

Marshall & Swift - SwiftEstimator

Commercial Estimator - Summary Report

General Information

Estimate ID:	9780 D	Date Created:	03-08-2016
Property Owner:	Freddie	Date Updated:	03-09-2016
Property Address:	9780 Rancho road Adelanto, CA 92301	Date Calculated:	03-10-2016
Local Multiplier:		Cost Data As Of:	03-2016
Architects Fee:		Report Date:	using default

Section 1

Area	52430	Overall Depreciation %
Stories in Section	1	Physical Depreciation %
Stories in Building		Functional Depreciation %
Shape	rectangular	External Depreciation %
Perimeter	(auto-calc)	
Effective Age	10	

Occupancy Detail

Occupancy	%	Class	Height	Quality
494 Industrials, Light Mftg.	100	S	24	2.0
Occupancy Total Percentage	100			

System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
628 HVAC (Heating) : Control Atmos., High-Precise	100	Occ.		2
Total Percent for HVAC (Heating):	100			

System : Miscellaneous

	%/Units	Quality	Depr %	Other
764 Miscellaneous : Fire Alarm System	100	Occ.		

System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	100	Occ.		
Total Percent for Sprinklers:	100			

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	52,430	\$46.67	\$2,446,908	\$367,036	\$2,079,872

Exterior Walls	52,430	\$7.53	\$394,798	\$59,220	\$335,578
Heating & Cooling	52,430	\$44.71	\$2,344,145	\$351,622	\$1,992,523
Sprinklers	52,430	\$2.89	\$151,523	\$22,728	\$128,795
Fire Alarm System	100	\$1.95	\$195	\$29	\$166
Basic Structure Cost	52,430	\$101.80	\$5,337,569	\$800,635	\$4,536,934

Less Depreciation

Physical & Functional	15.0%			\$800,635	\$4,536,934
Depreciated Cost	52,430	\$86.53		\$800,635	\$4,536,934

Except for items and costs listed under "Addition Details," this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.



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Local Multiplier:		Cost Data As Of:	03-2016
Architects Fee:		Report Date:	using default

Section 1

Area	40625	Overall Depreciation %
Stories in Section	1	Physical Depreciation %
Stories in Building		Functional Depreciation %
Shape	rectangular	External Depreciation %
Perimeter	(auto-calc)	
Effective Age	10	

Occupancy Detail

Occupancy	%	Class	Height	Quality
494 Industrials, Light Mftg.	100	S	24	2.0
Occupancy Total Percentage	100			

System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
628 HVAC (Heating) : Control Atmos., High-Precise	100	Occ.		2
Total Percent for HVAC (Heating):	100			

System : Miscellaneous

	%/Units	Quality	Depr %	Other
764 Miscellaneous : Fire Alarm System	100	Occ.		

System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	100	Occ.		
Total Percent for Sprinklers:	100			

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	40,625	\$47.21	\$1,917,906	\$287,686	\$1,630,220

Exterior Walls	40,625	\$7.62	\$309,562	\$46,434	\$263,128
Heating & Cooling	40,625	\$45.23	\$1,837,469	\$275,620	\$1,561,849
Sprinklers	40,625	\$2.97	\$120,656	\$18,098	\$102,558
Fire Alarm System	100	\$1.95	\$195	\$29	\$166
Basic Structure Cost	40,625	\$103.03	\$4,185,788	\$627,867	\$3,557,921

Less Depreciation

Physical & Functional	15.0%			\$627,867	\$3,557,921
Depreciated Cost	40,625	\$87.58		\$627,867	\$3,557,921

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General Information

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Property Owner:	Freddie	Date Updated:	03-09-2016
Property Address:	9780 Rancho road Adelanto, CA 92301	Date Calculated:	03-10-2016
Local Multiplier:		Cost Data As Of:	03-2016
Architects Fee:		Report Date:	using default

Section 1

Area	750	Overall Depreciation %
Stories in Section	1	Physical Depreciation %
Stories in Building		Functional Depreciation %
Shape	rectangular	External Depreciation %
Perimeter	(auto-calc)	
Effective Age	10	

Occupancy Detail

Occupancy	%	Class	Height	Quality
344 Office Building	100	S	10	2.0
Occupancy Total Percentage	100			

System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
628 HVAC (Heating) : Control Atmos., High-Precise	100	Occ.		2
Total Percent for HVAC (Heating):	100			

System : Miscellaneous

	%/Units	Quality	Depr %	Other
764 Miscellaneous : Fire Alarm System	100	Occ.		

System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	100	Occ.		
Total Percent for Sprinklers:	100			

Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
Basic Structure					
Base Cost	750	\$102.12	\$76,590	\$6,127	\$70,463

Exterior Walls	750	\$17.64	\$13,230	\$1,058	\$12,172
Heating & Cooling	750	\$43.31	\$32,483	\$2,599	\$29,884
Sprinklers	750	\$6.75	\$5,062	\$405	\$4,657
Fire Alarm System	100	\$1.95	\$195	\$16	\$179
Basic Structure Cost	750	\$170.08	\$127,560	\$10,205	\$117,355

Less Depreciation

Physical & Functional	8.0%			\$10,205	\$117,355
Depreciated Cost	750	\$156.47		\$10,205	\$117,355

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COST APPORACH CONT'

	GBA	Unit cost	Cost new	Less depreciation	Total cost depreciated
A	22174	\$116.35	\$2,579,920	\$283,792	\$2,296,128
B	52500	\$101.79	\$5,344,170	\$801,626	\$4,542,544
C	8276	\$116.99	\$968,238	\$145,235	\$823,003
D	52430	\$101.80	\$5,337,569	\$800,635	\$4,536,934
E	40625	\$103.03	\$4,185,788	\$627,867	\$3,557,921
G	750	\$170.08	\$127,560	\$10,205	\$117,355
Replace cost	new		\$18543,245	\$2,669,360	\$15,873,885
Entrepreneurial profit	10%		\$1,854,324		
Additional	Pullup doors	39	\$235,400	117700	\$117700
Additional	Demag bridge cranes		\$600,000	\$60,000	\$540,000
Replacement Cost new			\$21,232,969		\$16,531.585
less				-\$4,701,384	
Dep value					\$16,531,585

A composition of these cost factor result in:

Base Cost:	\$80.03
Local Multiplier:	x1.16
Current Cost:	<u>x1.00</u>
Total Estimated Cost/S.F.:	\$96.31sf.

