

NARRATIVE APPRAISAL REPORT

OF A

**±2.81 ACRE LARGER PARCEL IN 13 PARCELS (SP1),
ONE OF THESE PARCELS ±0.19 ACRES OF LAND (SP2) AND
THE REMAINING 12 PARCELS (SP3)**

LOCATED ON

**7TH Street, Sheridan Street and Belle Avenue
Corona, CA 92882**

DATE OF VALUATION

July 13, 2017

DATE OF THE REPORT

August 1, 2017

APPRAISED FOR

**Mr. Brandon Sudweeks CCIM
c/o The Sudweeks I/Boureston Companies
650 Town Center, Suite 890
Costa Mesa, CA 92626**

PREPARED BY

**DOVERSPIKE & ASSOCIATES INC.
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Temecula, CA 92590**

FILE NO: 17-016

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August 1, 2017

Mr. Brandon Sudweeks CCIM
c/o The Sudweeks I/Boureston Companies
650 Town Center, Suite 890
Costa Mesa, CA 92626

Re: *A ±2.81-acre larger parcel in 13 parcels (SP1), one of these parcels, ±0.19-acres of land (SP2) and the remaining 12 parcels (SP3) located on 7th Street, Sheridan Street and Belle Avenue, in the city of Corona, Riverside County, CA 92882. Assessor's Parcel Numbers (APN's) SP1: 117-181-002, 003, 011, 012, 015, 016; 186-002 through 004 inclusive, 010 through 012 inclusive and 015. SP2: 117-181-011.*

Dear Mr. Sudweeks:

As requested, I have performed an appraisal to opine the Market Value of the fee simple estate interest in the larger parcel (SP1), the individual parcel (SP2) and the remaining 12 parcels (SP3), hereafter referred to as the subject properties, as of the date of my inspection, July 13, 2017. The method of transmitting my opinions is through this narrative appraisal report.

The appraisal has been completed in accordance with the provisions of Standard 1 of the Uniform Standards of Appraisal Practice (USPAP). The assumptions, limiting conditions, and certification to which this report is subject are attached.

The provisions within Standard 1 regarding the Scope of Work are as follows:

- The client is the addressee and the company.
- The intended users are the client, the property owners of the larger parcel, the city council as well as their agents or assigns. There are no other intended users.
- The intended use is to assist the client in asset evaluation to aid the client in potential negotiations to purchase the subject properties (larger parcel) from the existing owners. It is not to be used for any other purpose.

- The subject properties are summarized in the table below. Item 3 is SP2. The remaining parcels excluding SP2 are SP3.

	APN	Address	Owner	Lot Size	Sq. Ft.
1	117-181-002	323 W. 7th St., Corona	Corona Housing Authority	0.17	7,405
2	117-181-003	319 W. 7th St., Corona	Corona Housing Authority	0.17	7,405
3	117-181-011	315 W. 7th S., Corona	Corona South Main Dev.	0.19	8,276
4	117-181-012	No address	City of Corona	0.51	22,216
5	117-181-015	No address	Corona Housing Authority	0.20	8,712
6	117-181-016	No address	Corona Housing Authority	0.53	23,087
7	117-186-002	316 W. 7th S., Corona	Corona Housing Authority	0.05	2,178
8	117-186-003	705 S. Sheridan St., Corona	Corona Housing Authority	0.17	7,405
9	117-186-004	711 S. Sheridan St., Corona	Corona Housing Authority	0.18	7,841
10	117-186-010	706 S. Belle Ave., Corona	Corona Housing Authority	0.17	7,405
11	117-186-011	702 S. Belle Ave., Corona	Corona Housing Authority	0.17	7,841
12	117-186-012	708 S. Belle Ave., Corona	Corona Housing Authority	0.19	8,276
13	117-186-015	322 W. 7th St., Corona	Corona Housing Authority	0.11	4,356
Totals				2.81	122,403

- The ownership interest being appraised is the fee simple estate.
- There is an extraordinary assumption invoked that the Corona Housing Authority and City of Corona are the same ownership entity for this appraisal. Other conditions or assumptions associated with my value opinions are in the Assumptions and Limiting Conditions, Definitions and Site section stated herein.

Based on the discussions and analyses throughout this report, the following table concludes my value opinions of the market value of the fee simple estate interest in the subject properties as of the date of value, **July 13, 2017**:

Valuation Scenario	Indicated Value
SP1 Larger Parcel	\$1,138,000
SP2	\$77,000
SP3	\$1,061,000

It is my opinion that the exposure and marketing times for the larger parcel would be 365 days or less.

This letter with an original signature must be attached to this report of 50 pages plus the addenda for the value opinion set forth to be considered valid.

Thank you for the opportunity to serve your real estate appraisal needs. Should you have any questions regarding any part of this appraisal report, please call me at your convenience.

Respectfully submitted,

A handwritten signature in blue ink that reads "Roger Doverspike". The signature is written in a cursive style with a large initial "R".

Roger Doverspike, MAI
State Certified General Appraiser
Lic. #AG004194

TABLE OF CONTENTS

SECTION I - INTRODUCTION.....	1
1.1 CERTIFICATION.....	1
1.2 SUMMARY OF IMPORTANT CONCLUSIONS	3
SECTION II - PREMISES OF THE APPRAISAL	6
2.1 APPRAISAL TYPE	6
2.2 APPRAISAL PROBLEM AND DATE OF VALUE	6
2.3 IDENTIFICATION OF THE SUBJECT PROPERTIES	6
2.4 IDENTIFICATION OF PROPERTY RIGHTS BEING APPRAISED	7
2.5 CLIENT	7
2.6 INTENDED USERS.....	7
2.7 INTENDED USE.....	7
2.8 DEFINITIONS	7
2.9 ASSUMPTIONS AND LIMITING CONDITIONS	9
2.10 DUE DILIGENCE.....	13
SECTION III –PRESENTATION OF DATA.....	15
3.1 CITY OVERVIEW-CORONA	15
3.2 NEIGHBORHOOD OVERVIEW	19
3.3 SITE OVERVIEW	25
3.4 TAXES AND ASSESSMENTS	29
3.5 OWNERSHIP AND USE HISTORY.....	29
3.6 MARKET OVERVIEW	31
SECTION IV - ANALYSIS OF DATA AND CONCLUSIONS.....	33
4.1 VALUATION PROCESS	33
4.2 HIGHEST AND BEST USE OVERVIEW AND CONCLUSIONS	36
4.3 LARGER PARCEL VALUATION	38
4.4 EXPOSURE TIME	48
4.5 SP2 VALUATION.....	49
4.6 SP3 VALUATION.....	49
4.7 SUMMARY OF VALUE OPINIONS ROUNDED	50
SECTION V - ADDENDA.....	51

SECTION I - INTRODUCTION

1.1 CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I personally inspected the subject property and reviewed the proposed building plans.

10. No one provided significant real estate appraisal assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Roger Doverspike, MAI,

1.2 SUMMARY OF IMPORTANT CONCLUSIONS

Property Type: Land, parking lot and ancillary improvements

Property Address: 7th Street, S. Sheridan Street and S. Belle Avenue, in the city of Corona, CA 92882

Legal Description: Please see public records in the Subject Property section of the addenda.

APN's/Sizes: Please see the table below.

	APN	Address	Owner	Lot Size	Sq. Ft.
1	117-181-002	323 W. 7th St., Corona	Corona Housing Authority	0.17	7,405
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Totals				2.81	122,403

Map Reference: Riverside County 743-C5 & D5

Owner of Record: See table above.

Client: Mr. Brandon Sudweeks CCIM
c/o The Sudweeks I/Boureston Companies

Address: 650 Town Center, Suite 890
Costa Mesa, CA 92626

Report Format: Narrative

Intended Users: The intended users are the client, the property owners of the subject properties as well as their agents or assigns. There are no other intended users.

Intended Use: The intended use is to assist the client in asset evaluation to aid the client in potential negotiations to purchase the subject properties from the existing owners. It is not to be used for any other purpose.

Date of Inspection: July 13, 2017

Date of Value: July 13, 2017

Site Data

Site Size: Larger Parcel (SP1): 2.81 acres/122,403 square feet
SP2: 0.19 acres/8,276 square feet
SP3: 2.62 acres/114,127 square feet

Excess/Surplus Land: None

**Zoning/
Land Use Designation:** The subject property is part of the Downtown Specific Plan. Per a city planning technician, the present land uses are Downtown District, Community Services District, and Single-family residential district. The proposed Medical Office Building, which is already being advertised, will require a General Plan Amendment and Specific Plan Amendment.

The process is to first go through Development Plan Review, which requires plans etc. Per Ms. Garcia, the planning technician this should take 8 weeks from the submission of the necessary documentation. Thereafter, to go through the general plan and specific plan amendments will take approximately 6 months from the submission of all the plans necessary to get approval. Both the Planning Commission and City

Council must approve the plans. Reportedly, nothing has been submitted. It is likely that given that most the subject property is presently owned by a city entity, that the approvals may be fast tracked through the system.

Highest and Best Use

As Vacant:

Hold for the development of medical office facilities as demand and financial feasibility dictates.

VALUE CONCLUSIONS

Market Value SP1:	\$2,570,000
Market Value SP2:	\$174,000
Market Value SP3:	\$2,397,000
Exposure Time:	365 days or less

Hypothetical/

Extraordinary Conditions:

Please see the Assumptions and Limiting Conditions, Definitions, Site Overview section and Definitions stated herein.

SECTION II - PREMISES OF THE APPRAISAL

2.1 APPRAISAL TYPE

This document is classified as a Narrative appraisal report specific to the needs of the client. It is intended to meet the standards of the Uniform Standards of Professional Appraisal Practice.

