EXPOSURE & MARKETING TIME				
SOURCE		YEAR/QUARTER	MONTHS RANGE	AVERAGE
National Regional Mall	PwC			
Current Quarter		2023 Q2	3.0 to 18.0	12.3
Last Quarter		2023 Q1	3.0 to 18.0	11.8
Four Quarters Ago		2022 Q2	3.0 to 18.0	11.4
Improved Sales			3.0 to 41.9	9.5
OVERALL AVERAGE				10.9
Exposure Period Conclusion			Three Months or Less	
Marketing Time Conclusion			Three Months or Less	
Most Probable Buyer			Owner-User	

Exposure Time Conclusion

The subject is a commercial (commercial building) use totaling 2,750 SF (NRA) on 0.2035-acres (8,863 SF) located at 1746 W Florence Ave in Los Angeles, Los Angeles County, California. Considering these factors, a reasonable estimate of exposure time for the subject As-Is Market Value (Fee Simple Interest) is three months or less.

Marketing Time Conclusion

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Overall market conditions are expected to remain stable, so a marketing time of three months or less is predicted for the subject.

DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all condition's requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in United States 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.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

SUBJECT PROPERTY PHOTOGRAPHS

Fee Simple Interest

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.²

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.³

VALUE SCENARIOS

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.⁴

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access and site exposure.
- ▶ The appraisal includes a retail market analysis for the Los Angeles market and Inglewood/South LA submarket using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical, and financial feasibility characteristics of the subject site and existing improvements.
- ▶ In selecting applicable approaches to value, the appraiser considered the agreed upon appraisal scope and assessed the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Fee Simple Interest). An Insurable Replacement Cost Estimate has also been included within the report.
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a summarized level of analysis.
- ▶ The author of this report are aware of the Competency Rule of USPAP and meets the standards.

ASSISTANCE PROVIDED

No one provided real property appraisal assistance to the individuals signing this report.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

² Appraisal Institute, *The Dictionary of Real Estate Appraisal, 7th Ed.* (Chicago: Appraisal Institute 2022)

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal, 7th Ed.* (Chicago: Appraisal Institute 2022)

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal, 7th Ed.* (Chicago: Appraisal Institute 2022)

SUBJECT PROPERTY PHOTOGRAPHS

INFORMATION PROVIDED

Property Assessment & Tax	Los Angeles County Assessor
Zoning & Land Use Planning	City of Los Angeles Zoning
Site Size	Los Angeles County Assessor
Building Size	Los Angeles County Assessor
Supply & Demand	CoStar
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS Public Records Confirmed by Local Agents
Legal Description	Not Provided

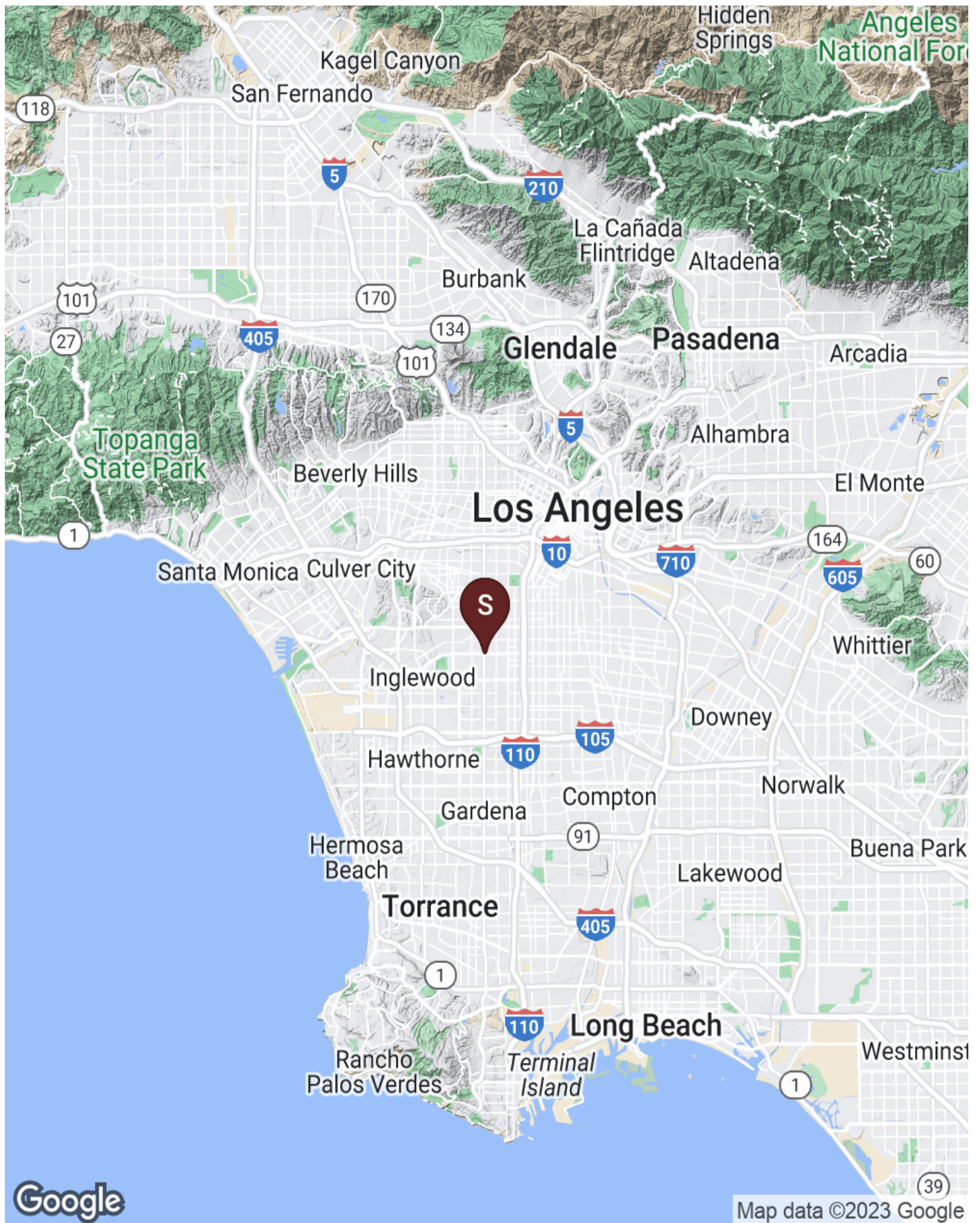
The lack of the unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION

APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Marcus Espinoza, MAI, SRA, CCIM, ASA	Yes	Interior & Exterior	September 22, 2023	Primary Appraiser

REGIONAL AREA MAP



REGIONAL AREA ANALYSIS

INTRODUCTION

In order to understand the subject’s position in the area or region, we have undertaken a brief analysis in order to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject’s area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we undertake a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and the subject’s neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

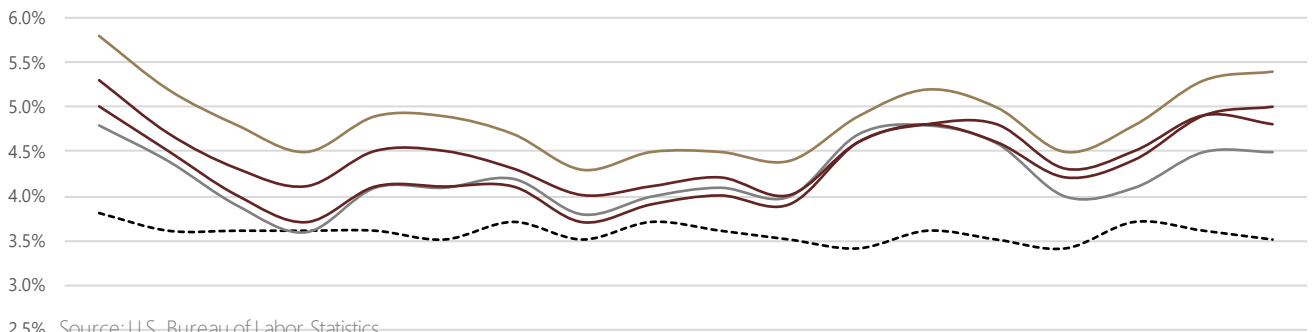
REGIONAL AREA ANALYSIS

The subject property is located in Los Angeles, California. The map presented on the previous page illustrates the subject property location relative to the Los Angeles-Long Beach-Anaheim, CA MSA metropolitan area.

Unemployment

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Pacific Division, California, Los Angeles-Long Beach-Anaheim, CA MSA, and Los Angeles County.

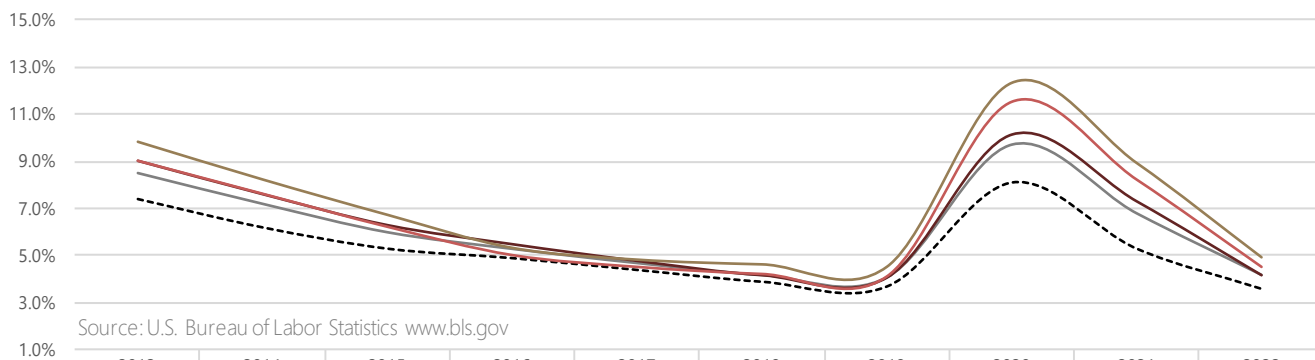
MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



Source: U.S. Bureau of Labor Statistics

	Feb	Mar	Apr	May	Jun	2022 Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2023 Jul
----- Nation	3.8%	3.6%	3.6%	3.6%	3.6%	3.5%	3.7%	3.5%	3.7%	3.6%	3.5%	3.4%	3.6%	3.5%	3.4%	3.7%	3.6%	3.5%
----- Region	4.8%	4.4%	3.9%	3.6%	4.1%	4.1%	4.2%	3.8%	4.0%	4.1%	4.0%	4.7%	4.8%	4.6%	4.0%	4.1%	4.5%	4.5%
----- State	5.0%	4.5%	4.0%	3.7%	4.1%	4.1%	4.1%	3.7%	3.9%	4.0%	3.9%	4.6%	4.8%	4.8%	4.3%	4.5%	4.9%	4.8%
----- Area	5.3%	4.7%	4.3%	4.1%	4.5%	4.5%	4.3%	4.0%	4.1%	4.2%	4.0%	4.6%	4.8%	4.6%	4.2%	4.4%	4.9%	5.0%
----- County	5.8%	5.2%	4.8%	4.5%	4.9%	4.9%	4.7%	4.3%	4.5%	4.5%	4.4%	4.9%	5.2%	5.0%	4.5%	4.8%	5.3%	5.4%

ANNUAL UNEMPLOYMENT RATE (10 YEARS)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
----- Nation	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%
----- Region	8.5%	7.2%	6.0%	5.3%	4.7%	4.2%	4.1%	9.7%	6.8%	4.2%
----- State	9.0%	7.6%	6.3%	5.5%	4.8%	4.2%	4.1%	10.1%	7.3%	4.2%
----- Area	9.0%	7.6%	6.2%	5.0%	4.5%	4.2%	4.1%	11.5%	8.2%	4.5%
----- County	9.8%	8.2%	6.7%	5.3%	4.8%	4.6%	4.5%	12.3%	8.9%	4.9%

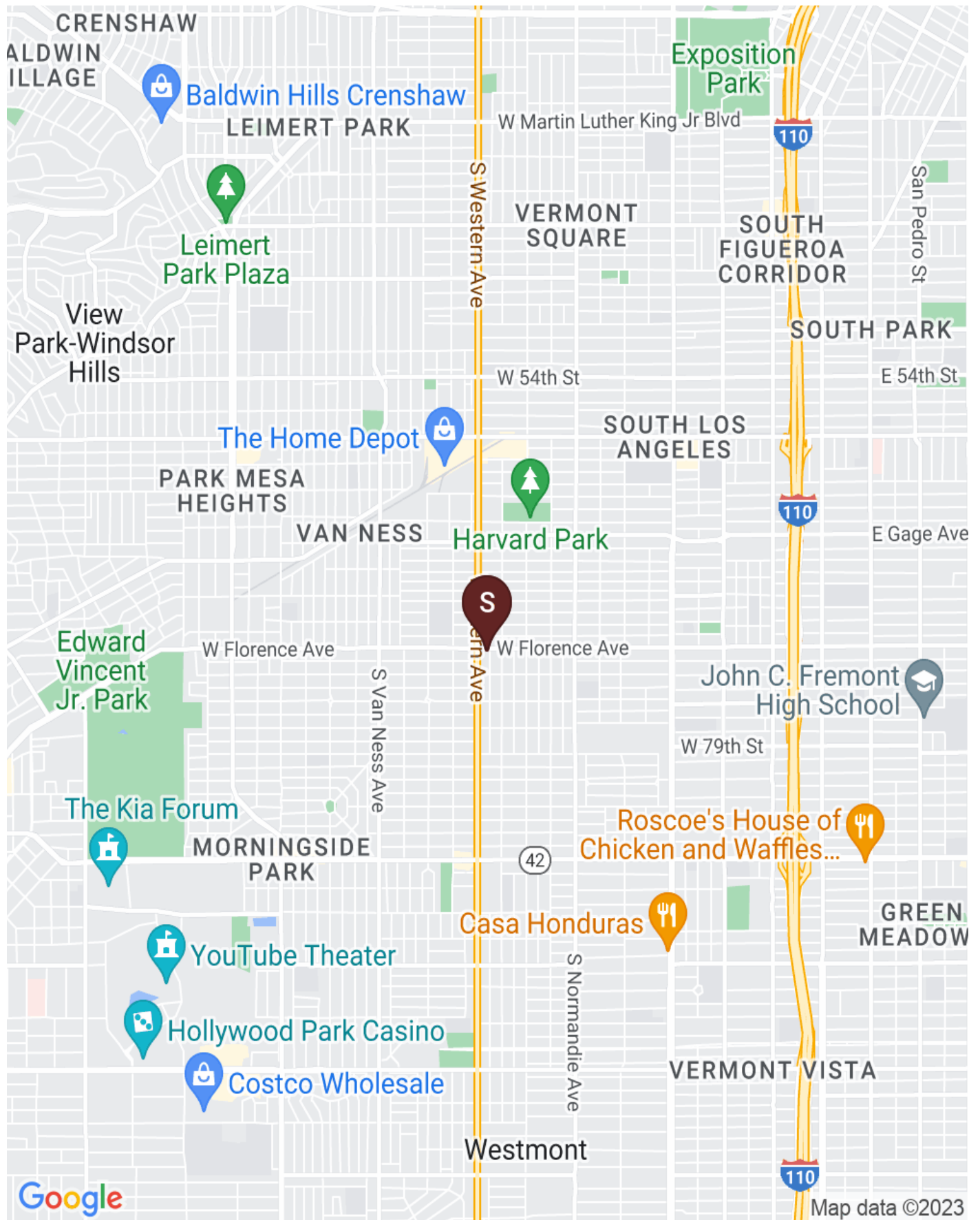
Employment

The following chart shows the trailing 10 years employment for the state of California, Los Angeles-Long Beach-Anaheim, CA MSA, and Los Angeles County.

STATE & REGIONAL EMPLOYMENT						
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.
2013	16,887,864	2.1%	5,926,711	2.2%	4,471,400	2.4%
2014	17,264,518	2.2%	6,050,647	2.0%	4,572,171	2.2%
2015	17,647,409	2.2%	6,154,113	1.7%	4,641,054	1.5%
2016	17,965,407	1.8%	6,283,934	2.1%	4,751,209	2.3%
2017	18,258,064	1.6%	6,413,122	2.0%	4,864,120	2.3%
2018	18,469,910	1.1%	6,450,601	0.6%	4,882,328	0.4%
2019	18,617,933	0.8%	6,492,092	0.6%	4,920,831	0.8%
2020	17,047,569	(9.2%)	5,777,480	(12.4%)	4,350,509	(13.1%)
2021	17,586,314	3.1%	6,014,953	3.9%	4,547,611	4.3%
2022	18,440,895	4.6%	6,280,485	4.2%	4,739,924	4.1%
CAGR	1.0%	-	0.6%	-	0.7%	-

Source: U.S. Bureau of Labor Statistics www.bls.gov

LOCAL AREA MAP



LOCAL AREA ANALYSIS

INTRODUCTION

The subject property is located in the Los Angeles area of the Inglewood/South LA submarket. Inglewood is a city in southwestern Los Angeles County, California, United States, in the Los Angeles metropolitan area. As of the 2020 U.S. Census, the city had a population of 107,762. The city is in the South Bay region of Los Angeles County, near Los Angeles International Airport. The city has a total area of 9.1 square miles. Downtown Inglewood is 4.15 miles from Los Angeles International Airport (LAX). It is part of the Los Angeles-Long Beach-Anaheim metropolitan statistical area. The immediate area of the subject is characterized by industrial uses with residential and commercial uses in the surrounding area.

Demographics

The following information reflects the demographics for the subject's area.

LOCAL AREA & MSA DEMOGRAPHICS									
DESCRIPTION	1 MILE	3 MILE	5 MILE		DESCRIPTION	1 MILE	3 MILE	5 MILE	
POPULATION TOTAL					HOUSEHOLDS				
2010 Census	39,472	420,812	1,083,922		2010 Census	12,438	124,808	312,204	0
2020 Census	40,745	435,504	1,102,911		2020 Census	12,819	132,185	331,509	0
2023 Estimate	40,393	431,380	1,094,006		2023 Estimate	12,780	131,604	330,781	
2028 Projection	40,289	428,668	1,089,099		2028 Projection	12,838	132,145	332,698	
Δ 2010-2020	3.23%	3.49%	1.75%	0.00%	Δ 2010-2020	3.06%	5.91%	6.18%	0.00%
Δ 2020-2023	(0.86%)	(0.95%)	(0.81%)	0.00%	Δ 2020-2023	(0.30%)	(0.44%)	(0.22%)	0.00%
Δ 2023-2028	(0.26%)	(0.63%)	(0.45%)	0.00%	Δ 2023-2028	0.45%	0.41%	0.58%	0.00%
Total Daytime Population	29,472	328,092	925,886		HOUSEHOLDS BY INCOME (2023 ESTIMATE)				
HOUSING UNITS					<\$15,000	17.9%	17.6%	16.0%	0.0%
Total (2023 Estimate)	13,347	138,019	348,102		\$15,000 - \$24,999	8.2%	9.0%	9.4%	0.0%
Owner Occupied	53.5%	36.4%	32.6%	0.0%	\$25,000 - \$34,999	8.0%	8.6%	8.7%	0.0%
Renter Occupied	42.2%	59.0%	62.5%	0.0%	\$35,000 - \$49,999	8.1%	11.1%	11.4%	0.0%
Vacant Housing Units	4.2%	4.6%	5.0%	0.0%	\$50,000 - \$74,999	16.8%	15.8%	16.3%	0.0%
Total (2028 Projection)	13,497	139,390	351,906		\$75,000 - \$99,999	12.4%	12.4%	12.3%	0.0%
Owner Occupied	53.7%	36.7%	32.9%	0.0%	\$100,000 - \$149,999	15.8%	14.5%	14.2%	0.0%
Renter Occupied	41.5%	58.1%	61.6%	0.0%	\$150,000 - \$199,999	7.3%	6.3%	6.4%	0.0%
Vacant Housing Units	4.9%	5.2%	5.5%	0.0%	\$200,000+	5.4%	4.7%	5.2%	0.0%
AVERAGE HOUSEHOLD INCOME					AVERAGE HOUSEHOLD SIZE				
2023 Estimate	\$83,037	\$78,003	\$79,993		2023 Estimate	3.13	3.24	3.24	0.00
2028 Projection	\$97,905	\$91,736	\$94,002		2028 Projection	3.11	3.20	3.21	0.00
Δ 2023-2028	17.91%	17.61%	17.51%	0.00%	Δ 2023-2028	(0.64%)	(1.23%)	(0.93%)	0.00%
MEDIAN HOUSEHOLD INCOME					MEDIAN HOME VALUE				
2023 Estimate	\$59,202	\$54,332	\$55,070		2023 Estimate	\$625,486	\$665,282	\$682,345	\$0
2028 Projection	\$70,762	\$64,295	\$64,954		2028 Projection	\$657,150	\$707,965	\$729,862	\$0
Δ 2023-2028	19.53%	18.34%	17.95%	0.00%	Δ 2023-2028	5.06%	6.42%	6.96%	0.00%
PER CAPITA INCOME					AVERAGE HOME VALUE				
2023 Estimate	\$26,261	\$23,813	\$24,298		2023 Estimate	\$693,533	\$738,495	\$769,036	\$0
2028 Projection	\$31,178	\$28,292	\$28,835		2028 Projection	\$751,170	\$809,443	\$842,126	\$0
Δ 2023-2028	18.72%	18.81%	18.67%	0.00%	Δ 2023-2028	8.31%	9.61%	9.50%	0.00%

Source: Sites To Do Business Online

Population

The estimate provided by ESRI for the current 2023 population within the subject neighborhood's 3 mile radius is 431,380 representing a (0.95%) change since 2020. ESRI's 2020 population estimate for the subject's 5 mile radius is 1,094,006, which represents a (0.81%) change since 2020.