Comments:

The subject shows deferred maintenance as well as functional obsolescence from the heating/air conditioning equipment on the roof, roof repair and a deteriorated parking lot. Depreciation is estimated by observed condition. An effective age of about 10 years and a total estimated life of 40 years (10 years/ 40 years = 22 to 25%).

CRANES & EQUIPMENT

CRANES, OVERHEAD-BRIDGE

10 Ton, WS 4 wheel overhead bridge crane, 66.6' Span, 22' lift

10 TON X 66'6" 4 WHEEL WS OVERHEAD BRIDGE CRANE
Stock Number: 65075

Description:

SERIAL	226150
YEAR	2002
CRANE SERVICE	CMAA CLASS D
CAPACITY MAIN HOIST	10 TON
BRIDGE SPAN	66' 6"
TROLLEY SPAN	5'
LIFT HEIGHT	22'
4 WHEEL BRIDGE DESIGN	YES

Optional Items; All items priced doing install at same time. If different install dates needed, additional

forklift rental charges will apply.

18x20- Overhead door Total \$8300

16x14 Overhead door- Total \$5200

12x12 Overhead door- Total \$3300

24x20 Overhead door -Total \$11,000

Commercial 1 horsepower gearhead 115 v operator for item 1- Total \$3,000

3/4 hp geared operator - \$2800

1/2 hp commercial operator- \$1900

Land Value Analysis

Due to the lack of comparable land sales, only a dearth of data was available from our research. The three comparables cited are, however, reflective of vacant land put to its highest and best use; all are industrial sites sites.

	<u>Comp 1</u>	<u>Comp 2</u>	<u>Comp 3</u>
<u>Address/apn #</u>	<u>3129-261-19</u>	<u>0459-671-05</u>	<u>0472-141-06</u>
<u>Sale price</u>	<u>\$500000</u>	<u>\$250000</u>	<u>\$60000</u>
<u>Date of dale</u>	<u>03/18/2014</u>	<u>01/29/2016</u>	<u>10/09/2015</u>
<u>zone</u>	<u>M1</u>	<u>LM</u>	<u>C2</u>
<u>Use ,industrial land</u>	<u>Use ,industrial</u>	<u>Use ,industrial</u>	<u>Use ,industrial</u>
<u>Lot size</u>	<u>477418sf</u>	<u>206,038sf</u>	<u>435600sf</u>
<u>Doc number</u>	<u>096697</u>	<u>34439</u>	<u>442705</u>
<u>Sale</u>	<u>SALE</u>	<u>SALE</u>	<u>SALE</u>
<u>ppsf</u>	<u>\$1.05</u>	<u>\$1.21</u>	<u>\$.14</u>

Summary

Sale 1. Industrial way @ Koala-industrial park 2. The buyer had a option for purchase until approved ..plans were to build a solar farm..Located in Adelanto Ca

Sale 2. This is also vacant land sale the adjusted The price per square foot
Should be adjusted downward due to its smaller size, Located in Adelanto Ca

Sale 3. This site was sold to hold for fulture development. Located in Victorville CA

Conclusion

The subject has a superior location . I have given weight to sale 2.
I have used \$1.21 . Most vacant land site do not have a physical address, therefore
I have used the apn#

Value by land sale is \$1.21 x 406850sf =\$492,288 ®\$492,000

Comparable Rental Data

Lease Structure

LEASE SUMMARY AS OF February 22, 2016							
<i>Tenant</i>	<i>Unit Location</i>	<i>Square Feet</i>	<i>Begin</i>	<i>End</i>	<i>Rent/SF</i>	<i>Monthly Rent</i>	<i>Annual Rent</i>
Total							\$
Source: Subject No Leases provided by owner							

THE LEASE

Lease fee Value

Economic Rent: Contract Rent

Comments:

The Economic rent is higher than economic rents.

Lease Fee Analysis

The method used the Leased Fee Estate is as follows:

$$\begin{array}{r} \text{Rental Income x Discount Factor (at the discount rate)} \\ \text{Plus} \\ \text{Reversion x Discount Factor (at the discount rate)} \\ = \\ \text{Value of the Leased Fee} \end{array}$$

LEASE ANALYSIS MASTER LEASE

3. Annual Rent

Lease Year	Annual Rent	Monthly Installment

(b) Increases in Annual Rent-

No leases in effect at this time

Rental survey

	Subject	rent 1	rent 2	rent 3	
<u>address</u>	<u>9870-9880</u> <u>rancho rd</u>	<u>17130 Racoon</u> <u>ave</u>	<u>17125</u> <u>Racoon ave</u>	<u>4365 E</u> <u>Lowell st</u>	<u>1119 s</u> <u>miliken ave</u>
	<u>Adelanto</u> <u>CA</u>	<u>Adelanto</u> <u>CA</u>	<u>Adelanto</u> <u>CA</u>	<u>Ontario</u> <u>CA</u>	<u>Ontario</u> <u>CA</u>
<u>Property type</u>	<u>industrial</u> <u>/warehouse</u>	<u>industrial</u> <u>/warehouse</u>	<u>industrial</u> <u>/warehouse</u>	<u>Industrial</u> <u>office</u>	<u>Industrial</u> <u>office</u>
<u>Sub type</u>	<u>Manufacturing/</u> <u>warehouse</u>	<u>Manufacturing/</u> <u>warehouse</u>	<u>industrial</u> <u>/warehouse</u>	<u>Industrial</u> <u>office</u>	<u>Industrial</u> <u>office</u>
<u>Lease space</u>		<u>23000sf to</u> <u>20000</u>	<u>10000sf to</u> <u>20000</u>	<u>525 to</u> <u>7675sf</u>	<u>525 to</u> <u>7675sf</u>
<u>Year blt</u>	<u>1999</u>	<u>2002</u>	<u>2009</u>	<u>1986</u>	<u>1986</u>
<u>Lot size</u>	<u>406850sf</u>	<u>217800sf</u>	<u>217800sf</u>	<u>42484sf</u>	<u>42484sf</u>
<u>Rent total annual</u>		<u>\$4800</u>	<u>\$60000</u>	<u>\$78285</u>	<u>\$78285</u>
<u>Lease rent sf/mo</u>	<u>\$0.50 to \$2.64</u>	<u>\$12 to \$24.00</u> <u>rent/sf/yr</u>	<u>\$0.50 to</u> <u>\$.12</u> <u>rent/sf/yr</u>	<u>\$0.83 to</u> <u>10.20</u> <u>rent/sf/yr</u>	<u>\$0.83 to</u> <u>\$10.20</u> <u>rent/sf/yr</u>
<u>Lease term</u>	<u>n/a</u>				
<u>vacancy</u>		<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>

Rental Summary

This rental survey consisted of several rentals similar to the subject property. They include rents at the top of this market as well as the typical commercial/industrial rent

Rental 1 This property is very similar to the subject, However, its rent appears to be slightly below market or economic rent.

