



APPRAISAL REPORT

Railroad Park Resort - Ground Leased Fee
100 Railroad Park Road
Dunsmuir, Siskiyou County, CA 96025



PREPARED FOR

Siskiyou County Administrator's Office
1312 Fairlane Road
Yreka, CA 96097

PREPARED BY

Joseph J. Blake and Associates, Inc.
500 Ygnacio Valley Road
Suite 280
Walnut Creek, CA 94596



JOSEPH J. BLAKE AND ASSOCIATES, INC.
REAL ESTATE VALUATION AND CONSULTING

500 Ygnacio Valley Road, Suite 280 | Walnut Creek, CA 94596 | Phone: (925) 356-0950 | Fax: (925) 356-0956 | www.josephjblake.com

April 26, 2021

Siskiyou County Administrator's Office
1312 Fairlane Road
Yreka, CA 96097

Re: Railroad Park Resort - Ground Leased Fee
100 Railroad Park Road
Dunsmuir, CA 96025

To Whom It May Concern,

As requested, we have prepared an appraisal of the property referenced above presented in the attached Appraisal Report. The purpose of the appraisal is to develop an opinion of the 'as is' market value of the ground leased fee of the subject, as of March 2, 2021.

The subject's site consists of approximately 1,872,499 SF or approximately 42.99 acres of land which is encumbered with a long-term ground lease to Railroad Park Resort. This report is appraising the value of the long-term ground lease with no consideration given to the improvements, business value, or personal property associated with the Railroad Park Resort.

Briefly described, the resort consists of an average quality two-story gift shop/office building, four single-story cabins, one two-bedroom/two-bathroom single family-residence, and several outbuildings including campsite restrooms, in average condition, containing a total of approximately 7,003 SF, constructed from 1970 to 1995. There are two large two-story warehouses located on the eastern end of the property, which are currently used for storage but have not been maintained. The property also consists of a campground on the western portion of the property. The property is used as a year-round hospitality property with an on-site restaurant. There are a number of old rail cars on the property that are considered personal property.

The subject underlying land consists of multiple legal parcels located in Siskiyou County, 030-320-070, 030-320-080, 030-320-110, and Shasta County, 014-940-020. We were not provided with a title report for the property and it was reported that the accuracy of parcel lines and parcel sizes was not confirmed. The property consists of areas along Little Castle Creek and Railroad Park Road, west of Interstate 5. The property has a rolling topography with some areas unusable. The property is connected to local utilities.

The ground lease with Railroad Park Resort began in 1968 and has recently been extended to 2028, with two options to 2048 and 2068. The lease stipulates a rental rate based on a percentage of gross annual receipts, with a minimum annual rent of \$1,200 per year. The percentage rent stipulations are 2% of gross receipts received by lessee for the first \$75,000 of gross receipts in a year and 3% of gross receipts over \$75,000 in a year.

Corporate Headquarters: 425 Broad Hollow Road, Suite 429 | Melville, New York 11747 | (516) 827-0222

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The appraisal and the attached Appraisal Report have been prepared in conformity with and are subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP). In preparing this appraisal, we considered the use of the three most widely recognized approaches to value: the Cost, Income Capitalization and Sales Comparison Approaches. The appraisal is subject to the attached Assumptions and Limiting Conditions and Definition of Market Value.

After an inspection of the subject, and analysis of pertinent physical and economic factors that affect value, we are of the opinion that the 'as is' market value of the ground leased fee of the subject, as of March 2, 2021, is:

\$550,000

FIVE HUNDRED FIFTY THOUSAND DOLLARS

This appraisal is based on the extraordinary assumption that the parcels included are mapped, defined, and recorded within public records that would allow for a reasonable transfer of ownership. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.


This appraisal is not based on any hypothetical conditions.

The opinion(s) of value are based on exposure times of 6 to 12 months, assuming the property was properly priced and actively marketed.

The attached Appraisal Report summarizes the documentation and analysis in support of our conclusions. If you have any questions, please contact the undersigned. We thank you for retaining the services of our firm.

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Brian Rapela, MAI, MRICS
Managing Partner
California-Certified General Real Estate Appraiser
BRE # : AG033756
Expires: April 20, 2022
brapela@josephjblake.com



Matthew Atwood
Associate Appraiser
California-Certified General Real Estate Appraiser
BRE # : 3005100
Expires: January 31, 2022

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ADDENDA

Glossary of Terms

Qualifications of the Appraisers

PROPERTY SUMMARY

PROPERTY APPRAISED	Railroad Park Resort - Ground Leased Fee
PROPERTY ADDRESS	100 Railroad Park Road Dunsmuir, CA 96025
PARCEL/TAX ID	014-940-020, 030-320-070, 030-320-080, 030-380-110
PROPERTY LOCATION	The subject is located on the western side of Interstate 5 along Railroad Park Road.
PURPOSE OF THE APPRAISAL	The purpose of the appraisal is to develop an opinion of the 'as is' market value of the ground leased fee of the subject, as of March 2, 2021.

PERTINENT DATES

DATE OF INSPECTION	March 2, 2021
DATE OF REPORT	April 26, 2021
DATE OF "AS IS" VALUE	March 2, 2021

HIGHEST AND BEST USE

AS IMPROVED	The current improvements
AS IF VACANT	To hold for future development

PROPERTY DATA

SUMMARY	The subject's site consists of approximately 1,872,499 SF or approximately 42.99 acres of land which is encumbered with a long-term ground lease to Railroad Park Resort. This report is appraising the value of the long-term ground lease with no consideration given to the improvements, business value, or personal property associated with the Railroad Park Resort. The ground lease with Railroad Park Resort began in 1968 and has recently been extended to 2028, with two options to 2048 and 2068. The lease stipulates a rental rate based on a percentage of gross annual receipts, with a minimum annual rent of \$1,200 per year. The percentage rent stipulations are 2% of gross receipts received by the lessee for the first \$75,000 of gross receipts in a year and 3% of gross receipts over \$75,000 in a year.
CURRENT USE	As of the date of the value opinion(s), the subject was being used as a ground leased resort property. For the purposes of this report, the subject is valued as a ground leased resort property.
ZONING	"C-C B-10," Town Center District under the jurisdiction of the Siskiyou County.
CENSUS TRACT	06-093-0011.00

VALUE SUMMARY

"As Is" Value (3/2/2021)	
Income Capitalization Approach	\$550,000
Final Value Opinion	\$550,000



The main portion of the subject



Railroad Park Road



Eastern portion of the property, east of Railroad
Park Road



Southern portion of the property, south of Little
Castle Creek



Resort housing



Resort housing



The middle portion of the property



The northern portion of the property



Beyond the fence is a large pond on the subject property




Campground area of the property

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We 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 the agreement to perform this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Brian Rapela, MAI, MRICS, has not made a personal inspection of the property that is the subject of this report. Matthew Atwood has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certificate.
- As of the date of this report, Brian Rapela, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Matthew Atwood has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- The Appraisal Report is not based on a requested minimum valuation, a specific valuation, or the approval of a loan. In addition, our engagement was not contingent upon the appraisal producing a specific value and neither engagement, nor employment, nor compensation, is based upon approval of any related loan application.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We are professionally competent to perform this appraisal assignment by virtue of previous experience with similar assignments and/or appropriate research and education regarding the specific property type being appraised.

