



File No. 171226IN

**APPRAISAL OF**



The Appraisal of one Industrial Building in leased fee

**LOCATED AT:**

11330 Markon Drive  
Garden Grove, CA 92841

**FOR:**

Lane Law Group, Inc.  
28924 S. Western Avenue, Suite 206  
Rancho Palos Verdes, CA 90275

**BORROWER:**

Appraisal is for estate purposes only

**AS OF:**

February 2, 2018

**APPRAISED VALUE:**

\$2,900,000

**BY:**

Robert Rey Walker (Certified General Commercial #AG018463) - Marketplace Appraisal Services (310-999-3700)  
18411 Crenshaw Blvd. suite 212, Torrance, CA 90504

UNIFORM COMMERCIAL/INDUSTRIAL SUMMARY APPRAISAL REPORT - SMALL PROPERTY

Client

Property Use

Property Address

City

Building Name

Owner/Occupant

Typical Buyer:

Property Rights Appraised

Purpose of Appraisal

Intended User(s) of Report

Intended Use of Report

Scope of Work

Byron Lane Attorney At Law

☐ Office

☐ Commercial

☒ Industrial

☐

11330 Markon Drive

Garden Grove

County Orange

State CA

Multi Tenant building

EMO LLC / tenant occupied

☐ Owner/User

☐ Investor

☒ Both are possible

☐ Fee Simple

☒ Leased Fee

☐ Leasehold

☐ Other

The purpose of the appraisal is to communicate the data and reasoning leading to the formulation of an opinion of value.

It is this appraiser's understanding that this appraisal report is to be utilized by the client, as well as owners of record EMO LLC, and is not intended for any other users.

It is this appraiser's understanding that this appraisal report is to be utilized for estate planning considerations only and is not intended for any other uses.

See comment addendum.

File Number

171226IN

Map Reference

797-G3

Zip Code

92841

Census Tract

881.01

APN

131-022-09

☒ Complete Appraisal

☐ Limited Appraisal due to the following departures from Standard 1

As defined by the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) this appraisal document is a summary appraisal report, and as such the process of developing an opinion of value herein was conducted using the market data approach to value as well as the income approach to value in order to arrive at a fair market value for the subject property.

☒ Summary Appraisal Report

THREE YEAR OWNERSHIP HISTORY

	Owner	Recording Reference	Date	Price Paid	Terms of Sale
Most Recent	EMO LLC	Public Records	12/27/1979	\$ \$134,000	Grant Deed
Previous				\$	
Previous				\$	
Previous				\$	
Current Contract	<input type="checkbox"/>	Option: <input type="checkbox"/>	Listing Price	\$ N/A	
Buyer	Estate Purposes		Contract Price	\$ N/A	
Seller	Estate Purposes		Closing Date	N/A	

Analysis/Comments: A search through public records was initiated in order to ascertain the price and terms of the original purchase with the aforementioned information being made available in the public records.

NEIGHBORHOOD DESCRIPTION

Boundaries: A 3-5 mile radius from the subject property comprises the general neighborhood boundaries.

Neighborhood Built Up 98 %

Land Use: Single Family 75 % Office 5 % Multifamily 5 %

Industrial 8 % Retail 5 % Vacant 2 %

Undersupply

Balanced

Oversupply

Vacancy

Single Family

Multifamily

Office

Retail

Industrial

☐

☐

☐

☐

☐

☒

☒

☒

☒

☒

☐

☐

☐

☐

☐

3-5 %

3-5 %

3-5 %

3-5 %

3-5 %

Location

Development Trend

Value Trend

Vacancy Trend

Rental Demand

☐ Rural

☐ Up

☒ Up

☐ Up

☐ Up

☐ Suburb

☒ Stable

☐ Stable

☒ Stable

☒ Stable

☒ Urban

☐ Down

☐ Down

☐ Down

☐ Down

Change in Land Use:

☒ Unlikely

☐ Likely

☐ Taking Place

From N/A

To N/A

Rental Rate Range (Exclude Extremes) for Subject Property Type:

From \$ Not Utilized /SF/Year

To \$ Not Utilized /SF/Year

Age Range (Exclude Extremes) for Subject Property Type:

From 20

To 75

Distance-CBD

Distance-Freeway

Distance-Public Transportation

1-3 Miles

1.5 Miles

2 Blocks Miles

Neighboring Property Use: The subject property is well located at the intersection of Patterson Drive and Markon Drive. Patterson Drive is populated with predominately light industrial buildings. Most of the streets in Garden Grove are residential streets containing mostly single family residences, 2-4 units, condos, and apt. bldgs.

Analysis/Comments: The city of Garden Grove is located just south of Anaheim, with Orange to the east, Westminster to the south, and the Cypress to the west. In addition the close proximity of the many shopping facilities found throughout the city of Garden Grove, The Eastgate Plaza, the Village Center, the Promenade, and the Golden West Community College in nearby Huntington Beach, easy access to the 22 Fwy, as well as the proximity of many other commercial support facilities found along the many arterial corridors with their many stores, restaurants, and shops offers good support for the city.

SITE DESCRIPTION

Legal Description

Par 10 Page 30 Book 107 of maps as recorded in the county assessor's office

☒ See Addenda

Environmental Problems Known or Suspected

Yes ☐ No ☒

Site Size

33977 SF

Usable Land Area

33977 SF

Excess Land Area

No Excess Land SF

Site Dimensions

See Plat Map - Rectangular with radial corner

Street Frontage

Approximately 175' frontage along Patterson Dr and 194' along Markon Street (corner lot)

SITE DESCRIPTION (continued)

Ingress/Egress	Gd	Av	Fr	Utility:	Provided By:	Topography:
Street Frontage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Electricity	So Cal Edison	Level <input checked="" type="checkbox"/> Mod Slope <input type="checkbox"/> Steep Slope <input type="checkbox"/>
Shape	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gas	So Cal Gas Company	At Grade <input checked="" type="checkbox"/> Above Grade <input type="checkbox"/> Below Grade <input type="checkbox"/>
Functional Utility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	Public Utility Company	
Visibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sewer	Public Utility Company	
Landscaping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Telephone	AT & T / Verizon	
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Adequacy of Utilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Street Improvements:	Describe:	Corner Lot
Traffic Pattern	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Street Width	50' Along Patterson	Underground Utilities
Traffic Volume	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Street Paving	Asphalt	Railroad Access
				Sidewalks	Concrete	Earthquake Zone
				Curbs & Gutters	Concrete	Flood Hazard Area
				Storm Sewers	In Street	Map # _____ Date _____
				Lighting	Fluorescent	

Soil Conditions	It is assumed that there are no adverse unstable or toxic soil contamination impacting the subject property.		
Easements	It is assumed that no adverse easements are impacting the subject property. Typical utility easements may exist.		
Encroachments	It is assumed that there are no adverse encroachments impacting the subject property.		
Current Zoning	Industrial - reflected in the property detail report		
Zoning Change:	Not Likely <input checked="" type="checkbox"/> Likely <input type="checkbox"/> To N/A	Legally Conforming	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Uses Allowed Under Current Zoning	Light industrial, offices, retail, etc.		
Current Use	Industrial		

Analysis/Comments:	For the purpose of this appraisal study it is assumed that there are no adverse easements, conditions, toxic soil contamination, or encroachments impacting the subject property.		

ASSESSMENT AND TAXES

Assessment Year	16/17	APN	131-022-09	Tax Rate		Year		Taxes	
Total		\$	864,381	Total	12.51 per 1000	Current Taxes	16/17	\$	10,816
Land		\$	235,350	County	Unknown	Estimated Taxes		\$	
Building(s)		\$	629,031	City	Unknown	Tax Assessment		\$	0.68 /SF
Other		\$	N/A	Other	Unknown	Year of Next Reassessment			

Special Assessments:	Unknown
Reassessment Issues:	Under proposition 13 the property taxes are reassessed upon transfer of title to "market value".

Analysis/Comments:	In California, the tax assessment may or may not represent the value of a property. If not recently purchased, it probably does not. In the case of the subject property, the property has not transferred in years and now has property taxes that are extremely low when compared to the assessments of recently purchased properties. Proposition 13 (States Initiative) sets a limit to the taxes of 1% (with all of the misc. taxes it usually works out to be 1.2% of the purchase price) of full market value, plus bonded indebtedness, and an annual inflation factor of up to 2% is allowed.		
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IMPROVEMENTS DESCRIPTION

Property Type	Industrial Use			Construction Type	Class C Concrete Tilt Up		#Buildings	1	#Stories	One
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Building	Floor	Gross SF	*Net SF	Use Type	Net SF	Use %
Subject	1	15,876	15,876	Office	2000 forecasted	13
				Retail		0
				Warehouse	13876 forecasted	87
				Manufacturing		0
				Distribution		0
				Research / Development		0
						0
Total		15,876	15,876			
*Usable Area <input checked="" type="checkbox"/>		Rentable Area <input type="checkbox"/>				

Year Built	1978	Parking:	Yes	No	Industrial Only
Building Efficiency Ratio	100 %	On Site	<input checked="" type="checkbox"/>	<input type="checkbox"/>	# Overhead Doors
Effective Age	20	Adequacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Floor Height
Total Economic Life	50	Covered	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ceiling Height
Remaining Economic Life	30	Parking Garage	<input type="checkbox"/>	<input type="checkbox"/>	Column Spacing
Floor Area Ratio	47 %	Paved	<input checked="" type="checkbox"/>	<input type="checkbox"/>	20 FT x 20 FT
Ground Coverage Ratio	47 %	Number of Spaces	25		Railroad Spur
		Spaces / 1000SFBA	2		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Analysis/Comments:	The subject property consists of one industrial building that is reflecting class C concrete tilt up construction. The public records are reflecting 14350 SF and the lease is reflecting 15876 SF for the subject property. Assuming the subject has been measured prior to lease up this appraisal defers to the lease. There are 25 on site paved parking spaces located on the asphalt paved parking area along the south and east area of the building. The building is also forecasted to offer good functional use for its current tenants, and is forecasted to provide an adequate number of bath rooms in the building. There also appears to be average window fenestration along the north side of the building. Shipping and receiving appears to be done through either of the roll up doors along the west or south side of the building. Insulation is unknown, and there appears to be two HVAC roof mounted units for heating and air conditioning as well. The photographs are useful for additional visual images of the building.		
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IMPROVEMENTS DESCRIPTION (continued)

Building Description		Improvement Rating			
		Gd	Av	Fr	N/A
Foundation . . . . .	Concrete slab foundation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frame . . . . .	Class C concrete tilt up		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor/Cover . . . . .	Smooth concrete with vinyl and/or carpeting in offices	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ceiling . . . . .	Exposed ceiling joists in production area	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Walls . . . . .	Painted over concrete walls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Partitions . . . . .	2 x 4 studs and drywall for interior walls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof Cover . . . . .	Roll Comp	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing . . . . .	Average quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating . . . . .	Roof mounted gas-fired package units and distribution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioning . . . . .	Roof mounted electric refrigerated combination units	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical . . . . .	240 Volts, 3 phase, 600 amps - forecasted	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elevators . . . . .	The subject property is a one story building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parking . . . . .	25 on site paved parking spaces	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation . . . . .	Unknown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sprinkler . . . . .	Unknown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Roof Support . . . . .	Spaced steel support poles at 20' X 20' forecasted	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	All of the above items have been forecasted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Site Improvements: The subject property is a 1-story industrial warehouse that is reflecting class C concrete tilt up construction, and provides 25 on site parking spaces. The building and paved parking areas appear to cover 95% of the subject property lot.