Rental 2 This property is similar ,but slightly rented below market.

Rental #3 This property is superior quality, but smaller in size..

Conclusion

Rental #2, in our opinion, represents the economic rent for the subject adjusted at to \$.66/S.F./NNN.

Adjusted rents range from \$.50 to \$2.64 per square feet per month. After review of the data, and considering differences and similarities between the comparables and subject, a market rent of \$.99 is appropriate for the subject. Location tends to dictate the gross income and subsequently the rental rates for this type of building. Because the rents are based upon a percentage of gross sales, otherwise similar buildings can (and often do) have radically different values. Rent Comparable #3 is considered to be most similar to the subject and is least adjusted.

The concluded potential gross income for the subject is summarized as follows:

POTENTIAL GROSS INCOME			
	\$ Per Sq.Ft./mo.	Sq.Ft.	Mos Inc / Annual
Office/studio/warehouse \$1398,000	\$.66	176755	\$116,500 /
Total			\$116,500 mos. / \$1398,000 yr.
Compiled by: James Lewis property Appraisals			

Vacancy and Collection Loss

Both the investor and the appraiser are primarily interested in the annual revenue an income property is likely to produce over a specified time period, rather than the income it could produce if it were always 100% occupied and all tenants were paying their rent in full and on time. A normally prudent practice is to expect some income loss as tenants vacate, fail to pay

rent, or pay their rent late. Typically properties of the subject's type are Tenant occupied, for the purpose of this analysis we are utilizing market rates. Vacancy in the current market is estimated to be between 5% and 15%. Given the subject's high demand location market appeal we have stabilized vacancy at 15%

Operating Expense Analysis

In order to estimate the value of the property by the Income Capitalization Approach, expenses must be deducted from effective gross income to arrive at a net operating income estimate. The subject property is 100% occupied. We will use estimated market information applied to the subject. Accordingly it was necessary to estimate expenses for the subject markets as well as the appraisers' knowledge of the market. The subject estimated rent is based on NNN terms.

Historical Performance of Subject Property

The following is a summary of our projected estimates for the subject property. We have stabilized expenses. Further, we compared our conclusions to industry sources

ESTIMATED INCOME AND EXPENSE DATA	
Category	Stabilized Estimate
Rent & Other Income	\$1,398,000
Vacancy & Loss	\$209,700
Effective Gross Income	\$1,188,300
Operating Expenses	\$75,416
Utilities	Tenant
Janitorial Service & Supplies	Tenant
Repairs & Maintenance	Tenant
Administrative Cost	Tenant
Taxes & Licenses	Tenant
Insurance	Tenant
Management fee	0
Total Expenses	\$75,416
NOI	\$1,112,884
Expenses per SF	..43
Expenses as % of EGI	.06%
Compiled by: James Lewis Property Appraisals	

This expense typically represents a reserve for future replacement of short-lived items. The amount of reserve and whether it is included or not in the direct capitalization and DCF analyses depends on the actions reflected by buyers and sellers in the local market. Reserves for the subject complex are addressed in the lease and are the responsibility of the Tenant.

Capitalization Rate

There are several methods for deriving an overall capitalization rate for direct capitalization.

Derivation from Comparable Sales

This is the preferred method when sufficient data exists. Data on each property's sale price, income, expenses, financing terms, and market conditions at the time of sale is needed. Dividing the net operating income by the sale price then derives the overall capitalization rate. This technique is considered to be appropriate for the subject. Sales used were similar properties in the subject market area and the sales presented in the sales comparison approach of this report, as detailed information on the sales comparables was limited.

COMPARABLE CAPITALIZATION RATES				
<i>Sale</i>	<i>Sale Date</i>	<i>Sale Price</i>	<i>Occupancy</i>	<i>R_o</i> ²
1155 Milliken ave.	12/21/2015	\$17,100,000	100%	6.53%
¹ All of the sales were industrial property ² Overall Capitalization Rate Compiled by: James Lewis Property Appraisals				

Investor Surveys

Another method for establishing an overall capitalization rate for the subject is to review the criteria of major investors in the marketplace. This may serve as a check against other techniques or may be a primary source when ample data exists.

In addition we have considered the foregoing investor surveys published by Korpacz for competitive commercial properties. Our observations and analysis suggest that a capitalization rate of 6.11% represents reasonable investor criteria under current market conditions.

Conclusion of Overall Capitalization Rate

The subject property is in a location within close proximity to major freeways, an a large retail commercial area. The survey categories most applicable to the subject indicate an overall range of 5.% to 9% and an average of 6.% Given the subject's location and functional utility, it is likely that the appropriate capitalization rate would be near the lower to mid range indicated in the preceding tables. These factors indicate that the appropriate overall capitalization rate for the subject would likely fall in the 6.00% to 7.00 range on the basis of published investor survey data and the local broker interviews. After a physical inspection of the subject property and review of the market data, an overall capitalization rate of .067% is considered appropriate.

INVESTOR SURVEY OVERALL CAPITALIZATION RATES

Compiled by: James Lewis property Appraisal

PwC REAL ESTATE INVESTOR SURVEY

Third Quarter 2015

	REGIONAL MALL		CBD OFFICE		WAREHOUSE		APARTMENT	
	3Q 2015	2Q 2015	3Q 2015	2Q 2015	3Q 2015	2Q 2015	3Q 2015	2Q 2015
Discount Rate (IRR) a								
Range	5.75% - 12.00%	5.50% - 12.00%	5.25% - 11.00%	5.50% - 11.00%	5.25% - 9.00%	5.25% - 9.00%	5.00% - 11.00%	5.00% - 10.00%
Average	7.78%	7.83%	7.21%	7.34%	6.93%	7.08%	7.30%	7.24%
Change (b.p.)		- 5		- 13		- 15		+ 6

Overall Cap Rate (OAR) a								
Range	4.00% - 9.00%	4.00% - 9.00%	3.50% - 8.00%	3.50% - 9.00%	4.00% - 7.00%	4.00% - 7.00%	3.50% - 8.00%	3.50% - 8.00%
Average	6.03%	6.13%	5.66%	6.07%	5.56%	5.65%	5.39%	5.30%
Change (b.p.)		- 10		- 41		- 9		+ 9