2.2 APPRAISAL PROBLEM AND DATE OF VALUE

The appraisal problem is to first opine the Market Value of the subject larger parcel and then allocate land values for SP2 and SP3 as of the date of my inspection, July 13, 2017, because the larger parcel is intended to be used for a medical campus.

2.3 IDENTIFICATION OF THE SUBJECT PROPERTIES

The following table summarizes the individual parcels that make up the larger parcel (SP1). Parcel 3 is SP2, with the remaining 12 parcels being SP3. SP2 and SP3 are valued using the allocation method because it is projected that all the parcels will be part of a future medical campus.

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Totals				2.81	122,403

2.4 IDENTIFICATION OF PROPERTY RIGHTS BEING APPRAISED

The property rights being appraised are the fee simple estate.

2.5 CLIENT

The addressee and the company are the clients of this appraisal.

2.6 INTENDED USERS

The intended users are the client, the property owners of the larger parcel, the city council as well as their agents or assigns. There are no other intended users.

2.7 INTENDED USE

The intended use is to assist the client in asset evaluation, to aid the client in potential negotiations to purchase the subject properties (larger parcel) from the existing owners. It is not to be used for any other purpose.

2.8 DEFINITIONS

Market Value

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

- a. Buyer and seller are typically motivated;*
- b. Both parties are well informed or well advised, and each acting in what he considers his own best interest;*
- c. A reasonable time is allowed for exposure in the open market;*

- d. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- e. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*¹

Market Value As-Is

This term is defined as an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection. Market Value and Market Value As-Is are synonymous in this appraisal.

Fee Simple Estate

*A fee simple estate interest is defined as: "Absolute ownership unencumbered by any other interest or estate; subject only to limitations of eminent domain, escheat, police power and taxation".*²

Hypothetical Condition

*A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property*³

Extraordinary Assumption

*An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.*⁴

Highest and Best Use

The Highest and Best Use is defined as *"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*⁵

Exposure Time

This term is defined, as *"the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal"*.⁶

Marketing Time

This term is defined as *the estimated time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal.*⁷

2.9 ASSUMPTIONS AND LIMITING CONDITIONS

Standard 2 of the Uniform Standards of Professional Appraisal Practice requires the appraiser to *"group and unequivocally set forth all assumptions and conditions qualifying the appraisal analysis or conclusion."* In compliance, therewith, and to assist the reader in interpreting this report, such Limiting Conditions are set forth as follows:

This appraisal is subject to the following special assumption and limiting condition:

1. Per agreement with the client, this is a Narrative Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The information contained within this report is specific to the needs of the client and for the intended use stated herein. I am not responsible for unauthorized use of this report.

2. My value opinions are based on the Assumptions and Limiting Conditions below, the Site Overview section and the Definitions stated herein.
3. It is assumed that the collective lots can legally be used collectively as part of a future medical campus, rather than the existing zoning and land use designations of the individual lots.

This appraisal is subject to the following general assumptions and limiting conditions:

1. The date of value to which the conclusions and opinions expressed in this report are set forth in the letter of transmittal. Further, the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American dollar on that date.
2. I assume no responsibility for economic or physical factors that may affect the opinions herein stated occurring at some date after the date of value.
3. It is assumed that the information furnished to me is substantially correct. Further, information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. As such, I reserve the right to make such adjustments to the valuation herein reported as may be required by consideration of additional data or more reliable data that may become available.
4. No opinion as to title is rendered. Data related to ownership and legal description was obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances except as discussed in the report. The properties are appraised assuming it is under responsible ownership and competent management, and available for its highest and best use.
5. I have not reviewed an engineering survey. Except as specifically stated, data relative to size and area was taken from sources considered reliable and no

encroachments of the real property improvements are considered to exist. I have not reviewed a termite inspection or a building inspection report.

6. Maps, plats, photographs and exhibits included herein are for illustration only and to aid the reader in visualizing the subject properties. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.
7. Unless otherwise stated, it is assumed that there is full compliance with all federal, state, and local environmental regulations.
8. It is assumed that all applicable zoning and land use regulations, and restrictions have been complied with unless nonconformity has been stated, defined, and considered in this appraisal report.
9. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, or whether the properties are subject to surface entry for the exploration or removal of such materials except as is expressly stated.
10. No opinion expressed is intended for matters that require legal expertise, specialized investigation, or knowledge beyond that customarily employed by real estate appraisers.
11. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client without my previous written consent or the clients, and then only with the proper qualification.
12. The by-laws and regulations of the Appraisal Institute govern disclosure of the contents of this appraisal report. Neither all nor any part of the contents of this

report, particularly as to valuation conclusion, shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, and the identity of the appraisal firm with which the author is connected. Further, there shall be no reference to the Appraisal Institute without prior written consent and approval.

13. The subject properties are not located in a special earthquake studies zone. They are also not located in a flood zone.
14. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide me customary compensation relating to any subsequent required depositions, conferences, additional preparation, or testimony.
15. I inspected the subject properties on July 13, 2017. My value opinions are predicated on the assumption that there is no material on or in the properties that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.
16. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national government has been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
17. My visual inspection of the larger parcel was done in accordance with appraisal guidelines. Any findings noted within this report are based on observable conditions at the time of my inspection.
18. I have not revealed the findings and results of the appraisal to anyone other than the client, and will not do so until authorized, required to do so by due process of

the law, or until released from this obligation by having to publicly testify as to my findings.

19. Jordan Doverspike assisted with the compilation of this report.

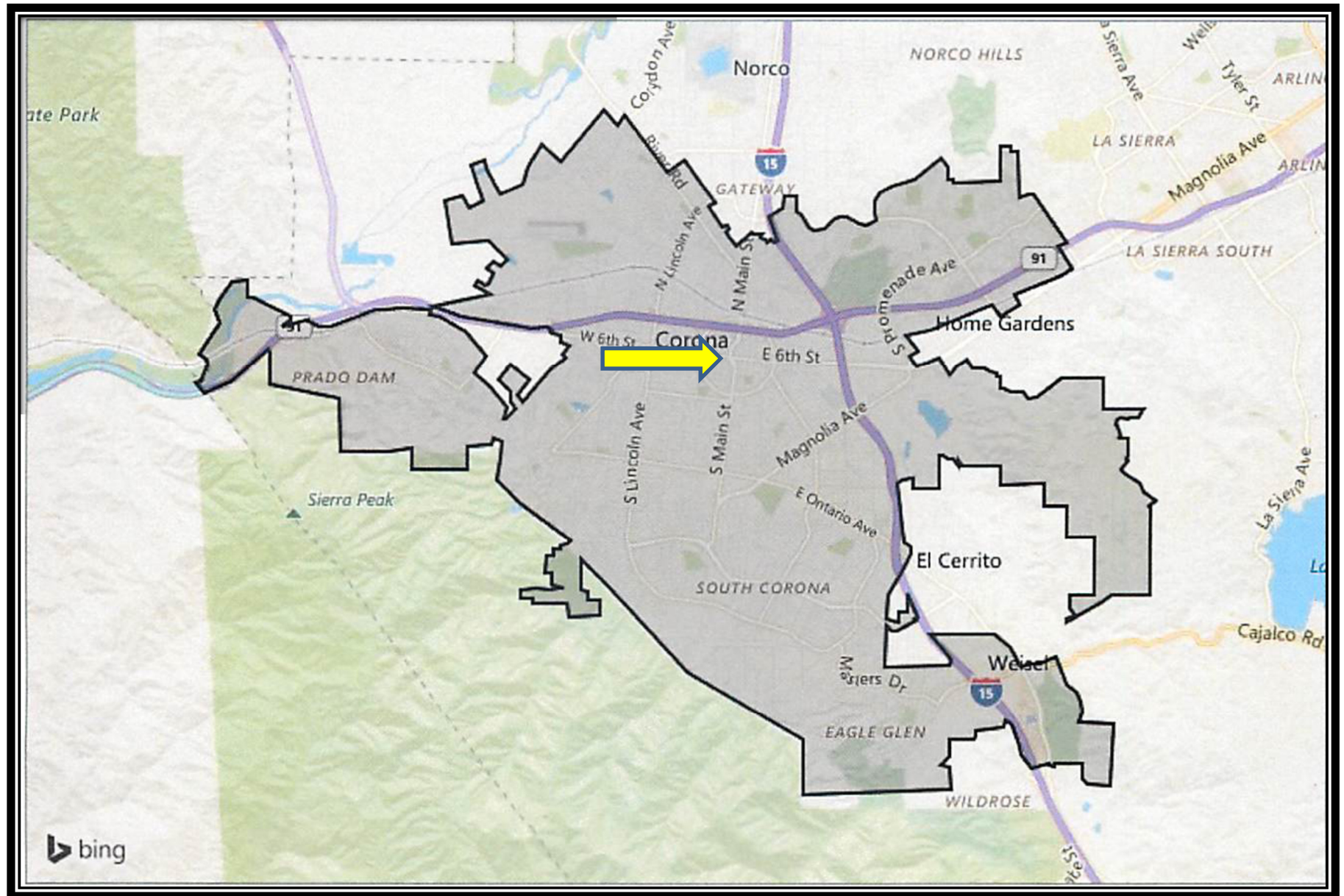
2.10 DUE DILIGENCE

The following due diligence was completed during this appraisal assignment.