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Brian Rapela, MAI, MRICS
Managing Partner
California-Certified General Real Estate Appraiser
BREA #: AG033756
Expires: April 20, 2022
brapela@josephjblake.com



Matthew Atwood
Associate Appraiser
California-Certified General Real Estate Appraiser
BREA #: 3005100
Expires: January 31, 2022

This Appraisal Report is subject to underlying assumptions and limiting conditions qualifying the information contained in the Report as follows:

The valuation opinion(s) apply only to the property specifically identified and described in the ensuing Report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked by us, is accepted as satisfactory evidence upon which rests the final opinion(s) of property value.

We have made no legal survey, nor have we commissioned one to be prepared, and therefore, reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

It is assumed that all information known to the client and/or the property contact and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use of the property, unless otherwise noted in this report.

Ownership and management are assumed to be competent and in responsible hands.

No responsibility beyond reasonableness is assumed for matters of a legal nature, whether existing or pending.

We, by reason of this appraisal, shall not be required to give testimony as expert witness in any legal hearing or before any Court of Law unless justly and fairly compensated for such services.

By reason of the Purpose of the Appraisal and the Intended User and Use of the Report herein set forth, the value opinion(s) reported are only applicable to the Property Rights Appraised, and the Appraisal Report should not be used for any other purpose.

Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any opinions as to value, our identity, or the firm with which we are connected, or any reference to the Appraisal Institute or to the MAI Designation) shall be reproduced for dissemination to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior consent and written approval.

We have not been furnished with soil or subsoil tests, unless otherwise noted in this report. In the absence of soil boring tests, it is assumed that there are no unusual subsoil conditions or, if any do exist, they can be or have been corrected at a reasonable cost through the use of modern construction techniques.

This appraisal is based on the conditions of local and national economies, purchasing power of money, and financing rates prevailing at the effective date(s) of value.

We are not engineers and any references to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., are strictly related to their economic impact on the property. No liability is assumed for any engineering-related issues.

Unless otherwise stated in this report, we did not observe the existence of hazardous materials, which may or may not be present on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials, may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value or extend their marketing time. No responsibility is assumed for any such conditions, or for the expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Toxic and hazardous substances, if present within a facility, can introduce an actual or potential liability that may adversely affect marketability and value. Such effects may be in the form of immediate clean-up expense or future liability of clean-up costs (stigma). In the development of our opinion(s) of value, no consideration was given to such liabilities or their impact on value. The client and all intended users release Joseph J. Blake and Associates, Inc., from any and all liability related in any way to environmental matters.

Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the client to whom it is addressed, without our written consent.

Cash flow projections are forecasts of estimated future operating characteristics and are based on the information and assumptions contained within the Appraisal Report. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections contained herein. We do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond our current realm of knowledge or control.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether 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 for the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Unless otherwise stated in this report, we have no direct evidence relating to this issue and we did not consider possible non-compliance with the requirements of the ADA in forming the opinion of the value of the property.

EXTRAORDINARY ASSUMPTIONS

This appraisal is based on the extraordinary assumption that the parcels included are mapped, defined, and recorded within public records that would allow for a reasonable transfer of ownership. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

HYPOTHETICAL CONDITIONS

This appraisal is not based on any hypothetical conditions.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the 'as is' market value of the ground leased fee of the subject, as of March 2, 2021.

INTENDED USER AND USE OF THE APPRAISAL

The intended user of this appraisal is the client, Siskiyou County Administrator's Office. We assume any affiliates, successors and assigns noted herein have the same intended use, knowledge and understanding as the original named client. The intended use of this appraisal is to assist the client with valuation purposes. This appraisal is not intended to be used by any other parties, for any other reasons, other than those which are stated here. Non-identified parties are not intended users of this report.

PERTINENT DATES OF INSPECTION, APPRAISAL VALUE AND REPORT

This Appraisal Report, with its analyses, conclusions and final opinions of market value, is specifically applicable to the following pertinent dates:

DATE OF INSPECTION March 2, 2021
DATE OF REPORT April 26, 2021
DATE OF "AS IS" VALUE March 2, 2021

DEFINITION OF MARKET VALUE

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.' For the full definition, please refer to the Glossary contained in the Addenda to this report.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), pp 141-143

EXPOSURE TIME

To form an opinion of exposure time, we considered the exposure times of properties similar to the subject in the same or similar sub-markets that have recently sold and/or conversations with local market participants. Based on our research, we are of the opinion that 6 to 12 months is a reasonable exposure time, assuming the property was reasonably priced and actively marketed.

PROPERTY RIGHTS APPRAISED

The subject is appraised on the basis of a ground leased fee.

SCOPE OF THE APPRAISAL

The scope of an appraisal assignment is relative to the intended use of the appraisal. The following outlines the extent of property inspection, market data collection, verification and analysis performed for this assignment.

Inspection

Brian Rapela, MAI, MRICS, has not made a personal inspection of the property that is the subject of this report. Matthew Atwood has made a personal inspection of the property that is the subject of this report. The inspection was visual in nature, to assess the economic condition of the property, in order to effectively compare it to other properties in the market. We are not engineers, and we did not assess the property from the standpoint of its structural integrity, or to determine whether any latent defects (water leaks, plumbing or electrical problems, etc.) were present.

Subject Physical and Economic Characteristics

The types of information obtained and the sources providing such information are detailed in the following table.

Information Type	Information Sources		
	Received?	Source	Notes
Total Gross Land Area	Yes	Public Records	
Most Recent Deed	No		
Legal Description	No		
Zoning Information	Yes	City	
Environmental Report	No		
Property Condition Report	No		
Flood Map	Yes	FEMA	
Plat Map	Yes	County	
Lease Documents	Yes	Client	
Historical Ground Lease Rents	Yes	Tenant	Confirmed by Client

A recent preliminary title report was not available.

Type of Analysis Applied

The Sales Comparison and the Income Capitalization Approach were applied in this valuation analysis.

Extent of Data Research

General economic data and market data were reviewed. Comparable sales were compiled from published sources including various reliable publications. Market data compiled for this report include a variety of property sales. These data are a result of research specific to the market and pertinent to the subject. The data were verified by buyers, sellers, brokers, managers, government officials or other sources regarded as knowledgeable and reliable, when available.