Personal Property or Other Non-Really Interests Included in Valuation: ☒ No ☐ Yes N/A

Analysis/Comments: The project appears to be conveniently laid out, providing identification, ingress and egress, and provides 25 on site open paved parking spaces. The building appears to be functionally designed and there appears to be positive influences on value generated by the industrial use building. In my opinion, the improvements have been constructed in such a manner that offers good functional utility for an industrial use building. The property appears to be illustrating average quality construction, and also appears to be reflecting good care and maintenance levels for this industrial use building through the years.

HIGHEST AND BEST USE

HIGHEST AND BEST USE AS IF VACANT:  
Legally Permissible Uses: The zoning is for Industrial Development in the area, and many lots in the city are similarly zoned. This zoning allows for a broad range of industrial development.  
  
Physically Possible Uses: Currently the city of Garden Grove would allow a variety of industrial uses on the site. Thus, a myriad of uses would be legal and possible, but many possibly would not be economically feasible.  
  
Financially Feasible Uses: The highest and best use of this lot would be best determined with a feasibility study, and without such a study in hand the highest and best use determination is beyond the scope of the this report.  
  
Maximally Productive Use: Maximum development of a parcel does not necessarily translate into a maximum value. A property needs to be developed in accordance with the needs of the occupant, as well as utilizing standards and uses in demand for the surrounding neighborhood and real estate marketplace.  
Analysis/Comments: The highest and best use of this lot would be best determined with a feasibility study, and without such a study in hand the highest and best use determination is beyond the scope of the this report.

HIGHEST AND BEST USE AS IMPROVED:  
Legally Permissible Uses: The zoning is for Industrial Development in the area, and many lots in the city are similarly zoned. This zoning allows for a broad range of industrial development.  
  
Physically Possible Uses: Currently the city of Garden Grove would allow a variety of industrial uses on the site. Thus, a myriad of uses would be legal and possible, but many possibly would not be economically feasible.  
  
Financially Feasible Uses: The improvements constitute a permissible and possible development. As illustrated in the cost approach section that follows (when utilized), the project adds substantial value to the land and is financially feasible, even after applying an appropriate amount of estimated accrued depreciation.  
Maximally Productive Use: There are numerous development scenarios that are possible, however, each would require a separate marketing study to estimate the feasibility and optimal profitability. Since this investigation is beyond the scope and extent of this assignment, it is not attempted.  
Analysis/Comments: The highest and best use of this lot would be best determined with a feasibility study, and without such a study in hand the highest and best use determination is beyond the scope of the this report. There are numerous development scenarios that are possible, however, each would require a separate marketing study to estimate the feasibility and optimal profitability. Since this investigation is beyond the scope and extent of this assignment, it is not attempted.

VALUATION METHODS SELECTED

Cost Approach ☐ Income Approach ☒ Direct Sales Comparison Approach ☒

Reasons for Excluding an Approach: The client has requested an appraisal of the subject property using the market data and income approaches to value. All of the sales utilized herein appeared on loopnet.com and were confirmed with a title companies' public records. Typical market participants for or with commercial properties would not use the cost technique to ascertain an appropriate value or price. Since market participants typically do not utilize this technique it is beyond the scope of work and this summary appraisal reflects all of the actions of typical market participants.

MARKET VALUE ESTIMATE OF NON-REALTY ITEMS

Market Value of Personal Property \$  
Market Value of Other Non-Reality Interests \$  
Total Market Value of Non-Reality Interests \$

Analysis/Comments: There are no non reality elements included in this valuation.

COMPARABLE SITE ANALYSIS

Data Sheets	Att <input type="checkbox"/>	Subject	Comparable #1	Comparable #2
Location/Address		11330 Markon Drive		
Proximity to Subject				
Map Reference		797-G3		
Deed Reference				
Date of Sale		N/A		
Exposure Time				
Data Source				
Site Size SF <input checked="" type="checkbox"/> Acres <input type="checkbox"/>		33977		
Frontage				
Zoning		Industrial - reflected in the		
Utilities				
Site Improvements				
Unit of Comparison				
Sales Price		\$	\$	\$
Price Per Unit		\$	\$	\$
Property Rights Conveyed				
Adjustment				
Financing				
Adjustment				
Conditions of Sale				
Adjustment				
Market Conditions				
Adjustment				
Other Adjustments				
Location				
Topography				
Shape/Utility				
Utilities				
Site Improvements				
Total Adjustments				
Indicated Value Per Unit		\$	\$	\$

Analysis/Comments: The cost approach to value is beyond the scope of this appraisal assignment.

Total Site Units: SF 33977  
Unit Value \$  
Estimated Site Value \$ 1,655,000

EXCESS LAND

Excess Land Area Units: SF No Excess Land  
Unit Value \$  
Estimated Excess Land Value \$

COST APPROACH

Cost Source	<u>Estimated</u>				
Component	No.	Size	Unit Cost		Cost
<u>Industrial Building</u>	<u>1</u>	<u>15,876</u>	<u>\$ 150.00</u>	<u>Class C Concrete Tilt Up</u>	<u>\$ 2,381,400</u>
	<u>1</u>		<u>\$</u>		<u>\$</u>
			<u>\$</u>		<u>\$</u>
			<u>\$</u>		<u>\$</u>
			<u>\$</u>		<u>\$</u>
			<u>\$</u>		<u>\$</u>
Reproduction <input type="checkbox"/>	Replacement <input checked="" type="checkbox"/>	Cost New of Improvements			<u>\$ 2,381,400</u>
Plus: Indirect (Soft Costs)					<u>\$</u>
Plus: Entrepreneurial Profit					<u>\$</u>
Total Cost New					<u>\$ 2,381,400</u>
Less: Physical Deterioration			<u>45.00 %</u>	<u>1,082,346</u>	
Less: Functional Obsolescence			<u>0.00 %</u>	<u>0</u>	
Less: External Obsolescence			<u>0.00 %</u>	<u>0</u>	
Total Accrued Depreciation (Deterioration & Obsolescence)					<u>(\$ 1,082,000)</u>
Depreciated Value of Building(s)					<u>\$ 1,299,000</u>
Plus: Contributing Value of Site Improvements					<u>\$ 30,000</u>
Depreciated Value of Improvements					<u>\$ 1,329,000</u>
Analysis/Comments: <u>No land sales were used to support the estimated land value, the land value herein has simply been estimated to show the division of depreciated value and land value to the appraised value. The EXTENDED LIFE CONCEPT, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get, the greater is their total life expectancy. This concept recognizes that a building is in the prime of life before mid-life and that the road is downhill after that, but that correction of deficiencies may lower the effective age and lengthen the remaining life. The aforementioned depreciation definitions have been derived from the internal software depreciation table, which utilizes the extended life concept and has created a number of depreciation tables to reflect this approach. No land sales were used to support the estimated land value, the land value herein has simply been estimated to show the division of the depreciated improvement value and land value to the appraised value.</u>					

Estimated Site Value	\$ 1,655,000
Plus: Estimated Excess Land Value	
Plus: Depreciated Value of Improvements	1,329,000
Plus: Market Value of Personal Property and Other Non-Realty Interests	
Indicated Value Before Adjustment for Interest Appraisal	\$ 2,984,000
Less: Adjustment for Interest Appraised	
Value Indication - Cost Approach	\$ 2,984,000
Rounded:	\$ 2,984,000

INCOME APPROACH / RENTAL COMPARABLE BUILDING ANALYSIS

Data Sheets Att <input type="checkbox"/>	Subject	Comparable #1	Comparable #2	Comparable #3
Address	11330 Markon Drive	10520 Garden Grove Bl	11131 Winners Circle	7151 Patterson Drive
Proximity to Subject				
Map Reference	797-G3	798-E6	797-D3	797-G3
Year Built	1978 Year Built	1954 Year Built	1979 Year Built	1979 Year Built
Gross Building Area	15876 SF Building	19295 SF Building	18864 SF Building	20680 SF Building
Number of Stories	One Story Building	One Story Building	One Story Building	One Story Building
Current Vacancy %	100% tenant occupied	No vacancy - forecasted	No vacancy - forecasted	No vacancy - forecasted
Construction Type	Class C Concrete Tilt Up	Class D Frame & Stucco	Class C Concrete Tilt Up	Class C Concrete Tilt Up
Construction Quality	Average Quality	Average Quality	Average Quality	Average Quality
Condition	Good Condition	Good Condition	Good Condition	Good Condition
Parking	25 Spaces	12 Parking Spaces	64 Parking Spaces	32 Parking Spaces
Date of Rent Survey	Current	5/1/2017 COE	5/1/2017 COE	4/11/2017 COE
Asking Rent		\$0.95	\$0.95	\$0.95
Lease Period	3 Years both tenants	1 to 5 years forecasted	1 to 5 years forecasted	1 to 5 years forecasted
Tenant Improvement Allowance	None Forecasted	None Forecasted	None Forecasted	None Forecasted
Concessions	None Forecasted	None Forecasted	None Forecasted	None Forecasted
Tenant Name	Enikon / Gardena Furn	Forecasted lease	Forecasted lease	Forecasted lease
Beginning Date		Various start dates	Various start dates	Various start dates
Term	1 year / 6 months	1-5 years forecasted	1-5 years forecasted	1-5 years forecasted
Lease Type*	Industrial Gross	Industrial Gross	Industrial Gross	Industrial Gross
Tenant Size (SF)	15876 SF Building	19295 SF Building	18864 SF Building	20680 SF Building
Rent Per SF	\$ 0.86	\$ 1.00	\$ 1.00	\$ 1.00
Rent Concessions Adj.				
Adjusted Rent Per SF	\$ 0.86	\$ 1.00	\$ 1.00	\$ 1.00
Adjustment for Market Conditions				
Adjusted Rent Per SF	\$ 0.86	\$ 1.00	\$ 1.00	\$ 1.00

INCOME APPROACH / RENTAL COMPARABLE BUILDING ANALYSIS (continued)

Location	Good	Good	Good	Good
Quality	Average Quality	Average Quality	Average Quality	Average Quality
Condition	Good	Good	Good	Good
Lease Type	Industrial Gross	Industrial Gross	Industrial Gross	Industrial Gross
Total Adjustments	0%	0.00%	0.00%	0.00%
Indicated Market Rent	\$ \$0.86	\$ \$1.00	\$ \$1.00	\$ \$1.00

\*Lease Types: Gross Lease (G), Net Lease (N), Triple Net Lease (TN), Modified Gross (MG), Expense Passthroughs (P), Sales Overage Rents (O), Common Area Maintenance (C), Renewal Options (R)

Analysis/Comments: The rental properties have been taken from the city of Garden Grove (sales 1 & 3) and nearby City of Los Alamitos (sale 2). All rental properties have similar access to major arterial streets for employees and shipping as well. All of the rental properties are illustrating a clear height that is forecasted to range from 12' to 16' clear height, and are forecasted to be illustrating similar average quality construction. All properties appear to provide some on site parking spaces for employees and patrons as well. The leases have been forecasted by way of a rent survey conducted for industrial properties in the area. The median asking price for modified gross leases is \$1.10 per SF, and \$1.00 has been utilized herein to accommodate negotiation discounts. All three rental survey properties above have incomes that have been forecasted because all 3 appeared to be marketed as either vacant or owner user properties.