Looking forward, ESRI estimates that the population within the subject neighborhood's 3 mile radius is forecasted to change to 428,668 by the year 2028. As for the broader area, ESRI forecasts that the population within the subject's 5 mile radius will change to 1,089,099 over the next five years. The population estimates

for the next five years within the subject's 5 mile radius represents a (0.45%) change as well as a (0.26%) change within the subject's 1 mile radius for the same period.

Households

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius is 131,604, which is a (0.44%) change since 2020. Within the subject's broader 5 mile radius, ESRI estimates that the number of households is 330,781, a (0.22%) change over the same period of time.

By the year 2028, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius will change by 0.41% to 132,145 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5 mile radius indicates an expected change of 0.58% which will result in a total household estimate of 332,698.

Looking back, the number of households in the subject neighborhood's 3 mile radius changed 5.91% during the ten-year period of 2010 to 2020. Since then, it has changed by (0.44%).

Income

Income estimates provided by ESRI for the subject neighborhood's 3 mile radius indicates that the median household income is \$54,332 and that the average household income is \$78,003. Further, the estimates provided by ESRI indicate that, for the subject's broader 5 mile radius the median household income is \$55,070, and the average household income is \$79,993. Given that there are reportedly 330,781 households in the subject's 5 mile radius, it is estimated that the local effective buying income is around \$26,460,164,533.

CONCLUSION

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit slightly below average characteristics in terms of reported population growth and a slight increase in income levels. As previously mentioned, the population growth for the subject's 3 mile radius has increased (0.95%) since 2020 and based on the projections provided by ESRI, it is expected to continue to increase another (0.63%) during the next 5 years. Lastly, we perceive that, since average household incomes are above the national average (\$78,003, for the subject's 3 mile radius) and given that the area is well-populated (131,604 households in a 3 mile radius), developments like the subject should be adequately supported.

SURROUNDING LAND USES

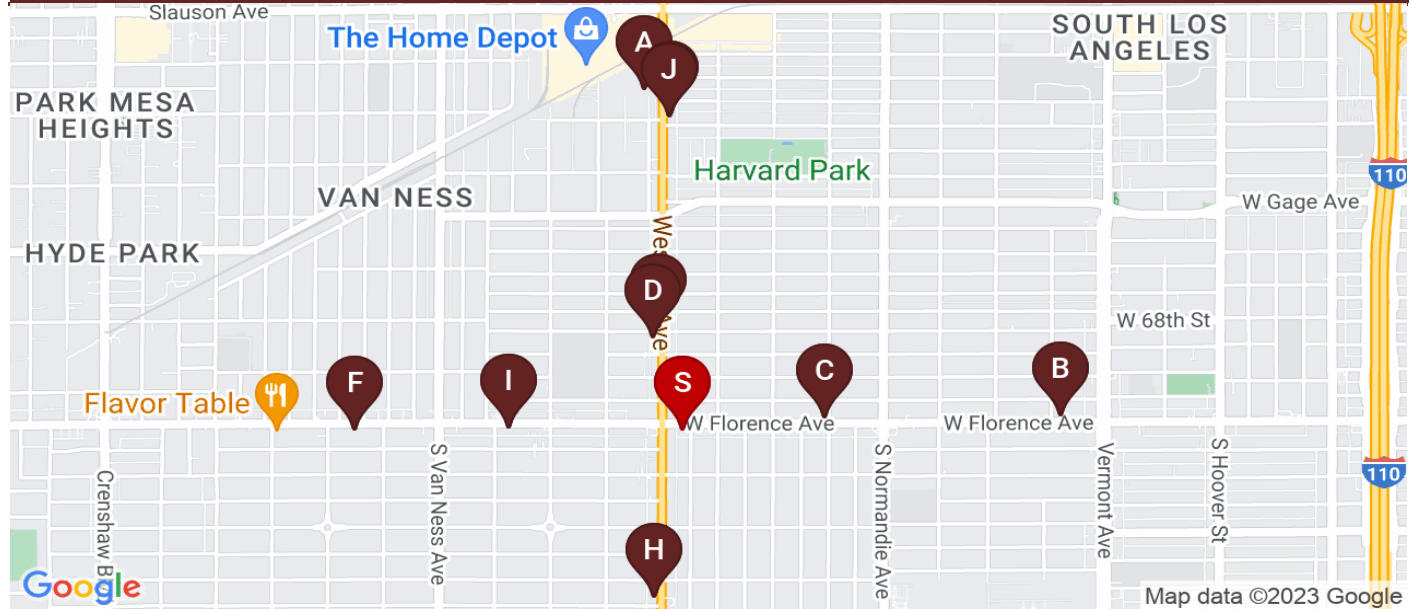
The following tables and maps highlight the development in and around the subject.

LOCAL AREA OFFICE - ONE-MILE RADIUS

CLASS	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
A	0 SF	-	-	0
B	85,517 SF	1998	8.3	6
C	47,381 SF	1947	100.0	20
TOTAL	132,898 SF	1979	42.0	27

Source: CoStar

LARGEST OFFICE DEVELOPMENTS - ONE-MILE RADIUS

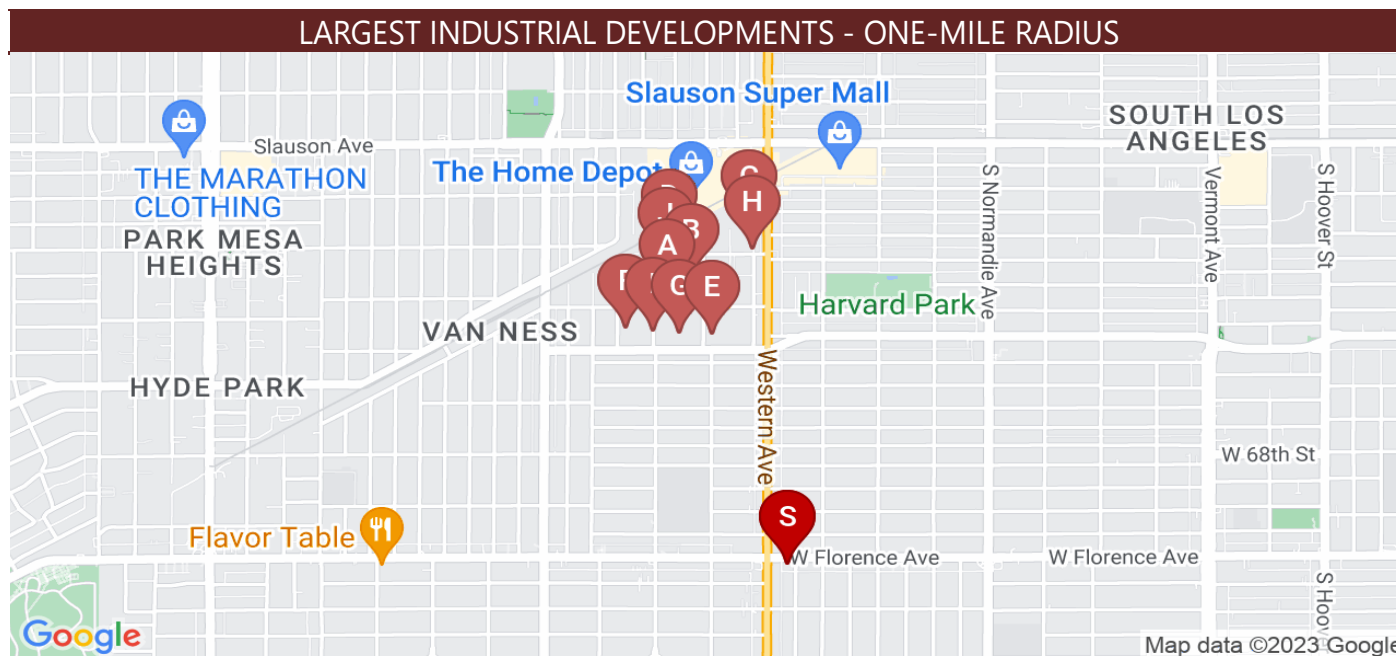


PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A		5955-5959 S Western Ave, Los Angeles	0.8 mi	73,913	2004	B	0
B		1039 W Florence Ave, Los Angeles	0.9 mi	7,636	1919	C	100
C		1501-1507 W Florence Ave, Los Angeles	0.3 mi	4,640	1961	C	100
D		6801-6825 S Western Ave, Los Angeles	0.2 mi	3,836	1994	C	100
E		6723 S Western Ave, Los Angeles	0.3 mi	3,354	1954	C	100
F		2500 W Florence Ave, Los Angeles	0.7 mi	3,164	1950	C	100
G		6014 S Western Ave, Los Angeles	0.8 mi	2,873	1954	B	100
H		7819 S Western Ave, Los Angeles	0.4 mi	2,694	1925	C	100
I	Retail/Office/Residential	2048-2050 W Florence Ave, Los Angeles	0.4 mi	2,612	1948	B	8.12
J		6020 S Western Ave, Los Angeles	0.8 mi	2,470	1938	C	100

Source: CoStar

LOCAL AREA INDUSTRIAL - ONE-MILE RADIUS				
TYPE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
Flex	14,908 SF	1939	100	3
Gen-Ind <25,000 FT	564,309 SF	1947	93	61
Gen-Ind >25,000 FT	1,046,519 SF	1945	88	17
TOTAL	1,625,736 SF	1946	89.5	81

Source: CoStar



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	TYPE	%LEASED
A		6100 S Gramercy Pl, Los Angeles	0.7 mi	225,000	1967	Industrial	100
B		6007 S St Andrews Pl, Los Angeles	0.7 mi	120,000	1940	Industrial	100
C		5955-5959 S Western Ave, Los Angeles	0.8 mi	93,319	1924	Industrial	0
D		1933 W 60th St, Los Angeles	0.8 mi	71,000	1961	Industrial	100
E		6236 S St Andrews Pl, Los Angeles	0.6 mi	64,434	1928	Industrial	100
F		6222-6242 S Wilton Pl, Los Angeles	0.7 mi	62,117	1927	Industrial	100
G	Evenflo	6235 S St Andrews Pl, Los Angeles	0.6 mi	60,000	1941	Industrial	100
H	Vaughan Benz	1821 W 60th St, Los Angeles	0.8 mi	43,200	1961	Industrial	100
I		6235 Gramercy Pl, Los Angeles	0.6 mi	40,000	1927	Industrial	100
J		6000 Gramercy Pl, Los Angeles	0.8 mi	39,976	1926	Industrial	17.33

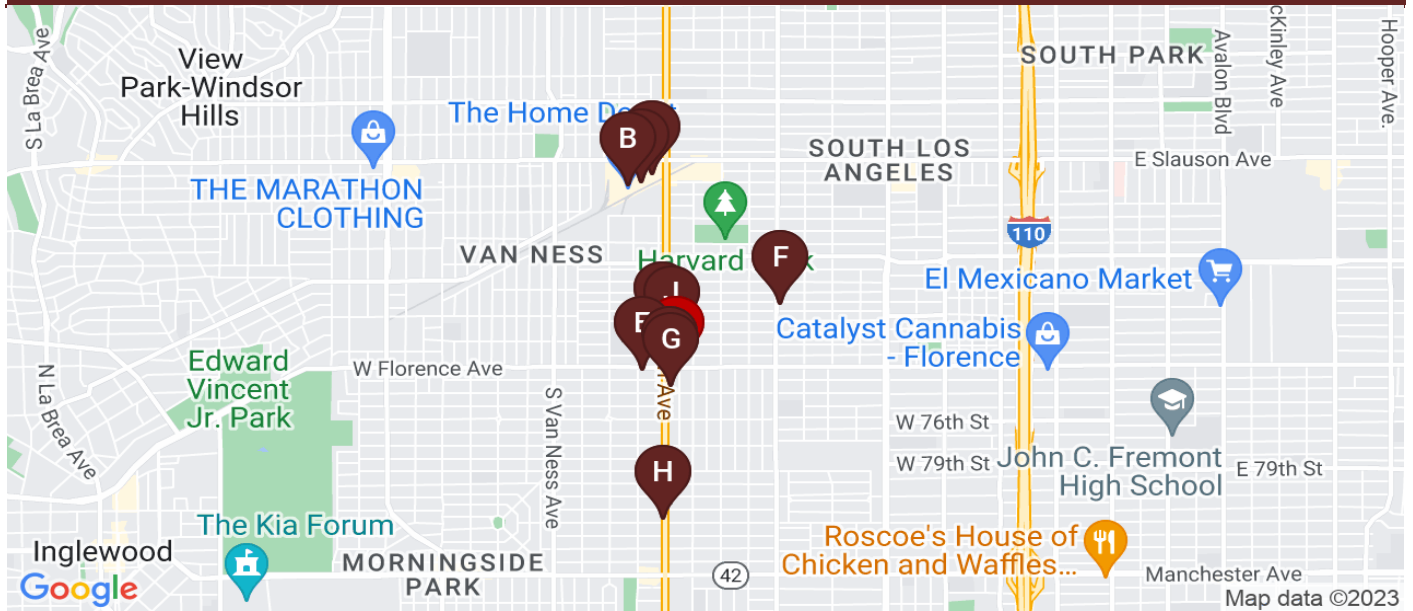
Source: CoStar

LOCAL AREA RETAIL - ONE-MILE RADIUS

SIZE	RBA	YEAR BUILT	PERCENT LEASED	PROPERTIES
<5,000 FT	335,824 SF	1950	93.2	138
>5,000 FT-<20,000 FT	264,035 SF	1958	95.1	36
>20,000 FT	193,848 SF	2002	99.2	2
TOTAL	793,707 SF	1965	94.7	177

Source: CoStar

LARGEST RETAIL DEVELOPMENTS - ONE-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	%LEASED
A	Chesterfield Square	1800-1950 W Slauson Ave, Los Angeles	0.9 mi	97,048	2002	B	98.45
B	Home Depot	1830 W Slauson Ave, Los Angeles	0.9 mi	96,800	2001	C	100
C		1810 W Slauson Ave, Los Angeles	1.0 mi	16,264	2001	B	100
D	Family Dollar	7300 S Western Ave, Los Angeles	0.1 mi	11,000	1930	C	100
E		1848 W Florence Ave, Los Angeles	0.2 mi	10,790	1945	O	100
F		6600-6608 S Normandie Ave, Los Angeles	0.6 mi	10,636	1948	C	100
G		7312-7318 S Western Ave, Los Angeles	0.1 mi	9,914	1948	C	100
H		8217-8227 S Western Ave, Los Angeles	0.7 mi	9,690	1950	C	100
I		6901 S Western Ave, Los Angeles	0.2 mi	8,917	1927	C	100
J		6916-6922 S Western Ave, Los Angeles	0.1 mi	8,557	1994	C	100

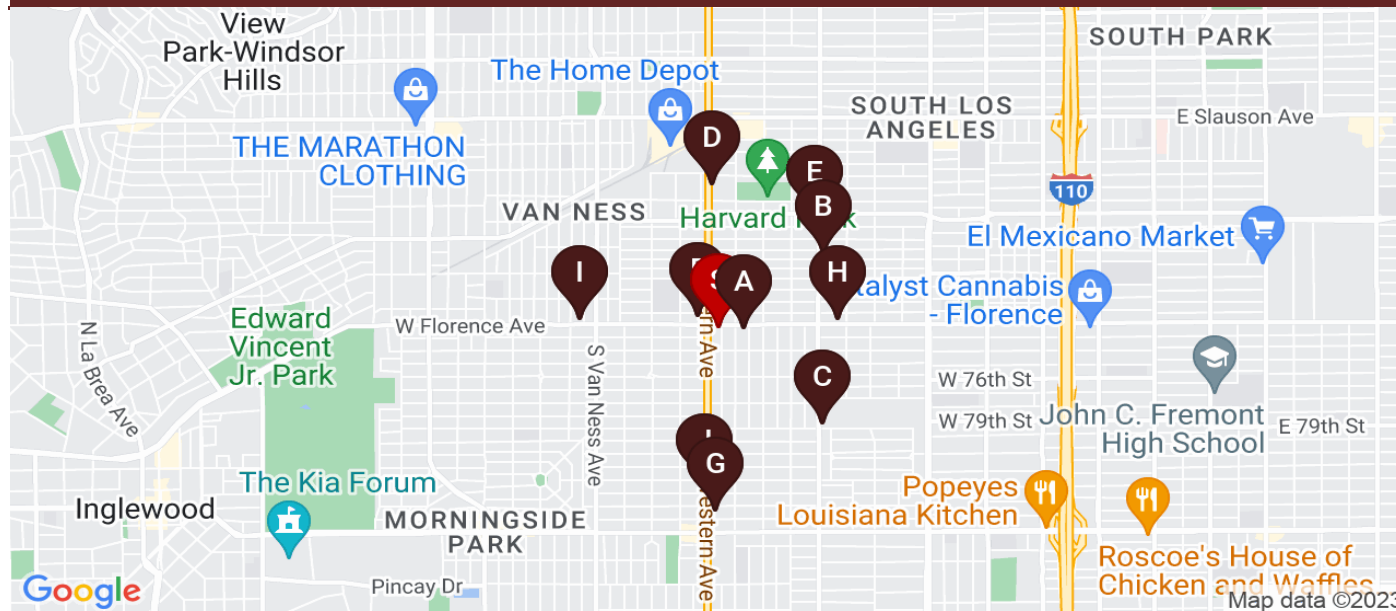
Source: CoStar

LOCAL AREA MULTI-FAMILY - ONE-MILE RADIUS

CLASS	RBA	YEAR BUILT	UNITS	PROPERTIES
A	195,972 SF	2015	184	2
B	210,304 SF	2005	235	14
C	721,102 SF	1960	946	124
TOTAL	1,127,378 SF	1977	1,404	150

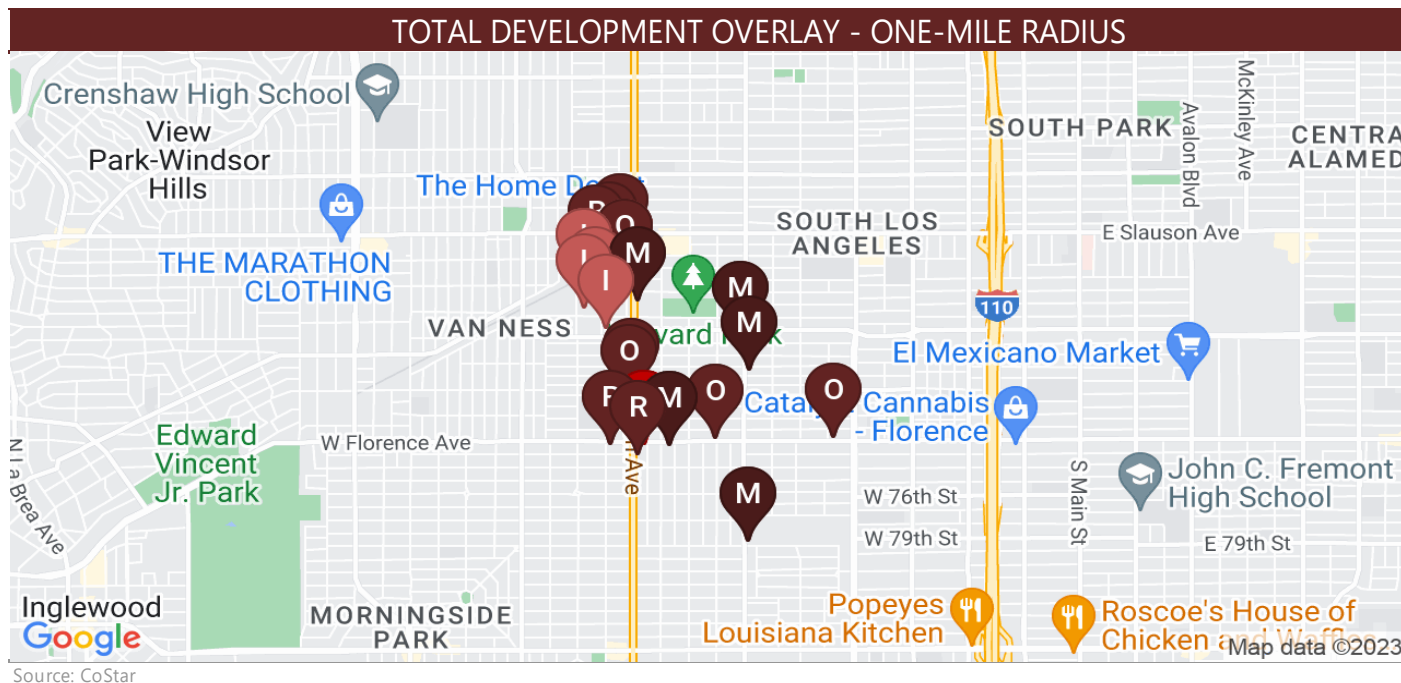
Source: CoStar

LARGEST MULTI-FAMILY DEVELOPMENTS - ONE-MILE RADIUS

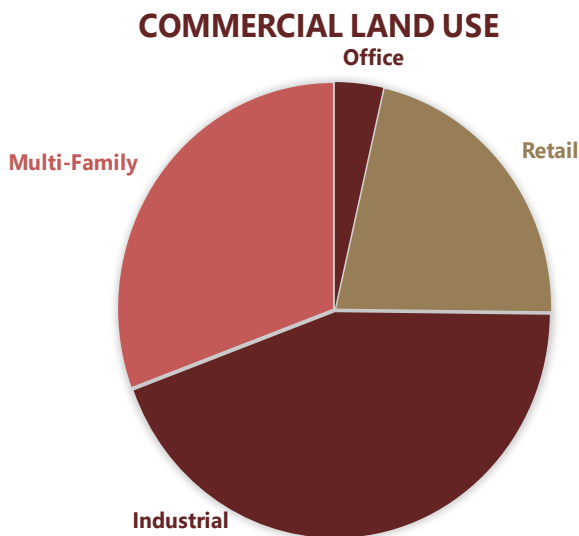


PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	BUILT	CLASS	STORIES
A	Florence Apartments	1650 W Florence Ave, Los Angeles	0.1 mi	128,000	2022	A	5
B		6550-6570 S Normandie Ave, Los Angeles	0.6 mi	100,302	2023	B	5
C	Ethel Arnold Bradley Apartment	7850 S Normandie Ave, Los Angeles	0.7 mi	81,735	1982	C	2
D	Amistad Plaza	6050 S Western Ave, Los Angeles	0.7 mi	67,972	2002	A	4
E	Normandie Senior Housing	6301 S Normandie Ave, Los Angeles	0.7 mi	55,658	1997	B	3
F	Robert Farrell Manor & Western C	1818 W 71st St, Los Angeles	0.1 mi	40,065	1984	C	3
G	Western Gardens	1742 W 84th Pl, Los Angeles	0.9 mi	38,567	1983	C	3
H	Avalon Hacienda	1315 W Florence Ave, Los Angeles	0.5 mi	16,655	2019	B	3
I		2301-2311 W Florence Ave, Los Angeles	0.6 mi	14,424	1955	C	2
J		8317-8325 S Western Ave, Los Angeles	0.8 mi	14,228	1957	C	2

Source: CoStar



The land use in the subject’s immediate neighborhood consists of a significant amount of commercial property, comprising of a mix of many property types. Commercial uses in the area include the regional malls and many other larger-sized multitenant retail centers, medium-sized retail/industrial/distribution-type properties, small- to- medium sized freestanding office and retail properties, as well as service-related uses, restaurants, gas stations/convenience stores and banks. The following chart illustrates the high concentration of multifamily and office compared to industrial and retail properties.