Information specific to the subject was provided by the client, owner, and/or representatives of the owner, and is assumed to be correct. Other information, such as zoning and tax records, was obtained from governmental sources. Specific estimates, reflect our judgment based on interpretation of the market data. The reasoning behind such estimates is illustrated throughout each of the approaches to value.

IDENTIFICATION OF THE PROPERTY

The property is commonly known as:

Railroad Park Resort - Ground Leased Fee
100 Railroad Park Road
Dunsmuir, CA 96025

The property is also identified by the Siskiyou County and Shasta County Tax Assessor's Offices as tax parcel number(s) 014-940-020, 030-320-070, 030-320-080, 030-380-110. We were not supplied with a legal description for the subject property. The property consists of multiple parcels and there are reported issues with parcel lines that are located along the border of Siskiyou and Shasta Counties. The leasee reported and some maps show that there is an area along the border of the two counties that is not a portion of either county. We have not confirmed the status of this area and have relied upon public records and the county platt maps available.

We have not commissioned a survey, nor have we had one verified by legal counsel. Therefore, we suggest a title company, legal counsel, or other qualified expert verify this legal description before it is used for any purpose.

CURRENT USE OF THE SUBJECT

As of the date of the value opinion(s), the subject was being used as a ground leased resort property. For the purposes of this report, the subject is valued as a ground leased resort property.

HISTORY OF THE SUBJECT

The subject is currently owned by Siskiyou County.

The property has been on a long-term ground lease since 1968 with limited amendments or changes over the years.

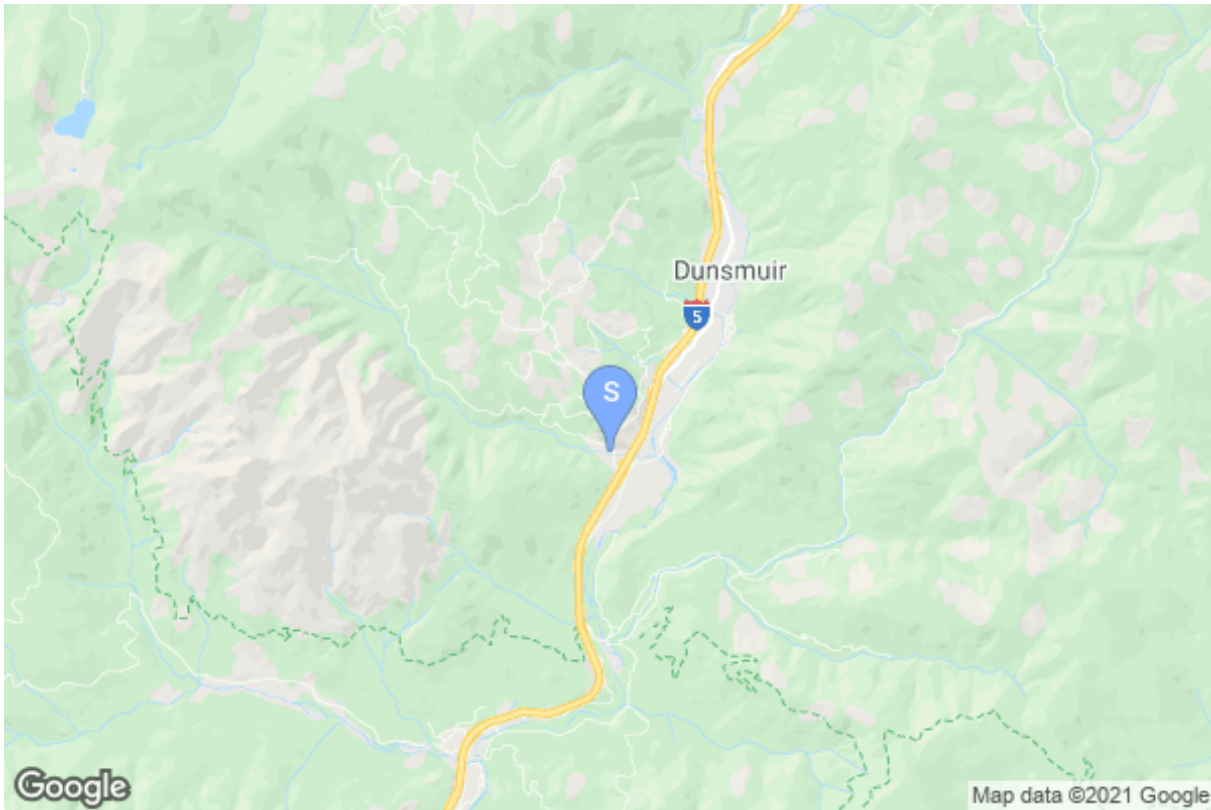
The leasee ownership changed in 2017 and new management of the resort began. Brian Rapela, MAI, MRICS appraised the property for the leasehold interest valuation for the sale financing in 2017.

It was reported that the leasee is interested in purchasing the fee ownership of the land from the County, but there were no reported negotiations on pricing.

During our inspection, it was reported that the underlying land has been disturbed by previous developments throughout the property. A portion of the property adjacent to Interstate 5 was reportedly used as below ground dump during the development of Interstate 5. The leasee also reported that septic leach fields might exist in numerous areas of the property. Additionally, work to mitigate flooding and the development of the pond on the subject had impacted the stability of the creek and seasonal water flows. We were not provided with an environmental or conditions report for the property. Please reference Limiting Conditions and Assumptions.

We are not aware of any other listings, real property transactions, or ownership transfers pertaining to the subject in the three years prior to the date of the "as is" value opinion, other than that which is reported here.

AREA MAP



INTRODUCTION

To evaluate the factors that influence a property's income potential over the projection term, we analyze economic indicators at the macro or citywide level and work down to the more specific micro or subject property level. The subject property is located in the City of Dunsmuir, within Siskiyou County and the State of CA. Reference is made to the area map identifying the location of the subject property above. The following analysis includes an overview of the region, as well as historical and projected trends of income, population and employment for the subject's area.