SUMMARY OF SUBJECT LEASES

Tenant Name	Rented Area (SF)	Beginning Date	Term	Lease Types	Current Rent	Effective Rent / SF	Estimated Market Rent / SF
Enikon	8,600	2/1/2018	1 yr	Mod Gross	\$0.75	\$0.75	\$1.00
Gardena Furniture	7,276	7/1/2017	1 yr	Mod Gross	\$1.00	\$0.00	\$1.00

Analysis/Comments: Gardena Furniture rent has been forecasted at \$1.00 economic rents, due to the lease termination on June 2018. The lease rates for all 3 sales utilized in the Income Approach to value have been forecasted at \$1.00 SF from studies of the rent survey research. The rental income for the subject property appears to be at the low end of the economic rents for the area in the demonstration above.

INCOME AND EXPENSE HISTORY AND FORECAST

Income:	Actual	Comments and Calculations	Stabilized
From _____ to _____			\$ _____
Gross Potential Income	\$ 164,712	Gross scheduled annual income	\$ 164,712
Vacancy and Collection			\$ _____
Loss _____ %	( \$ _____ )	Actual factor is 0%	( \$ _____ )
Other Income	\$ 1,200	CAM fees forecasted	\$ 1,200
Effective Gross Income	\$ 165,912	Effective gross income	\$ 165,912
Expenses:			
Property Taxes	\$ 11,174	Estimated taxes to produce a level playing field under prop 13	\$ 29,000
Insurance	\$ 7,915	Insurance fees have been derived from client	\$ 7,915
Property Management	\$ None	Industrial properties are typically self managed	\$ _____
Utilities	\$ 1,113	Supplied by the current owner	\$ 1,113
Janitorial	\$ _____	Tenant pays under an industrial gross lease	\$ _____
Maintenance	\$ 16,805	Higher than typical	\$ 10,000
Landscaping	\$ 3,095	Supplied by the current owner	\$ 3,095
Reserves	\$ Not Supplied	Forecasted by appraiser	\$ _____
Total Expenses	\$ 40,102		\$ 51,123
Net Operating Income (NOI)	\$ 125,810	Expense/SF \$ 3.22 Expense Ratio 30.81 %	\$ 114,789

Analysis/Comments: The stabilized rental income rate that has been utilized herein represents the actual contract rent at \$0.75 SF for Enikon and forecasted rent for Gardena Furniture at \$1.00. Contract terminates in June 2018 and is forecasted to reach current economic rents. The expenses for the subject have been forecasted to represent the expenses that are typically incurred by the owners under a typical industrial gross lease (AKA - modified gross lease).

DIRECT CAPITALIZATION

Overall Rate Range	4.55% to 4.85%	Equity Dividend Rate Range	_____ to _____
Overall Rate (Ro)	= 0.0425%	Mortgage _____ x _____	= _____
		Equity _____ x _____	= _____
		Overall Rate (Ro)	= 0.0425%
NOI (Ro)	Estimated Value	NOI (Ro)	Estimated Value
\$ 114,789 / 0.0425% = \$ 2,701,000		\$ 114,789 / 0.0425% = \$ 2,701,000	

Analysis/Comments: The direct cap rate of 4.25% that has been selected to represent the subject property falls below the bracket created by the demonstration found on page 8 of this report due to the following rational. The lease contract with Gardena Furniture is due to terminate in June of this year, and the lease for Enikon is due to terminate on Feb 1, 2019. Current management is expected to raise the monthly rents to reflect current economic rents for Gardena Furniture in June 2018, and will raise the rent for the Enikon tenant in February 2019.

YIELD CAPITALIZATION

Cash Flow Analysis in Addenda	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Market Rent Scenario		Contract Rent Scenario	
Forecast Holding Period			N/A		N/A	
Beginning NOI			\$	N/A	\$	N/A
NOI Pattern			N/A		N/A	
Reversion Assumption			N/A		N/A	
Yield Rate			N/A		N/A	
Value Estimate			\$		\$	

Analysis/Comments: This type of analysis is too sophisticated for the type of property appraised. Direct capitalization involves the analysis of the income and expenses for typically the most recent 12 month period, while a yield capitalization analysis involves the forecasting of the income and expenses into the future, for a holding period that typically runs 5 to 20 years.

ADJUSTMENT FOR INTEREST APPRAISED

Value Estimate - Market Rent Scenario	\$	
Value Estimate - Contract Rent Scenario	\$	
Difference (Adjustment for Interest Appraised)	\$	
Analysis/Comments:		
Value Indicated by Direct Capitalization/Yield Analysis (excluding excess land)	\$	
Plus: Estimated Excess Land Value	\$	
Value Indication - Income Approach	\$	
Rounded	\$	\$2,700,000

DIRECT SALES COMPARISON APPROACH/COMPARABLE BUILDING ANALYSIS

Comp Sheets	Att <input checked="" type="checkbox"/>	Subject	Comparable #1	Comparable #2	Comparable #3	
Address		11330 Markon Drive	10520 Garden Grove Bl	11131 Winners Circle	7151 Patterson Drive	
Proximity to Subject			3.76 miles SE	1.90 miles NW	0.07 miles NW	
Map Reference		797-G3	798-E6	797-D3	797-G3	
Data Source			Recorded Doc # 175023	Recorded Doc # 175391	Recorded Doc # 144798	
Gross Building Area		15876 SF Building	19295 SF Building	18864 SF Building	20680 SF Building	
Net Building Area						
Site Size SF <input checked="" type="checkbox"/> Acres <input type="checkbox"/>		33977 SF Lot	43245 SF Lot	56628 SF Lot	42145 SF Lot	
Land-to-Building Ratio		2.14	2.24	3.00	2.04	
Year Built		1978 Year Built	1954 Year Built	1979 Year Built	1979 Year Built	
Construction Type		Class C Concrete Tilt Up	Class D Frame & Stucco	Class C Concrete Tilt Up	Class C Concrete Tilt Up	
Construction Quality		Average Quality	Average Quality	Average Quality	Average Quality	
Condition		Good	Good	Good	Good	
Parking		25 Spaces	12 Parking Spaces	64 Parking Spaces	32 Parking Spaces	
Other Zoning		Industrial Zoning	Industrial Zoning	Industrial Zoning	Industrial Zoning	
Selling Price			\$3,700,000	\$3,394,000	\$3,955,000	
Sale Price	\$	Selling Price Per SF	\$	\$179.92	\$	\$191.25
Date of Sale		6/28/2017 Effective date		5/1/2017		4/11/2017 COE
Exposure Time				5/1/2017		
Property Rights Conveyed				Fee Simple - Forecasted		Fee Simple - Forecasted
Adjustment						
Financing				54% New Loan - CTNL		63% New Loan - CTNL
Adjustment						
Conditions of Sale		Estate Planning		Conventional Sale		Conventional Sale
Adjustment						
Excess Land		33,977 SF Lot		56628 SF Lot		42145 SF Lot
Adjustment						
Non-Realty Interests		Good Design & Appeal		Good Design & Appeal		Good Design & Appeal
Adjustment						
CE/Terms Adjusted Price	\$	0	\$	\$172	\$	\$188
Other Adjustments:						
Market Conditions		Corner Lot		Interior Lot		Interior Lot
Adjustment						
Location		Good		Good		Good
Adjustment						
Quality		Average Quality		Average Quality		Average Quality
Adjustment						
Condition		Good		Good		Good
Adjustment						
On Site Parking		25 Parking Spaces		64 Parking Spaces		32 Parking Spaces
Adjustment						
Total Other Adjustments						
Indicated Value Per Square Foot	\$		\$	\$183	\$	\$191



DIRECT SALES COMPARISON APPROACH/COMPARABLE BUILDING ANALYSIS (continued)

Analysis/Comments: The subject property is well located within the city of Garden Grove at the intersection of Patterson Drive and Markon Drive. It competes well with other retail, light industrial, and commercial office properties in the area because it is functionally good, is located in close proximity to several major arterial streets, and has a very accessible corner lot location. Market grid adjustments are fully explained in the comment addendum. The adjusted indicated values per Square Foot range from a low of \$173 to a high of \$194 with a value of \$188 giving greater weight to sale #3 due to its similarity in location (across the street). The adjusted indicated value of \$188 is very well bracketed by the demonstrations on the market grid pages (7 and 13) and has been selected to represent the subject property for the Market Data Approach to value.

FEE SIMPLE OR LEASED FEE OPERATING DATA AND RATIOS

	Comparable #1	Comparable #2	Comparable #3
Fee Simple or Leased Fee	Fee Simple - Forecasted	Fee Simple - Forecasted	Fee Simple - Forecasted
Gross Potential Income	\$ 231,540	\$ 226,368	\$ 248,160
Vacancy and Collection Loss %	3%	3%	3%
Effective Gross Income	\$ 224,594	\$ 219,577	\$ 240,715
Operating Expenses	\$ 56,148	\$ 54,894	\$ 60,178
Expenses/SF Gross Building Area	\$ 2.910	\$ 2.910	\$ 2.91
Expense Ratio	25.00%	25.00%	25.00%
Net Operating Income	\$ 168,446	\$ 164,683	\$ 180,537
EGIM	16.47	15.46	16.43
Overall Rate	4.55%	4.85%	4.56%
Equity Dividend Rate			

Analysis/Comments: All of the aforementioned income and expense streams have been forecasted due to either their forecasted owner/user status, or lack of rental income information. The rental incomes and expenses have been derived from the rent survey study contained herein. Loopnet.com has been the source for the rent survey for the forecasted lease information utilized herein. The subject property leases are all Industrial Gross Leases, and the rental survey properties utilized herein were selected for their similar modified gross lease asking prices as well as their Garden Grove and Los Alamitos locations.

Building Units	Square Foot	15876
Value Per Unit		\$ 188 /Unit
Value Estimate		\$ 2,984,688

Effective Gross Income	\$ 165,912
Effective Gross Income Multiplier (EGIM)	x 16.28
Value Estimate	\$ 2,701,047

Analysis/Comments: The direct cap rates taken from the demonstration contained in this report ranges from 4.55% to 4.85% with a 4.25% cap rate selected to represent the subject property in this particular study. \$114,789 NOI ÷ 0.0425 direct cap = \$2,70 1,000. See cap rate explanation on page 6. The effective gross income multipliers range from 15.46 to 16.47, and the 16.28 GIM utilized herein is well bracketed by the demonstration above. An Income Approach value of \$2,700,000 has selected from the two value indicators. The inclusion of the estimated cost approach is done primarily to demonstrate the division of value between land and improvements. Cost values and land values have simply been estimated.

Value Indicated by Direct Sales Comparison Approach (excluding excess land)	\$ 2,984,688
Plus: Estimated Excess Land Value	\$
Plus: Adjustment for Interest Appraised	\$
Value Indication - Direct Sales Comparison Approach	\$ 2,984,688
Rounded	\$ 2,985,000

RECONCILIATION AND FINAL VALUE ESTIMATES

Cost Approach Indication	\$ 2,984,000
Income Approach Indication	\$ 2,700,000
Direct Sales Comparison Approach Indication	\$ 2,985,000


Reconciliation: Greater weight is given to the market data approach to value, as the rental income from the Gardena Furniture tenant will be greatly increased this coming June 2018, and the rental income from the Enikon tenant will be greatly increase 7 months later on Feb 1, 2019. The estimated cost approach strongly supports the final value conclusion, however this approach to value can only serve as background support since the actual cost figures are not made available through public domain. The sales comparison approach is particularly strong in an owner-user market. It directly compares a property on a physical basis. Income generation may have a role in this approach where buyers look to the income generation as a unit of measure in valuation. The economic validity of the purchase may be measured. The weakness is that there may be relatively few similar properties in the area, and there may be fewer similar properties that sell within a given period of time in a competitive market area.