Residual Cap Rate								
Range	4.25% - 9.00%	4.25% - 9.00%	4.50% - 8.00%	4.50% - 9.00%	5.25% - 7.25%	5.25% - 7.25%	4.25% - 8.50%	4.25% - 8.50%
Average	6.63%	6.65%	6.11%	6.48%	6.19%	6.33%	5.88%	5.93%
Change (b.p.)		- 2		- 37		- 14		- 5

a. Rate on unleveraged, all-cash transactions **Definitions:** b.p. basis points **Discount Rate (IRR).** Internal rate of return in an all-cash transaction, based on annual year-end compounding **Overall Cap Rate (OAR).** Initial rate of return in an all-cash transaction **Residual Cap Rate.** Overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following the forecast. **Source:** PwC Real Estate Investor Survey, formerly known as the Korpacz Real Estate Investor Survey. Personal survey conducted by PwC during July 2015. For subscription information, please visit www.pwc.com/us/realestatesurvey or call 1-800-654-3387

For continuously updated economic indicators, visit www.appraisalinstitute.org/ano/econ_indicator/indicators.aspx.

Direct Capitalization Summary

A summary of the direct capitalization of the subject at stabilized occupancy is illustrated in the following table:

9780-9880 RANCHO ROAD, ADELANTO CA DIRECT CAPITALIZATION SUMMARY		
Category	Total	P.S.F.
Income		
Potential Gross Income	\$1398,000	\$.66
Miscellaneous Income		
Vacancy & Collection Loss 5%	(\$209,700)	(\$1.19)
Effective Gross Income	\$1,188,300	\$6.72
Expenses		
Janitorial Services		
Taxes & Licenses	Tenant	
Insurance	Tenant	
Management Fee and Administrative Fees	()	(\$0)
Repairs, Maintenance, Reserves, Utilities	Tenant	
Total Expenses	\$75416	(\$0.43)
Net Operating Income	\$1112,884	\$14.5
CAPITALIZATION OF NOI:		
@.0653%	\$1,132,884	\$ 6.3
Reconciled Value	\$17,000,000	\$ 96.18
Compiled by: James Lewis Property Appraisals		

Direct Capitalization “As IS” Summary

The concluded value of the subject based on the direct capitalization method is summarized as follows:

DIRECT CAPITALIZATION CONCLUSION	
Capitalized Value, Prior to Final Adjustments	\$1398000
Less: Vacancy & Collection Loss	(\$209,700)
Effective Gross Income	\$1188300
Less: Total Operating Expenses	(\$75416)
Net Operating Income	<u>\$1112884</u>
Overall Capitalization Rate	<u>.0653%</u>
Indicated Value	\$17,042,000
Rounded:	\$17,000,000
Compiled by: James Lewis Property appraisals	

Based on the above and other factors, James Lewis Property Appraisals concludes an Income Capitalization Approach to value by direct capitalization for the subject property of \$17,000,000. This equates to \$96.18 per square foot.

ESTIMATE OF NOI DISCOUNTED CASH FLOW ANALYSIS										
<i>Year</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
PGI										
Vacancy 5%										
EGI										
Expenses										
NOI										
Compiled by: James Lewis Property Appraisals										

CONCLUSION OF VALUE/FINAL RECONCILIATION

COST APPROACH: \$17,000,000

MARKET APPROACH: \$17,000,000

INCOME APPROACH: \$17,000,000

The Cost Approach was developed

The Market Approach is also relevant because it documents the buyer/seller transactions of restaurants; it is also necessary in the estimation of the unencumbered property value.

The Income Approach is given the greatest weight because the value being sought is the value of the Fee simple Estate.

Base upon this investigation as outlined, it is our opinion that the estimated market value of the Fee simple Estate, as of February 22, 2016, was:

SEVENTEEN MILLION DOLLARS

\$17,000,000

Subject to the Assumptions and Limiting Conditions contained in this report.

CONCLUSION OF VALUE/FINAL RECONCILIATION

COST APPROACH:	\$17,023,000
MARKET APPROACH:	\$17,000,000
INCOME APPROACH:	\$17,000,000

The Cost Approach was developed its weakness is in the estimating of depreciation. However in this report it is given weigh because of the enhance improvements with climate control and 5 Bridge cranes

The Market Approach is relevant because it documents the buyer/seller transactions of Industrial buildings; it is also necessary in the estimation of the unencumbered property value.

The Income Approach was developed

Base upon this investigation as outlined, it is our opinion that the estimated market value of the Fee simple Estate, as of February 22, 2016 was:

SEVENTEEN MILLION DOLLARS

\$17,000,000

Subject to the Assumptions and Limiting Conditions contained in this report.

James Lewis,SRA,CREA
California state certified general appraiser
AG004871

A handwritten signature in blue ink, appearing to read 'James Lewis', is written over a light yellow rectangular background.

CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of a legal nature Affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included To assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because Of having made the appraisal with reference to the property in question, unless arrangements have been made previously therefore.
4. Any distribution of the valuation in the report between land and improvement Applies only under the existing program of utilization. The separate valuation for land and building must not be used in conjunction with any other appraisal and is invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of The property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and Continued in the report, were obtained from sources considered reliable and believe to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws And Regulations of the professional appraisal organization with which the Appraiser is affiliated.

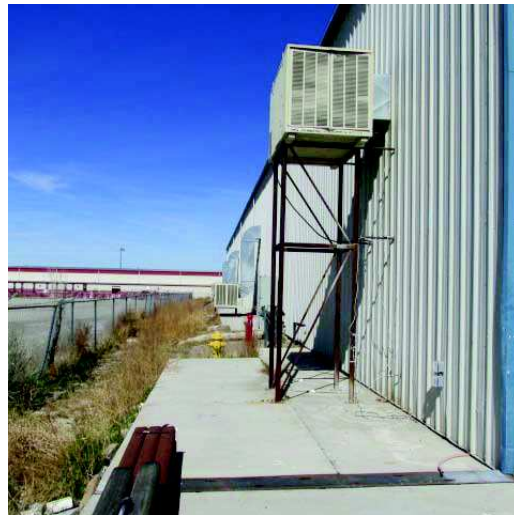
-
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organization, any state or federally approved financial institution, and department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, new sales, or other media, without the written consent and approval of the Appraiser.
 9. On all appraisals, subject to satisfactory completion, repairs or alterations, The appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
 10. Furniture, fixtures and equipment are not a part of the value estimate.
 11. Toxic waste, asbestos, etc. are beyond the scope of this assignment and the Expertise of the appraiser; if desired, a report by a specialist/ specialists in These fields should be obtained.
 12. A preliminary title report was not available for review.