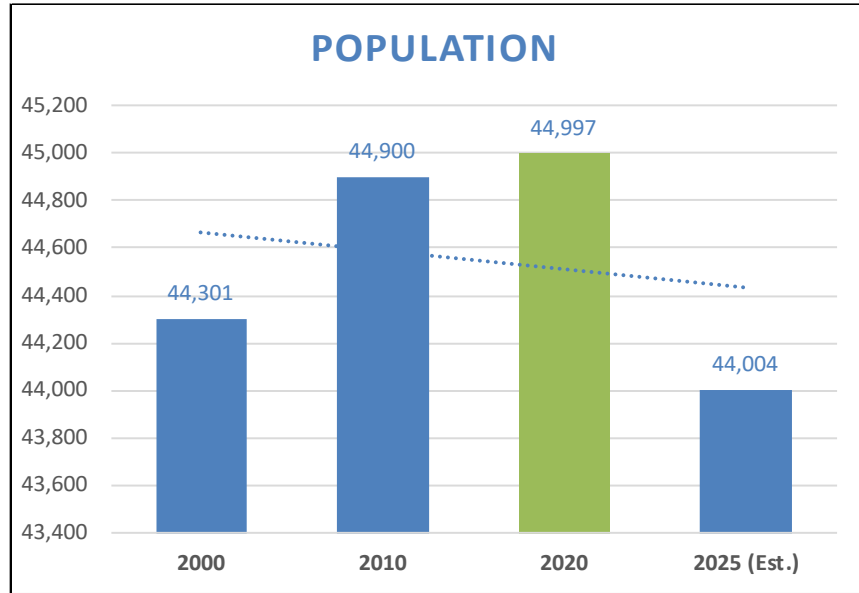
LOCATION

The subject is located in Siskiyou County, CA. Our regional, demographic, and economic analyses are based on data extracted from Site To Do Business/ESRI, U.S. Bureau of Labor Statistics, and the U.S. Census Bureau. This data has been extrapolated from various databases and are the most current available.

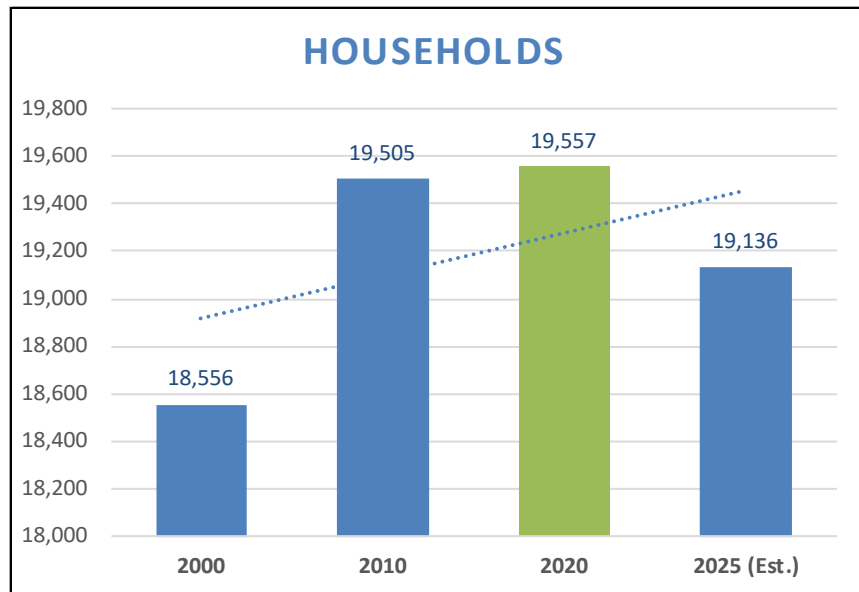
The combined databases include various economic and demographic variables for the subject's respective area. The Site To Do Business/ESRI database includes population estimates, households, household income, home value, employment by industry and related data. This data is based on 2020 populations with projections through 2025. The U.S. Bureau of Labor Statistics provided area unemployment trends.

POPULATION

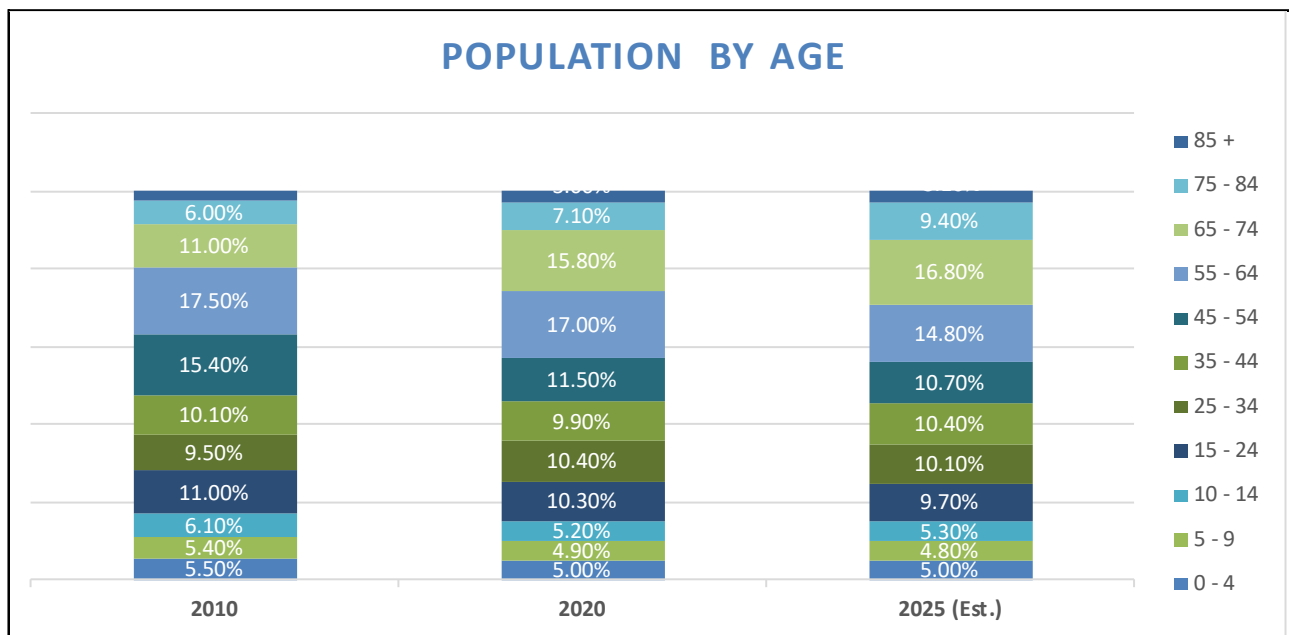
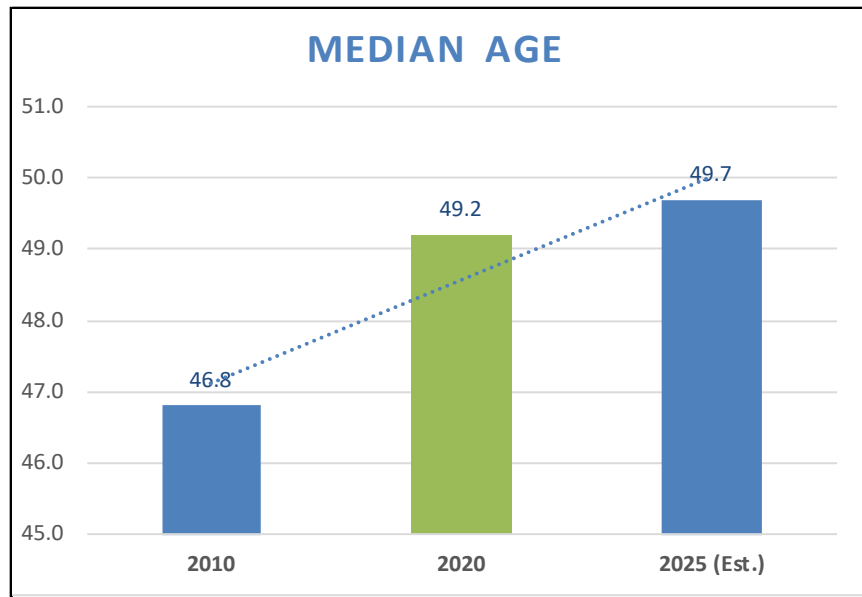
Population within Siskiyou County, CA is currently indicated at 44,997 and is expected to decrease to 44,004 within five years, a decrease of approximately -2.21% over the five-year period, or -0.44% per year. Comparatively, the national population is projected to increase annually by 0.72% over the same period. The current population is higher than the population indicated at the 2010 census, which was 44,900. Population at the previous census in 2000 was 44,301, indicating a long-term growth rate from 2000 to 2020 of 0.08% per year.