Estimated Exposure Time: Exposure time is a function of pricing, marketing and motivation. The sales presented herein were successfully marketed within an unknown time period. A marketing time study is beyond the scope of work in this study because it is not a part of the definition of fair market value utilized herein by West's Encyclopedia of American Law, edition 2. See comment addendum.

Extraordinary Assumptions, Hypothetical Conditions, and Limiting Conditions: Extraordinary Assumption - For the purpose of this appraisal study it is assumed there are no adverse easements, conditions, code violations, toxic soil contamination, or encroachments impacting the subject property, and the subject is reflecting an average or better overall condition rating. Hypothetical Condition - The rental income for the Gardena Furniture tenant has been forecasted at \$1.00 SF to meet anticipated increase in June 2018. The combined rental income for both tenants are now reflecting \$0.86 per Square Foot.

Estimated Market Value "As Is"	\$ 2,900,000
Effective Date of Valuation	2/2/2018
Market Value of Personal Property Included in Appraisal	\$
Market Value of Other Non-Realty Interests Included in Appraisal	\$

RECONCILIATION AND FINAL VALUE ESTIMATES (continued)

Appraiser #1		Date		Property Inspected	
Signature				Yes	No
Name	Robert Rey Walker	2/2/2018		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Certification	No.: AG 018463				
	State: California	Exp. Date: February 23, 2020			
	Digitally signed and protected by code				
Appraiser #2					
Signature				Yes	No
Name				<input type="checkbox"/>	<input type="checkbox"/>
Certification	No.:				
	State:	Exp. Date:			

CONTENTS OF ADDENDA

Legal Description	<input checked="" type="checkbox"/>	Land Lease	<input type="checkbox"/>	Support for Non-Realty Interest Valuation	<input type="checkbox"/>
Subject Photographs	<input checked="" type="checkbox"/>	Segregated Cost Sheet	<input type="checkbox"/>	Support for Adjustment for Interest Appraised	<input type="checkbox"/>
Area Map	<input checked="" type="checkbox"/>	Soils Survey Map	<input type="checkbox"/>	Copy of Easement	<input type="checkbox"/>
Neighborhood Map	<input checked="" type="checkbox"/>	Subject Leases	<input type="checkbox"/>	Appraiser Qualifications	<input type="checkbox"/>
Zoning Map	<input type="checkbox"/>	Rental Comparable Data Sheets	<input type="checkbox"/>	Property Detail Pages	<input checked="" type="checkbox"/>
Flood Zone Map	<input type="checkbox"/>	Rent Location Map	<input type="checkbox"/>	Assessor's Plat Map	<input checked="" type="checkbox"/>
Topographic Map	<input type="checkbox"/>	DCF Analysis	<input type="checkbox"/>		<input type="checkbox"/>
Site Sketch	<input type="checkbox"/>	Improved Property Sales Data Sheets	<input type="checkbox"/>		<input type="checkbox"/>
Site Plan	<input type="checkbox"/>	Building Sales Location Map	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Building Plans	<input type="checkbox"/>	Copy of Deed	<input type="checkbox"/>		<input type="checkbox"/>
Tax Assessment Card	<input type="checkbox"/>	Contract of Sale	<input type="checkbox"/>		<input type="checkbox"/>
Land Sales Data Sheets	<input type="checkbox"/>	Construction Cost Contract	<input type="checkbox"/>		<input type="checkbox"/>
Land Sales Map	<input type="checkbox"/>	Support for Personal Property Valuation	<input type="checkbox"/>		<input type="checkbox"/>

DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and acting in what they consider their best interests; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

1 USPAP 2001 Glossary

ASSUMPTIONS AND LIMITING CONDITIONS

- As agreed upon with the client prior to the preparation of this appraisal, unless otherwise indicated, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.
  - Unless otherwise indicated, this is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The information contained in the report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
  - No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
  - The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
  - Responsible ownership and competent property management are assumed unless otherwise stated in this report.
  - The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
  - All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
  - It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
  - It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
  - It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
  - It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
  - Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
  - It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
- (Continued)

ASSUMPTIONS AND LIMITING CONDITIONS

14. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
15. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
16. Any proposed improvements are assumed to be completed in accordance with the submitted plans and specifications.
17. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed, and in any event, only with the proper written qualification and only in its entirety.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

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.

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 are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
  - I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
  - I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
  - my engagement in this assignment was not contingent upon developing or reporting predetermined results.
  - my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
  - my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
  - I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property).
  - no one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated).

As of the date of this report I Robert Rey Walker, have completed the requirements of the continuing education program of the the state of California.

This appraisal report has been conducted as a Google drive by desk appraisal with visual inspections of the subject property being provided by the following; Google street level and aerial images of the subject property, the street, the neighborhood, as well as the comparable sales.

I have performed no services as an appraiser or in any capacity for the subject property within the three-year period immediately preceding acceptance of this assignment.

Appraiser's Signature

Robert Rey Walker

Date 2/2/2018

State Certification # AG 018463

Digitally signed and protected by code



ADDENDUM

Borrower: Appraisal for estate purposes only		File No.: 171226IN
Property Address: 11330 Markon Drive		Case No.:
City: Garden Grove	State: CA	Zip: 92841
Lender: Byron Lane Attorney At Law		

Extra Comments

SCOPE OF WORK IN THE ASSIGNMENT

The sales comparison approach is presented herein for consideration for valuing real estate based on its continued industrial building use. This appraisal report valuation study is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file.

In performing this appraisal valuation study, the appraiser:

\*Performed the appraisal assignment as a Google drive by desk appraisal study being prepared with the visual inspections of the subject property and sales provided by one or more of the following; satellite images, and street side images provided by Google maps.com relying on Google aerial and street level visual images. The lot size, building size, zoning, and year built reflected in the assessor's records will be relied on in the appraisal documents.

\*Performed the appraisal assignment as a Google drive by desk appraisal study being prepared with the visual inspections of the subject property and sales provided by one or more of the following; satellite images, and street side images provided by Google maps.com relying on Google aerial and street level visual images of the subject neighborhood to ascertain and document the various environmental, social, governmental and economic factors that may influence value;

\*Gathered and confirmed information on improved comparable industrial sales in the greater neighborhood area.

\*Considered the market data approach as well as the income approach to value only in order to arrive at an "as is" value of the property.

\*The replacement cost approach, the flood zone, and the highest and best use analysis are considered beyond the scope of work in this study.

The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value. There are three possible approaches that can utilized in a valuation study and are interrelated. The appraiser derives separate indications of value for a property being appraised. The appraiser integrates the information derived from each approach to complete the valuation process and develop an opinion of value.

**The sales comparison approach** is a direct comparison of properties that are similar to the subject that have recently sold, are listed for sale, or are under contract. The market value of a property is related to the prices of comparable competitive properties. Various physical components of the comparable sales are analysed and value estimates are either added to, or taken away, depending on whether a physical component is superior to, or inferior to the subject property. If a feature is inferior to the subject property then a plus calculation is applied, and conversely if a feature is superior to the subject a minus value is applied. An appraisal market grid attempts to have the sales match the subject property, instead of having the subject property matching the sales.

**The income capitalization approach**, when used, is a method of converting anticipated economic benefits of owning property into a value estimate through capitalization. In order to value the anticipated economic benefits of a particular property, potential income and expenses must be estimated and the most appropriate capitalization method must be selected. Due to the inclusion of the income approach to value, the lease income stream, expenses, and the vacancy factor have been explored in this particular study. When utilizing the income approach a rent survey is normally conducted to forecast the rental income for an owner/user property, so the appropriate rent and the appropriate rate of return for converting lease income into a capital amount, or value, could be utilized.

**The cost approach**, when used, is an analysis of the property's physical value. The principle of substitution, the underlying rationale of this approach, holds that no prudent person will pay more for a property than the price of a site and the cost of constructing, without undue delay, an equally desirable and useful property. Market participants generally do not use the cost technique to ascertain an appropriate value or price. Since market participants do not utilize the technique it is beyond the scope of work for this appraisal assignment. The inclusion of the estimated cost approach is done primarily to demonstrate the division of value between land and improvements and to demonstrate financial feasibility for the highest and best use analysis. Cost values have simply been estimated.

Conditions of Appraisal

The preprinted paragraphs on page 9 of this report that includes the "definition of value" and the "assumptions and limiting conditions" are hereby superseded by the information found in this comment addendum.

Sales Comparison Approach Summary

The six closed sale transactions that have been utilized herein form the basis of the opinion of value. After receiving adjustments, they are now illustrating adjusted indicated values per Square Foot that reflect the following data points; (1) \$183 (2) \$173 (3) \$191 (4) \$191 (5) \$194 & (6) \$180.

None of the sales are an exact match. The market is broadly based because there are relatively few small properties on the market in this industrial building environment at any given time. The industrial property investor has limited stock to choose from with little means of making comparisons like the appraiser. The properties that the appraiser uses for comparison are no longer available for purchase as an alternative.

ADDENDUM

Borrower: Appraisal for estate purposes only		File No.: 171226IN
Property Address: 11330 Markon Drive		Case No.:
City: Garden Grove	State: CA	Zip: 92841
Lender: Byron Lane Attorney At Law		

Eventual Sales Price - The sales price for any property may or may not be the appraised value. The eventual sales price is going to depend on many things including the mortgage interest rates being offered at the time of sale, the motivation of the seller, the emotional attachment to the subject property on the part of the buyer, a particular buyer's utility needs for a specific property in order to suit a specific residential or commercial need, the negotiation skills of the Realtors involved, as well as the overall health of the economy in general.

Subjective Adjustments - Most subjective adjustments contained in this appraisal study are calculated in incremental adjustments that range from None, Fair, Average, Good, Very Good, to Excellent.

Sales & Financing - All sales presented herein involved conventional type financing with no adjustments deemed necessary. All other sales were derived from the SoCal MLS, loopnet.com, or title company information and the condition of the property, the condition of the sale, and any other favorable or unfavorable aspect of the sale is unknown.

Lot Size - Adjustments have been estimated at \$7 per SF for the differences in lot sizes.

Design & Appeal - Adjustments have been estimated in 5% increments.

Corner vs Interior lots - Adjustments have been estimated at +2% for judged inferior interior lot positions.

Location - Adjustments have been estimated at -10% for sale 1 due to its superior major arterial street location, and -5% for sale 6 due to its arterial street location.

Parking - Adjustments have been estimated at \$1,000 per paved parking space.

**Rent Survey Summary for the Income Approach -**

A rent survey was conducted for the area using www.loopnet.com looking for Industrial Gross Lease listings. 5 listings were located with the following asking prices;

\$1.10 SF for a 15,522 SF space at 11612 Knott Street, Garden Grove

\$1.10 SF for a 5,600 SF space at 10752 Noel Street, Los Alamitos

\$1.10 SF for a 4272 SF space at 12771 Western Avenue, Garden Grove

\$1.20 SF for a 6524 SF space at 10572 Calle Lee, Los Alamitos

\$0.89 SF for a 7211 Patterson Drive, Garden Grove

The stabilized rental income rate that has been utilized herein represents the actual contract rent at \$0.75 SF for Enikon and forecasted rent for Gardena Furniture at \$1.00. Contract terminates in June 2018 and is forecasted to reach current economic rents. The expenses for the subject have been forecasted to represent the expenses that are typically incurred by the owners under a typical industrial gross lease (AKA - modified gross lease).