- The larger parcel was inspected on July 13, 2017. During my inspection pictures representative of the properties were taken.
- Public records were consulted along with an assessor's parcel map, a Riverside County GIS Report and property tax information.
- Information provided by the client was reviewed.
- City of Corona representatives were interviewed.
- Pertinent market data was gathered and verified. Data sources I used included the local multiple listing service (MLS), contract data sources (CDS), public records and real estate brokers familiar with the area. Unless otherwise noted, each of the comparables was confirmed with at least two data sources.
- Based on the characteristics of the larger parcel, the classic Sales Comparison Approach is used to value SP1. The values are then allocated accordingly for SP2 and SP3.
- This report was then written.
- The following data was not made available for my review.
 - Preliminary title reports
 - Soil's reports
 - CC&R's
 - Environmental studies
 - Engineering studies

Should any of this documentation become available, I reserve the right to reevaluate my value opinion.

AREA MAP



SECTION III –PRESENTATION OF DATA

3.1 CITY OVERVIEW-CORONA

County: Riverside

City: The subject property is located within the City of Corona.

Physical Description: Corona is located approximately 47 miles southeast of downtown Los Angeles and 96 miles northwest of San Diego. Adjacent cities and communities include Riverside, Norco, Chino, Eastvale, Woodcrest and El Cerrito. The city is also bordered on the south by the Cleveland National Forest. Corona was incorporated into a city on July 13, 1896. It has an elevation at city hall of 679 feet above sea level.

Municipal Services: The city provides its own police force and fire department.

The city as well as the area provides all the services typically found within a municipality including healthcare, shopping and a public library. It also provides municipal water, sewer and electricity to its residents through the city of Corona Department of Water and Power.

Population/Age: Per California Censstats, the city's population as of January 1, 2017 was approximately 168,000. The city has seen a population change of 2.3% since 2016. The median age of the community is 33, one year lower than that of Riverside County.

Education: Corona school aged children attend schools in the Corona-Norco Unified School District. There is an enrollment of

approximately 33,000 students who attend one of 50 schools. There are also private schools in the region that service this community. In addition, there are two and four-year colleges and universities within a convenient drive of the city.

Approximately 85% of the population has a high school diploma. Within this percentage, 34% have 2-year degrees, 18% have undergraduate degrees and 9% of the population that have post graduate degrees.

Employment:

The primary occupational categories for the working residents within the city are manufacturing, retail trade, health care and social assistance, construction education and accommodation and food.

Per the California Employment Development Department, the preliminary employment numbers for June, 2017, show that Corona has a labor force of 80,300 residents with a 5.2% unemployment rate. This compares with a Riverside County unemployment rate of 6.7% in the same month.

Median Income:

Per information provided by CRMLS and Real Property Report (RPR) the city's median household income is \$77,021. That compares with Riverside County's median household income of \$56,592.

The household median income brackets show that a substantial percentage of the residents earn between \$50,000 and \$100,000 annually with the third largest bracket making over \$150,000 annually.

Transportation:

The community's primary mode of transportation is the automobile. The I-15 Freeway bisects the city in a north to south direction while the SH-91 Freeway (SH-91) bisects the city in an east west direction. The SH-71 Freeway (SH-71) is located at the western border of the city. These freeways provide access to all the major metropolitan basins in Southern California.

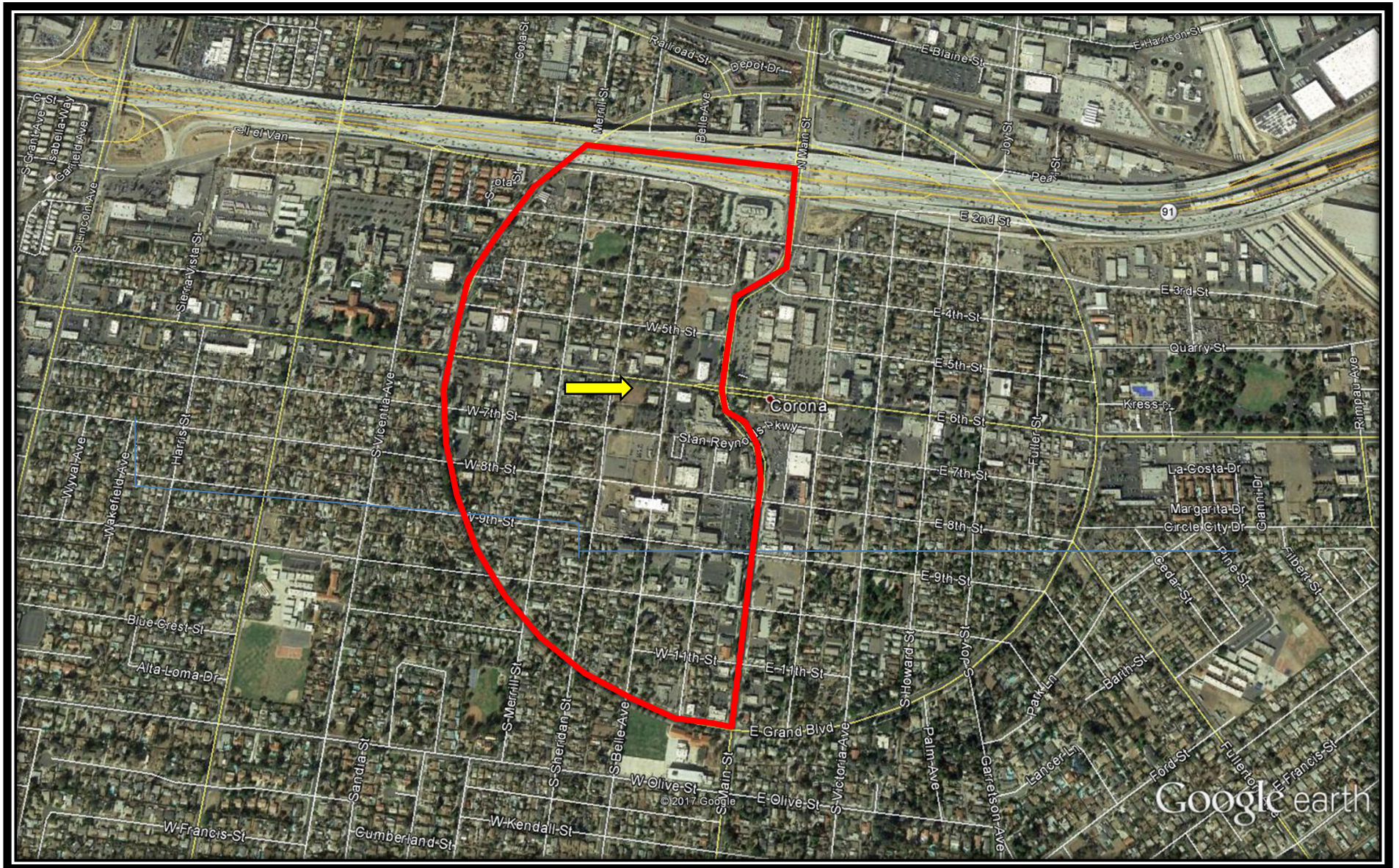
Airports are located within the city and in Ontario to the north. They provide international (Ontario) and national flights. The airport located within the city caters to private aircraft. The Riverside County Transit System provide local bus transportation.

Housing:

Per the multiple listing service, the residential real estate market has been very active since July 13, 2016 in Corona. There have been 2,605 closed sales of all types of residential housing ranging in sale price between \$85,000 and \$2,000,000. The average selling price was just over \$455,956 for a 4 bedroom 3 bath single-family dwelling of 2,120 ft.² constructed in 1990, on an average sized lot of almost 16,200ft.². The average exposure time was 47 days.

As of the date of this appraisal, there were 386 active listings and 216 pending sales ranging in offering prices between \$175,000 and almost \$4,900,000. The exposure times were 60 and 35 days for the listings and pending sales, respectively.

NEIGHBORHOOD MAP



3.2 NEIGHBORHOOD OVERVIEW

Boundaries: The subject's neighborhood is bordered on the north by the SH-91; on the south and west by W Grand Boulevard and on the east by S Main Street.

Surrounding North: Beyond SH-91 is commercial and residential uses.

Neighborhood Uses: South: Mostly residential uses and a school.

East: Mostly commercial and residential uses

West: Single-family and multi-family residential uses as well as commercial uses.

Neighborhood Breakdown: The table to the right summarizes the neighborhood breakdown from my driving the area and viewing an aerial photograph.

Neighborhood Breakdown	
Single Family:	70%
Multi Family:	10%
Commercial/Municipal:	15%
Vacant:	5%
Total	100%

Compatibility: Average

Stage of Life: Stability

Improvement Quality: Average to good

Maintenance Level: Average to good

Age Range: Varying ages up to over 50 years

Appeal: Average to good

Adverse Influences: None noted

Development Potential: Average, as demand dictates.

Rental Demand: Stable

Access: Average

Neighborhood Streets: Major streets within the neighborhood are improved with 4 lanes with a median in select areas and/or turn lanes. There are also concrete islands in select areas. The streets are improved with asphalt pavement, with concrete curbs and gutters and sidewalks. Municipal street lighting is also found in select areas. Right-of-ways vary between 60-feet and 100-feet within the neighborhood. Collector and feeder streets typically also have 60-foot rights-of-way with similar improvements.

Storm Drains: Water appears to drain into concrete curbs and gutters and then flows into developed storm drains.

Public Transportation: Public transportation is provided along major streets within the neighborhood.

Police Protection: Good; the nearest station is located approximately 0.8 miles northwest of the neighborhood.

Fire Protection: Good; the nearest station is located approximately 0.7 miles northeast of the neighborhood.

Utility Providers:

The table to the right shows the utility providers that service the city's residents.

CDWP is the acronym of

Corona Water and Power; WMWD is the acronym of the Western Municipal Water District

Utility Providers	
Water	CDWP/WMWD
Sewer	CDWP
Electric	CDWP
Gas	Southern California Gas

Trends:

The following trends are concluded based on various market data sources and my viewing of the subject neighborhood.