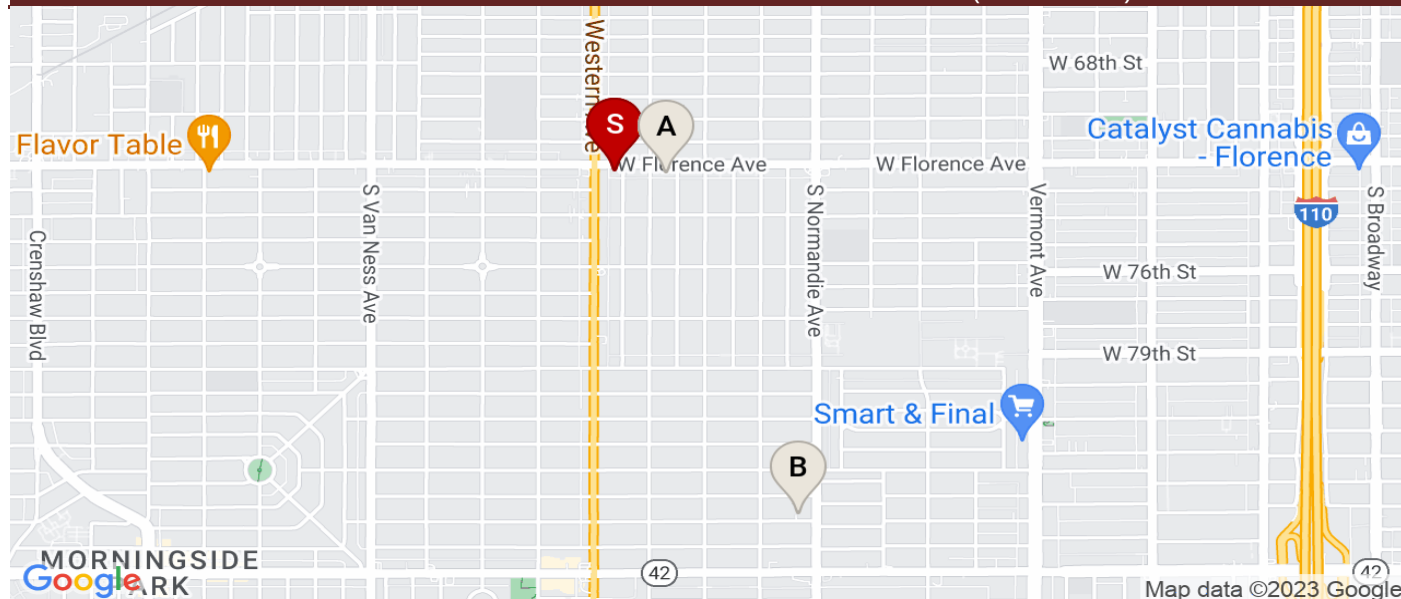


RECENT DEVELOPMENT

Based on CoStar's research, there appears to be about 2 projects that have been recently developed. All of these projects are perceived to be within 0.9 miles of the subject. The range in size of developments is 5,610 SF to the largest development of 128,000 SF. Overall, the average size of recent developments in the area is 66,805 SF. Further, it appears that most of the developments are in nature.

The following table details our findings:

RECENT DEVELOPMENTS IN A ONE-MILE RADIUS (2022-2023)



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	TYPE	CLASS
A	Florence Apartments	1650 W Florence Ave, Los Angeles	0.1 mi	128,000	Multi-Family	A
B		1417 W 84th Pl, Los Angeles	0.9 mi	5,610	Multi-Family	B

Source: CoStar

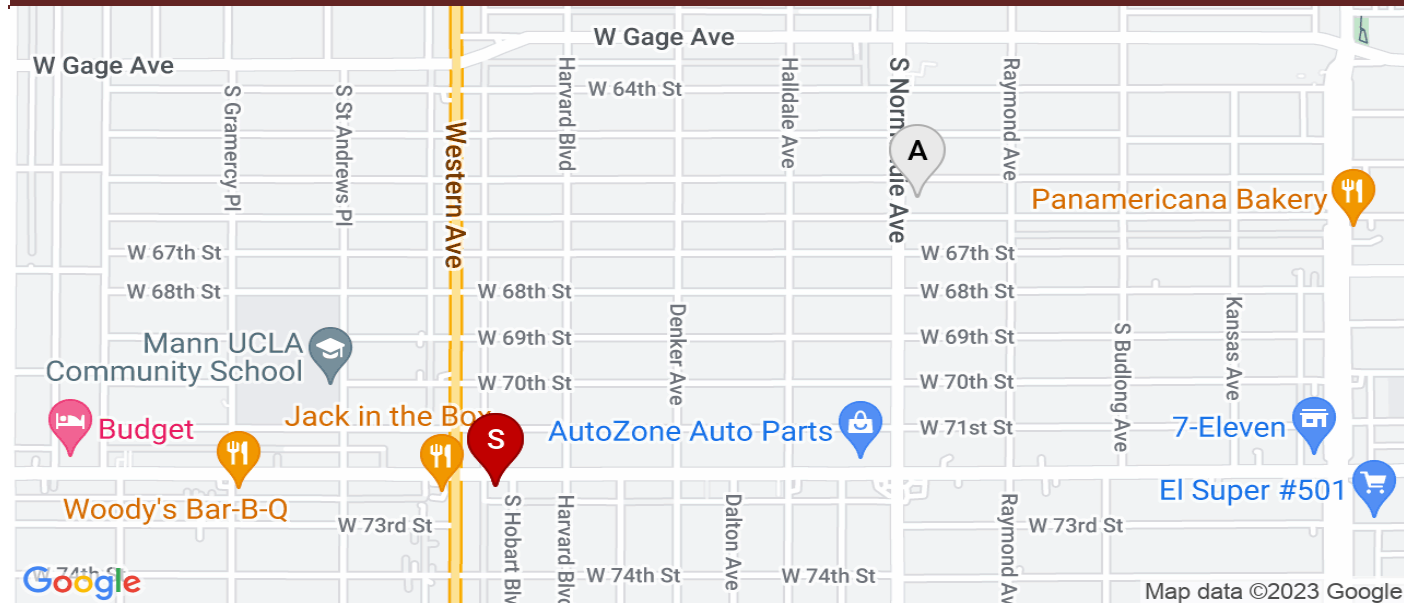
DEVELOPMENT PIPELINE

Under Construction

Based on CoStar's research, there appears to be about 1 projects that are currently under construction. All of these projects are perceived to be within 0.6 miles of the subject. The range in size of developments when completed is 100,302 SF to the largest development of 100,302 SF. Overall, the average size of future developments in the area is 100,302 SF. Further, it appears that most of the developments under construction are in nature.

The following table details our findings:

CURRENT DEVELOPMENTS UNDER CONSTRUCTION IN A ONE-MILE RADIUS



PIN	NAME	ADDRESS, CITY	DIST TO SUBJ	RBA	TYPE	CLASS
A		6550-6570 S Normandie Ave, Los Angeles	0.6 mi	100,302	Multi-Family	B

Source: CoStar

ECONOMIC INFLUENCES

The local area economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the population’s appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction.

The vast majority of the housing units within the area are owner occupied, which contrasts with relative similarity to other parts of Los Angeles.

GOVERNMENT INFLUENCE

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax and empowerment zones.

Zoning in the area is mixed, including commercial, residential, and industrial designations. Zoning code is enforced by the municipality and enforcement in all areas of City of Los Angeles is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

Property taxes in the area are established by Los Angeles County and are assessed based on valuation. Considering broad authority of the county administration, the assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are no known special assessments that affect property in the neighborhood.

ACCESS/PUBLIC TRANSPORTATION

The streets within the neighborhood are laid out in a grid pattern with major streets generally along the section and ½ section lines. The major north/south streets in the neighborhood include Western Ave/Normandie Ave. The major east/west streets include Gage Ave/Florence Ave. With the existing transportation system, most areas of metropolitan Los Angeles are accessible from the subject neighborhood

and access is considered for the metropolitan area. Public bus service is available throughout the area. Overall, access within the neighborhood is average for the metropolitan area.

ENVIRONMENTAL INFLUENCES

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances or hazards. Public utilities are available in most all areas in quantities from public and private sources. The area has both public and private schools in adequate supply and quality.

LOCAL AREA SUMMARY

The market benefits from a diverse blend of residential, commercial, and community uses and close proximity to many recreational activities. Although the area suffered during the recession of the late 2000's and into the 2010's, the market has been strengthening since roughly 2011-2012, due to the good livability factors associated with the region. The outlook for this market area is good into the foreseeable future as it recovers from COVID-19.

SITE DESCRIPTION

The subject property consists of one parcel with a total site area of 8,863 SF (0.20 AC) which is based on information obtained from Los Angeles County Assessor. It is perceived that there is no surplus or excess land at the subject. For the purposes of this report we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan. The following summaries the salient characteristics of the subject site.

Address 1746 W Florence Ave, Los Angeles, California.

Census Tract 06-037-237900

Number of Parcels 1

Assessor Parcel 6018-001-011

Land Area	Square Feet	Acres
Economic Unit (Primary) Site Si:	8,863	0.20
Usable Site Size	8,863	0.20
Total Land Area	8,863	0.20

Excess/Surplus Land No

Corner No

Permitted Building Height

Floor Area Ratio (FAR) Not Available

Site Topography Rolling Above street grade

Site Shape Rectangular

Site Grade Above street grade

Site Quality Average

Site Access Average

Site Exposure Average

Site Utility Average

Utilities All Available

Adjacent Properties

North	Commercial uses followed by residential uses.
South	Residential uses
East	Commercial uses as well as residential uses along Florence Ave
West	Commercial uses following more commercial uses

Accessibility Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
W Florence Ave	Major arterial	Two-Way	4	x	x	x	x		x	x	x
Frontage											
W Florence Ave	75 feet; .	The property has 75 feet of primary frontage along W Florence Ave									
Traffic Counts	Location	Date	Source	Count							
W Florence Ave	0	Jan-00	0	0							
TOTAL											0

Exposure & Visibility

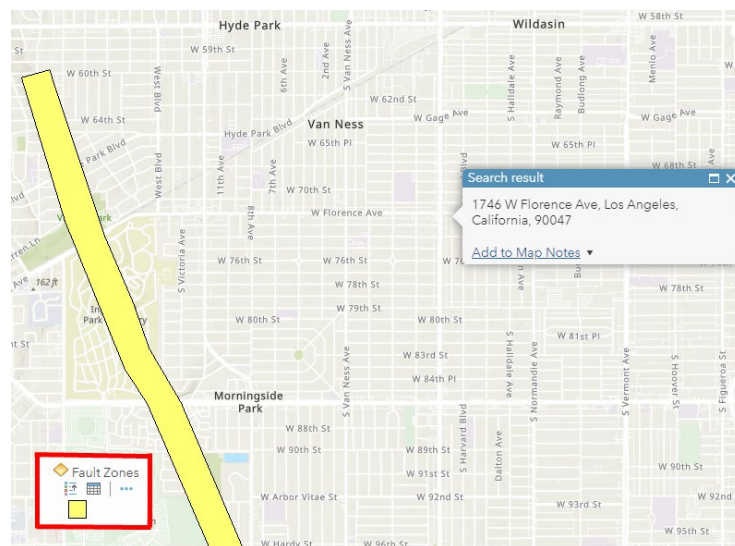
Exposure of the subject is average balancing the frontage on W Florence Ave, the primary local arterial, with the obscured visibility to southbound traffic from the newer building constructed to the north. This building was constructed up against the front property line obscuring visibility of the subject to some degree.

Flood Plain

Zone X (Unshaded). This is referenced by Panel Number 06037C1781G, dated December 21, 2018. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

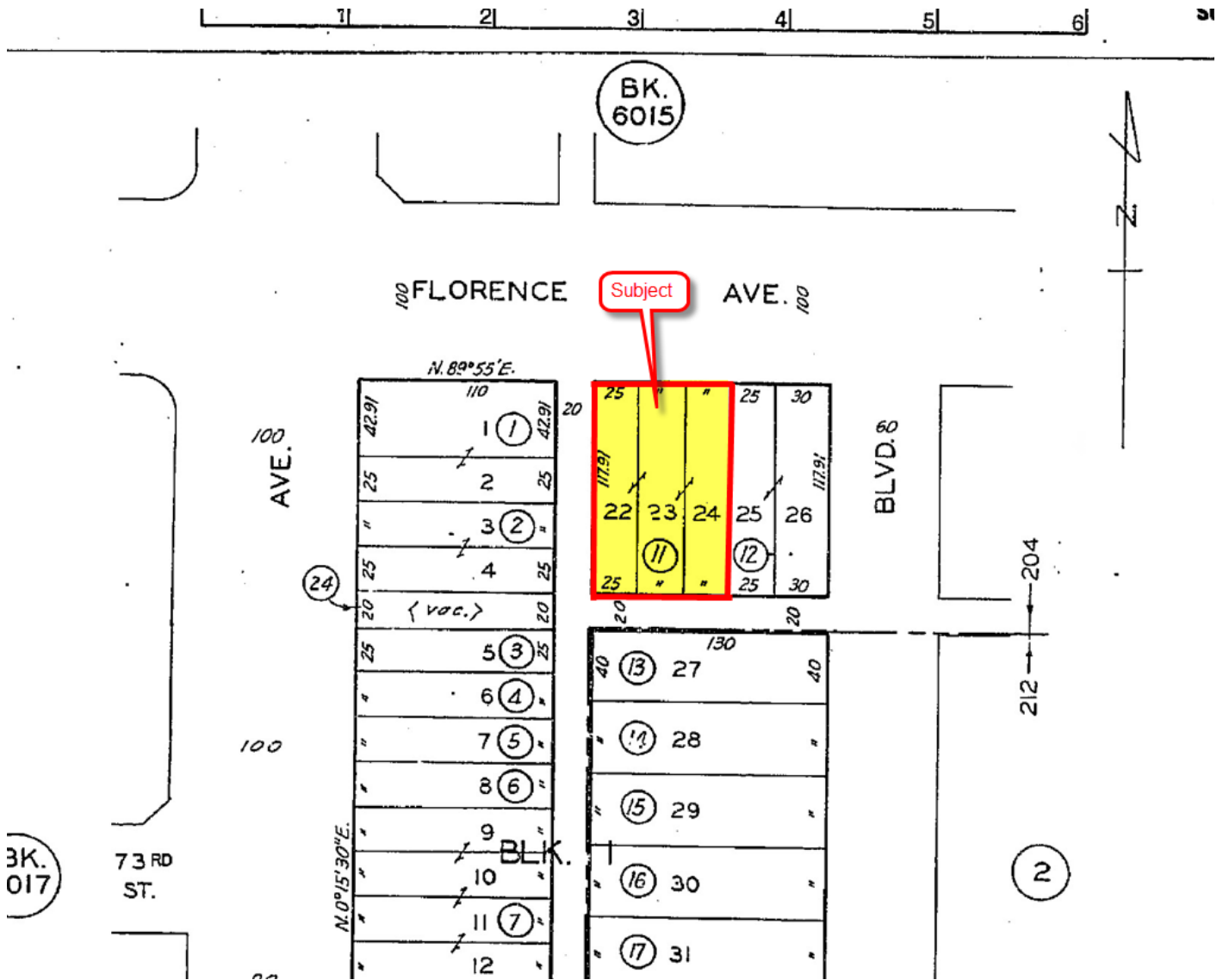
Earthquake

The Alquist-Priolo Special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate earthquake fault zones along known faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting. The Alquist-Priolo maps identify areas at risk of having surface ruptures; they do not address seismic risk due to soil composition or distance from an active fault.



Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	I have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
Site Rating	Overall, the subject site is considered average as a commercial site in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a major arterial.
Site Conclusion	In conclusion, the site's physical characteristics appear to be supportive of the subject's current use and there were no significant detriments discovered that would inhibit development in accordance with its highest and best use.

PLAT MAP



FLOOD MAP

InterFlood by a la mode

1746 W Florence Ave
Los Angeles, CA 90047-2219



MAP DATA

FEMA Special Flood Hazard Area: No
Map Number: 06037C1781G
Zone: X500
Map Date: December 21, 2018
FIPS: 06037

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

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TAXES & ASSESSMENT

CURRENT TAXATION & ASSESSMENT DESCRIPTION

In California, Proposition 13 establishes that annual increases of assessed value of real property should not exceed 2% per year except in cases of a change in ownership, completion of new construction, and/or in the case of a value restoration due to a prior year decline in value (Proposition 8) assessment. The total assessment for the subject property for the tax year 2022 is \$71,004 or \$25.82 PSF. There are no exemptions in place. The total tax bill for the property is \$2,168 or \$0.79 PSF. This is greater than the general range for comparable commercial building uses in the area. The subject's assessed values and property taxes for the current year are summarized in more detail in the following table.

ASSESSMENT & TAXES (2022)						
TAX RATE AREA	204			TAX RATE		1.1655%
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
6018-001-011	\$39,719	\$31,285	\$71,004	\$0	\$828	\$1,498
Subtotal	\$39,719	\$31,285	\$71,004	\$0	\$828	\$1,498
Subtotal \$/NRA	\$14.44	\$11.38	\$25.82	\$0.00	\$0.30	\$0.54
ADDITIONAL TAX CHARGES						
Special Assessments						\$670
Total Additional Tax Charges \$/NRA / Total					\$0.24	\$670
TOTAL BASE TAX \$/NRA / \$ TOTAL					\$0.79	\$2,168

Source: Los Angeles County Assessment & Taxation

The overall indicate tax rate is estimated based on the tax area. The assessed value does not represent current market value for the Subject Property. The taxes above 1% are for variable and fixed special assessments to pay for voter approved bonded indebtedness. Proposition 13 also re-established the assessed values at 100% of the value of the property in 1975. Under California state law, property is reassessed upon sale or other qualified transfer of the property. The property's assessed value is adjusted to the market value at the time the transfer is recorded. A property can also be reassessed upon the completion of construction, addition, remodel, or renovation. The assessed value is adjusted up based on the cost of the construction, addition, remodel, or renovation. From the time of one of the events triggered assessments to the next one, the assessed value increases are limited to a maximum of 2% per year. According to the data furnished by Los Angeles County Assessor's Office, real estate taxes for the subject property are current as of the date of this report. Based on the scope of this assignment, any pending tax liens

CALCULATE STABILIZED TAXES

For direct capitalization the Proposition 13 real estate tax calculation for the subject property is presented in the following chart:

TAXES ESTIMATED FOR PRO FORMA		
COMPONENT	2022 - 2023	PRO FORMA
Subtotal	\$71,004	\$1,200,000
Assessed Value Ratio	100.00%	100.00%
Assessed Value	\$71,004	\$1,200,000
Taxes Rate	1.17%	1.17%
Subtotal for General Tax	\$2,168	\$13,986
Net Total	\$2,168	\$13,986
Add Special Assessments (Non-Ad Valorem)	\$670	\$670
TAXES ESTIMATED FOR PRO FORMA	\$2,838	\$14,656

ZONING

The subject is located in the Commercial (LAC2) zoning area which is Retail, Office, and Multi-Family Uses.