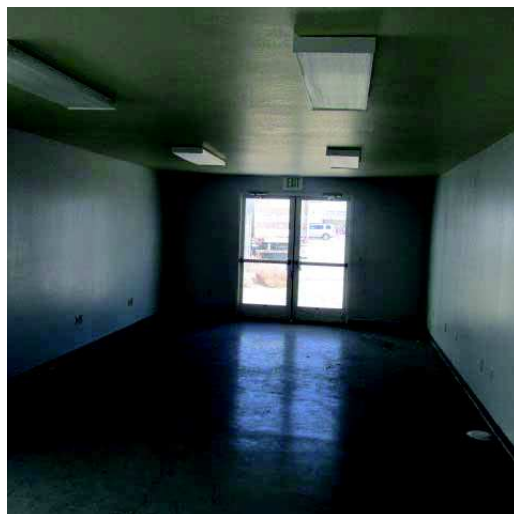
ADDENDA

PHOTOGRAPHS









Comp 1



Comp 2



Comp 3



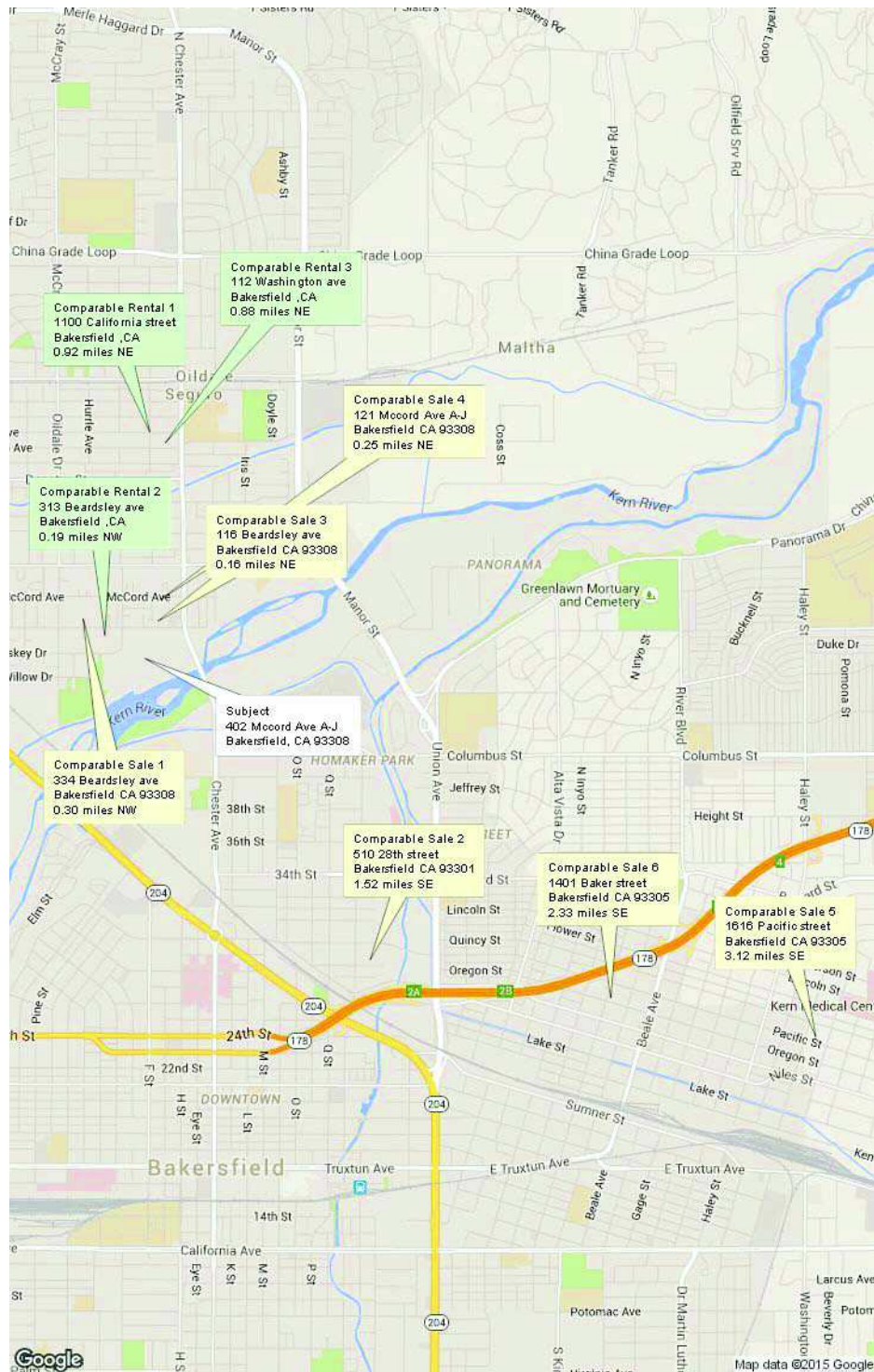
Comp 4



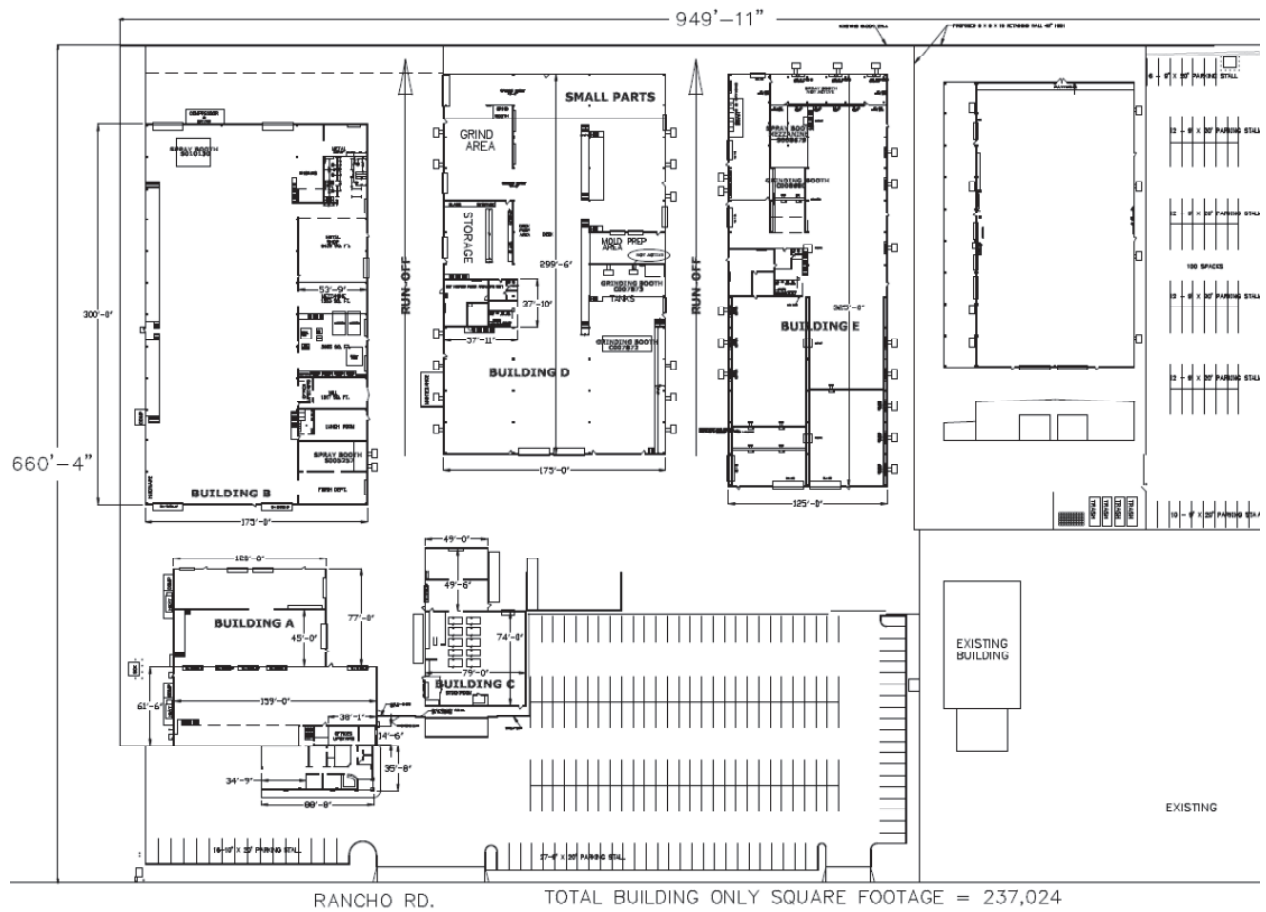
Comp 5



Market Area Map



Floor plan



Rent comp 1



Rent comp 2



Rent comp 3





Phone (800) 718-4853

Prepared For:

JAMES LEWIS

EXPRESS LOANS AND INVESTMENTS

1217 W. SAN BERNARDINO #200

COVINA, CA 91744

Property Profile

Property Address: **9780 RANCHO RD**
ADELANTO, CA 92301

Assessor's Parcel No: **0459-681-10**

Title Representative: **LARRY CHRISTIAN**



Thank You For Choosing
OLD REPUBLIC TITLE COMPANY
www.ortc.com

This title information has been furnished without charge by OLD REPUBLIC TITLE COMPANY in conformance with the rules established by the California Insurance Commissioner, who urges you to shop for the best service available and compare charges and fees for title insurance and other services associated with the purchase or sale of a home.

This information is provided as an accommodation only. The information contained herein is not a complete statement or representation of the status of title to the property in question and no assurances are made or liability assumed as to the accuracy thereof. If you wish protection against loss with respect to the status of title, you should obtain a commitment, binder or policy of title insurance.

Our Experience - Your Advantage TM

Data Deemed Reliable, But Not Guaranteed.

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Property Information

Primary Owner : RANCHO INDUSTRIAL PARK INC
Secondary Owner : N/A
Site Address : 9780 RANCHO RD
ADELANTO, CA 92301-2262
Mailing Address : 9424 CASSIA RD
ADELANTO, CA 92301
Assessor Parcel Number : 0459-681-10
Census Tract : 0091.17
Housing Tract Number : N/A
Lot Number : N/A
Page Grid : 4294-E2
Legal Description : Abbreviated Description: DIST:13 PARCEL MAP 11774 PARCEL 18

Property Characteristics

Bedrooms :	0	Year Built :	1991	Square Feet :	0
Bathrooms :	0.0	Garage :	N/A	Lot size :	4.69 AC