The direct cap rate of 4.25% that has been selected to represent the subject property falls below the bracket created by the demonstration found on page 8 of this report due to the following rational. The lease contract with Gardena Furniture is due to terminate in June of this year, and the lease for Enikon is due to terminate on Feb 1, 2019. Current management is expected to raise the monthly rents to reflect current economic rents for Gardena Furniture in June 2018, and will raise the rent for the Enikon tenant in February 2019.

Electronic Signature - All electronic signatures on this report have a security feature maintained by individual passwords for each signing appraiser. This is a digitally signed signature and is protected by code. No person can alter the appraisal with the exception of the original signing appraiser/s.

**LIMITING CONDITIONS RELEVANT TO THIS APPRAISAL**

1) As defined by West's Encyclopedia of American Law, edition 2. Copyright 2008 The Gale Group, Inc. the term "Market Value" is:

The amount for which real property or Personal Property would be sold in a voluntary transaction between a buyer and seller, neither of whom is under any obligation to buy or sell. The customary test of fair market value in real estate transactions is the price that a buyer is willing, but is not under any duty, to pay for a particular property to an owner who is willing, but not obligated, to sell. Various factors can have an effect on the fair market value of real estate, including the uses to which the property has been adapted and the demand for similar property. Fair market value can also be referred to as fair cash value or fair value.

2. Acceptance of and/or use of this appraisal report by the client or any third party constitutes an acceptance of all limiting conditions. The appraiser's liability extends only to the stated client, not subsequent parties or users, and is limited to the amount of the fee received by the appraiser for the total of any awarded compensatory damages. Further, there is no accountability, obligation or liability to any third party. If the appraisal report is placed in the hands of anyone other than the client for whom it was prepared, the client shall make such party

ADDENDUM

Borrower: Appraisal for estate purposes only		File No.: 171226IN
Property Address: 11330 Markon Drive		Case No.:
City: Garden Grove	State: CA	Zip: 92841
Lender: Byron Lane Attorney At Law		

and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions.

3. If the client or any third party brings legal action against Marketplace Appraisal, or the signer of this report, and the appraiser prevails, the initiating party of such legal action shall reimburse Marketplace Appraisal and/or the appraiser for any and all costs of any nature, including attorneys' fees, incurred in his defense. The client or any party bringing legal action against this appraiser, hereby accepts and agrees to binding mediation, that shall take place in the city where the signing appraiser resides at the time any legal action is initiated by the client or subsequent users.
4. The date of value, to which the conclusions and opinions expressed in the report apply, is set forth in the letter of transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the U. S. dollar existing on that date.
5. The appraiser assumes no responsibility for economic or physical factors which may affect the opinions herein stated occurring at some date after the date of value as stated in the letter transmitting this report as well as elsewhere in the report.
6. The appraiser reserves the right to make such adjustments to the valuation herein reported as may be required by consideration of additional data that may become available.
7. No opinion as to title is rendered. Data related to ownership and legal description was obtained from public records and is considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in this report. The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.
8. No engineering study has been made by the appraiser. Except as specifically stated, data relative to size and area was taken from sources considered to be reliable, and no encroachment of real property improvements is considered to exist.
9. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. 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.
10. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.
11. No opinion is intended or expressed for matters that require legal expertise, or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
12. The valuation contained in this report is the work product of the appraiser. I relied upon specialized professional studies relating to data collection utilized by the undersigned appraiser in the conclusions.
13. Because no title report was made available to the appraiser, I assume no responsibility for such items of record not disclosed by his customary investigation.
14. No detailed soil studies, except as noted, covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive, but have been discussed with the client and considered consistent with information available to the appraiser.
15. Since earthquakes are not uncommon in the area, no responsibility is assumed due to their possible effect on individual properties unless detailed geologic reports are made available.
16. Testimony or attendance in a court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance. No testimony will be given unless the appraisal fee has been paid and expert witness fees are paid.
17. The appraisal company has conducted this appraisal report as a Google drive by desk Appraisal Report and has relied on one or more of the following; satellite images, and street side images provided by Google maps.com relying on Google aerial and street level visual images, and found no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections.
18. No termite inspection report was made available and any evidence of termite damage or infestation could be determined, however this appraisal assumes the subject property is not adversely impacted by termite damage, however there is no guarantee and the client should have the subject property inspected by a licensed termite company to uncover any damage that may exist.
19. No consideration has been given in this appraisal as to the value of the property considered by the appraiser to be personal, located on the premises, or the cost of moving, relocating such personal property; only the real estate has been considered.
20. Rental areas herein if discussed have been calculated in accordance with the standards developed by the American Standards Association as included in the "Real Estate Appraisal Technology" handbook sponsored by the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers.
21. Regarding environmental problems: The appraisers are not qualified to detect hazardous waste and/or toxic



ADDENDUM

Borrower: Appraisal for estate purposes only		File No.: 171226IN
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Lender: Byron Lane Attorney At Law		

materials. Any comment made by the appraiser that might suggest the possibility of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such a determination would require investigation by a qualified expert in the field of environmental assessment.

The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

The subject property is appraised assuming that it is not adversely affected by the presence of potentially hazardous materials that my adversely affect its value, marketability, or utility.

22. It is the appraiser's intention that this report complies with all statutes, rules, and regulations prohibiting discrimination on the basis of race, color, religion, sex national origin and martial status.

23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the property's market value. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in our market value estimates.

24. In accordance with the Fair Housing Amendments Act, it is illegal for an appraiser to discriminate against any person because of race, color, religion, sex, hardship, familial status, or national origin. This appraisal complies with all rules and regulations prohibiting discrimination on the basis of race, color, religion, sex, nation origin, and marital status.

PRIVACY NOTICE

Appraisers, along with all providers of personal financial services, are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client non-public personal information. As professionals, we understand that your privacy is very important to you and are pleased to provide you with this information.

Types of non-public personal information we collect

In the course of performing appraisals, we may collect what is known as "non-public personal information" about you. This information is used to facilitate the services that we provide to you and may include information provided to us by you directly or received by us from others with your authorization. Some examples of non-public personal information we might collect in the course of doing an appraisal are:

- p Phone numbers
- p Information about the real estate being appraised not available from public sources that might include photos - both interior and exterior, floor plans, and the condition of the real estate
- p The intended use of the appraisal
- p The income and expenses with the subject Your payment arrangements,
- p Any other information you provide to us.

Parties to whom we disclose information

We do not disclose any non-public personal information obtained in the course of our engagement with our clients to no-affiliated third parties except as necessary or required by law. By way of example, a necessary disclosure would by to our employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in providing appraisal services to you. All of our employees and any third party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence with the firm. A disclosure required by law would be a disclosure that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and security

We will retain records relating to professional services that we have provided to you for a period of time in conformity with industry standards. In order to protect your non-public personal information from unauthorized



ADDENDUM

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access by third parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to insure the security and integrity of your information. Please fee free to call us at any time if you have any questions about confidentiality of the information that you provide to us.

Opt out provision  
From time to time real estate appraisers are asked to submit completed appraisal assignments in order to satisfy the requester that a particular appraiser is qualified to appraise various property types before actually assigning a particular appraisal request. In addition Marketplace Appraisal also from time to time posts various completed appraisals on it's website to be utilized as work samples for purposes as stated above. On occasion, non-public information obtained in the course of performing an appraisal is used in other appraisals that we perform such as, but not limited to, rental income and related expenses. If you desire that this information not be reused, please contact us by phone at 310-999-3700.

SUBJECT PROPERTY PHOTO ADDENDUM

Borrower: Appraisal for estate purposes only			File No.: 171226IN
Address: 11330 Markon Drive			Case No.:
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FRONT VIEW OF  
SUBJECT PROPERTY

Date: February 2, 2018  
Appraised Value: \$ \$2,900,000



REAR VIEW OF  
SUBJECT PROPERTY



STREET SCENE





Borrower: Appraisal for estate purposes only			File No.: 171226IN
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City: Garden Grove	St: CA	Zip: 92841	Lender: Byron Lane Attorney At Law



Subject west side



Easterly street view



Southerly street scene  
along Markon Drive







Subject property aerial view



Subject property reverse aerial view



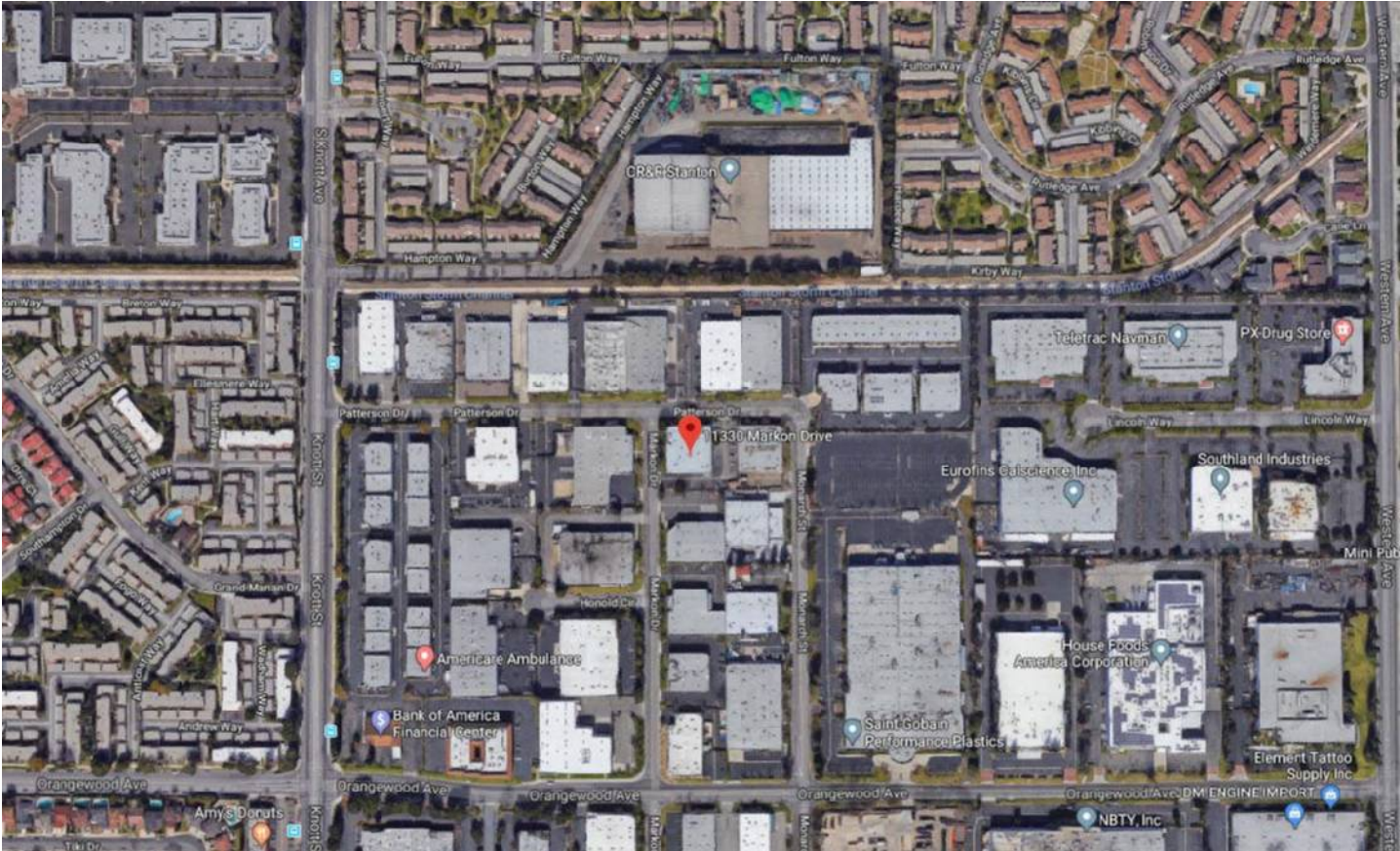
Additional aerial view looking straight down