ZONING	
Designation	Commercial (LAC2)
Zoning Authority	City of Los Angeles
Permitted Uses	Retail, Office, Multi-Family
Prohibited Uses	Industrial & Residential
Current Use	Commercial Building
Current Use Legally Permitted	Yes
Conforming Use	The bulk of the improvements including the parking do not conform to the requirements ordinance, but, however are deemed legal.
Conforming Lot	The bulk of the improvements as well as the parking conform to the requirements
Zoning Change	Not Likely
Parking Spaces Required	27.5
Parking Spaces Provided	17
Min Permitted Yard Setbacks	
Front (Feet)	None
Rear (Feet)	None
Side (Feet)	None

Source: City of Los Angeles Planning & Zoning Department

ZONING CONCLUSION

Based on the current Los Angeles ordinance, the improvements represent a legal non-conforming use based on the current zoning (parking) requirements, and if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, we have assumed the information obtained is correct.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

ZONING MAP

ZIMAS PUBLIC

Generalized Zoning

09/19/2023

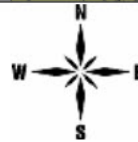
City of Los Angeles
Department of City Planning



Address: 1748 W FLORENCE AVE
APN: 6018001011
PIN #: 102B193 1445

Tract: TR 6757
Block: 1
Lot: 22
Arb: None

Zoning: C2-2D-CPIO
General Plan: Community Commercial



IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

OVERVIEW

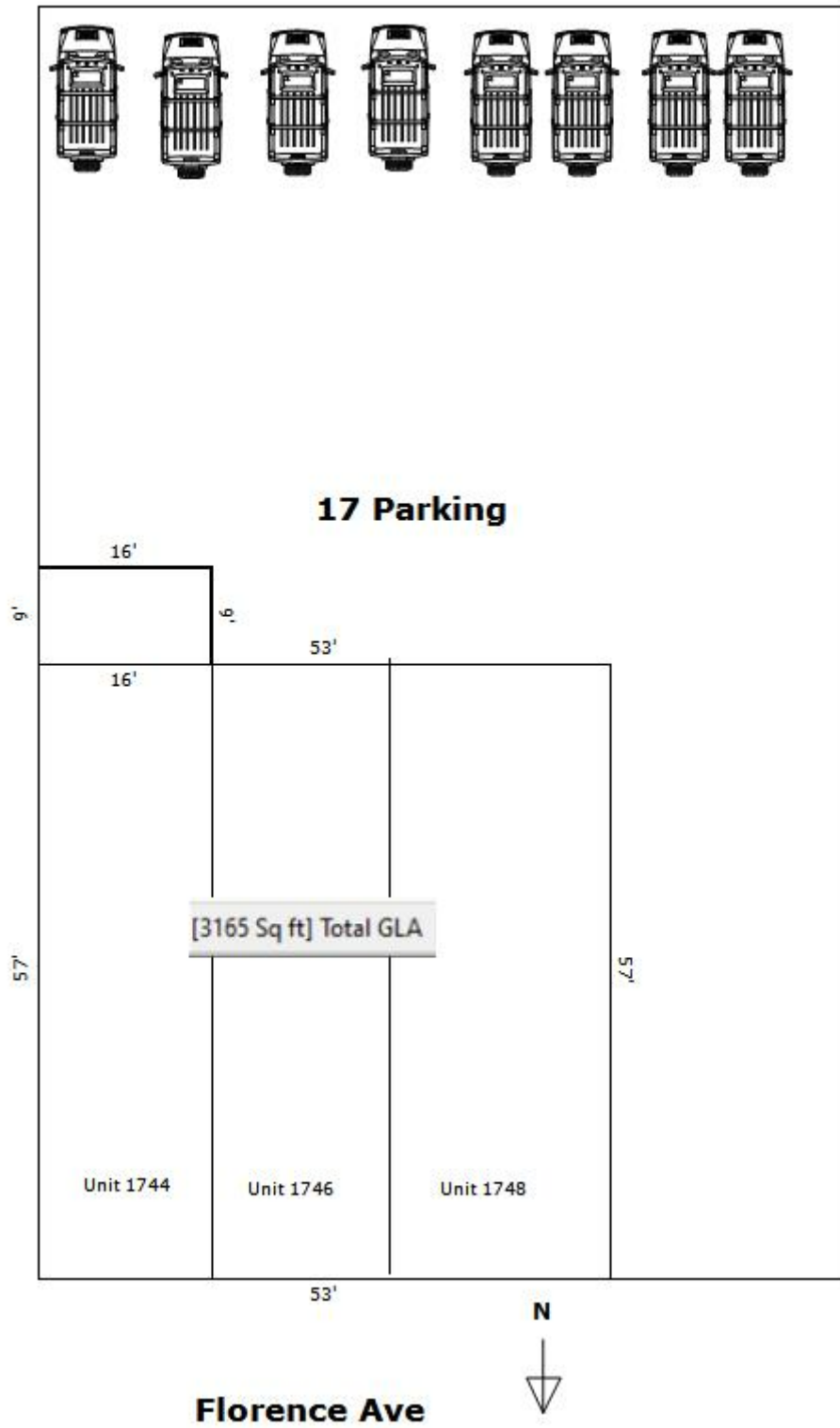
The subject is a Single-Tenant/user 2,750 SF GBA and 2,750 SF of NRA Commercial Stucco building currently Vacant located on a 8,863 SF interior lot at 1746 W Florence Ave in Los Angeles, California. The subject was built in 1956 and is in Average condition with an effective age of 30 years and a remaining economic life of 30 years based on our estimate. The improvements are of Class D construction that is on a commercial zoned site with 15 surface parking spaces located at the rear of subject accessed via a public alley.

Property Type	Commercial - Commercial Building
Tenancy	Single-Tenant Owner-Occupied
Net Rentable Area (NRA)	2,750
Gross Building Area (GBA)	2,750
Total Buildings	1
Floors	1
Year Built	1956
Age/Life Analysis	
Actual Age	67
Effective Age	30
Economic Life	60
Remaining Useful Life	30
Overall Building Quality	Average
Overall Building Condition	Average
Overall Building Appeal	Average
Land to Building Ratio	3.22 : 1
Site Coverage Ratio	31.03% (Based On Total Overall Site Area)
Floor Area Ratio (FAR)	0.31
Total Parking Spaces	17 - Surface spaces
Parking Ratio	6.2 / 1,000 SF NRA
Size	The sizes are taken from public records and confirmed during site inspection.

COMPONENT DESCRIPTION

Foundation	Concrete slab
Exterior Walls/Framing	Stucco
Roof	The roof was not inspected. No leaks were observed/reported.
Elevator	None
Heating & AC (HVAC)	Roof Central Mounted

Insulation	Assumed to be standard and to code for both walls and ceilings
Lighting	Combination of suspended and flush mounted fluorescent lighting
Electrical	Assumed adequate and to code
Interior Walls	Drywall
Doors and Windows	Standard storefront windows and doors, glass in aluminum frames
Ceilings	Drywall
Plumbing	Standard plumbing for a commercial building
Floor Covering	Carpet and Tile
Fire Protection	None
Site Improvements	Asphalt Pavement
Landscaping	None, the building covers the entire site.
Signage	There is a monument style sign along W Florence Ave
Parking	Parking varies by use but is stated as one space per 1,000 SF. The subject provides 17 surface parking spaces, or 6.2 spaces per 1,000 SF of NRA, which is within market standards (3-5/1,000 SF) for commercial (commercial building) property type.
Site Coverage Ratio	31.0% (2,750 SF footprint / 8,863 SF site), which is within market standards (20-35%) for similar commercial building buildings in the area.
Deferred Maintenance	The subject property has an ongoing maintenance program in place. Based on an interview with the property owner/manager/contact and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Functional Design	The building features a functional Commercial Building design with typical site coverage and adequate off-street parking.
ADA Comment	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
Hazardous Materials	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.



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MARKET ANALYSIS

In this section, market conditions which influence the subject property are analyzed. An overview of Retail supply and demand conditions for the Los Angeles market and Inglewood/South LA submarket are presented.

Los Angeles County Retail Market (CoStar 3Q 2023)

Inglewood/South LA Retail Submarket (CoStar 3Q 2023)

Summary

The Los Angeles retail market continues to grapple with negative demand and expanding vacancy in response to five consecutive years of population losses. Most recently, absorption has declined by 1.3 million SF over the past 12 months.

While demand on the whole has been negative, shifts in post-pandemic shopping behavior has benefitted neighborhood centers. Availabilities in neighborhood centers, which have benefitted from strong demand from a diverse array of tenants including grocers, is declining. Consumer foot traffic has shown a clear preference for convenient centers with easy access and multiple shopping methods. Fitness companies, such as Planet Fitness and Gold's Gym, as well as boutique gyms, have been actively leasing space in neighborhood centers this year. Tight availabilities and growing demand for space have resulted in stronger rent growth for neighborhood centers relative to the wider retail market. This outcome is mirrored in suburban submarkets, such as Mid-Cities, Antelope Valley, and those in the San Gabriel Valley, where neighborhood centers make up a larger proportion of the retail inventory.

Conversely, availabilities are growing in malls and power centers. Submarkets in the West, where tech and financial firms are clustered, are experiencing softer demand as workers are spending fewer days near their offices. Overnight travelers also help drive demand to these submarkets, such as the Downtown L.A. and Santa Monica Submarkets. However, tourism remains below pre-pandemic levels due to a slower recovery from international and business travel.

The challenges in attracting tenants have caused rent growth to flatten. Rents grew by 0.5% over the past year and have underperformed the national index since late 2019. In contrast, markets around the nation with stronger population growth are experiencing stronger rent growth.

Overall construction levels have been low for over a decade. Recent construction comprises auto dealerships and small retail pads, usually with drive-thru capabilities. Net deliveries total 570,000 SF over the past 12 months, growing existing inventory by less than 0.1%. Apart from the Macerich Company's 400,000 SF Carson Outlets project, the few retail developments in the pipeline are small shopping centers or freestanding buildings, as well as auto dealerships.

While Los Angeles is generally a very liquid market, a wider bid-ask spread, and falling valuations due to rising interest rates are impacting the market. However, these factors have been masked by elevated sales volume in 23Q1, which was largely driven by sales of properties within city limits as a hefty transfer tax was imposed at the start of April for properties within the city of Los Angeles. Many buyers and sellers came together to close deals prior to the deadline to avoid paying additional taxes. Since then, fewer properties have traded, reflecting the trends observed in the national retail market.

Leasing

A combination of structural and cyclical factors is working against the Los Angeles retail market. The population size began to decline in 2018 after growing slowly for two decades. The pandemic-induced hybrid work arrangements, which have impacted demand for restaurants and services near major office nodes from Downtown L.A. to Santa Monica. Additionally, tourism has yet to return to pre-pandemic levels. Consequently, the vacancy rate has been on an upward trajectory since 2018.

Big box space, measuring over 40,000 SF, has been one of the worst performers during the past five years and continues to see demand moderate. Several national brand stores have closed stores in malls and power centers in 2023, including Sears and Bed, Bath, and Beyond.

In contrast, spaces measuring 20,000 SF to 40,000 SF have benefited from growing business formation. Fitness centers and grocers have executed some of the largest recent leases. In June, Crunch Fitness leased 30,000 SF in Monrovia at a former Party City location that closed late in 2022. High Performance Fitness, meanwhile, leased 18,000 SF in the Promenade on the Peninsula in Rolling Hills Estates in March 2023. In Long Beach, Gold's Gym leased 29,800 SF last September in The Pike Outlets in Downtown Long Beach, backfilling a space that had sat vacant for years.

While consumer spending has held its ground, economic growth is projected to slow and household debt levels have been elevated, potentially leading to lower demand for the Los Angeles retail sector over the next 12 months. However, Los Angeles has a history of buffering difficult economic periods, and the thin supply pipeline reduced the likelihood of vacancies rising from speculative development.

Rent

Softening demand for retail space in Los Angeles is impacting rent growth, much like other mature markets in the nation with large but slowly growing or declining population levels. Retail tenants in Los Angeles face additional fiscal challenges caused by rising labor costs. As many employees are hired with pay set at the local minimum wage, the delta between the minimum wage in Los Angeles and the federal minimum wage has risen from 15% in 2009 to just over 230% in 2023. While elevated consumer spending levels have helped combat some of these structural challenges, many retailers grapple with the loss in tourism relative to pre-pandemic levels, particularly from international travelers which tend to outspend domestic travelers.

Average asking rents have increased by 0.5% during the past 12 months, trailing the National Index markets, where rents grew by 3.2%. After various ebbs and flows, rents in L.A. have averaged 2.1% growth over the past five years, compared to 3.0% in the National Index markets.

Los Angeles has among the highest rents in the nation, with average asking rates of \$36.00/SF, which are almost 50% higher than the national average. However, more than other large markets with similar average rents, there is a wide range within the market. Average rents are four times higher in Beverly Hills than in suburban submarkets such as the Antelope Valley, Southeast Los Angeles, and the San Gabriel Valley. However, the increased demand for neighborhood centers and local shopping has caused rent growth in these submarkets to outpace the market average over the past 12 months.

Retail properties are expected to continue to face some of the long-term challenges that have plagued the property type for the last 15 years, including population losses, rising labor costs, and a growing preference to purchase goods online rather than at traditional brick-and-mortar stores. With more space becoming available, the forecast for rents during the next 12 to 24 months suggests that rent growth will be limited and underperform the National Index.

Construction

Development is much harder to launch in L.A. than in more pro-growth metros with greater land availability, and potential retail sites compete with industrial and multifamily uses. Supply growth has been flat for over a decade because properties are often demolished or redeveloped. Net deliveries total 570,000 SF during the past 12 months and have averaged 430,000 SF per year during the past 10 years.

Few developments have drastically changed the landscape of an area as much as Hollywood Park in Inglewood. SoFi Stadium and the YouTube Theater, along with the Intuit Dome, which is expected to complete by Fall 2024, are bringing three major sports teams to the area—a major transformation from the horse race

track that long suffered from low attendance. Phase one of the 270,000-SF retail portion of the Hollywood Park development has completed and includes a 30,000-SF Cinepolis. However, more than 50% of the retail space is available as of August 2023.

High-profile, mixed-use projects have been common throughout L.A. Recent completions include Related California's The Grand on Bunker Hill in Downtown Los Angeles. The project comprises 175,000 SF of retail space, along with a 436-unit rental community and a 305-room Hilton Conrad. In Century City, the 94,000-SF retail portion of the Century Plaza mixed-use project finished. It is adjacent to the Westfield Century City Mall and also includes 400 hotel rooms, 331 condos, and over 1,200 parking spaces.

The construction pipeline has been low for over a decade and there are currently 1.6 million SF under construction, which represent just 0.4% of existing retail inventory in the metro. Development of auto dealerships is prevalent, including a few currently underway in Koreatown, Downtown L.A., and Woodland Hills.

The largest project underway is the 400,000-SF Los Angeles Premium Outlets in Carson. The project originally broke ground in 2019 but stalled in 2020 as a result of litigation. In May 2020, the developers filed an \$80 million lawsuit accusing the City of Carson of reneging on its promise to clean up the project site, which was formerly a landfill. A judge subsequently dismissed the lawsuit. Delivery isn't slated until 2026.

Sales

Transaction activity has moderated since the start of 2022 as investors continue to adjust to the effects of higher interest rates. Sales volume totals \$2.4 billion year-to-date through 2023, although much of the activity from the first quarter came from buyers and sellers who were looking to avoid the ULA transfer tax increase in the City of Los Angeles.

One large trade involving a retail asset within city boundaries involves the 248,900-SF HHLA shopping center (formerly known as the Promenade at Howard Hughes Center), which traded in March 2023 for \$80 million (\$321/SF). Cannon Commercial acquired the asset from Torchlight Investors at an 8% cap rate. The seller originally acquired the asset as a main equity partner of the Laurus Corporation in June 2015 for \$111 million. Despite renovations in 2017, the asset was 90% leased at the time of sale in March 2023, whereas it was 96.8% leased during the previous sale.

Pricing on the top-end of the market can be astronomical, but at least one recent trade shows that there are limitations to growth. In March 2023, LVMH acquired a 14,100-SF store located in Beverly Hills for \$43 million (\$3,040/SF). The seller acquired the property in July 2015 for \$40 million, but a previous sale from December 2013 valued the property at \$22 million.

Los Angeles is vast in size and provides opportunities for a wide array of investors. More than half of the properties traded in 2022 were valued below \$2 million, while at the same time, more than 35 properties traded for over \$25 million. Malls were heavily traded that year, including one in Arcadia that sold for nearly half a billion dollars.

Pricing for L.A. retail properties has grown by an annual rate of 3.3% over the past five years, reaching \$420/SF. Over the same period, price appreciation has been strongest in submarkets across the San Fernando Valley, Antelope Valley, and Inglewood/South LA. In contrast, some of the most expensive submarkets, such as Beverly Hills, Pacific Palisades/Malibu, and Hollywood, have experienced lower price appreciation.

Economy

The Los Angeles economy is vast and comprises substantial portions of the national entertainment, tourism, international trade, fashion, and aerospace industries. An abundance of creative workers and entrepreneurship lends itself to elevated levels of business formation and self-employment. The demographics are diverse in

racial and ethnic composition, educational attainment, income, and wealth. L.A. has several major talent generators, including top-tier universities such as USC, UCLA, and Cal Tech that support a growing tech ecosystem.

The labor market is not as tight as other parts of the country and job growth lags due to population losses. Disputes between workers and employers have arisen across various industries, including writers and actors in entertainment, dock workers and delivery drivers in transportation, and hotel staff in hospitality. While each dispute is occupation-specific, the disputes are further escalated by Los Angeles' high cost of living, which is due to the challenges of building more housing. Companies often cite the challenges in hiring as a motivating factor to relocate to other parts of the country.

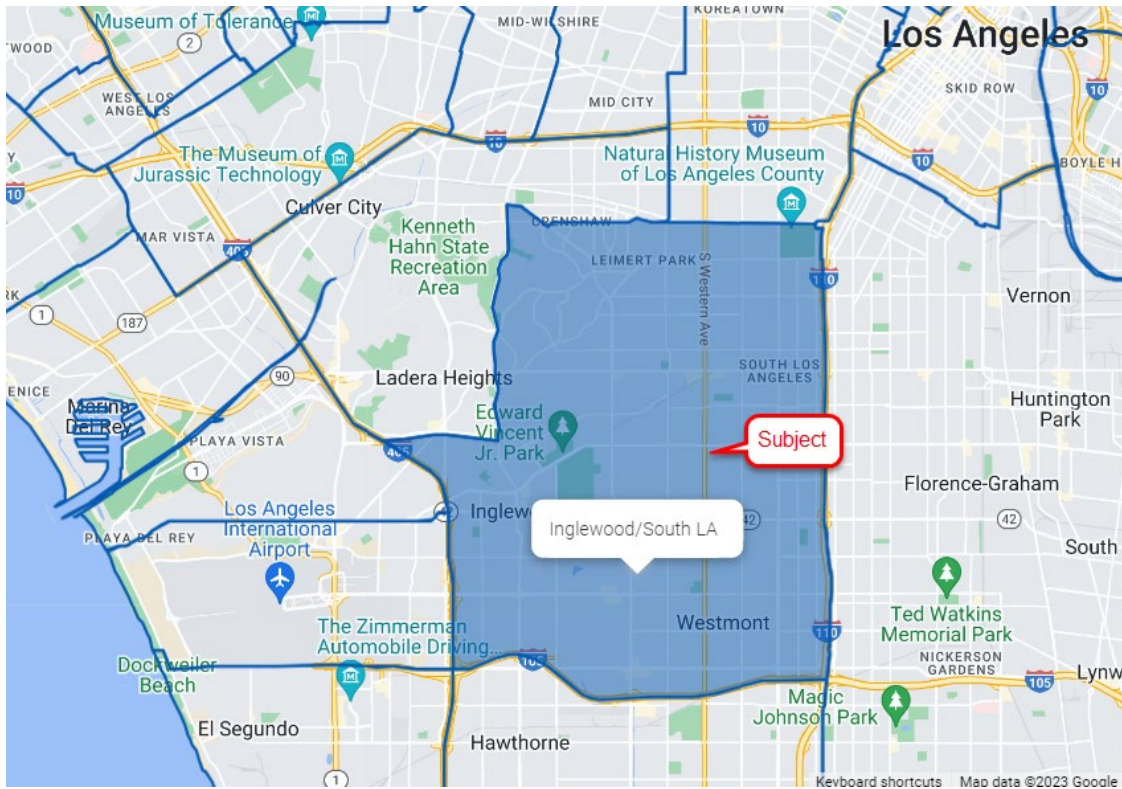
The post-pandemic recovery in employment levels was slow relative to the nation due to an acceleration of population losses. Nonfarm payrolls recovered to their February 2020 levels in late 2022, whereas stronger population growth markets experienced more rapid recoveries. The composition of employment by sector has shifted. Most notably, transportation firms have grown payrolls by nearly 9% since February 2020, while accommodations payrolls are 10% lower.

The transportation sector sustained growth through the pandemic as warehousing demands increased by retailers and ecommerce operators. Much of the demand draws from the ports of Los Angeles and Long Beach, which rank first and second in the U.S. in terms of annual containers (TEUs) handled. The twin ports handled 19 million containers in 2022, which if combined would make them the fifth busiest port in the world. However, the ports face several potential challenges and trade flows have sharply fallen. Some trade is being diverted to the east coast, which has been facilitated by the expansion of the Panama Canal in 2016 and which can place many items closer to their destination. U.S. imports from China, a significant place of origin for goods entering through L.A.'s ports, have also been declining since tariffs were imposed in 2018.

The entertainment business is vital to the Los Angeles economy. Los Angeles has benefited from the boom in content creation and social media over the past ten years. However, programming for the next 12 months will likely be affected by the writer's and actor's strikes.

Tourism is also important for the local economy. Stores, restaurants, and lodging in tourist hotspots like Downtown L.A., Hollywood, Beverly Hills, and Santa Monica are dependent on tourists spending. Los Angeles has more than 50 million visitors per year, but hotel occupancy rates have yet to recover to pre-pandemic levels.

Inglewood/South LA Retail Submarket (CoStar 3Q 2023)



Summary

Inglewood and South LA is centrally located with proximity to Downtown LA, Los Angeles International Airport, West LA, and the South Bay. Demographics comprise many low-income households, but the submarket is densely populated, providing ample sources of consumer spending. Most retail tenants serve local residents, but the redevelopment of Hollywood Park, which hosts two NFL teams at SoFi Stadium, as well as the construction of Intuit Dome, which will host an NBA team, has changed the landscape.

The vacancy rate is 4.4% but has been rising over the past 12 months. Leasing activity in larger spaces has been largely concentrated near or in Hollywood Park. Cinepolis USA leased 30,000 SF in February 2023. The movie theater is located near the intersection of Century Blvd. and Prairie Ave., placing it between SoFi Stadium and Intuit Dome.