Value Trend:

Stable

Vacancy Trend:

Stable

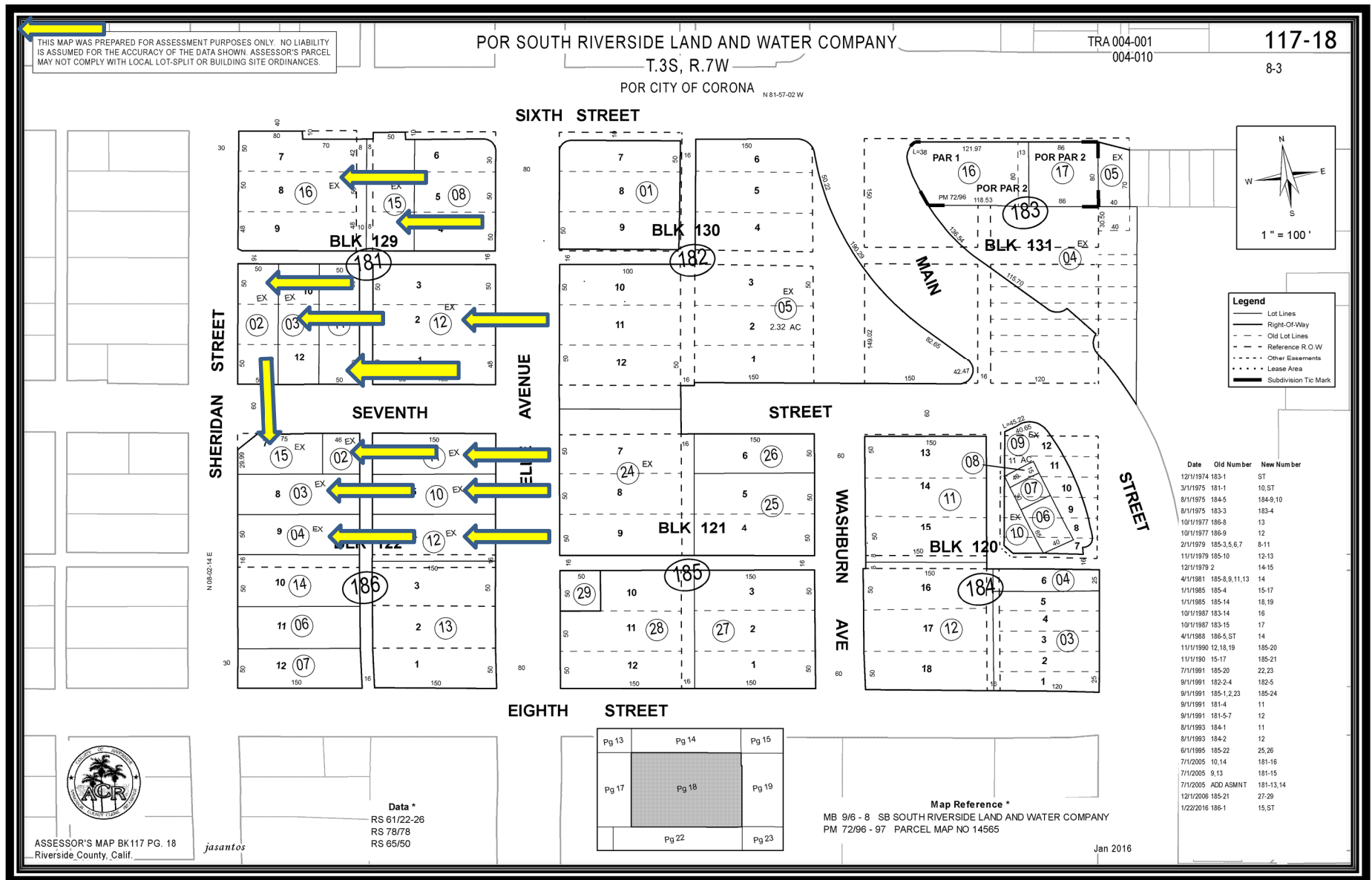
Change in Land Use:

Not likely until there is more demand; any legal non-conforming uses will continue to be interim uses until more financially feasible uses can be developed.

District:

The district and the neighborhood are the same.

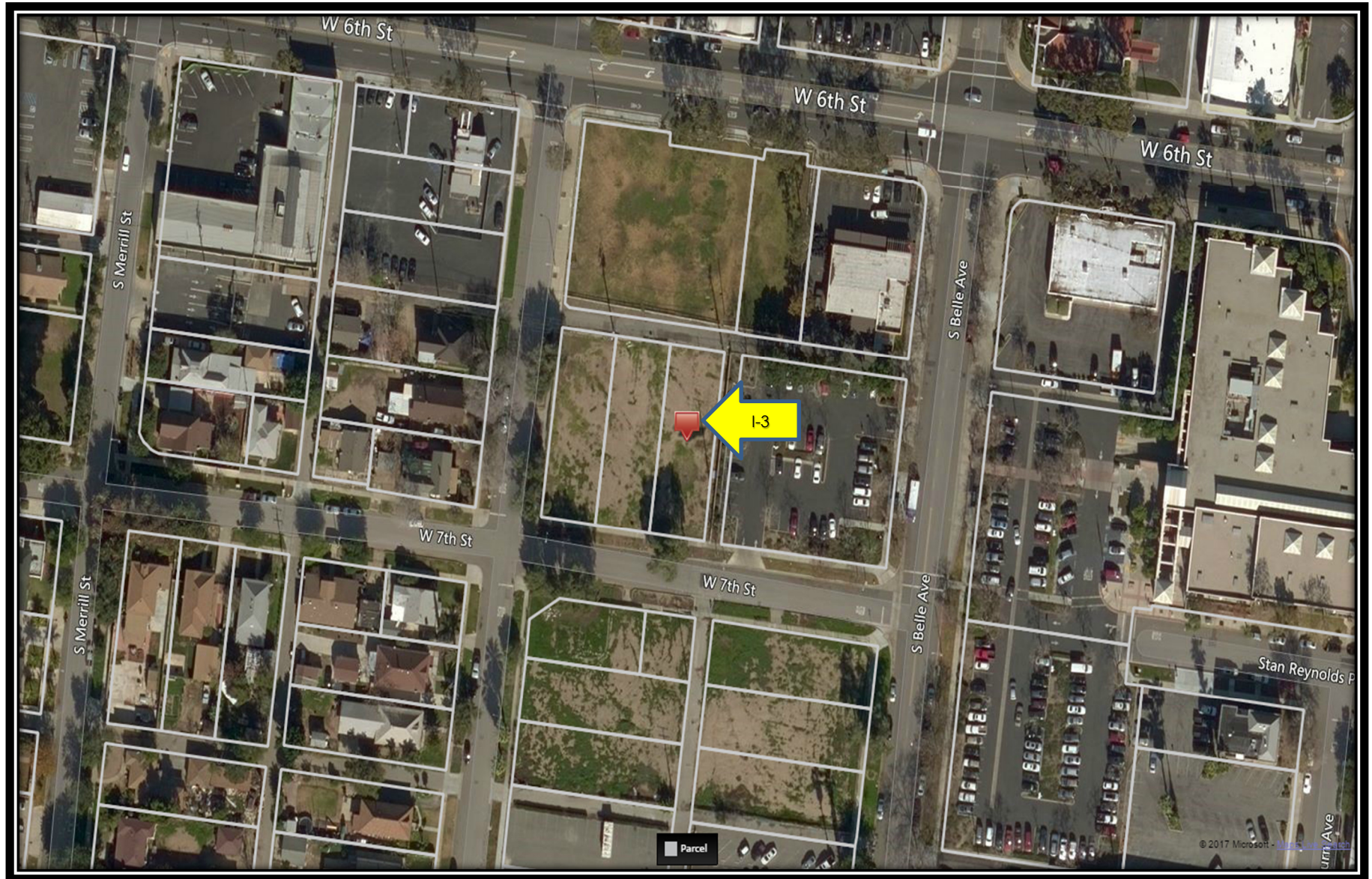
LARGER PARCEL (SP1) PLAT MAP



LARGER PARCEL (SP1) AERIAL PLAT PHOTOGRAPH



SP2 (I-3) AERIAL PLAT PHOTOGRAPH



3.3 SITE OVERVIEW

Property Owner: See table below

Property Type: Vacant land. Parcel 4 is currently paved and used as a parking lot primarily for the local library.

Address: See table below

City: Corona, CA 92882

Legal Description: Please see public records in the Subject Property Section of the addenda.

Land Site (acres/SF): The following table summarizes the parcels that make up the larger parcel. Item 3 is SP2. The balance is SP3.

	APN	Address	Owner	Lot Size	Sq. Ft.
1	117-181-002	323 W. 7th St., Corona	Corona Housing Authority	0.17	7,405
2	117-181-003	319 W. 7th St., Corona	Corona Housing Authority	0.17	7,405
3	117-181-011	315 W. 7th S., Corona	Corona South Main Dev.	0.19	8,276
4	117-181-012	No address	City of Corona	0.51	22,216
5	117-181-015	No address	Corona Housing Authority	0.20	8,712
6	117-181-016	No address	Corona Housing Authority	0.53	23,087
7	117-186-002	316 W. 7th S., Corona	Corona Housing Authority	0.05	2,178
8	117-186-003	705 S. Sheridan St., Corona	Corona Housing Authority	0.17	7,405
9	117-186-004	711 S. Sheridan St., Corona	Corona Housing Authority	0.18	7,841
10	117-186-010	706 S. Belle Ave., Corona	Corona Housing Authority	0.17	7,405
11	117-186-011	702 S. Belle Ave., Corona	Corona Housing Authority	0.17	7,841
12	117-186-012	708 S. Belle Ave., Corona	Corona Housing Authority	0.19	8,276
13	117-186-015	322 W. 7th St., Corona	Corona Housing Authority	0.11	4,356
Totals				2.81	122,403

Thomas Bros. Guide: 743-C5 & D5

Census Tract: 0416.00

Surrounding Uses: The subject property is surrounded on the north by commercial uses, on the south by the Corona Medical Center; on the east by commercial uses including a library and parking; and on

the west by a car dealership and older single family residences.