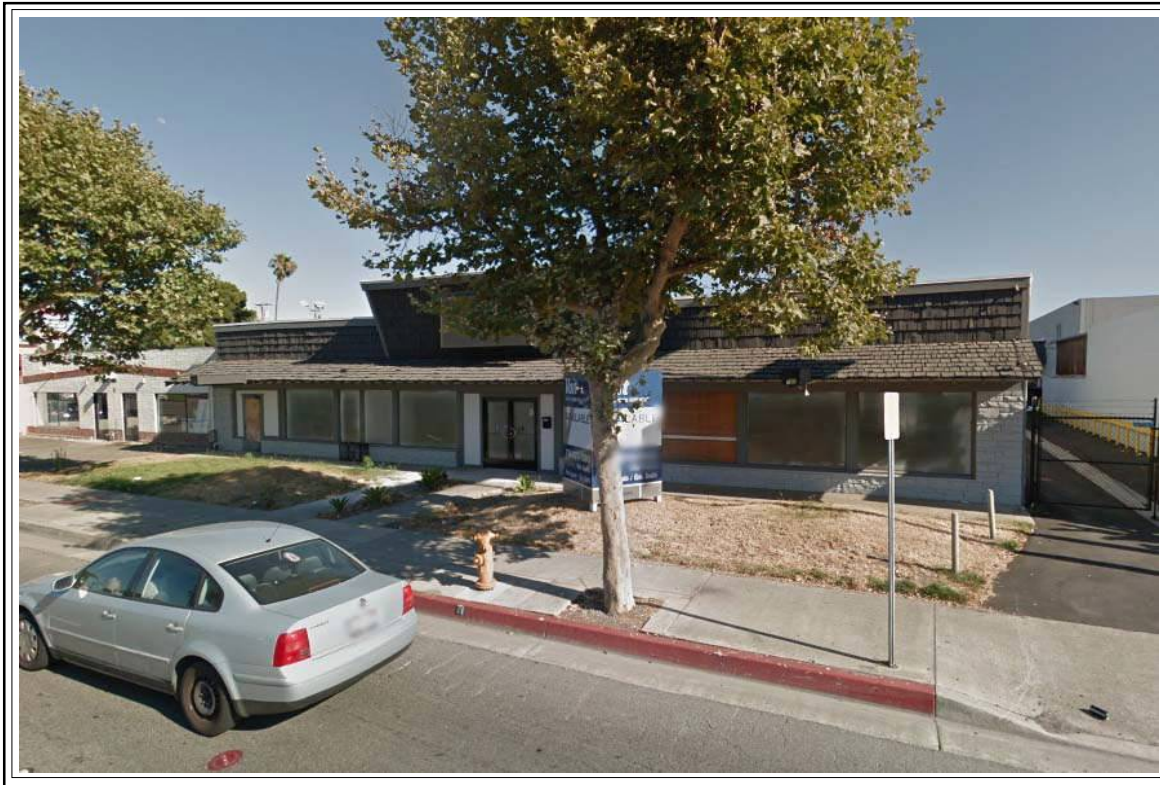
AERIAL VIEW OF THE SUBJECT PROPERTY NEIGHBORHOOD

Borrower: Appraisal for estate purposes only		File No.: 171226IN
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COMPARABLE PROPERTY PHOTO ADDENDUM			
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Address: 11330 Markon Drive		Case No.:	
City: Garden Grove	St: CA	Zip: 92841	Lender: Byron Lane Attorney At Law



COMPARABLE SALE #1

10520 Garden Grove Bl  
 Sale Date: 5/1/2017 COE  
 Sale Price: \$ 192



COMPARABLE SALE #2

11131 Winners Circle  
 Sale Date: 5/1/2017  
 Sale Price: \$ 180

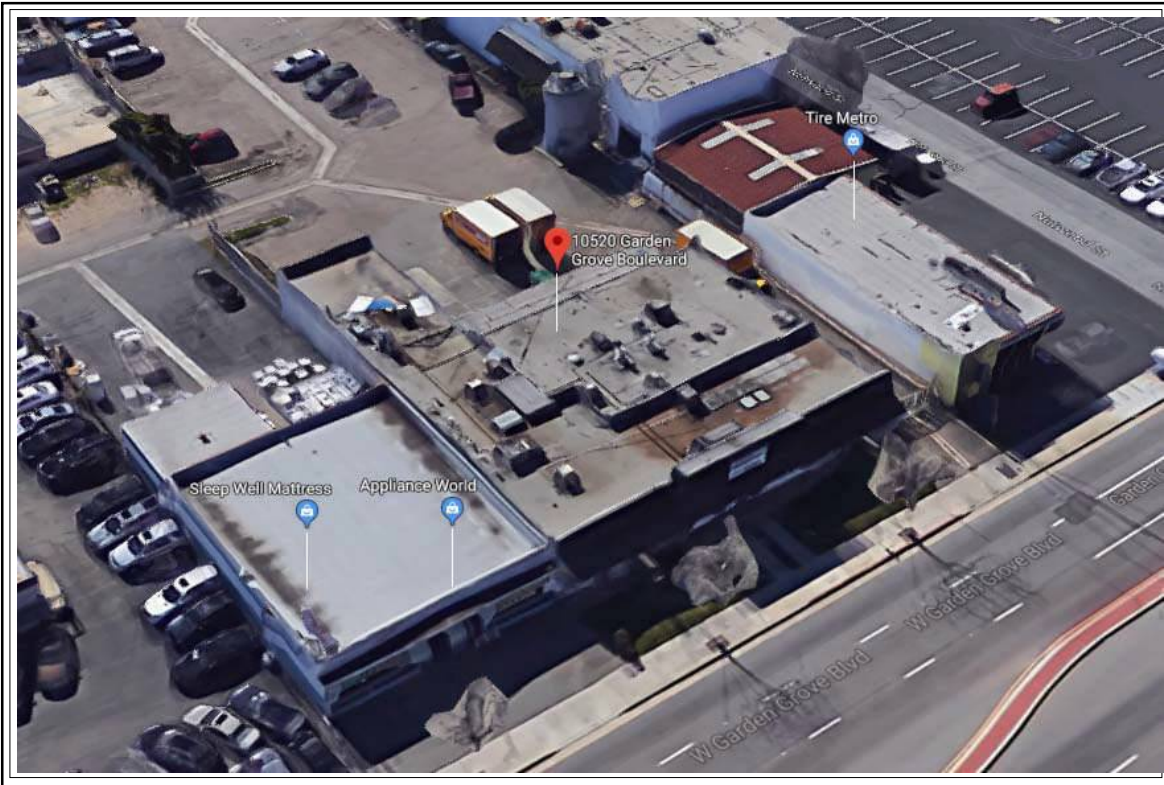


COMPARABLE SALE #3

7151 Patterson Drive  
 Sale Date: 4/11/2017 COE  
 Sale Price: \$ 191







Aerial view of sale #1  
10520 Garden Grove Blvd



Aerial view of sale #2  
11131 Winners Circle



Aerial view of sale #3  
7151 Patterson Drive





COMPARABLE PROPERTY PHOTO ADDENDUM			
Borrower: Appraisal for estate purposes only		File No.: 171226IN	
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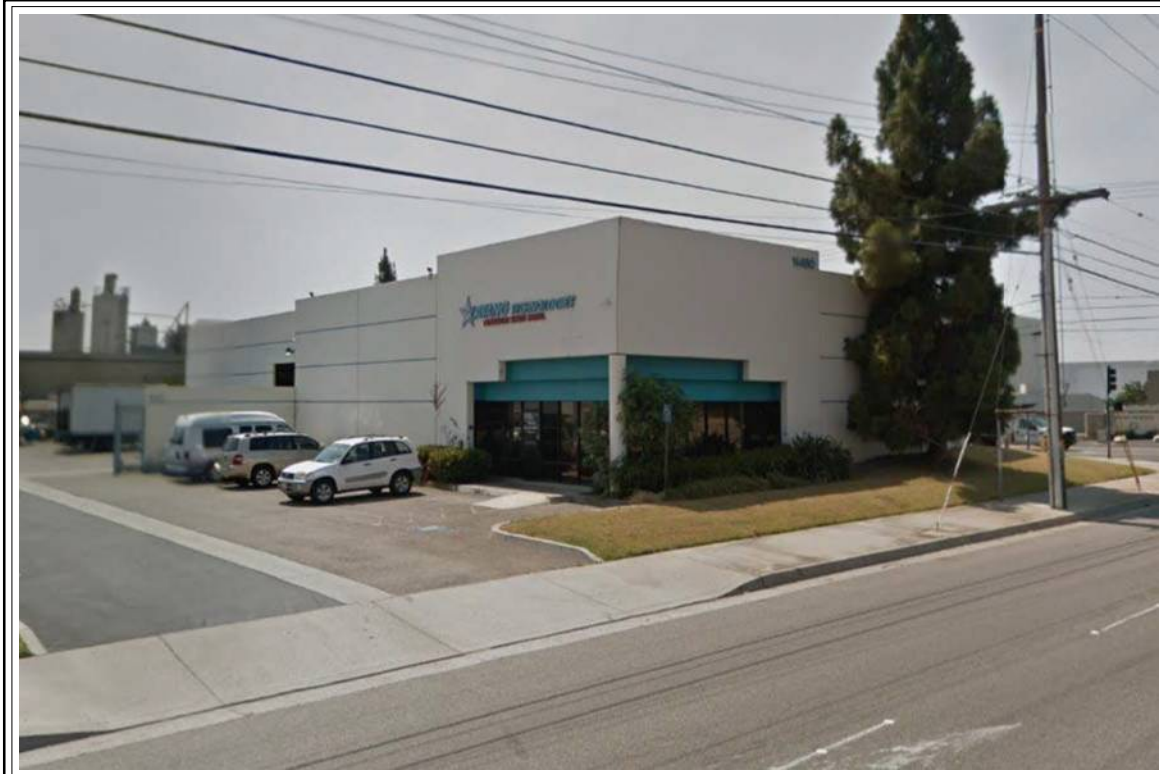
COMPARABLE SALE #4