Rents are well below the metro average, with the average rent at \$27.00/SF. Apart from areas near Hollywood Park that have improved recently, local-serving retail space can often lack appeal, and consequentially yields lower rents. For example, Citi trends, a fashion store, leased 10,400 SF at the Crenshaw-Imperial Plaza at a starting rent of \$17/SF annually on a ten-year term.

Rent growth has slightly outperformed the Los Angeles average since mid-2020, including in the past 12 months when they grew by 0.9%. Investors are often attracted to the upside potential in assets and recent activity has been steady.

Sales

Transaction activity has been moderate in 2023, primarily driven by growth prospects in various parts of the submarket. Sales volume totals \$65.7 million year-to-date, compared to \$169 million annually in the past five years.

Properties near Hollywood Park have been selling at a premium in recent months and years. In May 2023, a 1,000-SF Starbucks location at 801 E Manchester Blvd. sold for \$5.1 million (\$5,060/SF). LJO Properties

acquired the asset at a 3.75% cap rate from a private investor. Similarly, a 1,200-SF gasoline station at 4520 W Century Blvd., within a mile of SoFi Stadium, sold for \$3.4 million (\$2,770/SF) in March 2023.

However, the dichotomy within the submarket is visible in capital markets as well. A more typical trade is one like the 27,600-SF freestanding building at 3003 W Manchester Ave, which was acquired by Blue Owl in August for \$6 million (\$219/SF). The property is occupied by Big Lots.

Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years are summarized in the tables below.

RETAIL MARKET AND SUBMARKET DATA SUMMARY (10 YEARS)					
INVENTORY SUPPLY (SF)				VACANCY (%)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q2	2023	451,093,887	13,827,762	5.3%	4.3%
Q1	2023	450,769,232	13,600,371	5.2%	3.5%
Q4	2022	450,830,768	13,576,421	5.0%	3.6%
Q3	2022	450,799,808	13,539,841	5.0%	3.1%
	2022	450,830,768	13,549,161	5.0%	3.2%
	2021	450,715,061	13,563,515	5.1%	3.0%
	2020	452,172,566	13,610,607	5.3%	3.8%
	2019	451,473,942	13,338,313	4.6%	3.8%
	2018	451,241,391	13,390,990	4.3%	3.4%
	2017	451,392,388	13,469,728	4.0%	3.0%
	2016	450,387,894	13,485,261	3.9%	2.6%
	2015	449,701,806	13,555,675	4.8%	3.3%
	2014	448,136,022	13,571,006	4.6%	4.1%
	2013	447,965,347	13,597,563	5.1%	4.2%

RENT \$/SF				NET ABSORPTION (SF)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q2	2023	\$34.30	\$27.16	(158,579)	111,742
Q1	2023	\$34.00	\$27.51	(841,123)	32,846
Q4	2022	\$34.15	\$26.32	(170,727)	(31,239)
Q3	2022	\$34.16	\$25.30	862,576	7
	2022	\$34.15	\$25.09	428,318	(74,373)
	2021	\$33.01	\$23.64	(458,294)	63,958
	2020	\$31.90	\$23.90	(2,471,095)	258,811
	2019	\$32.06	\$22.94	(1,447,515)	(108,530)
	2018	\$30.01	\$19.10	(1,357,185)	(124,494)
	2017	\$29.21	\$19.78	816,219	(67,248)
	2016	\$27.74	\$20.75	4,348,790	28,734
	2015	\$25.93	\$18.83	711,641	86,297
	2014	\$24.44	\$18.25	2,028,268	(6,193)
	2013	\$23.24	\$17.29	2,314,715	39,876

Source: CoStar Property®

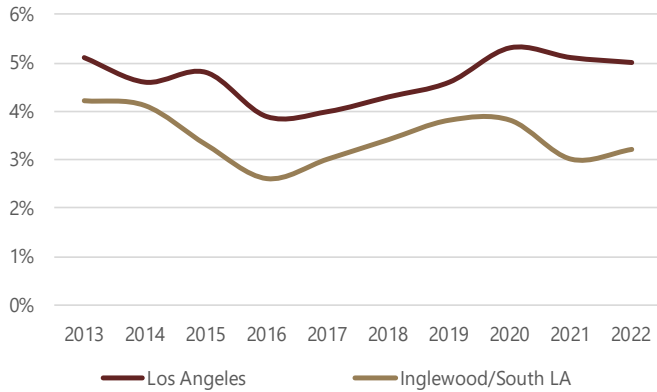
The Los Angeles Retail market demonstrates positive conditions. There has been little variance in supply over the last year. Vacancy has continued to increase slightly over the last year to the most recent figure at 5.3%. Asking rents increased in each quarter of 2022 with an additional increase in Q4 2022. Net absorption was positive for the last year.

The Inglewood/South LA Retail submarket demonstrates mostly stable conditions. Vacancy had only minor fluctuations between 3.6% and 3.1% throughout 2022. Asking rents were relatively stable as well ranging from a low of \$25.30/SF to a high of \$27.16/SF with the most recent figure in-between at \$27.51/SF. It is noted that rents in this submarket are historically similar to that of the Los Angeles MSA.

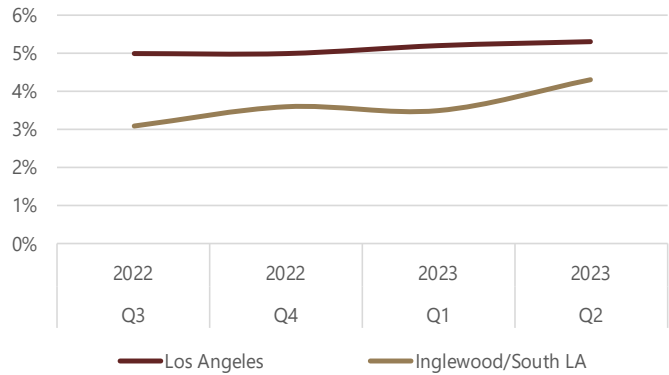
VACANCY

The following tables provide visual illustration of the long term and short term Retail vacancy for the Los Angeles market and Inglewood/South LA submarket.

LONG TERM VACANCY



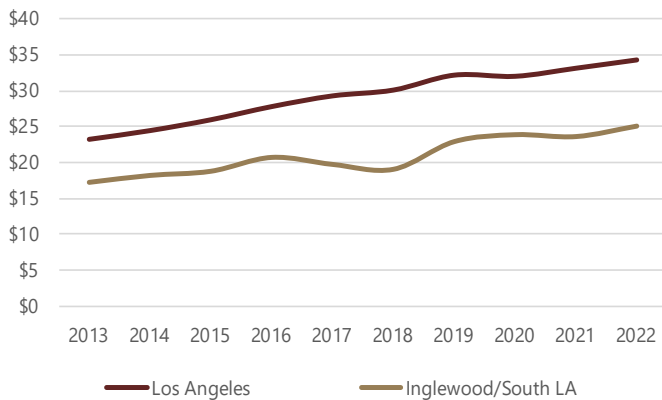
SHORT TERM VACANCY



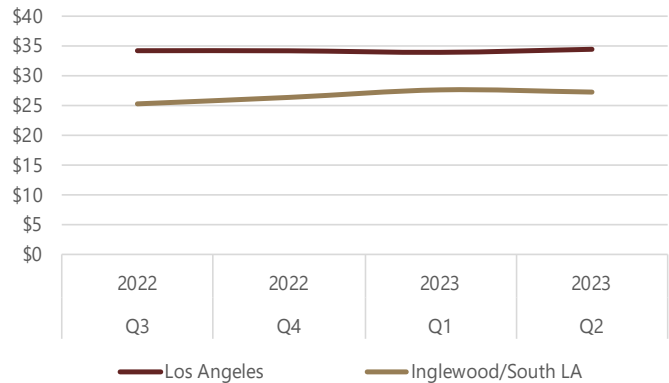
RENTAL RATES

The following tables provide a visual illustration of rental Retail trends for the Los Angeles market and Inglewood/South LA submarket in the short and long term:

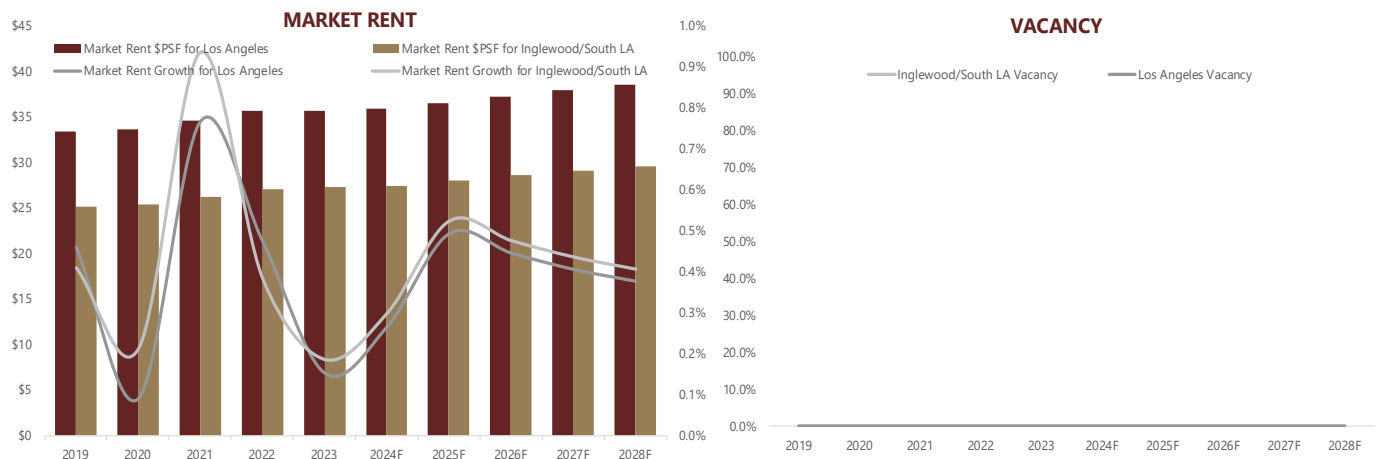
LONG TERM RENT



SHORT TERM RENT



MARKET RENT & VACANCY

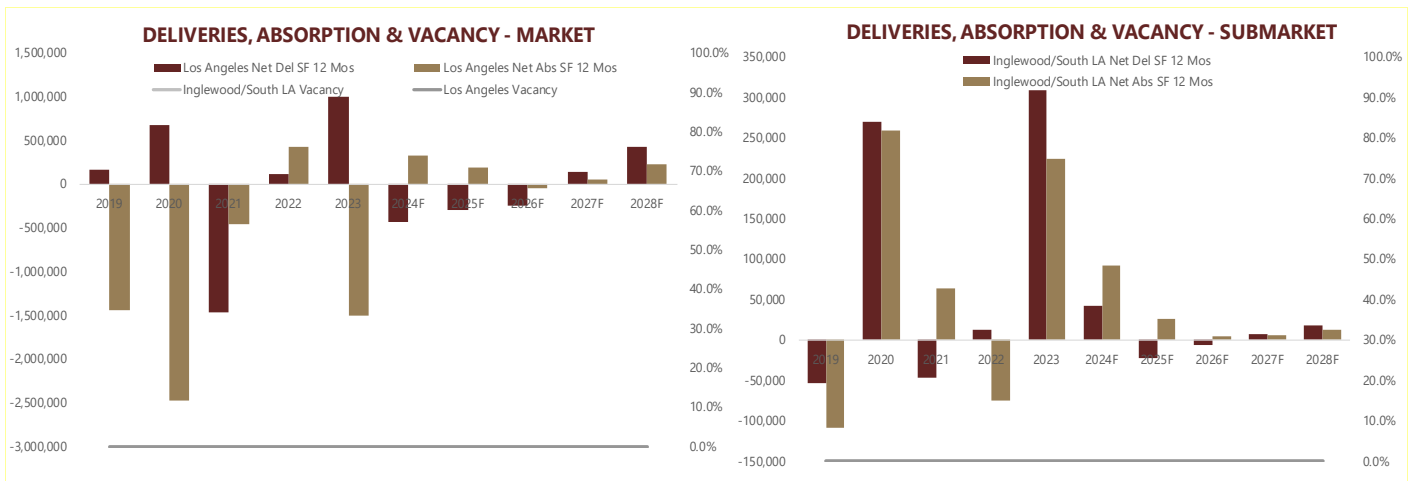


DELIVERIES

The following tables provides the recently delivered and under construction Retail supply for the Los Angeles market and Inglewood/South LA submarket:

DELIVERIES (SF)						
QTR	YEAR	MARKET	% OF TOTAL	SUBMARKET	% OF TOTAL	
Q2	2023	330,306	0.1%	227,391	1.6%	
Q1	2023	109,155	0.0%	23,950	0.2%	
Q4	2022	169,209	0.0%	41,290	0.3%	
Q3	2022	274,925	0.1%	1,760	0.0%	
	2022	936,706	0.2%	43,050	0.3%	
	2021	927,372	0.2%	5,373	0.0%	
	2020	1,762,301	0.4%	277,058	2.0%	
	2019	1,523,064	0.3%	4,977	0.0%	
	2018	1,272,599	0.3%	12,599	0.1%	

UNDER CONSTRUCTION (SF)						
QTR	YEAR	MARKET	BUILDINGS	SUBMARKET	BUILDINGS	
Q2	2023	1,796,582	64	129,670	4	
Q2	2022	1,723,445	78	297,193	15	
Q2	2021	1,270,250	74	128,798	5	
Q2	2020	2,336,834	104	67,030	5	
Q2	2019	2,336,173	104	48,491	5	



CONCLUSION

This market analysis has examined historical and current supply/demand trends for the subject property type on market and submarket levels. Further, the subject’s competitive dataset was profiled and analyzed to gain perspective of supply/demand conditions for properties in direct competition with the subject. Market participant interviews were conducted to provide ground level support of what is really occurring in the marketplace. Next, transaction trends were researched and analyzed. The final step will be to draw conclusions from the market data and analyses based on their perceived influence on the subject property.

HIGHEST & BEST USE

INTRODUCTION

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 6th edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015), as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

This section develops the highest and best use of the subject property As-Vacant and As Improved.

AS VACANT ANALYSIS

In this section the highest and best use of the subject as vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

Legally Permissible

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Commercial (LAC2) include retail, office, multi-family projects. Zoning change is not likely; therefore, uses outside of those permitted by the LAC2 zoning is not considered moving forward in the as-vacant analysis.

Physical Possible

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 0.2035-acres (8,863 SF), it is rectangular in shape and has a rolling topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

Financial Feasibility

Based on the analysis of the subject's market and an examination of costs, a newly constructed building similar to the subject would likely have a value commensurate with its cost; however, a speculative build is not prudent, and the site should only be developed for an identified user.

Maximum Productivity

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be newly constructed commercial building.

AS IMPROVED ANALYSIS

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in 1956 and is a legal non-conforming use due to parking. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in average condition, with adequate site coverage and parking ratios. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal and physical considerations, analysis of the subject property as improved requires consideration of alternative uses. The five possible alternative treatments of the property are demolition (not warranted as the improvements contribute substantial value to the site), expansion (not warranted, no excess or surplus land), renovation (not warranted), conversion (not applicable), and continued use "as-is".

Among the five alternative uses, continued use as commercial building is the Highest and Best Use of the subject As Improved.

MOST PROBABLE BUYER

Based on the type of property and the income generating potential of the improvements, it is our opinion that the most probable buyer for the subject would be an owner-user as the subject is an owner-user building.

VALUATION METHODS

In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

SITE VALUATION

The site value is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide a valuation of the subject site.

COST APPROACH

The cost approach considers the cost to replace the proposed improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Profit for coordination by the entrepreneur is included in the value indication.

The Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

SALES COMPARISON APPROACH

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, I gather data on reasonably substitutable properties and adjusting for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The Sales Comparison Approach is a specific scope requirement of this assignment. Considering the applicability of this approach in relation to the subject property's characteristics, we consider the application of this approach to be warranted.

INCOME CAPITALIZATION APPROACH

The income capitalization approach ("income approach") simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in our analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis. Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

The Income Approach is a scope requirement for this assignment. The subject is an owner/user facility, however buyers and sellers of this property type will still attribute some or all emphasis on this valuation technique either as a primary indication or as a crosscheck on value. Therefore, the Income Approach is developed. The Direct Capitalization method is used in this analysis. The Discounted Cash Flow analysis does

not contribute substantially to estimating value beyond the Direct Capitalization method and is not used in this analysis.

CORRELATION AND CONCLUSION

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Fee Simple Interest). The cost approach is not applicable in the estimation of market value due to difficulty in calculating depreciation and is not typically relied upon by market investors. The exclusion of said approach(s) is not considered to compromise the credibility of the results rendered herein.

An Insurable Replacement Cost Estimate has also been included within the report.

SALES COMPARISON APPROACH

INTRODUCTION

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution.

COMPARABLE SELECTION

Through the analysis of sales of verified arm's-length transactions, market value and price trends are identified. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

Comparable sales are presented, which were selected due to their similarity in physical, locational, and qualitative attributes. They represent the most recent and relevant comparable sale available for this analysis. Emphasis was given to the subject's location and similarly positioned properties.

SUMMARY OF IMPROVED SALE DATA

IMPROVED SALES SUMMARY							
	DATE OF SALE	LOCATION	CITY	YR. BLT	NRA	UNADJUSTED SALE PRICE	\$/SF
1	8/25/2023	5716 W Manchester Ave	Los Angeles	1959	4,290	\$1,950,000	\$455
2	5/3/2023	3520 W Slauson Ave	Los Angeles	1925	1,911	\$750,000	\$392
3	4/14/2023	4847 Crenshaw Blvd	Los Angeles	1954	4,216	\$1,650,000	\$391
4	3/17/2023	8612 S Broadway	Los Angeles	1921	4,998	\$1,545,000	\$309
5	3/6/2023	8915 S Broadway	Los Angeles	1941	2,107	\$1,035,000	\$491
6	11/30/2022	416 W Manchester Blvd	Inglewood	1970	1,791	\$1,000,500	\$559

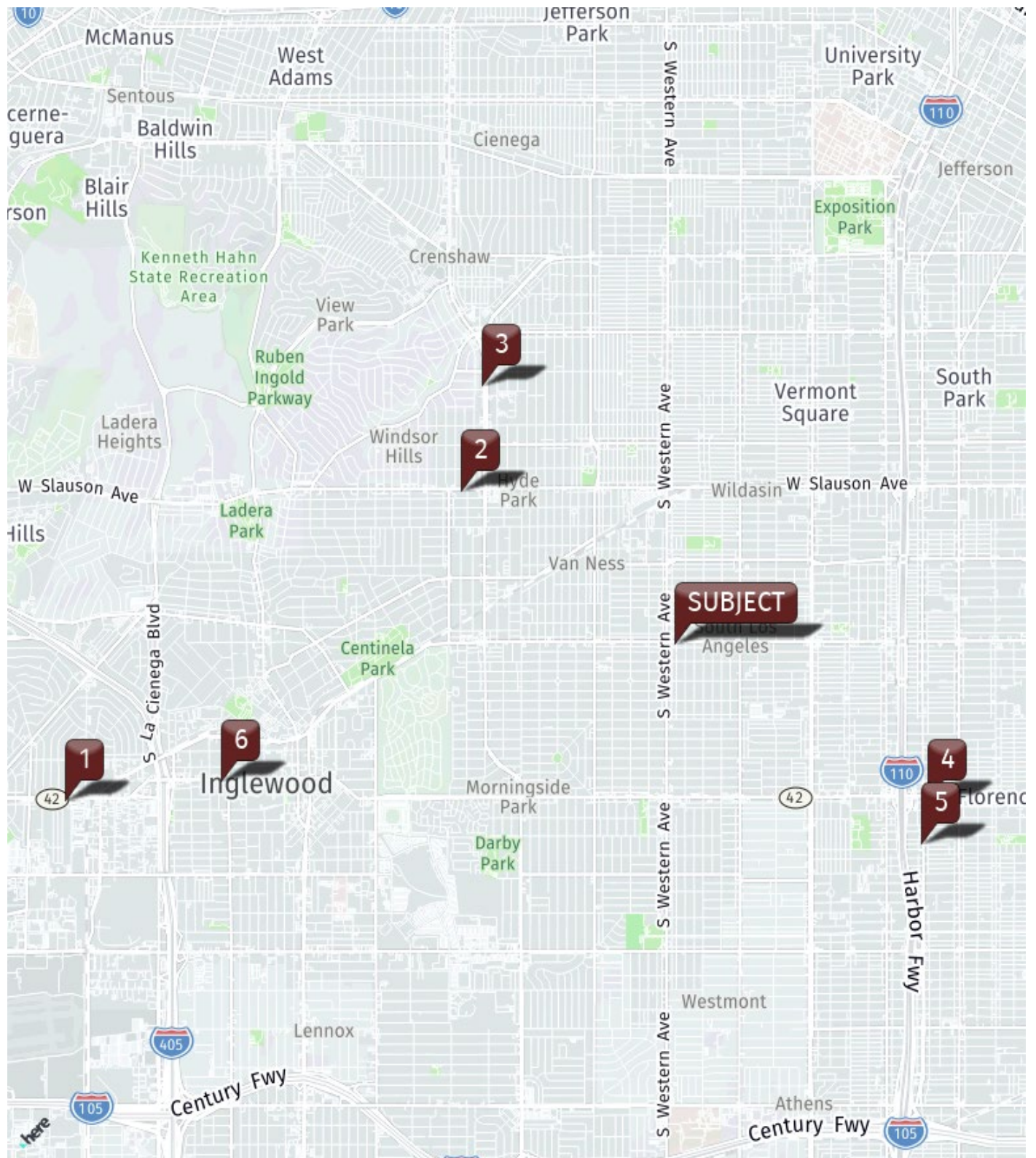
UNIT OF COMPARISON

The most relevant unit of comparison is the price per SF NRA. This best reflects the unit of comparison used by buyers and sellers in this market for the subject property type.