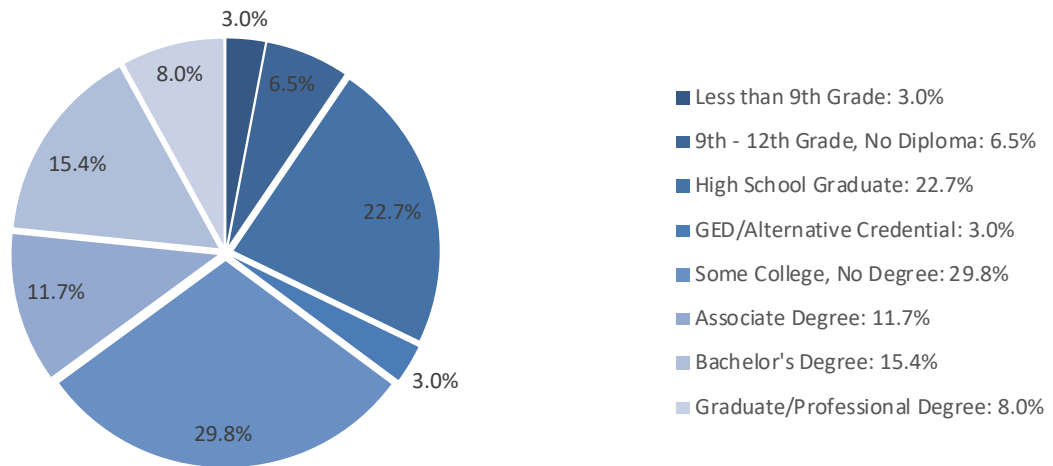
Households are expected to follow a similar trend, with total households within Siskiyou County, CA decreasing from 19,557 in 2020 to 19,136 in 2025, with a current 2.27 persons per household. The national average household size in 2020 is 2.58. There were 18,556 households in 2000 and 19,505 households in 2010, indicating a long-term growth rate of 0.27% from 2000 to 2020.



The median age in Siskiyou County, CA is currently indicated at 49.2 years, up from 2010, when the median age was 46.8 years. The population is expected to increase in 2025, with the median age projected as 49.7 years. The median age nationally in 2020 is 38.5.