Surplus/Excess Land:	It is the plan of the buyer to ask for the W. 7 th Street right-of-way between S. Sheridan Street and S. Belle Avenue and the right-of-way on S. Belle Avenue between W. 7 th and W. 8 th Streets as well as alleys to be vacated in order for the buyer's development plan to be constructed.
Street Frontage:	The subject property has approximately 200 front feet along W. 6 th Street; approximately 371 front feet split between the north and south sides along W. 7 th Street; approximately 298 front feet along S. Belle Avenue and approximately 428 front feet along S. Sheridan Street.
Access:	The subject property is accessed from W. 6 th Street, W. 7 th Street, S Belle Avenue and S. Sheridan Street.
Topography:	The larger parcel is mostly level with an elevation range per a Riverside County GIS Report of 672 to 688 feet above sea level. The client indicated that dirt will have to be added to develop the project.
Shape:	Irregular
Site Location:	Corner/interior
Visibility:	Average

View:	This site has views of the surrounding properties.
Utilities:	All available. Based on interviewing the client and his electrical contractor and a review of photographs, overhead power lines must be put underground so that SCE can service properties offsite. This line will be deeper than just servicing the potential improvements on the subject property.
Drainage:	Now, the subject property appears to drain naturally following the lay of the land excluding the paved parcel that appears to drain toward a concrete curb and gutter system and eventually into developed storm drains.
Earthquake Zone:	According to the GIS report noted above, the subject property is not located within a fault study area. However, it is located within ½ mile of the Central Avenue Fault (So.). This is not uncommon for Southern California.
Flood Zone:	According to FEMA Map Number 06065C1352G with an effective date of August 28, 2008, the subject is in a Zone X designated area. This designation does not require flood insurance. A copy of the map can be found in the Subject Property section of the addenda.
Environmental/ Hazardous Waste:	A Riverside County GIS report indicated that the larger parcel is located within a High Sensitivity (High A) paleontological area however, surrounding properties are or have previously been developed raising the unlikelihood of any issues. During my inspection, I did not note any environmental or hazardous

waste issues. Therefore for this appraisal, I have assumed that there are no issues that would adversely affect the subject's market value.

Soils Conditions:

No soils report was reviewed. Therefore for this appraisal, I have assumed that there are no soils conditions that would adversely affect the subject property's market.

Easements:

During my physical inspection and my review of aerial photographs, I did not notice any adverse easements. It appears however, that the alleyways have been vacated. For analysis purposes, I have assumed that there are no easements that would adversely affect the subject's market value. *Note: It is the plan of the buyer to ask for the W. 7th Street right-of-way between S. Sheridan Street and S. Belle Avenue and the right-of-way on S. Belle Avenue between W. 7th and W. 8th Streets as well as alleys to be vacated in order for the buyer's development plan to be constructed.*

Encroachments:

No survey was reviewed. Surrounding and former improvements would indicate no issues. In reviewing aerial photographs, there were no obvious encroachments noted. Therefore, for this appraisal report I have assumed that there are no encroachments that would adversely affect the subject's market value.

Offsite Improvements:

All are In

Zoning/Land Use

The subject property is part of the Downtown Specific Plan.

Designation:

Per a city planning technician, the present land uses are Downtown District, Community Services District, and Single-

Family Residential District. The client is proposing a Medical Office Campus, which is already being advertised, but will require a General Plan Amendment and Specific Plan Amendment. A copy of the preliminary plot plan can be found in the Subject Property section of the addenda.

The process is to first go through Development Plan Review, which requires plans, etc. Per Ms. Garcia, the planning technician, this process should take 8 weeks from the submission of the necessary documentation. Thereafter, to go through the general plan and specific plan amendments will take approximately 6 months from the submission of all of the plans necessary to get approval. Both the Planning Commission and City Council must approve the plan. Reportedly, nothing has been submitted. It is likely given that most the subject property is presently owned by a city entity and approvals may be fast tracked through the system.

3.4 TAXES AND ASSESSMENTS

The only parcel that had tax information was SP2. In 2016, it was assessed at \$126,483. The total taxes were \$1,456 of which \$47.16 were special assessments. The remaining parcels, owned by Corona city entities, showed no tax information.

3.5 OWNERSHIP AND USE HISTORY

The following table summarizes the subject property's historical use, current use and any arm's length transfers as provided by public records and my onsite inspection. Please see the larger parcel's public records in the Subject Property Section of the addenda for additional information.

	APN	Address	Historical Use	Current Use	A. L. Transfers
1	117-181-002	323 W. 7th St., Corona	1907 2-Multi-family dwelling	Vacant land	None in last 3 years
2	117-181-003	319 W. 7th St., Corona	1910 Single Family Residence	Vacant land	None in last 3 years
3	117-181-011	315 W. 7th S., Corona	Vacant land	Vacant land	None in last 3 years
4	117-181-012	No address	1917 Single Family Residence	Parking lot	None in last 3 years
5	117-181-015	No address	Vacant land	Vacant land	None in last 3 years
6	117-181-016	No address	Vacant land	Vacant land	None in last 3 years
7	117-186-002	316 W. 7th S., Corona	1926 Single Family Residence	Vacant land	None in last 3 years
8	117-186-003	705 S. Sheridan St., Corona	1902 Single Family Residence	Vacant land	None in last 3 years
9	117-186-004	711 S. Sheridan St., Corona	1892 Multi-family dwelling	Vacant land	None in last 3 years
10	117-186-010	706 S. Belle Ave., Corona	1902 Single Family Residence	Parking lot	None in last 3 years
11	117-186-011	702 S. Belle Ave., Corona	1907 Single Family Residence	Parking lot	None in last 3 years
12	117-186-012	708 S. Belle Ave., Corona	Vacant land	Parking lot	None in last 3 years
13	117-186-015	322 W. 7th St., Corona	1912 Single Family Residence	Vacant land	None in last 3 years
Totals					

The client has an exclusive negotiation agreement to purchase the larger parcel from the property owners. They paid a total of \$2,000 to the city of Corona and \$8,000 to the Housing Authority as remuneration to negotiate an agreement. This money is non-refundable. The eventual sale price for the parcels will be negotiated and must be approved by the Corona City Council. I have assumed that this appraisal will be used in the negotiation process.

3.6 MARKET OVERVIEW

The table below, taken from a recent CoStar Analytic information, provides an overview of the medical office building inventory in the Inland Empire for buildings between 20,000 and 75,000 square feet.

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$2.04	\$1.88	Existing Buildings	104	93
Vacancy Rate	13.00%	7.40%	Existing SF	6,884,232	5,859,468
Vacant SF	381,480	435,157	Average Building Size	66,195	63,005
Availability Rate	14.30%	8.40%	12 Mo. Const. Starts	103,007	325,131
Available SF	424,346	540,577	Under Construction	195,611	550,489
Sublet SF	0	7,036	12 Mo. Deliveries	486,849	423,346
Months on Market	33.8	22.1	Sales	Past Year	5-Year Avg
Demand	Survey	5-Year Avg	Sale Price Per SF	\$404	\$394
12 Mo. Absorption SF	468,439	395,005	Asking Price Per SF	\$215	\$206
12 Mo. Leasing SF	161,344	89,009	Sales Volume (Mil.)	\$76	\$90
			Cap Rate	0.00%	5.80%

The table points out that asking rents on a triple net basis have increased over the five-year average. Based on the available market data, rents are now approaching \$2.35/sf on a NNN basis for smaller spaces. The vacancy rate is reported to be 13.00% up from the five-year average, and rightfully so, given the additional buildings that have been constructed when comparing the survey and 5-year average (over 1 million square feet). Most buildings are also multi-tenant. Construction continues however, because there is demand for medical uses, especially special uses such as a surgery center, diagnostic center, etc.

Sale prices/sf have increased over the 5-year average, while asking prices have also, although those asking prices are far less investor attractive buildings given the difference between asking prices and sale prices. The sales volume is less than the 5-year average, and it appears that owner-users are the purchasers instead of investors given the cap rate (overall rate) information. The sales volume may also be down because property owners are choosing to keep their properties thereby reducing inventory.

Land

The market data suggests that medical office land is hard to come by, especially near an existing hospital in an infill area. As such, as with the subject property, the client is attempting to assemble enough land to develop a two-building medical campus with an ancillary commercial service building that will serve not only the subject's campus but also other residents in the area.

Most Likely Buyer

Based on the physical characteristics of the subject parcels, the most likely buyer would be a developer who has a history in constructing medical office buildings. The subject's location is such that it is best for a medical office complex given its location to the existing Corona Medical Center.

SECTION IV - ANALYSIS OF DATA AND CONCLUSIONS

4.1 VALUATION PROCESS

Methodology

The valuation process is the orderly procedure of acquiring, classifying, analyzing, and presenting the pertinent market data in a clear and concise manner. The appraiser first defines the problem, which includes the identification of the real estate, the property rights being appraised, the date of value, and the defined value sought by the client.

Thereafter, the appraiser collects data that is pertinent to the appraisal problem. This data includes general information regarding the region, city, and neighborhood, and specific data on the subject property. In addition, data is collected with regard to supply and demand trends.