ADJUSTMENTS

Adjustments to the comparable sales were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures after sale and market conditions.

- 1. Property Rights** - All of the sales comparables were fee simple sales reflecting the property rights appraised herein per the agreed upon scope of work.
- 2. Financing** - The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
- 3. Sale Conditions** - None of the comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
- 4. Expenditures After Sale** - Expenses that the buyer incurs after purchase (deferred maintenance, HVAC repairs, etc.). No adjustments are warranted based on review of the sales.
- 5. Market Conditions (Time)** - Based on the analysis performed, which includes research and interpretation of value trends of the comparables presented herein, a market conditions adjustment of 0% is applied on an Annual basis reflecting the relatively consistent appreciation that occurred between the oldest comparable sale date up through the effective valuation date.



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	5716 W Manchester Ave, Los Angeles, CA, 90045	4.3
COMPARABLE 2	2	3520 W Slauson Ave, Los Angeles, CA, 90043	1.8
COMPARABLE 3	3	4847 Crenshaw Blvd, Los Angeles, CA, 90043	2.1
COMPARABLE 4	4	8612 S Broadway, Los Angeles, CA, 90003	2.0
COMPARABLE 5	5	8915 S Broadway, Los Angeles, CA, 90003	2.1
COMPARABLE 6	6	416 W Manchester Blvd, Inglewood, CA, 90301	3.2

Service Commercial Building

Comparable 1

Sale Information

Buyer	Jabourian Steve V	
Seller	5716 Manchester Llc	
Sale Date	8/25/2023	
Transaction Status	Recorded	
Sale Price	\$1,950,000	\$455 /SF NRA
Analysis Price	\$1,950,000	\$455 /SF NRA
Recording Number	567003	
Rights Transferred	Fee Simple	
Financing	Conventional	
Conditions of Sale	Arms Length	
Marketing Time	90 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Office, Commercial
Gross Building Area (GBA)	4,290 SF
Net Rentable Area (NRA)	4,290 SF
Buildings	2 Buildings, 1 Floor
Parking	7 Spaces (1.6/1,000 SF NRA)
Year Built	1959
Frontage	111' W Manchester Ave
Land Area	0.2439 Acres (10,626 SF)
Site Coverage Ratio	40.37%
FAR	0.40
Zoning	LAC2
Shape	Rectangular
Topography	Level
Corner	No

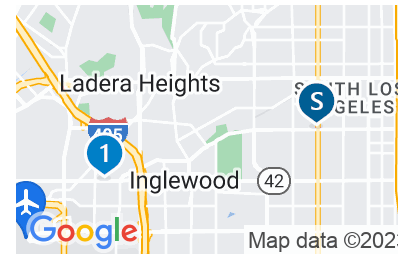


5716 W Manchester Ave
Los Angeles, CA 90045

County
Los Angeles

Submarket
LAX

APN
4125-016-021



Confirmation

Name	Benjamin Hsiang
Company	Ria Care
Phone Number	(424) 377-6001
Affiliation	Listing Broker
Date	9/20/2023

Remarks

This property is a service commercial property and is a 4,290 SF 1 story loft building. The property was built in 1959 and located in the city of Koreatown in Central Los Angeles. The site size is 10,626 SF with 7 surface parking spaces available.

This property sold on July 2022 for \$2,750,000 or (\$208/SF) on a conventional sale with buyer purchasing property with 50% cash down to a new loan as a Fee Simple Sale.

Service Commercial Building

Comparable 2

Sale Information

Buyer	JL Legacy Trust	
Seller	Oakland JMO, LLC	
Sale Date	5/3/2023	
Transaction Status	Recorded	
Sale Price	\$750,000	\$392 /SF NRA
Analysis Price	\$750,000	\$392 /SF NRA
Recording Number	294619	
Rights Transferred	Fee Simple	
Financing	Conventional	
Conditions of Sale	Arms Length	
Marketing Time	90 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Retail, Mixed Use Commercial
Gross Building Area (GBA)	1,911 SF
Net Rentable Area (NRA)	1,911 SF
Buildings	1 Building, 1 Floor
Parking	6 Spaces (3.1/1,000 SF NRA)
Year Built	1925
Frontage	50' W Slauson Ave
Land Area	0.1367 Acres (5,954 SF)
Site Coverage Ratio	32.1%
FAR	0.32
Zoning	LAC2
Shape	Rectangular
Topography	Level
Corner	No

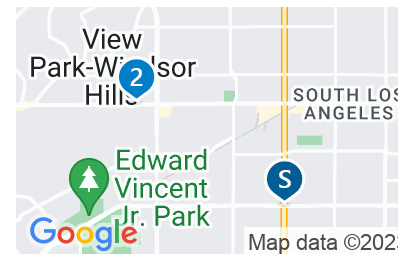


3520 W Slauson Ave
Los Angeles, CA 90043

County
Los Angeles

Submarket
Inglewood/South LA

APN
4004-005-007



Confirmation

Name	Peter Shamouil
Company	cbcommercial
Phone Number	(310)424-8626
Affiliation	Listing Broker
Date	9/20/2023

Remarks

This property is a service commercial building property that is 1,911 SF and a 1 story building. The property was built in 1925 and located in the city of Los Angeles. The site size is 5,954 SF with 6 surface parking spaces available.

This property sold on July 2022 for \$750,000 or (\$392.46/SF) on a conventional sale with buyer purchasing property with 50% cash down to a new loan as a Fee Simple sale.

Service Commercial Building

Comparable 3

Sale Information

Buyer	Nalud Holdings Llc	
Seller	Kpc Building Corp Inc	
Sale Date	4/14/2023	
Transaction Status	Recorded	
Sale Price	\$1,650,000	\$391 /SF NRA
Analysis Price	\$1,650,000	\$391 /SF NRA
Recording Number	0239188	
Rights Transferred	Fee Simple	
Financing	Conventional	
Conditions of Sale	Arms Length	
Marketing Time	90 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Retail, Mixed Use Commercial
Gross Building Area (GBA)	4,216 SF
Net Rentable Area (NRA)	4,216 SF
Buildings	2 Buildings
Parking	4 Spaces (0.9/1,000 SF NRA)
Year Built	1954
Land Area	0.1791 Acres (7,802 SF)
FAR	0.54
Zoning	LAC2
Shape	Rectangular
Topography	Level
Corner	No

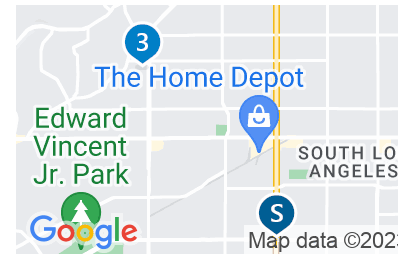


4847 Crenshaw Blvd
Los Angeles, CA 90043

County
Los Angeles

Submarket
West Los
Angeles/Inglewood/South LA

APN
5013-016-011



Confirmation

Name	Gregory Dulan
Company	Nalud Holdings Llc
Phone Number	(323) 296-3034
Affiliation	Buyer
Date	9/19/2023

Remarks

The property consists of 2 buildings, that are mixed use retail/residential property. The property is a combined 4,216 SF 1 story buildings ,built in 1983 and located in the city of Los Angeles. The site size is 7,802 SF with 4 surface parking spaces available.

This property sold on April 2023 for \$1,650,000 or (\$391.37/SF) on a conventional sale with buyer purchasing property with 60% cash down to a new loan on a fee simple sale and owner occupied as well.

Service Commercial Building

Comparable 4

Sale Information

Buyer	Campamento Celestial Ebenezer	
Seller	Potters House Church Inc	
Sale Date	3/17/2023	
Transaction Status	Recorded	
Sale Price	\$1,545,000	\$309 /SF NRA
Analysis Price	\$1,545,000	\$309 /SF NRA
Recording Number	0173640	
Rights Transferred	Fee Simple	
Financing	All Cash	
Conditions of Sale	Arms Length	
Marketing Time	1257 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Retail, Commercial
Gross Building Area (GBA)	4,998 SF
Net Rentable Area (NRA)	4,998 SF
Buildings	1 Building, 1 Floor
Parking	0.0/1,000 SF NRA
Year Built	1921
Frontage	42' S Broadway
Land Area	0.35 Acres (15,246 SF)
Site Coverage Ratio	32.78%
FAR	0.33
Zoning	LAC2
Shape	Rectangular
Topography	Level
Corner	No

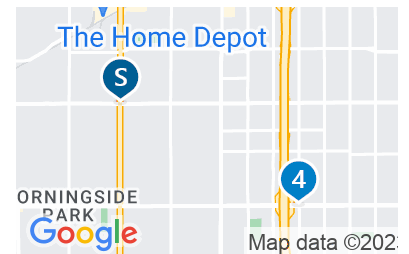


8612 S Broadway
Los Angeles, CA 90003

County
Los Angeles

Submarket
Mid-Cities/Mid-Cities

APN
6040-013-015



Confirmation

Name	Oscar Deleon
Company	Excellence RE Real Estate
Phone Number	(323) 787-0505
Affiliation	Listing Broker
Date	9/19/2023

Remarks

This retail storefront building property is a 4,998 SF 1 story, built in 1921 and located in the city of Los Angeles. The site size is 15,246 SF with 89 surface parking spaces available.

This property sold on July 2022 for \$1,545,000 or (\$309.12/SF) on a conventional sale with buyer purchasing property with 100% all cash transaction as a owner occupied sale.

Service Commercial Building

Comparable 5

Sale Information

Buyer	8915 8921 Broadway Andn Llc	
Seller	Calloway Anthony	
Sale Date	3/6/2023	
Transaction Status	Recorded	
Sale Price	\$1,035,000	\$491 /SF NRA
Analysis Price	\$1,035,000	\$491 /SF NRA
Recording Number	0139073	
Rights Transferred	Fee Simple	
Financing	All Cash	
Conditions of Sale	Arms Length	
Marketing Time	90 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Office, Commercial
Gross Building Area (GBA)	2,107 SF
Net Rentable Area (NRA)	2,107 SF
Buildings	1 Building
Parking	6 Spaces (2.8/1,000 SF NRA)
Year Built	1941
Land Area	0.14 Acres (6,098 SF)
FAR	0.35
Zoning	LAC2
Shape	Rectangular
Topography	Level
Corner	No

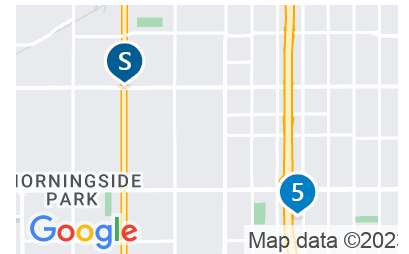


8915 S Broadway
Los Angeles, CA 90003

County
Los Angeles

Submarket
Mid-cities/Mid-cities

APN
6040-030-032



Confirmation

Name	Alireza Daneshvar
Company	8915 8921 Broadway Andn Llc
Phone Number	(310) 202-9009
Affiliation	Buyer
Date	9/19/2023

Remarks

This property is a 1,918 SF 1 story single tenant office building, built in 1941 and located in the city of Los Angeles. The site size is 6,098 SF with 6 surface parking spaces available.

The property sold on March 2023 for \$1,035,000 or \$539.62/SF. Los Angeles County records indicate the transaction number is 0139073. The buyer purchased the property with 100% cash down as an owner/user fee simple sale.

Service Commercial Building

Comparable 6

Sale Information

Buyer	Jesus Orozco	
Seller	Patricia A Armstrong	
Sale Date	11/30/2022	
Transaction Status	Recorded	
Sale Price	\$1,000,500	\$559 /SF NRA
Analysis Price	\$1,000,500	\$559 /SF NRA
Recording Number	1120859	
Rights Transferred	Fee Simple	
Financing	All Cash	
Conditions of Sale	Arms Length	
Marketing Time	90 days	

Income Analysis

Occupancy	100.0%
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Property

Type	Office, Commercial
Gross Building Area (GBA)	1,791 SF
Net Rentable Area (NRA)	1,791 SF
Buildings	1 Building, 1 Floor
Parking	10 Spaces (5.6/1,000 SF NRA)
Year Built	1970
Frontage	83' W Manchester Blvd
Land Area	0.21 Acres (9,148 SF)
Site Coverage Ratio	19.58%
FAR	0.20
Zoning	INC2YY
Shape	Rectangular
Topography	Level
Corner	No



416 W Manchester Blvd
Inglewood, CA 90301

County
Los Angeles

Submarket
Inglewood

APN
4020-001-006



Confirmation

Name	Ted Brass
Company	Ted Brass Real Estate Solutions
Phone Number	(323) 905-1111
Affiliation	Listing Broker
Date	9/19/2023

Remarks

This property is a 1,791 SF 1 story single tenant office building, built in 1970 and located in the city of Los Angeles. The site size is 9,148 SF with 10 surface parking spaces available.

The property was purchased in November 2022 for \$1,000,500 or (\$558.63/SF) on a conventional fee simple sale with 100% all cash down. Property is owner occupied as well.

QUANTITATIVE ADJUSTMENT PROCESS

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality, and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Sales Comparison Approach.

PRESENTATION

The subject and comparable property attributes are presented on the following Improved Sales Comparison Table. This is followed by analysis of the subject and comparable sales and the value conclusion indicated using the Sales Comparison Approach.

IMPROVED SALES COMPARISON TABLE								
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	
Name	Service Commercial Building	Service Commercial Building	Service Commercial Building	Service Commercial Building	Service Commercial Building	Service Commercial Building	Service Commercial Building	Service Commercial Building
Address	1746 W Florence Ave	5716 W Manchester Ave	3520 W Slauson Ave	4847 Crenshaw Blvd	8612 S Broadway	8915 S Broadway	416 W Manchester Blvd	
City	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Inglewood
State	CA	CA	CA	CA	CA	CA	CA	CA
Zip	90047	90045	90043	90043	90003	90003	90301	90301
County	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
Submarket	Inglewood/South LA	LAX	Inglewood/South LA	West Los Angeles/Inglewood/South LA	Mid-Cities/Mid-Cities	Mid-cities/Mid-cities	Inglewood	Inglewood
SALE INFORMATION								
Transaction Price		\$1,950,000	\$750,000	\$1,650,000	\$1,545,000	\$1,035,000	\$1,000,500	
Transaction Price \$/SF NRA		\$455	\$392	\$391	\$309	\$491	\$559	
Property Rights ¹		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing ²		Conventional	Conventional	Conventional	All Cash	All Cash	All Cash	All Cash
Sale Conditions ³		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Expenditures After Sale ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Market Conditions ⁵		8/25/2023	5/3/2023	4/14/2023	3/17/2023	3/6/2023	11/30/2022	
Sale Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		567003	294619	239188	173640	139073	1120859	
Marketing Status		Open Market	Open Market	Open Market	Open Market	Open Market	Open Market	Open Market
Marketing Period (Days)		90 Days	90 Days	90 Days	1257 Days	90 Days	90 Days	90 Days
Total Transactional Adjustments		\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%
Adjusted \$/SF (NRA)		\$455	\$392	\$391	\$309	\$491	\$559	
INCOME INFORMATION								
NOI/SF NRA	\$24.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Occupancy	100%	100%	100%	100%	100%	100%	100%	100%
Capitalization Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PHYSICAL INFORMATION								
GBA (SF)	2,750	4,290 5%	1,911 (3%)	4,216 5%	4,998 5%	2,107	1,791 (5%)	
Year Built/Ren	1956	1959	1925 5%	1954	1921 5%	1941	1970 (5%)	
Location	Average	Above Average (5%)	Average	Average	Below Average 5%	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Below Average 5%	Above Average (5%)	Average	Average
Condition	Average	Below Average 5%	Average	Average	Below Average 5%	Above Average (5%)	Good (10%)	
Appeal	Average	Average	Average	Average	Average	Average	Average	Average
Parking Ratio	6.2	1.6 10%	3.1 5%	0.9 10%	0.0 15%	2.8 5%	5.6 2%	
Total Physical Adjustments		\$68 15%	\$27 7%	\$59 15%	\$124 40%	(\$25) (5%)	(\$101) (18%)	
Adjusted \$/SF (NRA)		\$523	\$419	\$450	\$433	\$466	\$458	
CONFIRMATION INFORMATION								
Company		Ria Care	cbcommercial	Nalud Holdings Llc	Excellence RE Real Estate	8915 8921 Broadway Andn	Ted Brass Real Estate	
Name		Benjamin Hsiang	Peter Shamouil	Gregory Dulan	Oscar Deleon	Alireza Daneshvar	Ted Brass	
Affiliation		Listing Broker	Listing Broker	Buyer	Listing Broker	Buyer	Listing Broker	
Phone		(424) 377-6001	(310)424-8626	(323) 296-3034	(323) 787-0505	(310) 202-9009	(323) 905-1111	
Date		9/20/2023	9/20/2023	9/19/2023	9/19/2023	9/19/2023	9/19/2023	

ANALYSIS OF COMPARABLE SALES

The comparable sales indicate an overall unadjusted unit value range from \$309/SF to \$559/SF, and an average of \$433/SF. After adjustments, the comparables indicate a narrower range for the subject property from \$0/SF to \$523/SF, and \$275/SF on average. The adjustment process is summarized below.

Sale No. 1 (\$523/SF Adjusted) - This property is a service commercial property and is a 4,290 SF 1 story loft building. The property was built in 1959 and located in the city of Koreatown in Central Los Angeles. The site size is 10,626 SF with 7 surface parking spaces available. This property sold on July 2022 for \$2,750,000 or

(\$208/SF) on a conventional sale with buyer purchasing property with 50% cash down to a new loan as a Fee Simple Sale.

This comparable is smaller in size and inferior in condition, and parking ratio differences. The property is located in a superior area and a downward adjustment was required for this difference.

Sale No. 2 (\$419/SF Adjusted) - This property is a service commercial building property that is 1,911 SF and a 1 story building. The property was built in 1925 and located in the city of Los Angeles. The site size is 5,954 SF with 6 surface parking spaces available. This property sold on July 2022 for \$750,000 or (\$392.46/SF) on a conventional sale with buyer purchasing property with 50% cash down to a new loan as a Fee Simple sale.

This comparable is smaller in size and warranted a downward adjustment. Upward adjustments were required for inferior year built and parking ratio, which required upward adjustments.

Sale No. 3 (\$450/SF Adjusted) - The property consists of 2 buildings, that are mixed use retail/residential property. The property is a combined 4,216 SF 1 story buildings, built in 1983 and located in the city of Los Angeles. The site size is 7,802 SF with 4 surface parking spaces available. This property sold on April 2023 for \$1,650,000 or (\$391.37/SF) on a conventional sale with buyer purchasing property with 60% cash down to a new loan on a fee simple sale and owner occupied as well.

Upward adjustments were required for inferior year built and parking ratio, which required upward adjustments.

Sale No. 4 (\$433/SF Adjusted) - This retail storefront building property is a 4,998 SF 1 story, built in 1921 and located in the city of Los Angeles. The site size is 15,246 SF with 89 surface parking spaces available. This property sold on July 2022 for \$1,545,000 or (\$309.12/SF) on a conventional sale with buyer purchasing property with 100% all cash transaction as a owner occupied sale.

This comparable is larger in size and inferior in age, location, quality of construction, condition, and parking ratio, which warranted upward adjustments for these differences.

Sale No. 5 (\$466/SF Adjusted) - This property is a 1,918 SF 1 story single tenant office building, built in 1941 and located in the city of Los Angeles. The site size is 6,098 SF with 6 surface parking spaces available. The property sold on March 2023 for \$1,035,000 or \$539.62/SF. Los Angeles County records indicate the transaction number is 0139073. The buyer purchased the property with 100% cash down as an owner/user fee simple sale.

This comparable is superior in quality of construction and condition, which warranted downward adjustments for these differences.

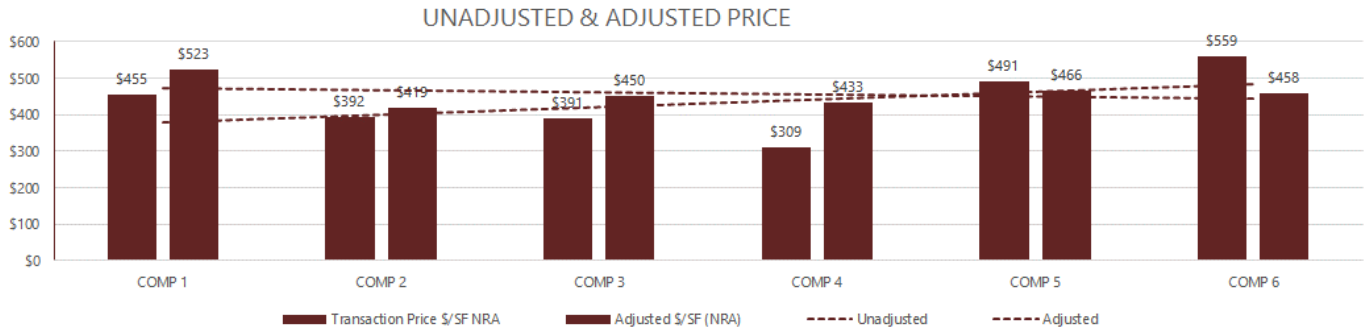
Sale No. 6 (\$458/SF Adjusted) - This property is a 1,791 SF 1 story single tenant office building, built in 1970 and located in the city of Los Angeles. The site size is 9,148 SF with 10 surface parking spaces available. The property was purchased in November 2022 for \$1,000,500 or (\$558.63/SF) on a conventional fee simple sale with 100% all cash down. Property is owner occupied as well.

This comparable is smaller in size and superior in year built and condition, which warranted downward adjustments for these differences.

MARKET PARTICIPANTS

We surveyed several brokers in the market who are familiar with the subject's trade area. Based on the indicated economic and physical characteristics of the subject, market value estimates ranging from \$420-\$445 PSF were provided. According to the market value conclusion presented herein, these estimates appear reasonable, and have therefore been considered herein as a reliable indication of market value for the subject.