POPULATION (25+) BY EDUCATION

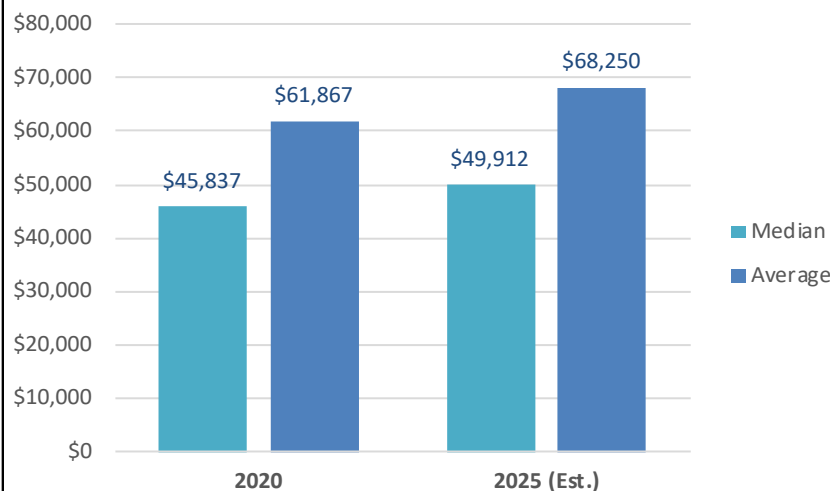


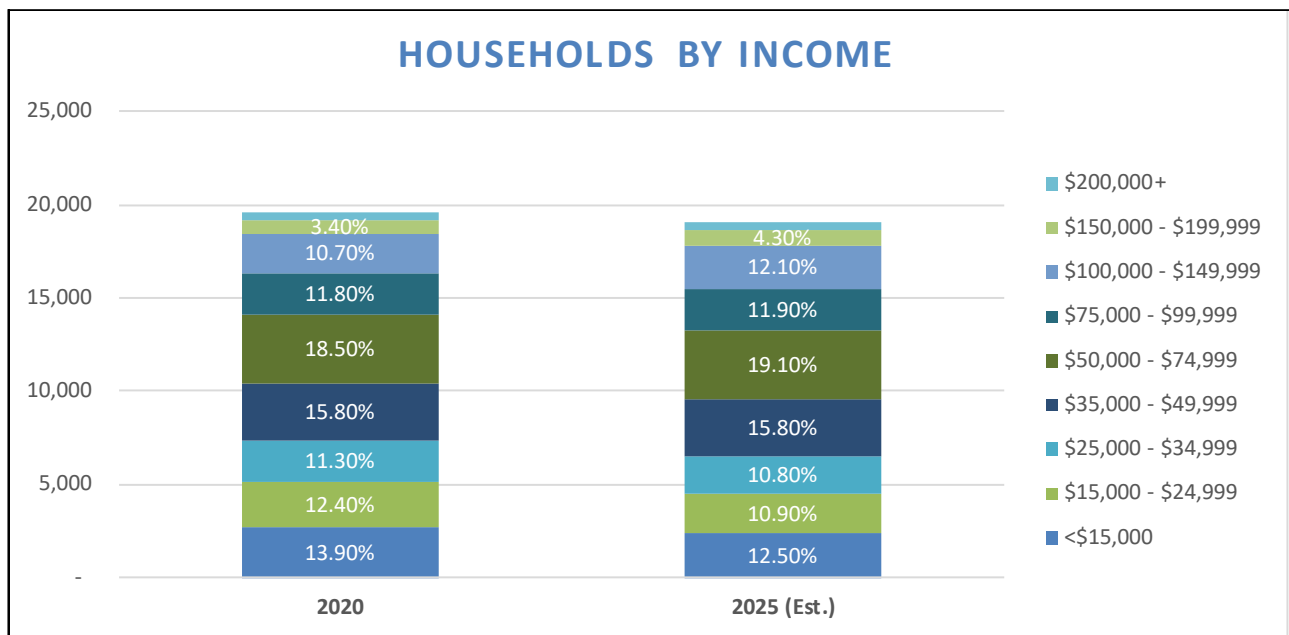
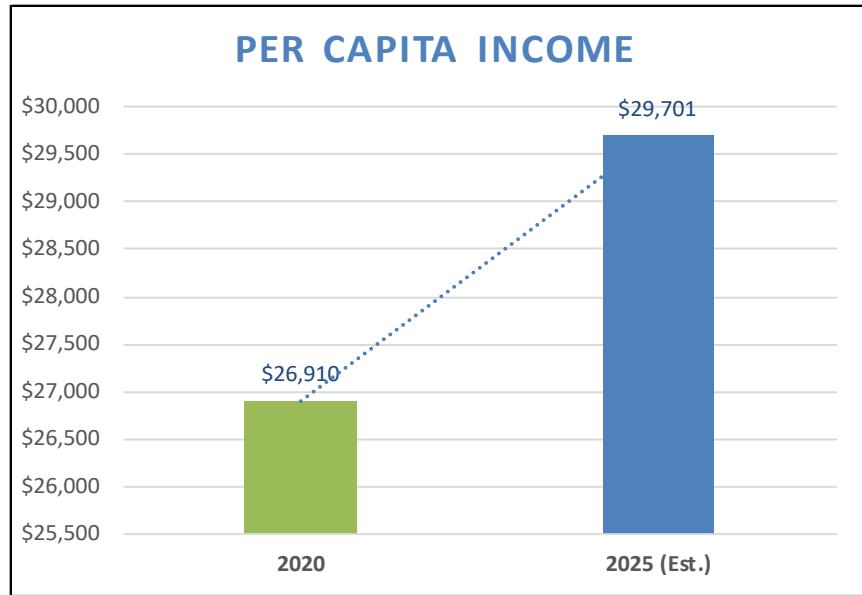
INCOME

Site To Do Business/ESRI reports current median household income at \$45,837, which is forecasted to increase to \$49,912 by 2025, an increase of 8.89%. Similarly, per capita income is expected to increase from its current level of \$26,910 to \$29,701 by 2025, an increase of 10.37%. In 2020, the national median household income is \$62,203 and the national per capita income is \$34,136.

According to ESRI, Siskiyou County, CA has a wealth index of 63, indicating less wealth when compared to the national average of 100.

HOUSEHOLD INCOME





HOUSING

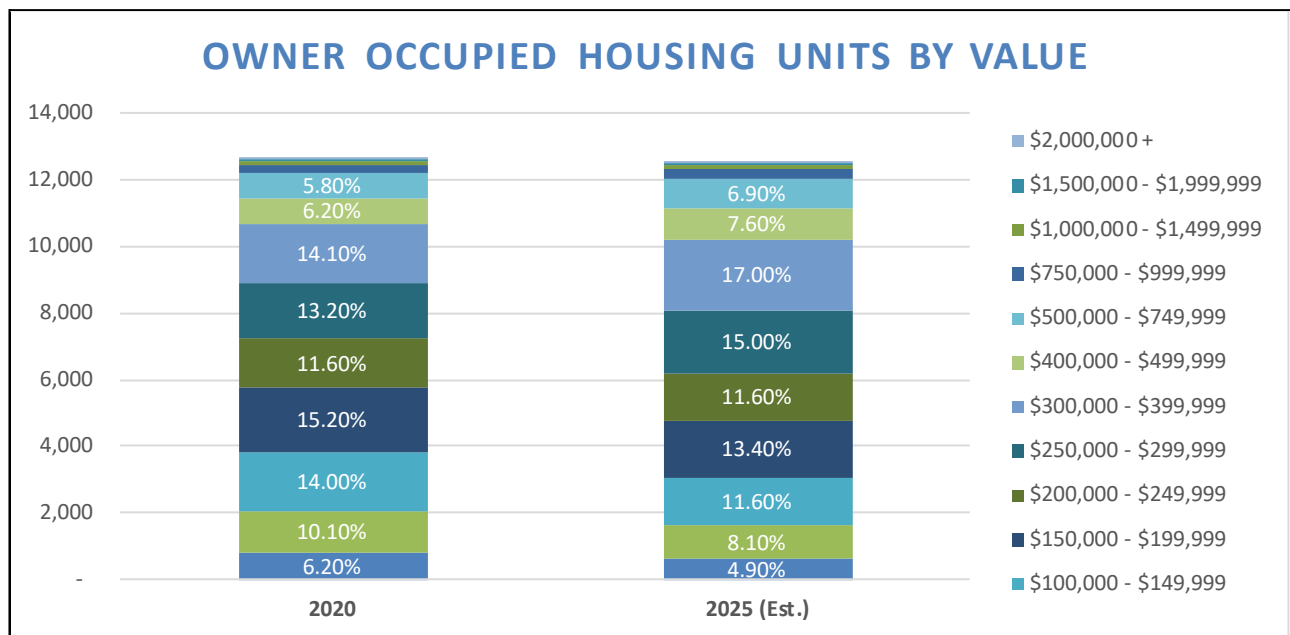
According to Site To Do Business/ESRI, there were approximately 21,947 housing units in Siskiyou County, CA as of the 2000 census. That figure increased to 23,910 housing units as of the 2010 census. Current estimates indicate 24,388 housing units, an increase of 2.00% from the 2010 census. Housing units are forecasted to grow to 24,738 units in 2025, indicating a growth rate of 1.44% over the five-year period.

Owner-occupied units comprise the majority of the housing stock in the area. Current estimates indicate that approximately 51.9% of total housing units are owner-occupied, with 28.2% of units occupied by renters. The balance of the units, 19.8%, are vacant. In 2025, the mix is expected to shift to 50.6% owner-occupied units and 26.7% renter-occupied units. Nationally in 2020, 56.40% are owner-occupied, 32.30% are occupied by renters, and 11.30% are vacant.