After collecting the data, the appraiser analyzes it to determine (1) the highest and best use for the subject property, both as vacant and as improved, and (2) its estimated market value using one or all of the three classic approaches to value discussed below. Each of these approaches must be addressed even though an approach may not be applicable.

The final step is to reconcile the value indications determined by the various value approaches. The appraiser compares the validity and applicability of each and examines its estimated value. The most weight is then placed on the approach that the appraiser believes is the most reliable, based on the purpose of the appraisal, the type of property being appraised, the most likely buyer, and the defensibility of the data. Thereafter, a final value estimate is concluded.

Highest and best use analysis is critical to the appraisal problem. In the highest and best use analysis, the appraiser defines the composition of the subject property, and this

in turn determines the appropriate valuation methodology. The highest and best use analysis links the "Descriptions" sections of the appraisal report with the valuation sections.

According to current appraisal theory, there are three classic approaches to value. These are the **Cost Approach**, the **Sales Comparison**, and the **Income Approaches**. The type and age of the property and the quantity and quality of data affect the applicability of each approach for a specific appraisal problem.

The **Cost Approach** is a physical indicator of value and is based upon the principle that an informed purchaser would pay no more than the cost to purchase a similar parcel of land and construct a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land or when relatively unique or specialized improvements are on the site, and when no comparable properties exist on the market. It is more appropriate when construction of similar type improvements can be found in the market area.

The **Sales Comparison Approach** is a market indicator of value and utilizes prices paid in actual market transactions of similar properties to estimate the value of a property. This appraisal technique is dependent upon analyzing truly comparable sales data, which have occurred recently enough to reflect market conditions relative to the time period of the subject appraisal. The more sales there are, the more the appraiser can have confidence in this approach.

The **Income Approach** is an income indicator of value and is widely applied in appraising income-producing properties. Anticipated present and future net operating income, as well as any future reversions, is discounted to a present worth figure through the capitalization process. This process works when the anticipated revenue stream is not expected to change into perpetuity (typically 27 to 30 years).

This approach relies upon market data to establish rents and expense levels to arrive at an expected net operating income.

When there is an uneven revenue stream over the term of a lease, and the buyer will likely not hold the property for an extended period of time, a discounted cash flow analysis is used to assist in determining value.

The resulting indications of value from the approaches used are correlated into a final estimate of value for the subject property. It is not always possible or practicable to use all of the approaches however. The nature of the property being appraised, and the amount, quality, and type of data available dictates the use of one or all of these approaches. Further in reflecting the market, the appraiser attempts to use those approaches that typical buyers and sellers look at in the marketplace.

Approaches to Value

The subject is being valued as a larger parcel, because collectively the market data suggests that individual parcels have less value. Further, a medical office complex could only be constructed on the lots collectively. SP2 and SP3's values are allocated based on the value/sf of the larger parcel because of its potential use.

It is likely that 7th Street and the alleys will be vacated so the medical complex could be constructed. This is considered in my value indicator for the larger parcel. A separate negotiation may be in order however, because the vacation makes the larger parcel larger than reported.

Given that the subject is land with ancillary improvements, only the classic Sales Comparison Approach is utilized because this approach would be the one that buyers and sellers would use.

4.2 HIGHEST AND BEST USE OVERVIEW AND CONCLUSIONS

The four elements that are considered in a highest and best use analysis for either vacant or improved properties are:

1. **Physically Possible Uses:** This element considers a site's location, its shape, topography, soil conditions, earthquake and toxic hazards, and availability of utilities.
2. **Legally Permissible Uses:** This element is governed by public restrictions such as general plans, zoning ordinances or specific plans, and private restrictions such as deed restrictions, CC&R's, easements, and long term lease provisions.
3. **Financial Feasible Uses:** This element considers demand and uses that are physically possible and legally permissible, and which provide a net return to the property owner over and above the value of the land.
4. **The Maximally Productive Use** is then that use which produces the highest residual or the highest present value for the land, as of the date of the appraisal report.

These criteria must be considered in order because qualification under a latter test is moot if a use fails an earlier test. Furthermore, all uses must be considered in relation to external market forces. The highest and best use of the site as if vacant and as improved may also be different if the existing improvement is not a suitable use yet provides contributory value to the total property in excess of the value of the site.

Since the subject of this appraisal report is a proposed single-tenant medical office building, I analyzed the subject parcel both As-Vacant and As-Proposed.

As-Vacant

Physically Possible Uses: The subject larger parcel has a land area of ±2.81 acres and is planned to be part of a medical center complex. Given that:

- The location of the site is suitable for a medical office complex;

- The size, access and topography are conducive to being part of a medical office complex;
- The soil condition appears to be able to support any improvements based on the previous improvements on many of the individual properties;
- There were no toxic hazards observed in my inspection;
- And all utilities are available;

Legally Permissible Uses: The subject larger parcel is being advertised as a medical office complex. The planning technician I interviewed indicated that two of the three present land use designations (Downtown District and Community Services District) already allow a medical office use. The technician also indicated that it is highly likely that the general plan and specific plan amendments would be approved particularly because the present owners of all but one parcel of the larger parcel are owned by the city of Corona. There is likely no other use that would be allowed given the Corona Medical Center location on the southern border of the subject.

Financially Feasible Uses: The number of medical offices being constructed in the Inland Empire indicates that this use is financially feasible.

Maximally Productive: Based on the discussion above, the highest and best use of the subject's larger parcel would be to continue the same use until a medical office complex can be constructed that would be financially feasible.

4.3 LARGER PARCEL VALUATION

The Sales Comparison Approach is based on the theory of substitution and reflects how buyers and sellers react in the market. It is a market indicator of value. It is traditionally used as a primary approach in valuing both vacant and improved properties of all types.

It calls for the appraiser to systematically collect data on similar properties and compare each with the subject property. Adjustments are made for dissimilar characteristics between the subject and the comparable transactions to allow the appraiser to form a conclusion as to the most probable market value. Adjustments are normally made in a particular order. Property Rights, Financing, Conditions of Sale, and Sale Date are first made. Thereafter, adjustments are made for Location and Physical Characteristics.

Either Qualitative or Quantitative techniques or a combination thereof can be used based on the available market data. The Quantitative technique makes monetary or percentage adjustments using market supported adjustments. The Qualitative technique discusses differences between the subject property and the comparables and uses positive (+) and negative (-) adjustments rather than monetary adjustments. Based on the available data, I used the quantitative technique and made one qualitative adjustment. .

I concentrated my data search first in the Corona area, and because of the amount of data expanded the area to include Western Riverside County.

Data sources I used included the Multiple Listing Service (MLS), contract data sources, real estate agents and brokers and public records. Verification was by at least two data sources and where possible with a principal or real estate agent involved in the transaction.

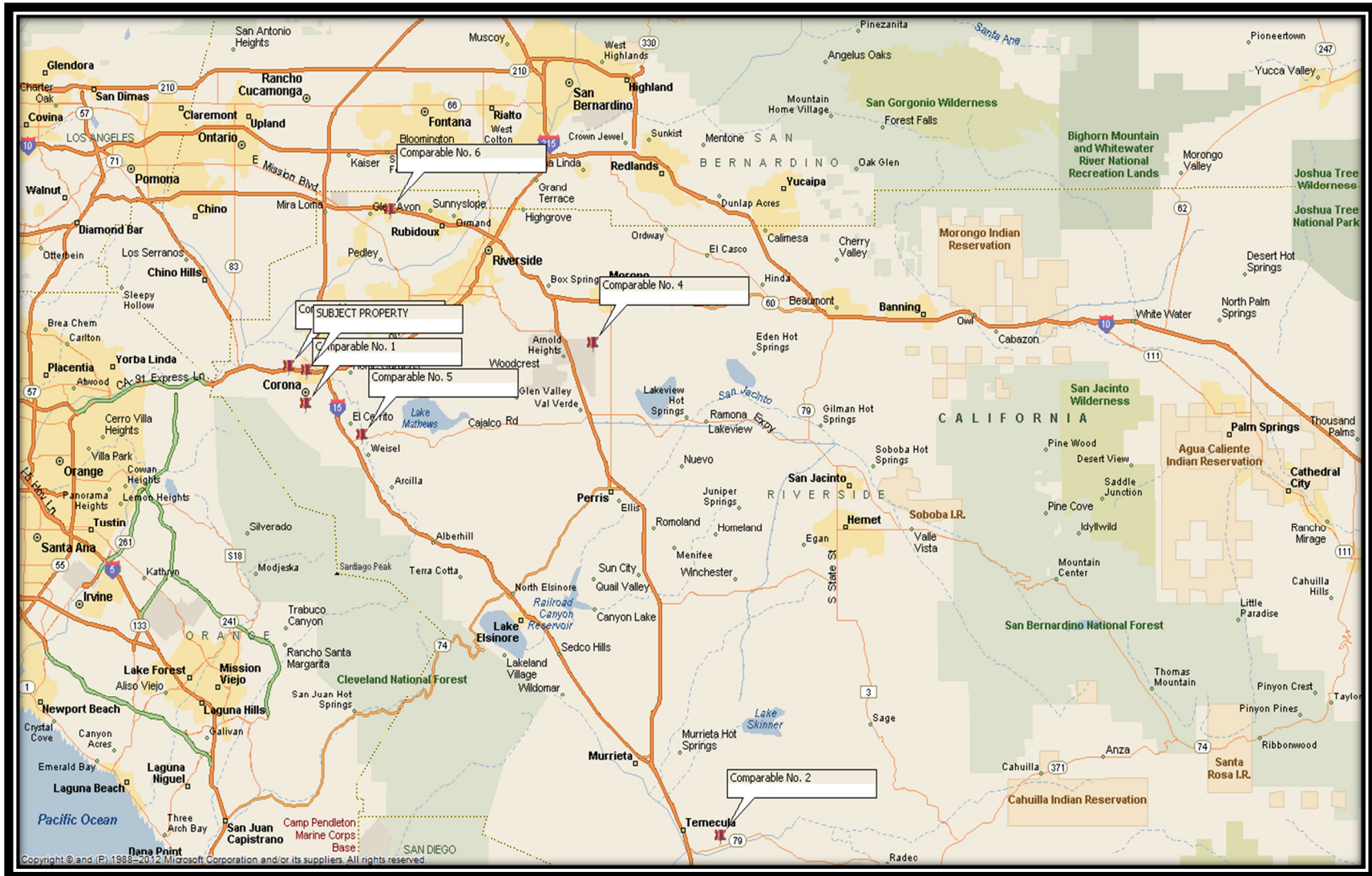
I reviewed a number of potential comparables focusing on land use and lot size, and selected a total of six properties that I believe are a fair sample with which to value the subject's larger parcel.