SALES COMPARISON APPROACH CONCLUSION



Based on general bracketing, the comparable sales support an adjusted unit value ranges from \$0/SF to \$523/SF, with a unit value of \$440/SF concluded for the subject property. The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (NRA)							
TRANSACTION	PRICE	ADJUSTMENT			FINAL	NET ADJ	GROSS ADJ
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²			
1	\$455	0%	\$455	15%	\$523	15%	25%
2	\$392	0%	\$392	7%	\$419	7%	13%
3	\$391	0%	\$391	15%	\$450	15%	15%
4	\$309	0%	\$309	40%	\$433	40%	40%
5	\$491	0%	\$491	(5%)	\$466	(5%)	15%
6	\$559	0%	\$559	(18%)	\$458	(18%)	22%
HIGH	\$559	0%	\$559	40%	\$523	40%	40%
AVG	\$433	0%	\$433	9%	\$275	9%	22%
MED	\$424	0%	\$424	11%	\$426	11%	19%
LOW	\$309	0%	\$309	(18%)	\$0	(18%)	13%
SUBJECT SF (NRA)		\$/SF CONCLUSION		VALUE			
2,750		x	\$440	=	\$1,210,000		
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$436		\$1,200,000		

¹Cumulative ²Additive

INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization. The Direct Capitalization method of the Income Approach is used in this analysis. This valuation technique best represents the decision-making process of an investor.

DIRECT CAPITALIZATION METHOD

The first step in direct capitalization is to estimate the durable rental income through analysis of the in-place leases and market rent terms. Next, reimbursements and other revenue are analyzed. Then, vacancy and operating expenses are estimated. Finally, the net operating income is capitalized at a supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as-is value.

SUBJECT LEASES

The subject has three lease spaces and two are occupied by long term tenant paying below market rent and are on month-to-month rental agreements. Considering the subject will be completely occupied by an owner-user, we applied market rent to this analysis and applied a lease up on the direct capitalization table.

SINGLE-TENANT MARKET RENT ANALYSIS

This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property's contract to what is attainable in the current market.

UNIT OF COMPARISON

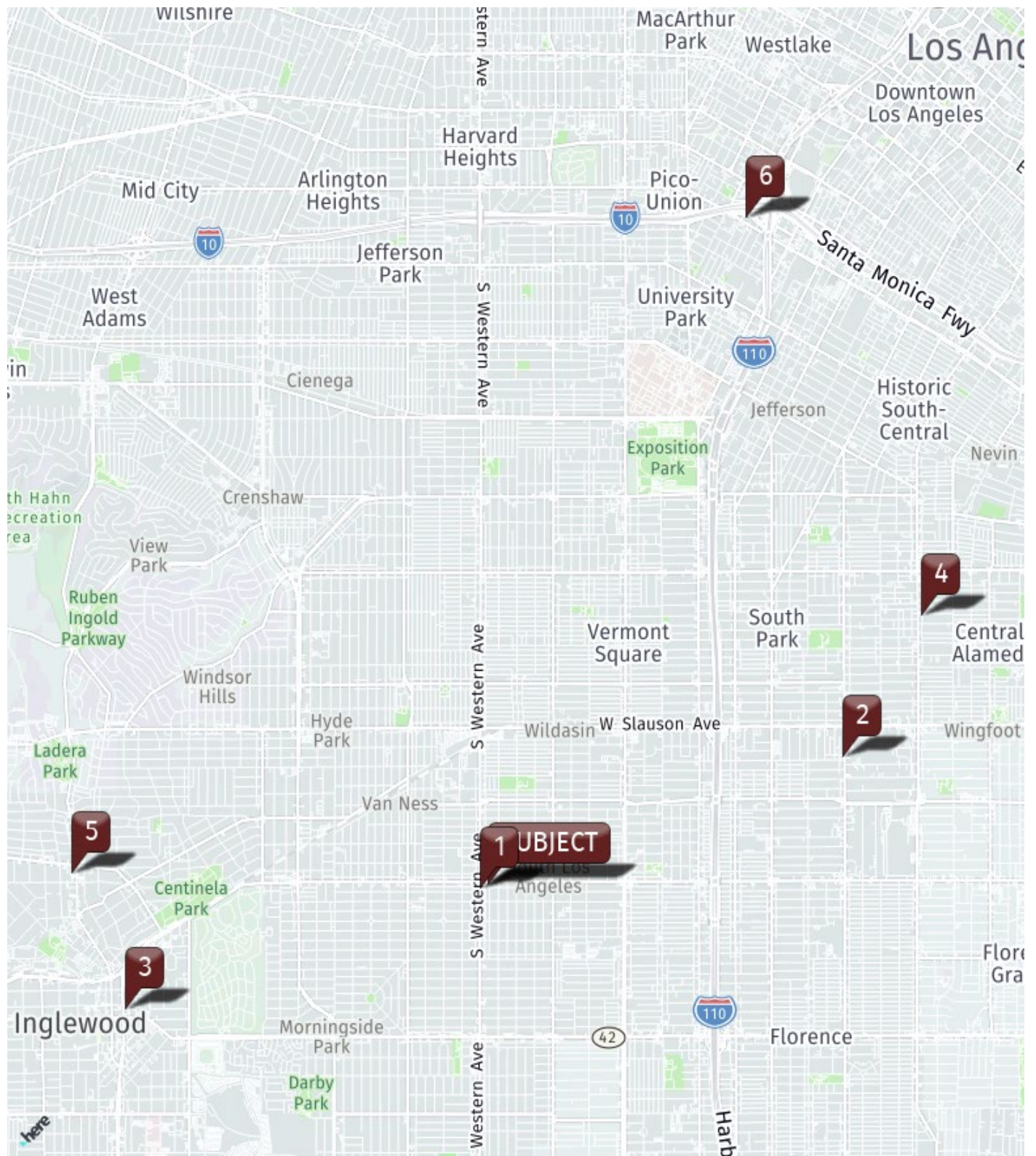
The analysis is conducted on a dollar per square foot monthly, reflecting market behavior. The market rent analysis is based on a **triple net** expense structure where the tenants pay for taxes, insurance, utilities, common area maintenance (CAM), and management.

SELECTION OF COMPARABLES

A complete search of the area was conducted in order to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

RENT COMPARABLE SUMMARY

	START DATE	TENANT	LOCATION	YR. BLT	LEASE SF	LEASE STRUCTURE	\$/SF
1	9/1/2023	Retail Tenant	7219-7231 S Western Ave, Los Angeles, CA	1970	2,025	MG	\$2.22
2	9/1/2023	Multi use retail/resid	5937-5957 Avalon Blvd, Los Angeles, CA	1920	3,100	MG	\$1.90
3	3/12/2023	Retail Tenant	100-112 S Market St, Inglewood, CA	1922	1,640	NNN	\$2.50
4	1/1/2023	Retail Tenant	4800 S Central Ave, Los Angeles, CA	1963	1,500	NNN	\$3.10
5	11/12/2022	Retail Tenant	901-983 N La Brea Ave, Inglewood, CA	1987	1,690	NNN	\$2.00
6	6/12/2022	Retail Tenant	1828 Oak St, Los Angeles, CA	1925	1,000	MG	\$2.00



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	7219-7231 S Western Ave, Los Angeles, CA, 90047	0.1
COMPARABLE 2	2	5937-5957 Avalon Blvd, Los Angeles, CA, 90003	2.6
COMPARABLE 3	3	100-112 S Market St, Inglewood, CA, 90301	2.6
COMPARABLE 4	4	4800 S Central Ave, Los Angeles, CA, 90011	3.5
COMPARABLE 5	5	901-983 N La Brea Ave, Inglewood, CA, 90302	2.9
COMPARABLE 6	6	1828 Oak St, Los Angeles, CA, 90015	4.7

SINGLE-TENANT LEASE COMPARABLE PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

ADJUSTMENTS

The comparables have been evaluated for concessions such as free rent, tenant improvements in excess of the typical market, atypical rent escalations, and atypical lease terms. Adjustment was made for these concessions based on their impact over the original term period. Quantitative percentage adjustments were made for location and physical features such as size, age, condition, exposure and parking ratio. It is stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving market rent for the subject.

MARKET CONDITIONS (TIME)

Based on research and interpretation of rental value trends, the analysis applies an upward market conditions adjustment of 0% annually reflecting the relatively consistent rent growth that occurred between the oldest lease date up through the effective valuation date.

TENANT IMPROVEMENTS & CONCESSIONS

Market based concessions range from \$5.00/SF to \$20.00/SF for tenant improvements and 0 to 3 months of free rent. Comparables with concessions that are outside these defined market boundaries are adjusted to the closest boundary with this difference divided over the term of the lease.

PRESENTATION

The following presentation summarizes the comparables most similar to the subject property. The Single-Tenant Lease Comparison Table, and an analysis of the rent comparables are presented on the following pages.

SINGLE-TENANT LEASE COMPARISON TABLE													
	SUBJECT	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5		COMP 6	
Name	Service Commercial Building	Service Commercial Building		Service Commercial Building		Service Commercial Building		Service Commercial Building		Service Commercial Building		Service Commercial Building	
Address	1746 W Florence Ave	7219-7231 S Western Ave		5937-5957 Avalon Blvd		100-112 S Market St		4800 S Central Ave		901-983 N La Brea Ave		1828 Oak St	
City	Los Angeles	Los Angeles		Los Angeles		Inglewood		Los Angeles		Inglewood		Los Angeles	
State	CA	CA		CA		CA		CA		CA		CA	
Zip	90047	90047		90003		90301		90011		90302		90015	
County	Los Angeles	Los Angeles		Los Angeles		Los Angeles		Los Angeles		Los Angeles		Los Angeles	
Submarket	Inglewood/South LA	-		-		Inglewood/South LA		-		Inglewood		-	
LEASE INFORMATION													
Rent (\$/SF/Mo.)	\$0.00	\$2.22		\$1.90		\$2.50		\$3.10		\$2.00		\$2.00	
Tenant	0	Retail Tenant		Mixed use retail/residential		Retail Tenant		Retail Tenant		Retail Tenant		Retail Tenant	
Start Date	1/0/1900	9/1/2023	0%	9/1/2023	0%	3/12/2023	0%	1/1/2023	0%	11/12/2022	0%	6/12/2022	0%
Lease Type	Signed	New		New		New		New		New		New	
Lease Str.	Triple Net	MG	-\$0.05	MG	-\$0.10	NNN		NNN		NNN		MG	-\$0.10
Size (SF)	2,750	2,025	\$0.15	3,100	\$0.20	1,640	\$0	1,500		1,690		1,000	
Total Lease Adjustments		\$0.10	\$0	\$0.10	\$0	(\$0.20)	\$0	\$0.00	\$0	\$0.00	\$0	(\$0.10)	\$0
Adjusted Rent (\$/SF/Mo.)		\$2.32		\$2.00		\$2.30		\$3.10		\$2.00		\$1.90	
BUILDING INFORMATION													
Year Built/Ren	1956	1970		1920		1922		1963		1987		1925	
Location	Average	Average		Average		Above Average -5%		Good -10%		Average		Average	
Access	Average	Average		Average		Average		Average		Average		Average	
Exposure	Average	Average		Average		Average		Good -10%		Average		Average	
Quality	Average	Average		Average		Good -10%		Average		Average		Average	
Condition	Average	Average		Above Average -5%		Good -10%		Above Average -5%		Average		Average	
Appeal	Average	Average		Average		Average		Average		Average		Average	
Parking Ratio	6.2	2.7	5%	-	15%	0.9	10%	8.7	-4%	3.2	3%	0.8	10%
Total Building Adjustments		\$0.12	5%	\$0.20	10%	(\$0.35)	-15%	(\$0.90)	-29%	\$0.06	3%	\$0.19	10%
Adjusted Rent (\$/SF/Mo.)		\$2.44		\$2.20		\$1.96		\$2.20		\$2.06		\$2.09	
CONFIRMATION INFORMATION													
Company Name		Major Properties Daniel Moussazadeh		Commercial Brokers Joel Mendoza		illi Commercial Real Estate Greg Offsay		Nejatollah Golbari & Benaz Behnaz Manoochehri		HR Property Group Eli Mashiach		Vertigo Group Michael Cruz	
Affiliation		Listing Broker		Leasing Broker		Leasing Broker		Leasing Rep		Leasing Rep		Confidential	
Phone		(213) 747-4151		(310) 943-8532		(818) 501-2212 ext 2001		(213) 923-7272		(310) 229-9850 ext 105		Confidential	
Date		9/20/2023		9/20/2023		9/21/2023		9/20/2023		9/20/2023		Confidential	

DISCUSSION OF SINGLE-TENANT LEASE COMPARABLES

The Single-Tenant lease comparables indicate an unadjusted range from \$1.90/SF to \$3.10/SF, and an average of \$2.29/SF. Rents are analyzed on a triple net basis. After adjustments a narrower rental range is indicated for the subject from \$1.96/SF to \$2.44/SF and \$2.16/SF on average.

Lease 1 (\$2.44/SF Adjusted) – This property is a storefront retail/office (strip center) property that is 6,797 SF and is a 1 story building. The property was built in 1983 and located in the city of Los Angeles. The site size is 12,148 SF with 19 surface parking spaces available. This property leased 2,025 SF on September 2023 for \$2.22/SF on a modified gross lease for 5 years.

This comparable is on a modified gross lease and is larger average size, which warranted downward adjustments. An upward adjustment was required for inferior parking difference.

Lease 2 (\$2.20/SF Adjusted) – This property is a storefront retail/residential mixed use property that is 22,922 SF and is a 2 story building. The property was built in 1920 and located in the city of Los Angeles. The site size is 16,284 SF with 19 surface parking spaces available. The property has 22 residential units (9) 1 Bed / 1 Bath , (13) singles on site as well as on a corner lot. This property leased 3,100 SF on August 2023 for \$1.90/SF on a modified gross lease for 5 years.

This comparable is on a modified gross lease and is smaller in size, which warranted downward adjustments. The property is superior in condition but inferior in parking, which warranted adjustments for these differences.

Lease 3 (\$1.96/SF Adjusted) – This property is service commercial mixed use retail/office building property that is 23,472 SF and is a 2 story building. The property was built in 1922 and located in the city of Inglewood. The site size is 18,504 SF with 22 surface parking spaces available. This property leased 1,640 SF on March 2023 for \$2.50/SF on a triple net lease for 2 years.

This comparable is superior in location, quality, and condition, which required downward adjustments for these differences. An upward adjustment was warranted for parking difference.

Lease 4 (\$2.20/SF Adjusted) – This property is a storefront free standing retail property that is 1,500 SF and is a 1 story building. The property was built in 1963 and located in the city of Los Angeles. The site size is 5,782 SF with 16 surface parking spaces available. This property leased 1,500 SF on January 2023 for \$3.10/SF on a triple net lease for 3 years.

Downward adjustments were warranted for location, exposure, condition, and parking differences.

Lease 5 (\$2.06/SF Adjusted) – This property is a retail -mixed use storefront (strip center) property that is 50,285 SF and is a 2 story. built in 1987 and located in the city of Inglewood. The site size is 118,414 SF with 162 surface parking spaces available. This property leased 1,690 SF on November 2022 for \$2.00/SF on a triple net lease for 3 years.

An upward adjustment was warranted for parking difference.

Lease 6 (\$2.09/SF Adjusted) – This property is a mixed use retail/residential (events building) property that is 85,000 SF and is a 4 story building. The property was built in 1925 and located in the city of Los Angeles. The site size is 19,310 SF with 72 surface parking spaces available. This property leased 1,000 SF on June 2022 for \$2.00/SF on a modified gross lease for 1 year.

This comparable is on a modified gross lease, which warranted downward adjustments. An upward adjustment was required for inferior parking difference.

CONCLUSION OF MARKET RENT

Based on general bracketing, the comparable leases support an adjusted market rent range from \$1.96/SF to \$2.44/SF, with a market rent of \$2.15/SF concluded for the subject property. The following table summarizes the various indicators of market rent, provides the market rent analysis and the conclusions for the subject property.

SINGLE-TENANT MARKET RENT CONCLUSION							
	LEASE RATE	ADJUSTMENT			FINAL	NET	GROSS
		LEASE ¹	ADJUSTED	BUILDING ¹		ADJ	ADJ
1	\$2.22	5%	\$2.32	5%	\$2.44	10%	14%
2	\$1.90	5%	\$2.00	10%	\$2.20	16%	36%
3	\$2.50	(8%)	\$2.30	(15%)	\$1.96	(22%)	43%
4	\$3.10	0%	\$3.10	(29%)	\$2.20	(29%)	29%
5	\$2.00	0%	\$2.00	3%	\$2.06	3%	3%
6	\$2.00	(5%)	\$1.90	10%	\$2.09	4%	15%
HIGH	\$3.10	5%	\$3.10	10%	\$2.44	16%	43%
AVG	\$2.29	(1%)	\$2.27	(3%)	\$2.16	(3%)	23%
MED	\$2.11	0%	\$2.15	4%	\$2.15	4%	22%
LOW	\$1.90	(8%)	\$1.90	(29%)	\$1.96	(29%)	3%
		AVG CONTRACT	ASKING		CONCLUSION		
Single-Tenant		\$0.00	Triple Net		\$2.15		

¹Total Additive Adjustment

MARKET RENT VS. CONTRACT RENT

Considering the subject is receiving below market rent by two tenants and the current buyer will be occupying the property, therefore, market rent is applied in our income analysis.

TOTAL RENTAL REVENUE

The total rental revenue is based on the rent conclusions presented above and is summarized in the following table.

OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
Owner Occupied User	2,750	Single-Tenant	\$0.00	\$2.15	0%	\$25.80	\$70,950
OCCUPIED SUBTOTALS	2,750	-	\$0.00	\$2.15	0%	\$25.80	\$70,950
TOTAL	2,750	-	\$0.00	\$2.15	0%	\$25.80	\$70,950

REIMBURSEMENT REVENUE

Under the terms of the market's triple-net lease expense structure, tenants would reimburse the landlord for operating expenses including property taxes, insurance, and repair and maintenance. These reimbursements are based on the operating expenses that are concluded later in the Income Approach.

REIMBURSEMENT REVENUE CONCLUSIONS				
OTHER TENANT REVENUE	%PRR	\$/SF NRA	TOTAL	COMMENT
Reimbursements	34.8%	\$8.97	\$24,669	As indicated, the subject submarket consistent of Taxes, Insurance, Repairs & Maintenance, and Manage Fess as reimbursements on triple net lease basis.
TOTAL OTHER TENANT REVENUE	34.8%	\$8.97	\$24,669	

MISCELLANEOUS REVENUE

Based on review of the subject's submarket, there is no miscellaneous revenue generators present.

POTENTIAL GROSS REVENUE (PGR)

The potential gross revenue equals the total rental revenue plus reimbursement and miscellaneous revenue. The potential gross revenue of the subject is calculated by multiplying the sum of market rent of \$34.77 per square foot rent and reimbursements if any at \$24,669 which is \$8.97/SF by the net rentable area of 2,750 square feet, which indicates a PGR of \$95,619.

VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. Market participants typically expect a vacancy and credit loss of 4% to 6% of potential gross income for similar property types. This assignment reflects the probable vacancy during the economic life of the property and not necessarily the current or short-term vacancy. The findings of the Market Analysis section support a typical vacancy and credit loss allocation. As of the effective date, the subject is 100.0% occupied. Based on current and perceived long-term market conditions and the subject's current and anticipated tenancy over a typical holding period, a vacancy and credit loss of 5.0% is concluded.

ALL VACANCY LOSS	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Rental Revenue	5.0%	3.9%	(\$1.29)	(\$3,548)
Reimbursement Revenue	5.0%	1.4%	(\$0.45)	(\$1,233)
TOTAL VACANCY & CREDIT LOSS	5.0%	5.3%	(\$1.74)	(\$4,781)

EFFECTIVE GROSS REVENUE (EGR)

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$90,838 which is \$33.03/SF.

OPERATING HISTORY

Historical were requested for the subject, however they were not received. The following table presents the subject proforma operating data if leased at market.

OPERATING HISTORY		
YEAR	PROJECTION	
RENTAL REVENUE	TOTAL	\$/SF
Potential Base Rent	\$70,950	\$25.80
Vacant Space Market Rent	\$0	-
TOTAL RENTAL REVENUE	\$70,950	\$25.80
REIMBURSEMENT REVENUE	TOTAL	\$/SF
Reimbursements	\$24,669	\$8.97
TOTAL REIMBURSEMENT REVENUE	\$24,669	\$8.97
POTENTIAL GROSS REVENUE	\$95,619	\$34.77
ALL VACANCY LOSS	TOTAL	\$/SF
Rental Revenue	(\$3,548)	(\$1.29)
Reimbursement Revenue	(\$1,233)	(\$0.45)
Miscellaneous Revenue	\$0	-
Other	\$0	-
EFFECTIVE GROSS REVENUE	\$90,838	\$33.03
OPERATING EXPENSES	TOTAL	\$/SF
Taxes	(\$14,656)	(\$5.33)
Insurance	(\$1,788)	(\$0.65)
Repairs & Maintenance	(\$5,500)	(\$2.00)
Management Fees	(\$2,725)	(\$0.99)
TOTAL OPERATING EXPENSES	(\$24,669)	(\$8.97)
NET OPERATING INCOME	\$66,169	\$24.06

EXPENSE COMPARABLES

The following table summarizes the expense comparables deemed to be applicable to the subject property.