Partial Bath :	0	Fireplace :	N/A	Number of Units :	1
Total Rooms :	0	Pool/Spa :	N	Use Code :	Light Industrial (10% improved office space; Machine Shop)
Zoning :	N/A				

Sale Information

Transfer Date :	Document # :
Transfer Value : N/A	Cost/Sq Feet : N/A

Assessment/Tax Information

Assessed Value :	\$2,417,164	Tax Amount :	\$29,763.60
Land Value :	\$114,806	Tax Status :	Current
Improvement Value :	\$2,302,358	Tax Rate Area :	14-002
Percent Improvement :	95 %	Homeowner Exemption :	N

Data Deemed Reliable, But Not Guaranteed.

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03/10/2016 13:45:45 PM

Customer Service Rep: George Llamas



RECORDING REQUESTED BY

NORTH AMERICAN TITLE COMPANY
AND WHEN RECORDED MAIL THIS DEED AND,
UNLESS OTHERWISE SHOWN BELOW, MAIL TAX
STATEMENTS TO:

RANCHO INDUSTRIAL PARK INC.
C/O 27212 STAGWOOD COURT
LAGUNA HILLS, CA 92653

ESCROW NO. 1006-06-6357-LW
TITLE ORDER NO. 35-43648-B5

1FEE	2MSYS	3PCOR	4LNN
4	1		
5 SVY	5.01 DTT	6.08	
	82.50	M	

RECORDED IN OFFICIAL RECORDS
JUL 11 1989 AT 8:00AM
SAN BERNARDINO COUNTY, CALIF.

89-249357

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ 82.50

A.P.N. 459-441-01

(~~xx~~) computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: (~~XX~~) City of ADELANTO, and

By this instrument dated MAY 16, 1989

, for a valuable consideration

THE ADELANTO REDEVELOPMENT AGENCY AKA THE ADELANTO IMPROVEMENT AGENCY

a corporation organized under the laws of the State of California
hereby GRANTS to

RANCHO INDUSTRIAL PARK, INC., A CALIFORNIA CORPORATION

the following described real property in the City of Adelanto
County of San Bernardino, State of California

PARCEL NO. 18 OF PARCEL MPA NO. 11774, IN THE CITY OF ADELANTO, COUNTY OF
SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT FILED IN PARCEL MAP BOOK 133,
PAGES 10, 11, 12, RECORDS OF SAID COUNTY.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this
instrument to be executed by its _____ President and _____ Secretary
thereunto duly authorized.