Four of the six comparables were purchased for medical office use. Five of the six are closed sales; the other is an escrow sale. Three are in Corona, one is in Temecula; one is in Riverside; the other is in Jurupa Valley.

On the following pages, please first find a Location Map that sets out the comparables in relationship to the subject property followed by a table that summarizes the pertinent data I used to value the subject's underlying land. Thereafter, please find my market data comments to enhance the information in the table, followed by my analysis and value conclusion.

An aerial photograph and aerial plat map as well as a public record data sheet for each comparable can be found in the Addenda.

LAND COMPARABLE MAP



LAND COMPARABLE TABLE

	Address Community Assessor's Parcel Number Thomas Brothers Guide Page/Grid	Buyer Buyer's Address Community Seller	Sale Date Recording Date Document No. Data Source	Area (Acres) Area (SF) Sales Price Terms	Topography Shape Utilities Zoning	Entitlements On Site Improvements Price/SF	COMMENTS
S	SEC of S Sheridan St. and W 6th St. Corona, CA 117-181-002+ 743-C5 & D5	Sudweeks Development and Investment Co. N/A N/A City of Corona/Corona Housing Authority	N/A 7/13/2017 DOV N/A Inspection/Interview	2.81 122,403 N/A Cash Equivalency	Level Irregular To property MUD	Proposed Medical Office Partial parking lot N/A	SP1, SP2, SP3
1	2815 S. Main Street Corona, CA Por of 113-340-019 773-D2	Corona Medical Arts Plaza 650 Town Center Drive Costa Mesa, CA 92626 Corona Office Partners LLC	12/19/2016 12/23/2016 575405 CDS/Pub Recs/Buyer	3.44 149,846 \$4,500,000 Cash Equivalency	Level Irregular To property Commercial	Medical office/shovel ready Rough graded \$30.03	Portion of a larger parcel being split for the a medical office building now under construction.
2	31625 De Portola Rd. Temecula, CA 959-080-005 979-A2	TV Phase One LLC 44045 Margarita Rd., #204 Temecula, CA 92592 Rhodes D & S Family Trust	10/23/2015 11/10/2015 494828 Pub Recs/Buyer	2.23 97,139 \$1,800,000 Cash	Level Rectangular All in PO	Medical office Residential Improvement \$18.53	Purchased with a single-family residence; was purchased for a special use medical office building that will be part of a 5-building complex. Sale was subject to entitlements being assured.
3	1335 & 1341 W 6th Street Corona, CA 118-130-013 & 014 743-A5	Oscar Traders Inc 1655 W 6th Street #102 Corona, CA 92882 County of Riverside	7/12/2016 9/21/2016 411487 CDS/Pub Recs	1.94 84,507 \$1,500,000 60% dwn NL	Mostly level Rectangular To property C3	None None \$17.75	Previously developed lots; offsite improvements are in. Sits next to retail and office facility with a pharmacy as one of the tenants.
4	N Street Riverside, CA Por of 294-660-014 747-D1	Riverside Life Properties Llc 4238 green River Rd. Corona, CA 92880 March Healthcare Dev LLC	4/6/2015 4/6/2015 0137400 CDS	7.11 309,712 \$4,574,000 12.5% dwn NL	Level Rectangular To property PO	None Parking lot, raw \$14.77	Plans to build a 90,000 sf medical facility with 150 beds; reportedly starting construction in 2017. These parcels are part of the redevelopment at March Air Force base.
5	4015-4075 Temescal Canyon Rd. Corona, CA 279-470-009 774-A6	Griffco Land LLC 2518 N. Santiago Blvd. Orange, CA 92867 Meridian Dos Lagos LP	5/9/2016 5/12/2016 194971 CDS/Pub Recs/Ag1	3.60 158,816 \$2,000,000 50% dwn NL	Mostly level Irregular To property M1	None None \$12.59	Located in Dos Lagos Office Park; the buyer intends to develop two commercial properties; no entitlements at close of escrow.
6	8876 Mission Boulevard Jurupa Valley, CA 169-172-072 & 073 644-E7	Jurupa Valley Medical Partners LLC 1 Better World #301 Temecula, CA 92590 Borchard-Pedley LLC	IE due to close 8/2017 N/A N/A Inspection/Buyer/Seller	3.89 169,448 \$2,250,000 Cash Equivalency	Mostly level Rectangular All Available CPS	Medical office None \$13.28	The property was purchased for a Riverside County occupied medical office complex; received an approved CUP for the proposed medical building on 6/7/17; According to the buyer, \$550,000 (\$3.25/sf) was spent to obtain the CUP.

Unadjusted Price/SF Range: \$13.28 to \$30.03

SECTION IV – ANALYSIS OF DATA AND CONCLUSIONS

Comparable Comments

Comparable No. 1 was the sale of a portion of a parcel for the development of a 45,732 ft² single-user medical office building that would be leased to the County of Riverside. The balance of the parcel has a 15,244 ft² multi-tenant medical office building. The price for the total building and larger 4.61-acre parcel was \$8.5 million. \$4.5 million was allocated to this comparables land. At close of escrow, the larger parcel had been split and this comparable was shovel ready. It is now under construction. The buyer subsequently sold the existing medical building for \$4.785 million as part of a double escrow; the allocated building price being higher because during the due diligence period and escrow term, the buyer leased the remaining vacant space within the building.

This transaction was confirmed with a contract data source, public records and the buyer Brandon Sudweeks (951-442-3763). Per public records, this property has not traded in an arm's length transaction in the three years prior to their sale date.

Comparable No. 2 was the sale of 2.23 acres, purchased by a medical office building developer to construct a specialized medical facility as part of an ongoing development of a 5-building medical complex. It is located within walking distance of the Temecula Valley Hospital. The sale price reflects a long term escrow that allowed the buyer to work toward entitlements at his cost. The sale price did not include the cost of entitlements; there was a cost to obtain the entitlements and remove a single-family residence and other onsite improvements.

This transaction was confirmed with public records and the buyer Kirk Wright (951-255-7008). Per public records, this property has not traded in an arm's length transaction in the three years prior to their sale date.

Comparable No. 3 was the sale of 1.94 acres, located on W. 6th Street, near the subject property. It was previously developed lots. Offsite improvements are in. It sits next to a retail/office facility with one of the tenants being a pharmacy.

This transaction was confirmed with a contract data source and public records. A call to the buyer, Mohamed Abubakar Moulvi (951-734-0324) was not returned. Per public records, this property has not traded in an arm's length transaction in the three years prior to their sale date.

Comparable No. 4 was the sale of 7.11 acres of land to be used to build a 90,000 ft.² medical facility with 150 beds. This acreage is part of the redevelopment at March Air Force Base. At the time of sale, there were no entitlements; it was reported that construction would likely start in 2017.

This transaction was confirmed with a contract data source and public records. There was no contact to confirm the transaction. Per public records, this property has not traded in an arm's length transaction in the three years prior to its sale date.

Comparable No. 5 was the sale of a 3.60-acre parcel located in the Dos Lagos Office Park in the city of Corona. While it was advertised as a medical office building site, it was later found that this use could not be developed, and as such, the buyer intends to develop two commercial buildings. Per the buyer's agent I confirmed the transaction with, no entitlements were part of the sale price and while there had been some entitlements previously on the property, they were no use to the buyer and were not given any value.

This transaction was confirmed with a contract data source, public records and the buyer's agent Eric Frickle (951-817-5200). Per public records, this property has not traded in an arm's length transaction in the three years prior to its sale date.

Comparable No. 6 is the escrow sale of a 3.89-acre parcel located in Jurupa Valley. The property is being purchased for a Riverside County medical facility. The site received a conditional use permit (CUP) for the improvement. Per the buyer, they spent \$550,000 to obtain the CUP. The sale price did not include any entitlements. There is a long-term escrow of approximately one year scheduled to close in August 2017. The site is located at a 4-way lighted intersection.

This transaction was confirmed with the buyer Brandon Sudweeks (951-200-7683) and the owner/agent Borchard Pedley (949-566-9155). Per public records, this property has not traded in an arm's length transaction in the three years prior to its sale date.

Value Indicator

A value indicator was first chosen. The most typical indicator that reflects buyers and sellers reactions in the market is the Sales Price per Square Foot (SP/SF). As such, I used it.

Adjustment Comments

No adjustments are made for property rights, conditions of sale or cash equivalency. The market data suggests that market conditions have not changed during the range of the comparables time frame.

It is assumed that escrow would close after a due diligence period of 45 to 60 days and an escrow term of 45 to 60 days.

As noted above, only quantitative adjustments are made based on the available market data. Following please find comments on the adjustments I made.

Quantitative Adjustments

Location: These adjustments are made based on matched pairs using Comparable Nos. 3 and 5 and then made accordingly based on the market data.