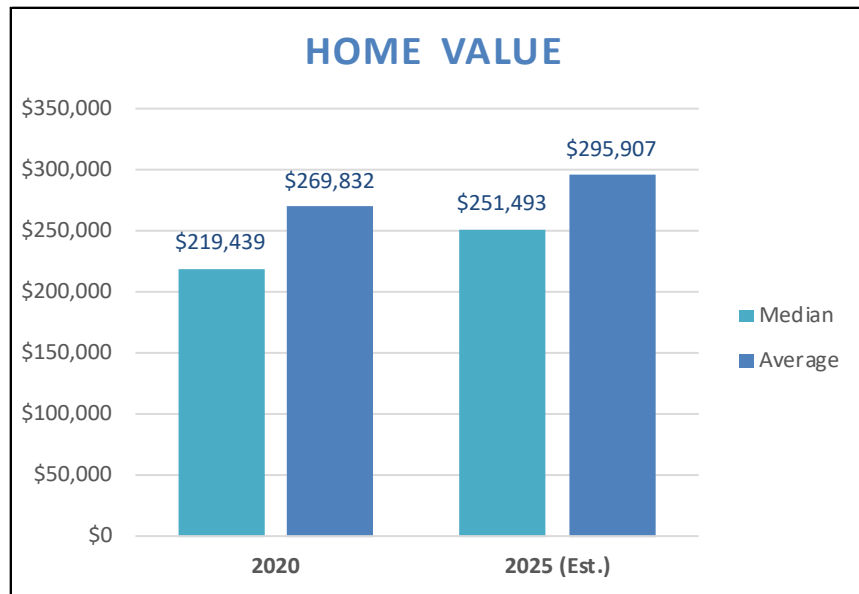
The ESRI Housing Affordability Index (HAI) has a base of 100, representing an area where median income is sufficient to qualify for a loan on a home valued at the median home price and not be cost-burdened, defined as spending more than 30 percent of income on housing-related costs. The higher the index is over 100, the more affordable the housing is in the area. An index of below 100 indicates housing is less affordable and a typical resident cannot purchase a home in the area without being cost-burdened.

Siskiyou County, CA has a Housing Affordability Index of 118, indicating that the median income is sufficient for a typical resident to purchase a median value home in the area. The national Housing Affordability Index in 2020 is 141, indicating Siskiyou County, CA is less affordable than the national average.

Assuming the national average effective mortgage rate from the Federal Housing Finance Agency (FHFA), a 30-year mortgage, and a 20% down payment, the typical resident in Siskiyou County, CA spends 20.0% of their household income on mortgage payments. Nationally, the percent of income used for a mortgage is 15.80%.

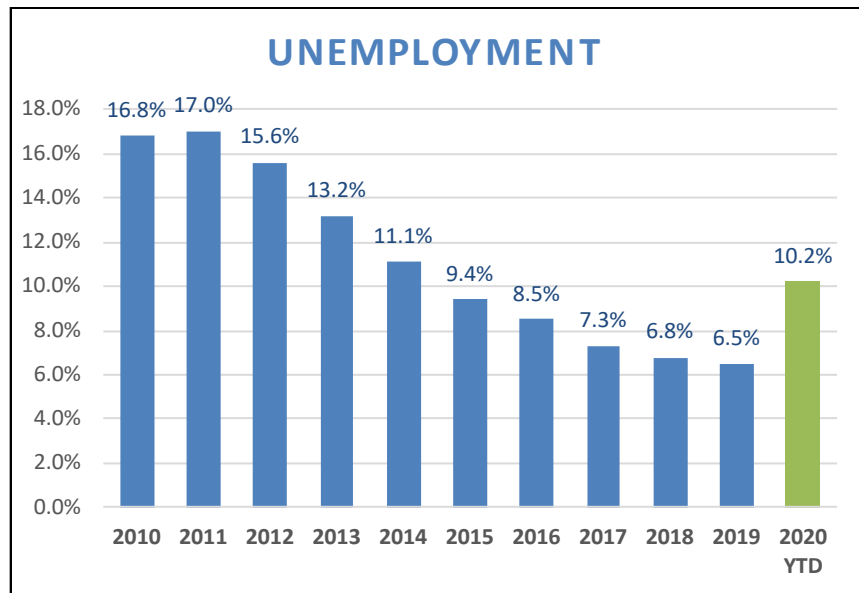


In 2020, the median home value is \$219,439. It is expected to increase to \$251,493 by 2025, indicating an annual home appreciation rate of 2.92%. The median home value nationally in 2020 is \$235,127.