EXPENSE COMPARABLES													
COMPARABLE	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5		LOW	HIGH	AVG
Region	SoCal		SoCal		SoCal		SoCal		SoCal		-	-	-
Expense Year	2022		2022		2022		2022		2022		-	-	-
Actual/Budget	Actual		Actual		Actual		Actual		Actual		-	-	-
Net Rentable Area	4,773		2,185		3,600		2,687		1,861		1,861	4,773	3,021
EFFECTIVE GROSS REVENUE	\$16.32	-	\$26.11	-	\$29.16	-	\$20.75	-	\$23.50	-	\$16.32	\$29.16	\$23.17
OPERATING EXPENSES	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	LOW	HIGH	AVG
Taxes	\$1.70	10.4%	\$3.65	14.0%	\$3.86	13.2%	\$1.96	9.4%	\$3.83	16.3%	\$1.70	\$3.86	\$3.00
Insurance	\$0.63	3.9%	\$0.50	1.9%	\$0.45	1.5%	\$0.75	3.6%	\$0.50	2.1%	\$0.45	\$0.75	\$0.57
Repairs & Maintenance	\$3.88	23.8%	\$1.96	7.5%	\$2.05	7.0%	\$2.01	9.7%	\$2.65	11.3%	\$1.96	\$3.88	\$2.51
Management Fees	\$0.65	4.0%	\$0.66	2.5%	\$0.68	2.3%	\$0.96	4.6%	\$0.92	3.9%	\$0.65	\$0.96	\$0.77
TOTAL OPERATING EXPENSES	\$6.86	42.0%	\$6.77	25.9%	\$7.04	24.1%	\$5.68	27.4%	\$7.90	33.6%	\$5.68	\$7.90	\$6.85

EXPENSE CONCLUSIONS

The individual expense conclusions for the subject are summarized below. The analysis relies upon the expense comparables and general market parameters.

EXPENSE CONCLUSIONS

OPERATING EXPENSES	%EGR	\$/SF NRA	TOTAL	COMMENT
Taxes	16.1%	\$5.33	\$14,656	The concluded amount is based on California's Proposition 13, which reflects a stabilized assessed value multiplied by the current ad valorem tax rate.
Insurance	2.0%	\$0.65	\$1,788	The concluded amount is based on the expense comparable information.
Repairs & Maintenance	6.1%	\$2.00	\$5,500	The concluded amount is based on the expense comparable information.
Management Fees	3.0%	\$0.99	\$2,725	The concluded amount is based on the expense comparable information.
TOTAL OPERATING EXPENSES	27.2%	\$8.97	\$24,669	

NET OPERATING INCOME (NOI)

The net operating income equals the effective gross income less the total expenses. The total net operating income for the subject is \$66,169 which is \$24.06/SF.

CAPITALIZATION RATE

In this section, a capitalization rate for the subject is developed based upon market extraction, national survey data, market participant interviews and supplemental capitalization sales analysis.

MARKET EXTRACTION

The comparable sales analyzed in the sales comparison approach did not sell with capitalization rates. We provided supplemental sales as shown below.

SUPPLEMENTAL CAP RATES

The following table presents a summary of supplemental comparable sales used for our cap rate selection. We have included retail sales (Comparables 1 thru 10) to further support capitalization rate trends for the subject property.

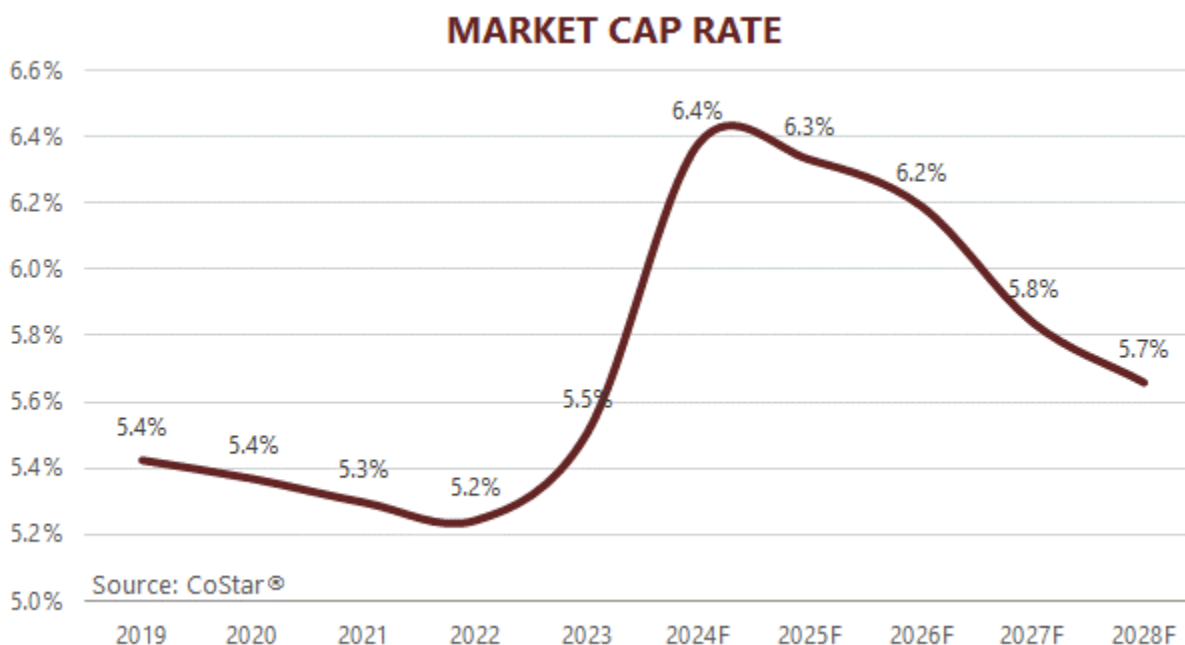
SUPPLEMENTAL CAP RATES

No.	Address	City	CA	Sale Date	Year Built	Building SF	Sales Price	S/SF	NOI/SF	Cap Rate
1	4300 Crenshaw Blvd	Los Angeles	CA	Pending	1949	6994	\$2,495,000	\$357	\$18.48	5.18%
2	1225 S Prairie Ave	Inglewood	CA	Pending	1927	3589	\$1,950,000	\$543	\$22.11	4.07%
3	10127 S San Pedro St	Los Angeles	CA	6/14/2023	1960	2884	\$550,000	\$191	\$10.16	5.33%
4	10875 Venice Blvd	Los Angeles	CA	3/16/2023	1924	6834	\$2,700,000	\$395	\$18.69	4.73%
5	10600 Culver Blvd	Culver City	CA	1/18/2023	1952	5140	\$2,850,000	\$554	\$24.45	4.41%
6	Fenwood Ave & Imperial Hwy	Lynwood	CA	12/29/2022	2022	2580	\$5,300,000	\$2,054	\$91.00	4.43%
7	8622 S Broadway	Los Angeles	CA	11/1/2022	1914	2044	\$415,000	\$203	\$7.15	3.52%
8	2101 W Century Blvd	Los Angeles	CA	6/10/2022	1991	4704	\$2,310,000	\$491	\$15.71	3.20%
9	7823 S Broadway	Los Angeles	CA	5/24/2022	1922	2970	\$825,000	\$278	\$11.67	4.20%
10	10844 Washington Blvd	Culver City	CA	5/23/2022	1960	7100	\$4,450,000	\$627	\$28.71	4.58%

The cap rates were extracted from retail use properties in the surrounding areas of the Subject Property. The above supplemental sales had unadjusted capitalization rates from 3.20% to 5.33%, and an average of 4.37%. We concluded to a cap rate in the mid to upper end of the comparables due to its upside in rents and also considered its location.

MARKET ANALYSIS MARKET CAP RATE CONCLUSION

The market analysis provided a cap range from a low of 5.20% to a high 6.40%. A cap rate near the lower end of the range is supported.



NATIONAL SURVEY

The investor pool for the subject property likely includes regional or local investors, with a national investor profile viewed as unlikely based on the relatively smaller size and mix of local and national tenant profile. However, for additional support, the following table summarizes national cap rate trends for similar properties.

NATIONAL INVESTOR SURVEY			
CAPITALIZATION RATE (OAR)	YEAR/QUARTER	RANGE	AVERAGE
National Regional Mall PwC			
Current Quarter	2023 Q2	5.00% to 12.50%	7.28%
Last Quarter	2023 Q1	5.00% to 12.50%	7.28%
Four Quarters Ago	2022 Q2	4.50% to 12.50%	7.23%

The preceding table shows that cap rates have more or less leveled off around 5.50%. However, this list of national investor responses may apply more to institutional-grade retail properties with a stronger tenant credit profile. It is noted that most of the investors surveyed believed rates would hold steady over the next 6 to 12 months. It is also noted that the overall rate over the past three years for this property segment has hovered around the 5.50% range on average. A rate well above 5.00% is supported for the subject considering its location in Southern California.

CAPITALIZATION RATE CONCLUSION

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion. Primary emphasis was placed on the Supplemental Extraction Method, with support from the balance of the data.

CAPITALIZATION RATE CONCLUSION			
COMPONENT	RANGE		AVERAGE
National PwC Investor Surveys Average	5.00%	to 12.50%	7.28%
Supplemental Capitalization Rates	3.20%	to 5.33%	4.37%
CONCLUDED CAPITALIZATION RATE			5.25%

Our overall rate conclusion gave most weight to the supplemental investor sales data and published surveys. We have also considered recent events and prevailing market conditions with respect to capitalization rates. This includes a combination of inflationary pressures and higher cost of capital (considering interest rates as well as risk spreads). While the overall long-term outlook for commercial real estate remains positive, the full effect of these factors may not yet be reflected in transactional data. Overall, we view uncertainty and the higher cost of capital to have an upward influence on capitalization rates which is considered with respect to our conclusion herein.

An OAR in the middle to upper end of the portion of the range is considered appropriate for the previous reasons at 5.25%.

DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the Direct Capitalization Method and its value conclusion.

DIRECT CAPITALIZATION							
OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
Owner Occupied User	2,750	Single-Tenant	\$0.00	\$2.15	0%	\$25.80	\$70,950
OCCUPIED SUBTOTALS	2,750	-	\$0.00	\$2.15	0%	\$25.80	\$70,950
TOTAL	2,750	-	\$0.00	\$2.15	0%	\$25.80	\$70,950
GROSS RENTAL REVENUE							
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Potential Base Rent			100%	74%	78%	\$25.80	\$70,950
TOTAL RENTAL REVENUE						\$25.80	\$70,950
OTHER TENANT REVENUE (REIMBURSEMENT/RECOVERIES)							
Reimbursements			35%	26%	27%	\$8.97	\$24,669
TOTAL OTHER TENANT REVENUE (REIMBURSEMENT/RECOVERIES)			35%	26%	27%	\$8.97	\$24,669
POTENTIAL GROSS REVENUE						\$34.77	\$95,619
ALL VACANCY LOSS							
			%PGR	%EGR		\$/SF (YR.)	\$/YEAR
Rental Revenue			5.0%	3.9%		(\$1.29)	(\$3,548)
Reimbursement Revenue			5.0%	1.4%		(\$0.45)	(\$1,233)
TOTAL VACANCY & CREDIT LOSS			5.0%	5.3%		(\$1.74)	(\$4,781)
EFFECTIVE GROSS REVENUE						\$33.03	\$90,838
OPERATING EXPENSES							
	Reimbursed As		%PGR	%EGR		\$/SF (YR.)	\$/YEAR
Taxes	Reimbursements 100%		15.3%	16.1%		(\$5.33)	(\$14,656)
Insurance	Reimbursements 100%		1.9%	2.0%		(\$0.65)	(\$1,788)
Repairs & Maintenance	Reimbursements 100%		5.8%	6.1%		(\$2.00)	(\$5,500)
Management Fees	Reimbursements 100%		2.9%	3.0%		(\$0.99)	(\$2,725)
TOTAL OPERATING EXPENSES			25.8%	27.2%		(\$8.97)	(\$24,669)
NET OPERATING INCOME						\$24.06	\$66,169
Capitalization Rate							5.25%
Capitalized Value							\$1,260,363
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$458	\$1,260,000
Lease Up Cost						(\$25.51)	(\$70,142)
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$433	\$1,190,000

LEASE UP COSTS

The As-Is Market Value is estimated by deducting the remaining costs to lease-up the vacant space until the property is stabilized at 95.0% occupancy. The As-Is value incorporates further discounts for the costs to lease the property as of the date of inspection. Also included are Tenant Improvements allowances (TI's) required to complete the tenant buildouts prior to the issuance of certificates of occupancy. Finally, profit incentive is calculated and deducted.

An adjustment was considered to lease the subject property if acquired by an investor. To achieve stabilized occupancy, it would require a one-time adjustment for loss of rent (\$22,631 – 3 months), 3 months of free rent \$22,631, commission (\$9,900 – 5 years at 6.0%), and a 15.0% entrepreneurial profit, which alludes to \$11,032, which alludes to a total of \$66,194. This will only apply to this approach to value as this reflects the mind-set of an investor.

RECONCILIATION OF VALUE CONCLUSIONS

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Fee Simple Interest).

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

The price per square foot method has been presented in the **Sales Comparison Approach**. There have been several recent sales of properties similar to the subject in the market area in the current market conditions, which increases the validity of this approach. The most likely buyer for the subject would most likely be an owner-user and consequently, this approach is given primary weight.

The **Income Approach** to value is generally considered to be the best and most accurate measure of the value of income-producing properties. The value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision-making processes regarding this type of property. Sufficient market data was available to reliably estimate gross income, vacancy, expenses and capitalization rates for the subject property. The property is being purchased by an owner-user and consequently, this approach is given little emphasis.

After considering all factors relevant to the valuation of the subject property, equal emphasis is placed on the Sales Comparison and Income Approaches in the following As-Is market value.

RECONCILIATION OF VALUES

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple Interest
Date	September 22, 2023
SALES COMPARISON APPROACH	
SALES COMPARISON APPROACH	
Indicated Value	\$1,200,000
\$/SF NRA	\$436
INCOME CAPITALIZATION APPROACH	
DIRECT CAPITALIZATION	
Indicated Value	\$1,190,000
\$/SF NRA	\$433
INCOME CAPITALIZATION CONCLUSION	\$1,190,000
\$/SF NRA	\$433
ADDITIONAL CONCLUSIONS	
Insurable Replacement Cost Estimate	\$300,000
\$/SF NRA	\$109
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	\$1,200,000
\$/SF NRA	\$436

CERTIFICATION

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

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Marcus Espinoza, MAI, SRA, CCIM, ASA has performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The 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.
- ▶ The reported analysis, 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, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Marcus Espinoza, MAI, SRA, CCIM, ASA inspected the property that is the subject of this report.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▶ As of the date of this report, Marcus Espinoza, MAI, SRA, CCIM, ASA has completed the continuing education program for Designated Members of the Appraisal Institute.



Marcus Espinoza, MAI, SRA, CCIM, ASA
Certified General Real Estate Appraiser
California License No. AG 033988
Expiration Date 5/11/2024

ASSUMPTIONS & LIMITING CONDITIONS

- ▶ Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- ▶ This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- ▶ This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- ▶ The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- ▶ The statements of value and all conclusions shall apply as of the dates shown herein.
- ▶ There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- ▶ Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- ▶ This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- ▶ We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- ▶ The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- ▶ The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- ▶ The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- ▶ The liability of Accurate Appraisers, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- ▶ The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Accurate Appraisers and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- ▶ The appraiser assumes no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Accurate Appraisers, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.
- ▶ This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- ▶ Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

INSURABLE REPLACEMENT COST

At the client’s request, an estimate of the insurable replacement cost of the subject improvements is developed. This estimate represents the replacement cost new of the improvements, exclusive of land value and profit, and the costs associated with excavation, site work, and architects’ fees. Demolition, hauling and disposal of the destroyed improvements has been included as deductions. Insurance coverage is usually specific to a given project. The specific policy requirements were not provided, which limits the reliability of the conclusion presented.

Insurable replacement cost is a matter of underwriting as opposed to valuation. **Users of this report should not construe the conclusion of insurable value to be an indication of market value.** The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject’s insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required. The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST		
BUILDING	1	TOTAL
Description	Retail Building	
MVS Building Type	Retail	
MVS Section/Page	13/26	
Building Class	D	
MVS Publication Date	8/1/2023	
Quality Rating	Low Cost	
BASE COST / SQUARE FOOT		
Component GBA SF	2,750	2,750
MVS Base Cost \$/SF	\$76.00	
SQUARE FOOT REFINEMENTS		
Sprinklers	\$5.05	
Subtotal \$/SF	\$81.05	
HEIGHT & SIZE REFINEMENTS		
Number of Stories Multiplier	1.000	
Height Per Story Multiplier	1.000	
Floor Area Multiplier	1.000	
Subtotal \$/SF	\$81.05	
COST MULTIPLIERS		
Current Cost Multiplier	1.10	
Local Area Multiplier	1.18	
Prospective Multiplier	1.00	
Subtotal \$/SF	\$105.20	
DIRECT BUILDING COSTS MARSHALL VALUATION SERVICES		
Direct Building Cost Total	\$289,308	\$289,308
Indirect Costs (% of Direct)	0%	\$0
FINAL REPLACEMENT COST NEW		\$289,308
Demolition	5%	\$14,465
Replacement Cost Exclusion	0%	\$0
Insurable Replacement Cost Total		\$303,773
INSURABLE REPLACEMENT COST (ROUNDED TO NEAREST \$10,000)		\$300,000

MARCUS F. ESPINOZA, MAI, SRA, CCIM, ASA

PRESENT POSITION	Marcus Espinoza is a Certified Real Estate Appraiser with Accurate Appraisers. With over 20 years of commercial real estate appraisal and consulting experience, I have a broad depth of knowledge and expertise across all sectors of real estate. I provide appraisals and consultations for financial institutions, developers, individual and corporate property owners, and attorneys, among others.
EMPLOYMENT	Currently associated with other firms that include Strategic Property Analytics for 3 years and Klaris, Thomson & Schroeder, Inc., for 10 years. Previously associated with Robertson & Associates (RA), under the supervision of David C. Robertson, MAI (retired) for 4 years, valuing complex properties in multiple states and valuing holding companies. Associated with Accrued Financial Services Inc. specializing in adaptive re-use real estate investing, brokerage services - closed over 13 million dollars in sales for 2002, evaluated potential investment opportunities for clients, asset management - oversaw over 30 million dollars in assets, property management - leasing agent and developer, construction management and appraising commercial and residential for lending and estate planning/tax purposes under the supervision of Mark S. Malan, MAI, SRA, CCIM for 4 years.
TESTIMONY/DEPOSITION	Los Angeles, Orange Riverside, and San Diego Counties in California and Teller County in Colorado.
FRACTIONAL INTEREST	Over 10 years of experience in the valuation of fractional ownership interests including interests in limited liability companies (LLCs), limited partnerships (LPs or FLPs), Sub-Chapter - S Corporations, and tenant-in-common (TICs) interests. The scope and depth of the fractional ownership interests provides strong support in valuation negotiations with the Internal Revenue Service (IRS) in audited estate and gift tax returns.
REAL ESTATE	Active in the real estate appraisal profession since 1999, prepared appraisals of residential and commercial real estate for financing, bankruptcy proceedings, estate tax, litigation support, estate planning, insurance, sale/purchase, allocation of purchase price, and fairness opinions. Appraised property and in various states such as, California, Iowa, Nebraska, Kansas, Colorado, Texas, Illinois, Virginia, Washington D.C., Maryland, Florida, Nevada, Missouri, New Mexico, and International valuation. Scope of work included real estate properties from small condos to large estates (i.e. 43,000 square foot single family dwelling valued over \$110,000,000) in the residential market. In the commercial market appraised high rise apartments, high rise office buildings, regional

MARCUS F. ESPINOZA, MAI, SRA, CCIM, ASA

Page 2

retail centers, movie theaters, car dealerships, eminent domain/condemnation, Right away in the Orange, Riverside, and Los Angeles counties, churches, cold storage industrial, subdivisions, R&D buildings, athletic clubs, land lock land, utility property, mass appraisals, contaminated, movie production studios, billboards, marinas, ground leases, going concern, ranging from \$500,000 to \$100,000,000.

EDUCATION

California State University at Long Beach and holds a bachelor of science in Business Finance, Real Estate Law with a minor in Communications (2002) and holds a bachelor of science in Business Management Information Systems (2002). Attended numerous appraisal and commercial brokerage courses conducted by Real Estate Trainers, Allied Real Estate School, the Appraisal Institute, CCIM Institute and others. Such classes include Real Estate Appraisal Principals, Basic Valuation Procedures, Capitalization A & B, Case Studies, Report Writing, Standards of Professional Practice & USPAP, Real Estate Practice, Real Estate Appraisal (Residential), Real Estate Finance, Real Estate Valuation, Marshall & Swift - Cost Estimating, Litigation Seminar, Appraisal Regulations of Federal Banking, Comprehensive Exam Seminar, Subdivision Seminar, OREA and Evaluations Workshop, Survey Seminar, Relocation Appraising, Market Analysis, Understanding Limited Appraisals, International Valuation & Investing, Hotel and Motel Appraisal, CCIM: Financial Analysis for Commercial Investment Real Estate (CI 101), Market Analysis for Commercial Investment Real Estate (CI 102), User Decision Analysis (CI103), Investment Analysis (CI 104), Advanced Case Studies in Partial Acquisition Appraisal, Mixed Use Commercial (AI 620). Advanced Sale Comparison and Cost Approaches, Advanced Income Capitalization, Report Writing and Valuation Analysis, Revised General Markets Analysis and Highest and Best Use, Advanced Applications, Demonstration Appraisal Report Writing, and many more with the Appraisal and CCIM Institutes.

Attended numerous appraisal seminars and annual appraisal conventions.

PROFESSIONAL AFFILIATIONS Member with the American Society of Appraisers, Appraisal and Certified Commercial Investment Member Institutes and holds MAI, SRA, CCIM, and ASA designations. Member of the California Association of Realtors and Realty Investment Association. Holds a general real estate appraiser license in California (AG033988), and a California Real Estate Broker's license (01367749).



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

Marcus F. Espinoza

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 033988**

Effective Date: May 12, 2022
Date Expires: May 11, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

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