Parcel Location: An adjustment is made to those comparables that have interior locations; the subject has corner locations. The adjustments are based on matched pairs using Comparable Nos. 5 and 6 and then extended accordingly.

Utility Availability: The subject has overhead power lines bisecting the property. The comparables do not. The client provided me with a cost estimate from Apollo Electric to put these lines underground. A copy of this cost estimate can be found in the Subject Property section of the addenda. Any buyer purchasing the property would be required by SCE to put the line(s) deeply underground to service other surrounding properties. Based on the contractor who would be constructing the improvements, a 10% general contractors fee and 10% contingency is added. The total is \$1,284,000. The adjustment factor is \$10.50 per square foot. This cost may even be higher should SCE charge any fees.

Entitlements: The subject property is shovel ready; Comparable No. 2 has entitlements in process. The adjustments are based on extraction.

Offsite Improvements: Adjustments are made to those comparables that have fewer improvements developed than the subject. The adjustments are based on matched pairs using Comparable Nos. 5 and 6.

Onsite Improvements: An adjustment is made to Comparable No. 2 of \$5,000, the cost estimated to remove the single-family residence and the remaining improvements.

Other: The adjustments made to Comparable Nos. 1 and 6 are based on these two lot sales having a tenant already committed to the site. The adjustments are based on matched pairs.

While the subject will add additional land area by the vacation of 7th Street between Sheridan Street and S. Belle Avenue, as well as along S. Belle Avenue between 7th and 8th Streets, no adjustment is made because this additional land area value will likely be offset by the additional cost of dirt to fill in these streets.

Qualitative Adjustments

A positive adjustment is made to Comparable No. 3 because of its long, rectangular shape and likely inferior utility.

On the following page, please find my adjustment grid.

Land Adjustment Grid

Item		Subject Property	Comparable No. 1		Comparable No. 2		Comparable No. 3		Comparable No. 4		Comparable No. 5		Comparable No. 6	
Address		SEC S Sheridan & W 6th	2815 S. Main Street		31625 De Portola Road		1335 W 6th Street		N. Street		4015-4075 Temescal Canyon Rd.		8876 Mission Boulevard	
Community		Corona, CA	Corona, CA		Temecula, CA		Corona, CA		Riverside, CA		Corona, CA		Jurupa Valley, CA	
APN		117-181-002+	Por of 113-340-019		959-080-005		118-130-013 & 014		Por of 294-660-014		279-470-009		149-172-072 & 073	
TBG		743-C5 & D5	773-D2		979-A2		743-A5		747-D1		774-A6		644-E7	
Sales Price		N/A	\$4,500,000		\$1,800,000		\$1,500,000		\$4,574,000		\$2,000,000		\$2,250,000	
Lot Size (SF)		122,403	149,846		97,139		84,507		309,712		158,816		169,448	
SP/SF		N/A	\$30.03		\$18.53		\$17.75		\$14.77		\$12.59		\$13.28	
Data Source		Inspection	CDS/Pub Recs/Buyer		Pub Recs/Buyer		CDS/Pub Recs		CDS		CDS?Pub Recs/Agt		Inspection/Buyer	
		Description	Description	\$ Adjmts	Description	\$ Adjmts	Description	\$ Adjmts	Description	\$ Adjmts	Description	\$ Adjmts	Description	\$ Adjmts
Property Rights Transferred		Fee	Fee		Fee		Fee		Fee		Fee		Fee	
Conditions of Sale		None	None		None		None		None		None		None	
Sales or Financing		Cash Equivalency	Cash Equivalent		Cash		60% dwn NL		CTNL		CTNL		Cash Equivalency	
Cash Equivalency/SF.		N/A		\$30.03		\$18.53		\$17.75		\$14.77		\$12.59		\$13.28
Settlement Date (DOV)		7/13/2017 DOV	12/19/2016	\$0.00	10/23/2015	\$0.00	7/12/2016	\$0.00	4/6/2015	\$0.00	5/9/2016	\$0.00	IE 8/2017	\$0.00
Recording Date		N/A	12/23/2016		11/10/2015		9/21/2016		4/6/2015		5/12/2016		N/A	
Document Number		N/A	575405		494828		411487		137400		10/22/2433		N/A	
Months				7.0		21.0		12.0		27.0		14.0		-
Cash Equivalent/SF.				\$30.03		\$18.53		\$17.75		\$14.77		\$12.59		\$13.28
Lot Size (SF)		122,403	149,846		97,139		84,507		309,712		158,816		169,448	
Location		Good	Slightly Inferior	2.50	Similar		Similar		Slightly Inferior	4.00	Slightly Inferior	5.00	Inferior	10.00
Topography		Level, will need grading	Level		Level		Level		Level		Level		Level	
Shape		Mostly Rectangular	Similar		Rectangular		Long Rectangu	+	Rectangular		Irregular		Rectangular	
Access		Good	Similar		Similar		Similar		Inferior	1.00	Similar		Similar	
Parcel Location		Corner	Interior	2.00	Interior	2.00	Interior	2.00	Corner		Interior	2.00	Corner	
Utility Availability	\$1.284 Million	All available but pwr undgrnd	All available	-10.50	All available	-10.50	All available	-10.50	All available	-10.50	All available	-10.50	All available	-10.50
Zoning		Dwntn Dist; Com. Serv Dist; SFR	Commercial		Commercial		Commercial		Commercial		Commercial		CPS	
Use		Vacant land/parking lots	Vacant Land		SFR		Vacant land		Vacant/Parking lot		Vacant land		Vacant land	
Entitlements		None	Shovel Ready	-10.00	Entitlement in Process	-1.50	None		None		None		None	
Offsite Improvements		All in	All in		Asphalt curb	0.75	All in		All in		All in		Partial	1.25
Onsite Improvements		Some paving	Similar		SFR	0.05	None		Parking lot		None		None	
Other		None	Tenant in Place	-4.75	None		None		None		None		Tenant in Place	-4.75
Net Quantitative Adjustments				-20.75		-9.20		(\$8.50)		(\$5.50)		(\$3.50)		(\$4.00)
Net Qualitative Adjustments				Neutral		Neutral		Negative		Neutral		Neutral		Neutral
Indicated Value				\$9.28		\$9.33		\$9.25		\$9.27		\$9.09		\$9.28

Reconciliation and Conclusion

ADJUSTED VALUE INDICATORS	
High	\$9.33
Low	\$9.09
Mean	\$9.25

The table to the left summarizes the adjusted value per square foot range indicators. As the reader, can see, there is a very tight range.

The subject site has a land area of 122,403 square feet. In concluding my adjusted value indicator, I considered the subject's infill location and location to the Corona Medical facility.

Considering these factors including the due diligence term range (45 to 60 days) and the escrow term range (45 to 60 days), I opined a value indicator at the high end of the range; I selected a value indicator of **\$9.30** per square foot. The following table summarizes my value opinion for the underlying land.

Land Area (SF)		Value Indicator		Indicated Value
122,403	X	\$9.30	=	\$1,138,348

The opined value opinion for the subject's larger parcel is **\$1,138,000** rounded.

4.4 EXPOSURE TIME

Only one of the sale comparables (Comparable No. 5) had exposure information. This comparable has an exposure time of 512 days. The subject is an infill property that will attract a developer, likely for a medical office use given the neighboring Corona Medical Center, thereby reducing the depth of the buyer pool. The subject, however, is an excellent location for a medical office complex and it appears that the city is very interested in this use being constructed on the larger parcel.

Given that there are very few properties like the subject that have a similar location in the more populated communities within Western Riverside County, I am of the opinion

that the subject property's exposure time (prior to the date of value) would likely be 365 days or less.

It appears that the economy will likely not materially change in the near future, so for the same reasons expressed above, I am also of the opinion that the marketing time (after the date of value) would also likely be 365 days or less.

4.5 SP2 VALUATION

SP2 is one legal lot within the larger parcel of 8,276 square feet. In reviewing, single lots in the subject's Center City neighborhood of the city, in the last two years, lot sales of a similar sized parcels ranged in price/square foot between \$7.61 and \$13.50.

Based on the larger parcel value/sf of \$9.30 concluded above, which supported my highest and best use conclusion as the assemblage of the larger parcel, based on allocation, the following table summarizes my value opinion for this parcel.

Land Area (SF)		Value Indicator		Indicated Value
8,276	X	\$9.30	=	\$76,967

The opined value opinion for SP2 is **\$77,000** rounded.

4.6 SP3 VALUATION

SP3's land area is the difference in size between SP1 and SP2. Again, the value opinion is allocated with the difference being the value of the larger parcel (SP1) less the value of SP2. This is a land area of 114,127 (122,403 sf minus 8,276 sf) square feet. The following table summarizes my value opinion for SP3.

Land Area (SF)		Value Indicator		Indicated Value
114,127	X	\$9.30	=	\$1,061,381

The opined value opinion for SP3 is **\$1,062,000** rounded.

4.7 SUMMARY OF VALUE OPINIONS ROUNDED

The following table summarizes my rounded value opinions.

Valuation Scenario	Indicated Value
SP1 Larger Parcel	\$1,138,000
SP2	\$77,000
SP3	\$1,061,000

SECTION V - ADDENDA

¹ Department of the Treasury, Office of Comptroller and Office of Thrift Supervision, 12CFR Part 34 CD, Section 564.2 Item F, Federal Register Vol. 1, Number 1651, August 23, 1990 (Rules and Regulations)

² The Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, page 78

³ The Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, page 97

⁴ The Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, page 73

⁵ The Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, pg. 93

⁶ The Dictionary of Real Estate Appraisal, Fifth Edition, pg. 73

⁷ The Dictionary of Real Estate Appraisal, Fifth Edition, pg. 121