15882 Manufacture Lane  
 Sale Date: 1/25/2016 COE  
 Sale Price: \$ 185



COMPARABLE SALE #5

10794 Los Vaqueros Cir  
 Sale Date: 5/3/2016 COE  
 Sale Price: \$ 187



COMPARABLE SALE #6

14480 Hoover Street  
 Sale Date: 1/28/2016 COE  
 Sale Price: \$ 185

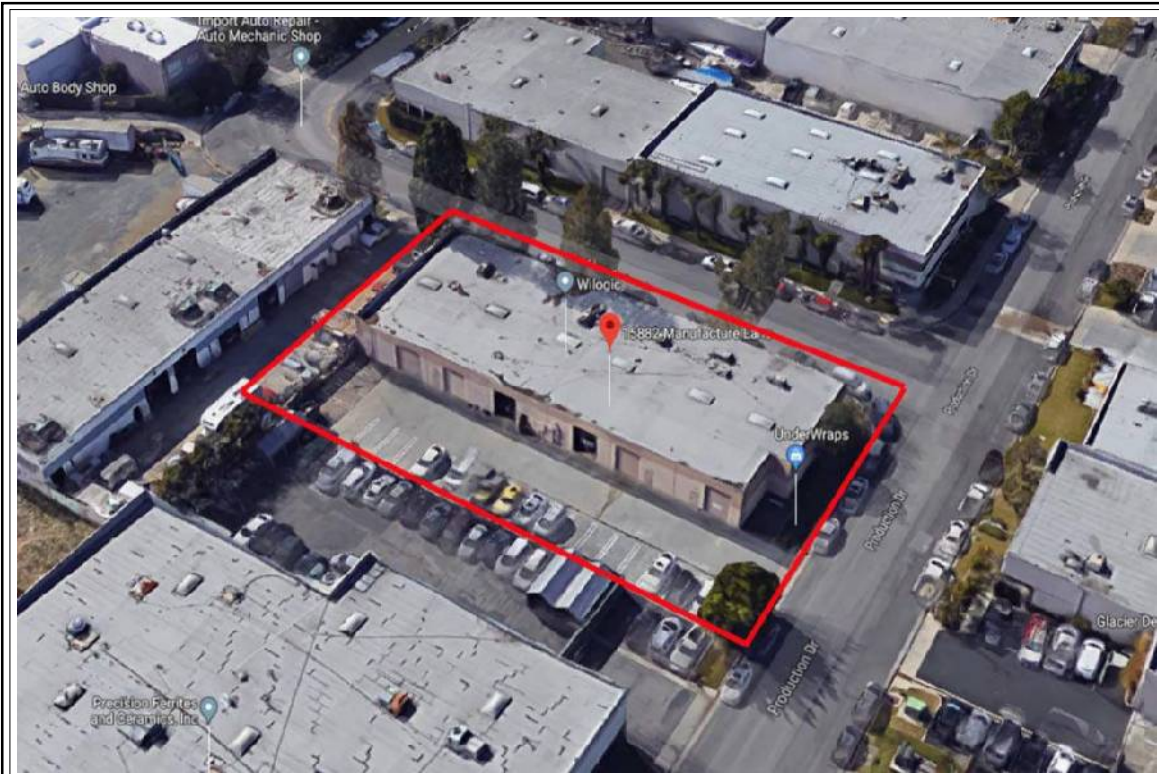




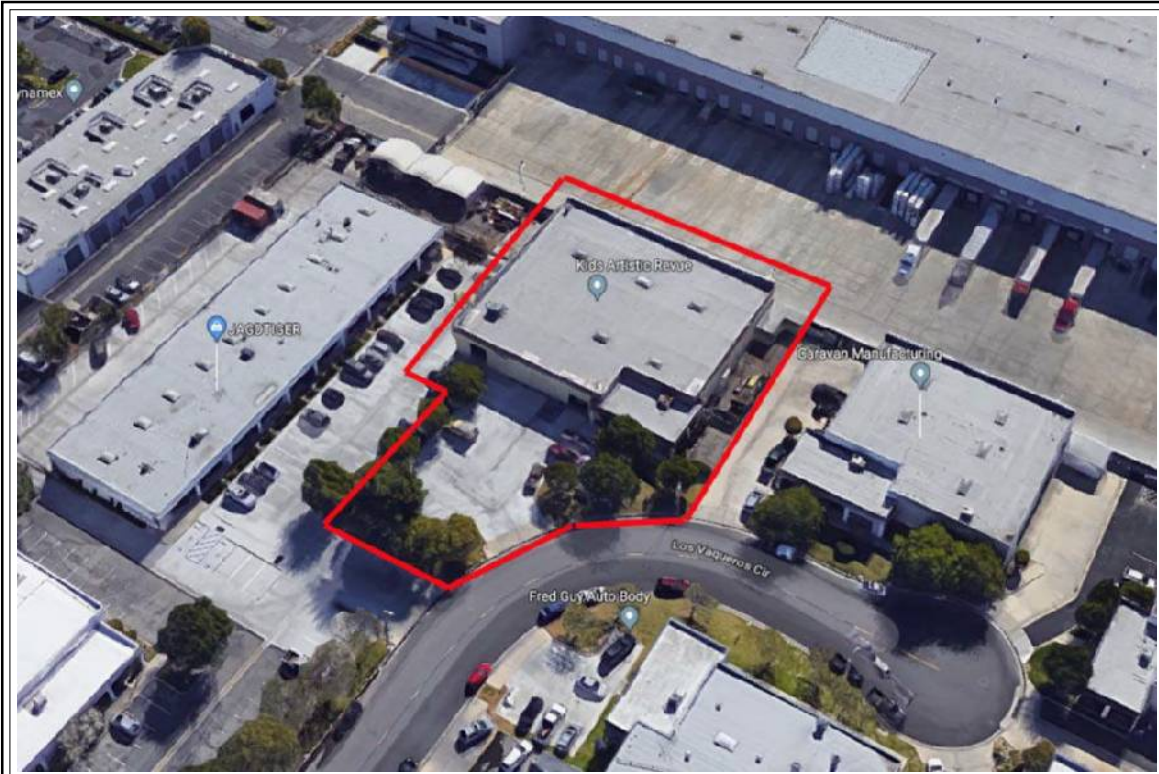
File No.: 171226IN

Case No.:

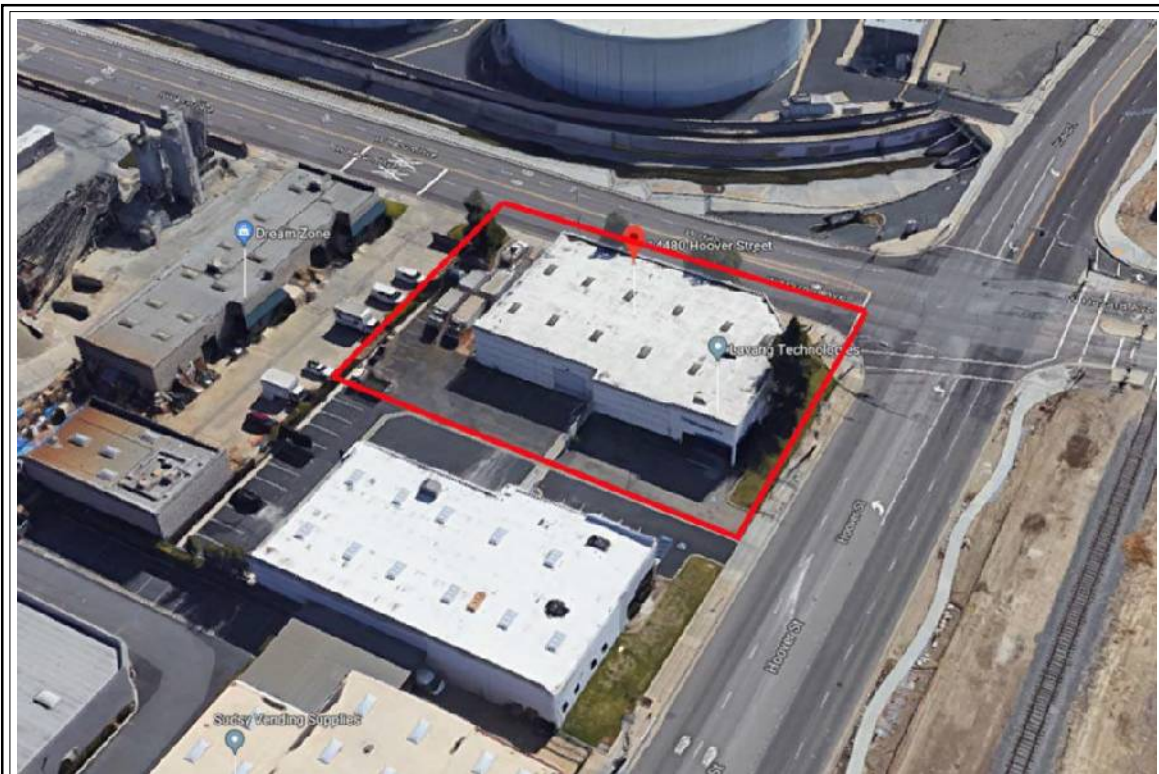
Lender: Byron Lane Attorney At Law



Aerial view of sale #4  
15882 Manufacture Lane



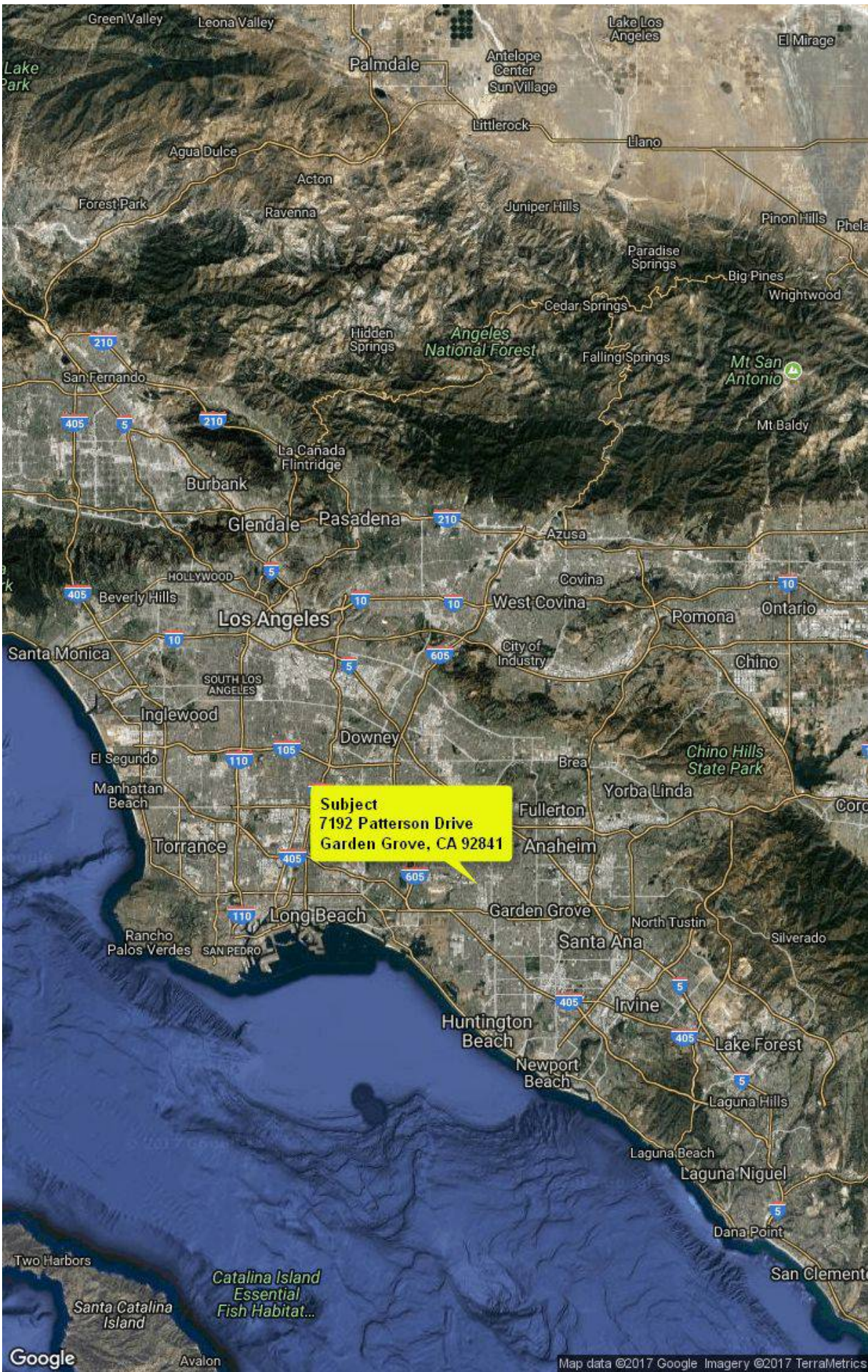
Aerial view of sale #5  
10794 Los Vaqueros Circle