STATE OF CALIFORNIA
COUNTY OF San Bernardino

ss.

THE ADELANTO REDEVELOPMENT AGENCY

On this 30th day of May, 1989, before me, the undersigned, a Notary Public in and
for said State, personally appeared Edward J.

By Edward J. Dondelinger President

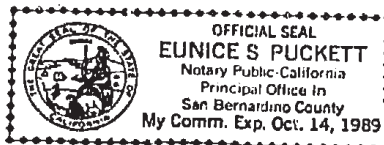
Dondelinger and _____
☒ personally known to me
☐ proved to me on the basis of satisfactory evidence
to be the persons who executed the within instrument as
the _____ president and _____ secretary
respectively, of the corporation therein named and acknowledged
to me that the corporation executed it pursuant to its by-laws or
a resolution of its board of directors.

By _____ Secretary

Signature Eunice S. Puckett

NOTARY PUBLIC IN AND FOR SAID STATE

Eunice S. Puckett, Notary



MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY IS SHOWN, MAIL AS DIRECTED ABOVE.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

T-425C

Name

Street Address

City & State



Phone (800) 718-4853

Prepared For:

JAMES LEWIS

EXPRESS LOANS AND INVESTMENTS

1217 W. SAN BERNARDINO #200

COVINA, CA 91744

Property Profile

Property Address: **9780 RANCHO RD**
ADELANTO, CA 92301

Assessor's Parcel No: **0459-681-11**

Title Representative: **LARRY CHRISTIAN**



Thank You For Choosing OLD REPUBLIC TITLE COMPANY

www.ortc.com

This title information has been furnished without charge by OLD REPUBLIC TITLE COMPANY in conformance with the rules established by the California Insurance Commissioner, who urges you to shop for the best service available and compare charges and fees for title insurance and other services associated with the purchase or sale of a home.

This information is provided as an accommodation only. The information contained herein is not a complete statement or representation of the status of title to the property in question and no assurances are made or liability assumed as to the accuracy thereof. If you wish protection against loss with respect to the status of title, you should obtain a commitment, binder or policy of title insurance.

Our Experience - Your Advantage TM

Data Deemed Reliable, But Not Guaranteed.

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Property Information

Primary Owner : RANCHO INDUSTRIAL PARK INC
Secondary Owner : N/A
Site Address : 9780 RANCHO RD
ADELANTO, CA 92301-2262
Mailing Address : 9424 CASSIA RD
ADELANTO, CA 92301
Assessor Parcel Number : 0459-681-11
Census Tract : 0091.17
Housing Tract Number : N/A
Lot Number : N/A
Page Grid : 4294-E2
Legal Description : Abbreviated Description: DIST:13 PARCEL MAP 11774 PARCEL 19

Property Characteristics

Bedrooms :	0	Year Built :	1999	Square Feet :	0
Bathrooms :	0.0	Garage :	N/A	Lot size :	4.67 AC
Partial Bath :	0	Fireplace :	N/A	Number of Units :	1
Total Rooms :	0	Pool/Spa :	N	Use Code :	Light Industrial (10% improved office space; Machine Shop)
Zoning :	N/A				

Sale Information

Transfer Date :	10/22/1998	Document # :	98-449532
Transfer Value :	N/A	Cost/Sq Feet :	N/A

Assessment/Tax Information

Assessed Value :	\$3,714,597	Tax Amount :	\$45,653.00
Land Value :	\$99,644	Tax Status :	Current
Improvement Value :	\$3,614,953	Tax Rate Area :	14-002
Percent Improvement :	97 %	Homeowner Exemption :	N

Data Deemed Reliable, But Not Guaranteed.

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03/10/2016 13:49:54 PM

Customer Service Rep: George Llamas



RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE INSURANCE CO.

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
Rancho Industrial Park, Inc.
9780 Rancho Road
Adelanto, CA 92301

Recorded in Official Records, County of
San Bernardino, Errol J. Mackzum, Recorder

Doc No. 19970232179
08:00am 07/01/97

Fidelity National Title # 606

TR	FE	REF	WIND	TR LPT	CR LPT	AUD NM	PER PH	FECH
3	7	6						
NON ST	LK	SVT	CIT-60	TRANS TAX	DA	CHRG	EXAM	
				501 192.50		8.06	T	

A.P.N.: 0459-681-11

Order No.: 285608

Escrow No.: 15500-LW

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX \$192.50 CITY TAX \$
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,
unincorporated area; ☒ City of Adelanto, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
Joe F. Dzajkich and Nancy L. Dzajkich, husband and wife as joint tenants and Bob S. Dzajkich and Eileen M.
Dzajkich, husband and wife as joint tenants and George E. Fricke and Marsha J. Fricke, husband and wife as joint
tenants EACH AS TO AN UNDIVIDED ONE-THIRD INTEREST

herby GRANT(S) to Rancho Industrial Park, Inc., a California Corporation

The following described property in the City of Adelanto, County of San Bernardino State of California:

Parcel No. 19 of Parcel Map No. 11774, in the City of Adelanto, County of San Bernardino, State of California, as per plat
filed in Parcel Map Book 133, Pages 10, 11, 12, Records of said County.

Joe F. Dzajkich

Nancy L. Dzajkich

Bob S. Dzajkich

Eileen M. Dzajkich

George E. Fricke

Marsha J. Fricke

Document Date: June 13, 1997

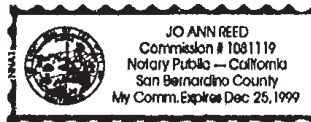
STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

On JUNE 14, 1997 before me, JO ANN REED
personally appeared JOE F. DZAJKICH AND NANCY L. DZAJKICH

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument
the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature



This area for official notarial seal.

232179

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
Rancho Industrial Park, Inc.
9780 Rancho Road
Adelanto, CA 92301

A.P.N.: 0459-681-11

Order No.: 285608

Space Above This Line for Recorder's Use Only

Escrow No.: 15500-LW

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX \$192.60 / 0.01% / 192.60 / 1% DTT PAID THROUGH
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,
unincorporated area; ☒ City of Adelanto, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
Joe F. Dzajkich and Nancy L. Dzajkich, husband and wife as joint tenants and Bob S. Dzajkich and Eileen M.
Dzajkich, husband and wife as joint tenants and George E. Fricke and Marsha J. Fricke, husband and wife as joint
tenants EACH AS TO AN UNDIVIDED ONE-THIRD INTEREST

hereby GRANT(S) to Rancho Industrial Park, Inc., a California Corporation

The following described property in the City of Adelanto, County of San Bernardino State of California:

Parcel No. 19 of Parcel Map No. 11774, in the City of Adelanto, County of San Bernardino, State of California, as per plat
filed in Parcel Map Book 133, Pages 10, 11, 12, Records of said County.