Aerial view of sale #6  
14480 Hoover Street



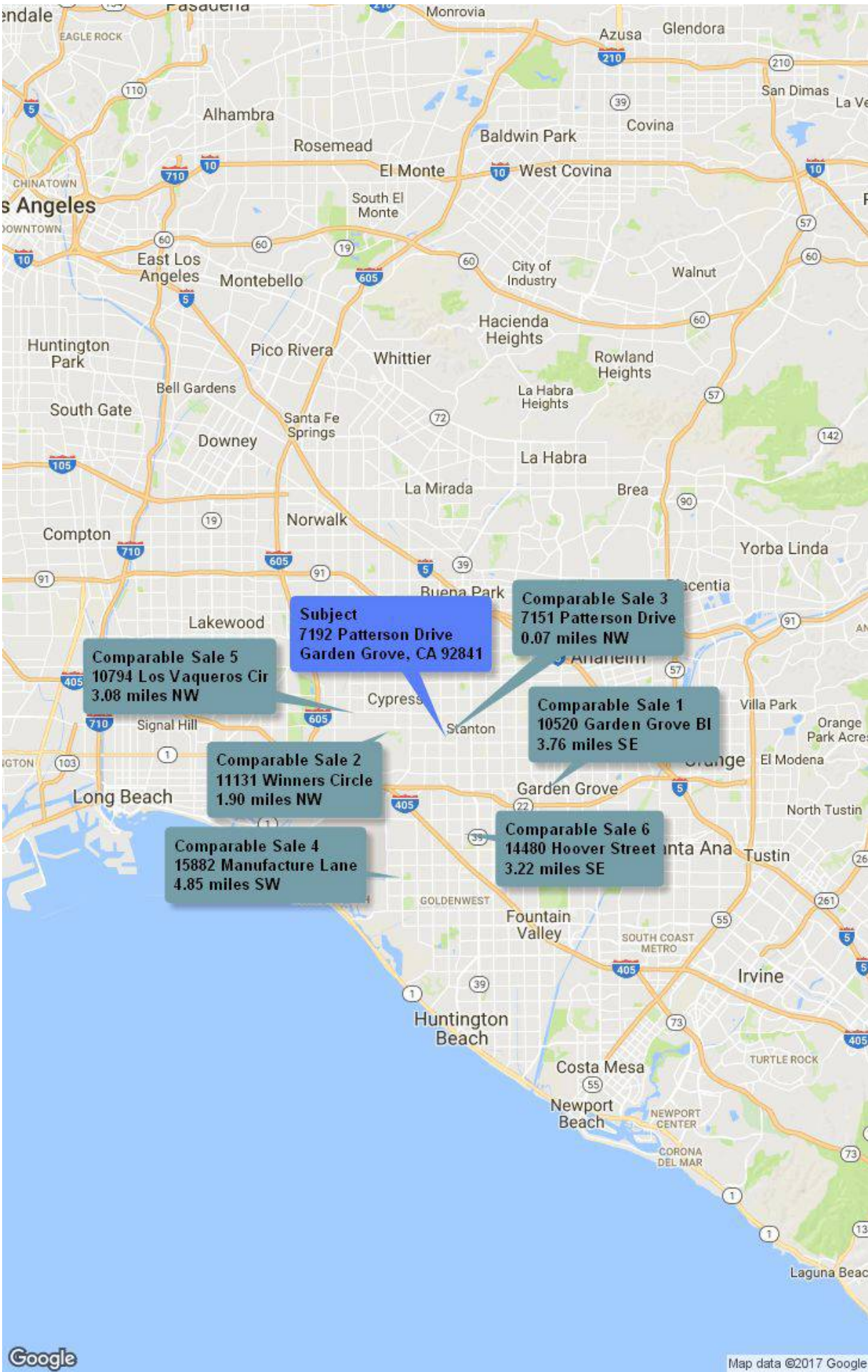






LOCATION MAP

Borrower: Appraisal for estate purposes only		File No.: 171226IN	
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11330 Markon Dr, Garden Grove, CA 92841-1403, Orange County



N/A	14,350	33,977	\$134,000
Beds	Bldg Sq Ft	Lot Sq Ft	Sale Price
N/A	1978	IND-NEC	N/A
Baths	Yr Built	Type	Sale Date

Owner Information

Owner Name:	Emo LLC	Tax Billing Zip:	90266
Mail Owner Name:	Emo LLC	Tax Billing Zip+4:	7215
Tax Billing Address:	11 Evergreen Ln	Owner Occupied:	No
Tax Billing City & State:	Manhattan Beach, CA		

Location Information

Zip Code:	92841	Comm College District Code:	N Orange Co Jt
Carrier Route:	C010	Census Tract:	881.01
School District:	Garden Grove		

Tax Information

APN :	131-022-09	Tax Area:	18103
% Improved:	73%	Water Tax Dist:	Orange Co
Legal Description:	P-BOOK: 107 PAGE: 30 PAR: 10		

Assessment & Tax

Assessment Year	2017	2016	2015
Assessed Value - Total	\$864,381	\$847,433	\$834,704
Assessed Value - Land	\$235,350	\$230,735	\$227,269
Assessed Value - Improved	\$629,031	\$616,698	\$607,435
YOY Assessed Change (\$)	\$16,948	\$12,729	
YOY Assessed Change (%)	2%	1.52%	

Tax Year	Total Tax	Change (\$)	Change (%)
2015	\$10,683		
2016	\$10,816	\$134	1.25%
2017	\$11,368	\$552	5.1%

Special Assessment	Tax Amount
Ocsd Sewer User Fee	\$892.44
St Lighting Asmt	\$118.30
Park Maint-City	\$64.50
Mosq/Fire Ant Assmt	\$13.44
Mwd Water StdbY Chg	\$10.08
Vector Control Chg	\$6.24
Total Of Special Assessments	\$1,105.00

Characteristics

County Land Use:	Industrial	Stories:	1
Universal Land Use:	Industrial (NEC)	Year Built:	1978
Lot Acres:	0.78	Building Type:	End Row
Lot Area:	33,977	Bldg Class:	C
Building Sq Ft:	14,350	# of Buildings:	1
Gross Area:	14,350		





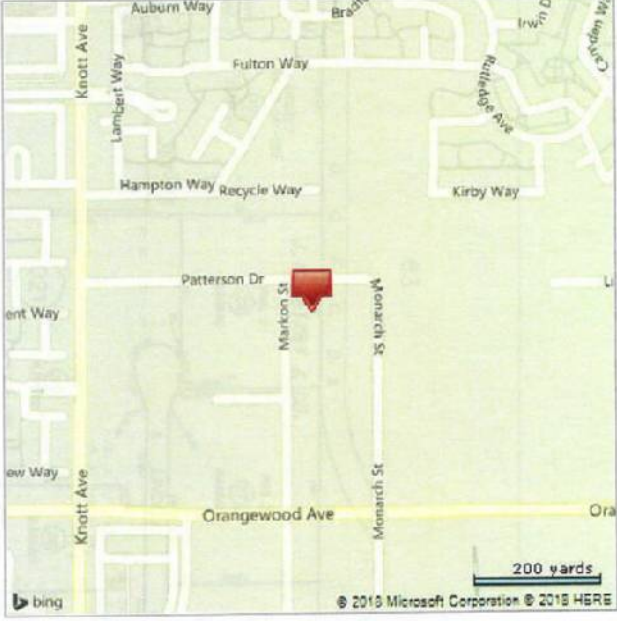
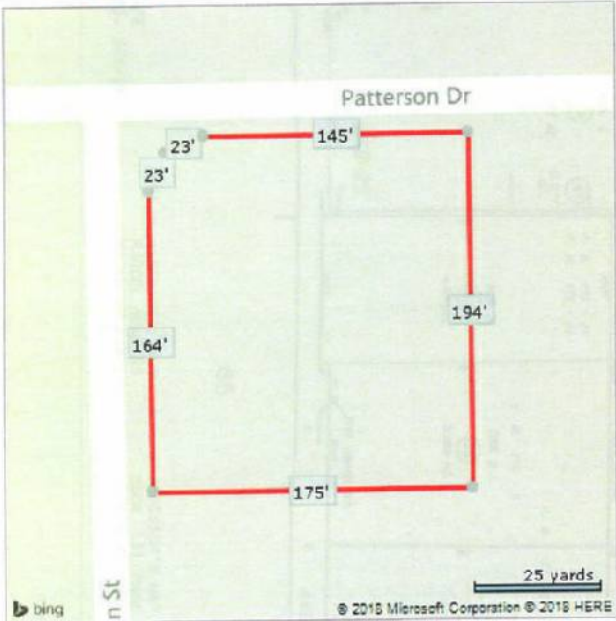
Last Market Sale & Sales History

Recording Date:	12/27/1979	Sale Type:	Full		
Sale Price:	\$134,000	Deed Type:	Deed (Reg)		
Price Per Square Feet:	\$9.34	Owner Name:	Emo LLC		
Document Number:	1344601647				
Recording Date	09/10/2007	07/18/2003	06/11/2003	06/18/2002	06/28/1988
Sale Date	08/28/2007	05/29/2003	05/29/2003	05/10/2002	06/1988
Sale Price					
Nominal	Y	Y	Y	Y	Y
Buyer Name	Emo LLC	Orouke Trust	Orouke Trust	Orouke Trust	Orouke Michael J
Seller Name	Orouke Family Trust	Orouke Trust	Orouke Trust	Orouke Michael J	Orouke Michel J
Document Number	552984	851495	679668	510366	307014
Document Type	Grant Deed	Grant Deed	Grant Deed	Affidavit	Grant Deed
Recording Date	12/27/1979				
Sale Date					
Sale Price	\$134,000				
Nominal					
Buyer Name					
Seller Name					
Document Number	1344601647				
Document Type	Deed (Reg)				

Mortgage History

Mortgage Date	06/21/2007	11/27/2002
Mortgage Amount	\$400,000	\$375,000
Mortgage Lender	Zions First Nat'l Bk	Farmers & Merchants Bk/Lng Bch
Mortgage Code	Conventional	Conventional

Property Map



Courtesy of Robert Walker, Marketplace Appraisal Service, California Regional MLS

The data within this report is compiled by CoreLogic from public and private sources. The data is deemed reliable, but is not guaranteed. The accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

Property Detail

Generated on: 02/07/2018  
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## PLAT MAP

Borrower: Appraisal for estate purposes only

File No.: 171226IN

Property Address: 11330 Markon Drive

Case No.:

City: Garden Grove

State: CA

Zip: 92841

Lender: Byron Lane Attorney At Law