Joe F. Dzajkich

Eileen M. Dzajkich

Nancy L. Dzajkich

George E. Fricke

Bob S. Dzajkich

Marsha J. Fricke

Document Date: June 13, 1997

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On JUNE 19, 1997 before me, NATALIE A. DZAJKICH, NOTARY PUBLIC
personally appeared BOB S. DZAJKICH and EILEEN M. DZAJKICH

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument
the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Natalie A. Dzajkich



This area for official notarial seal.

232179

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
Rancho Industrial Park, Inc.
9780 Rancho Road
Adelanto, CA 92301

A.P.N.: 0459-681-11

Order No.: 285608

Space Above This Line for Recorder's Use Only

Escrow No.: 15500-LW

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX \$192.60 / 0.1% / 192.60 DTT PAID THROUGH
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,
unincorporated area; ☒ City of Adelanto, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
Joe P. Dzajkich and Nancy L. Dzajkich, husband and wife as joint tenants and Bob S. Dzajkich and Eileen M.
Dzajkich, husband and wife as joint tenants and George E. Fricke and Marsha J. Fricke, husband and wife as joint
tenants EACH AS TO AN UNDIVIDED ONE-THIRD INTEREST

hereby GRANT(S) to Rancho Industrial Park, Inc., a California Corporation

The following described property in the City of Adelanto, County of San Bernardino State of California:

Parcel No. 19 of Parcel Map No. 11774, in the City of Adelanto, County of San Bernardino, State of California, as per plat
filed in Parcel Map Book 133, Pages 10, 11, 12, Records of said County.

Joe F. Dzajkich

Eileen M. Dzajkich

Nancy L. Dzajkich

George E. Fricke

Bob S. Dzajkich

Marsha J. Fricke

Document Date: June 13, 1997

STATE OF CALIFORNIA)
COUNTY OF San Bernardino)

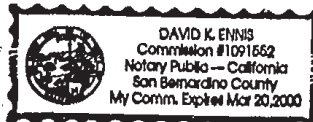
On June 18th, 1997 before me, David K. Ennis

personally appeared George E. Fricke and Marsha J. Fricke

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument
the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature



This area for official notarial seal.

232179

OCT -01' 98 (THU) 08:00 FIDELITY NATIONAL TITLE

TEL: 909 890 3609

P. 002

RECORDING REQUESTED BY

FIDELITY NATIONAL TITLE INSURANCE CO

RECORDING REQUESTED BY:

Fidelity National Title Insurance Company

Escrow No.

Title Order No. 305424

When Recorded Mail Document To:

Joseph Dzajlich

945 Westridge Ct

Upland, Ca. 91886

Recorded in Official Records, County of
San Bernardino, Errol J. Mackzum, Recorder

Doc No. 19980449532

08:00am 10/22/98

Fidelity National A # 606

1	2	3	4	5	6	7	8	9	0
PG	FEE	APF	GIMS	PH CPY	CRT CPY	ADD NM	PEN PR	PCOR	
3	7	6							
			5			2	6	2	
NON ST	LN	SVY	CIT-CO	TRANS TAX	DA	CHRG	EXAM		

APN: 0469-001-11

AFFIDAVIT - DEATH OF JOINT TENANT

STATE OF CALIFORNIA.

COUNTY OF San Bernardino,

Joe F. Dzajlich, of legal age, being first duly sworn, and deposes and says:

That Nancy L. Dzajlich, the decedent mentioned in the attached certified copy of Certificate of Death, is the same person as Nancy L. Dzajlich named as one of the parties in that certain Deed of Trust dated June 13, 1997 executed by Rancho Industrial Park, Inc. a California Corporation to Joe F. Dzajlich and Nancy L. Dzajlich, as Joint Tenants, recorded as Instrument No. 19970232180, on July 1, 1997, in Book , Page , of Official Records of San Bernardino County, California, covering the following described property situated in the City of Adelanto, County of San Bernardino, State of California.

Parcel 19 of Parcel Map No. 11774, in the City of Adelanto, County of San Bernardino, State of California, as per map recorded in Book 133 Pages 10, 11, 12, of Parcel Maps, in the Office of the County Recorder of said County.

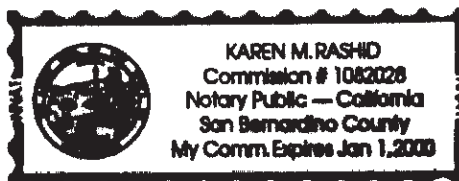
DATED: October 1, 1998


 Joe F. Dzajlich

SUBSCRIBED AND SWORN TO before me

this 6th day of October, 1998

Signature

RECORDING REQUESTED BY:

Fidelity National Title Insurance Company
Escrow No.
Title Order No. 305424

When Recorded Mail Document To:

Joseph Dzajkich
945 Westridge Ct
Upland, Ca. 91886

I hereby certify under penalty of perjury that
the foregoing is true and correct.

Executed this 20th day of Oct 19 98.
at San Bernardino, California

[Signature]
Brian Smith T.O. Fidelity

APN: 0459-681-11

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AFFIDAVIT - DEATH OF JOINT TENANT

STATE OF CALIFORNIA,

COUNTY OF San Bernardino,

Joe F. Dzajkich, of legal age, being first duly sworn, and deposes and says:

That **Nancy L. Dzajkich**, the decedent mentioned in the attached certified copy of Certificate of Death, is the same person as **Nancy L. Dzajkich** named as one of the parties in that certain **Deed of Trust** dated **June 13, 1997** executed by **Rancho Industrial Park, Inc. a California Corporation** to **Joe F. Dzajkich** and **Nancy L. Dzajkich**, as Joint Tenants, recorded as Instrument No. **19970232180**, on **July 1, 1997**, in Book , Page , of Official Records of **San Bernardino** County, California, covering the following described property situated in the City of **Adelanto**, County of **San Bernardino**, State of California.

Parcel 19 of Parcel Map No. 11774, in the City of Adelanto, County of San Bernardino, State of California, as per map recorded in Book 133 Pages 10, 11, 12, of Parcel Maps, in the Office of the County Recorder of said County.

DATED: October 1, 1998

Joe F. Dzajkich

SUBSCRIBED AND SWORN TO before me

this _____ day of _____, 19____

Signature _____