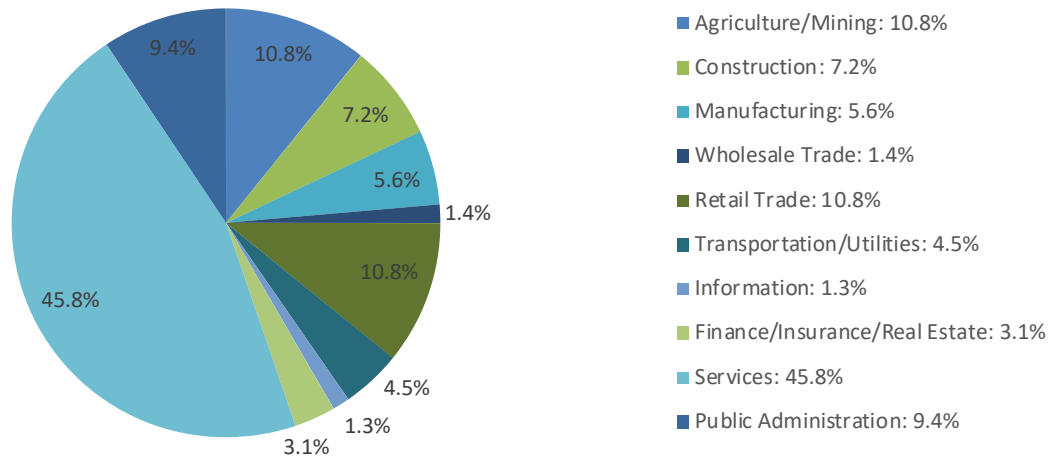


EMPLOYMENT

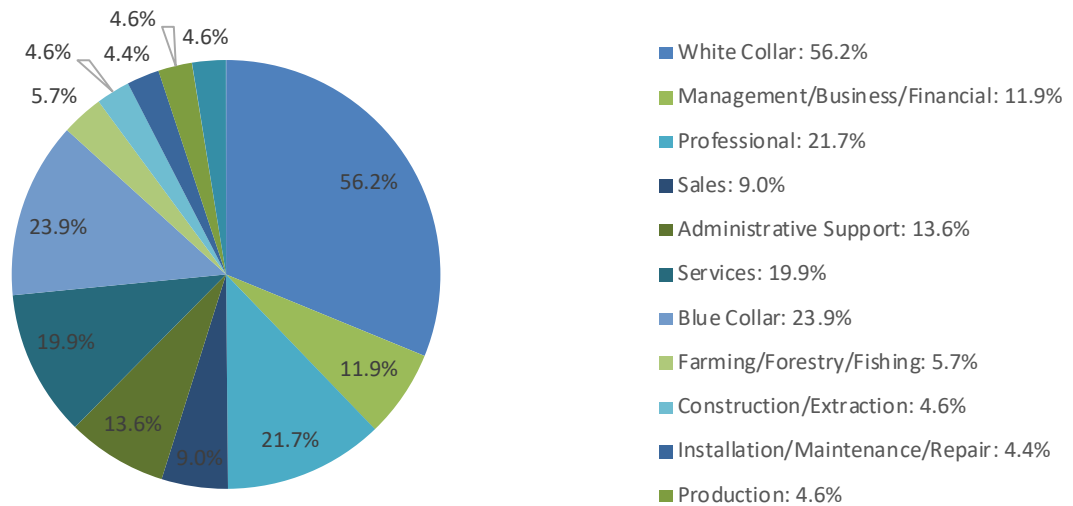
Siskiyou County, CA currently employs 16,325 workers according to Site To Do Business/ESRI. The U.S. Bureau of Labor Statistics currently reports unemployment at 10.7%, as of December 2020, which is lower than the long-term average of 11.1% since January 2010. Unemployment peaked in January 2011 at 20.4%. Year to date, unemployment has averaged 10.2%, up from last year's 6.5% average.

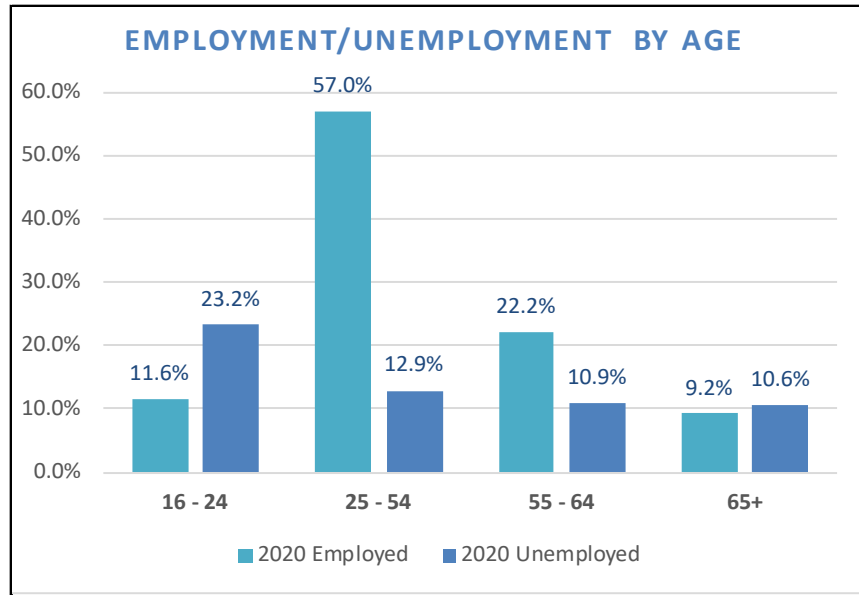


EMPLOYED POPULATION (16+) BY INDUSTRY



EMPLOYED POPULATION (16+) BY OCCUPATION





CONCLUSION

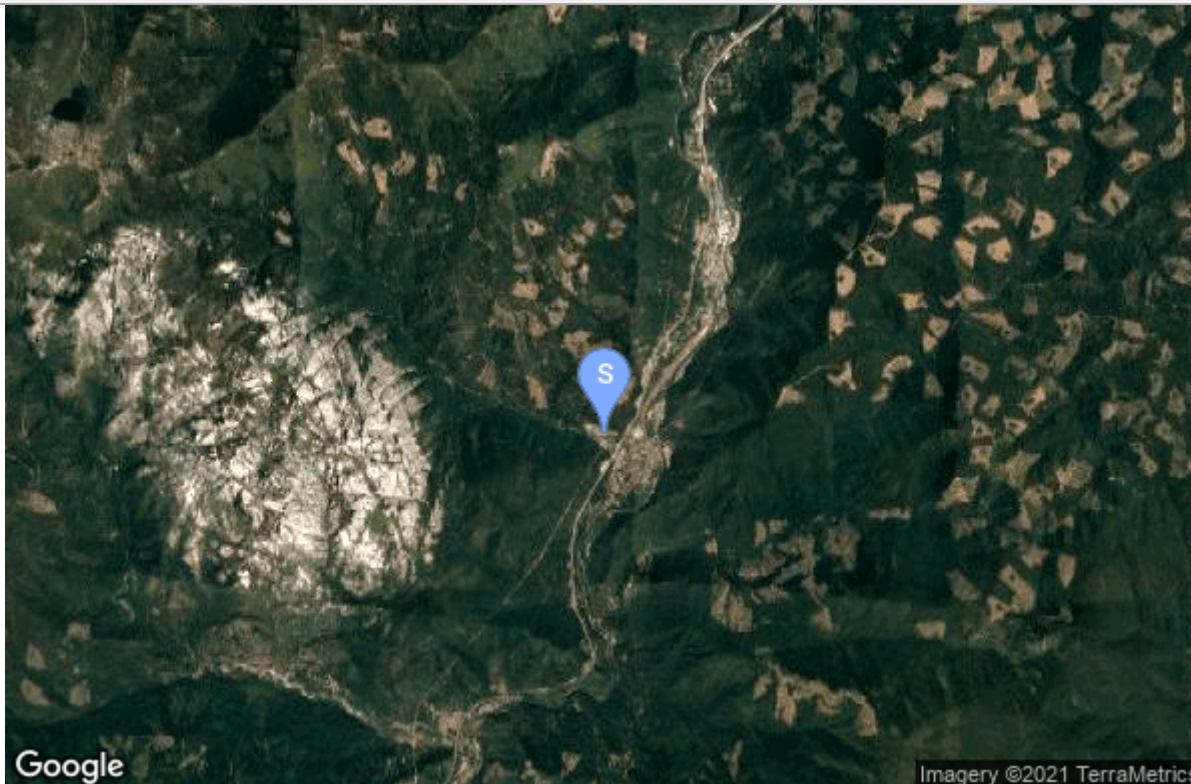
Siskiyou County is one of the northernmost counties and the fifth-largest county in California. With a population of approximately 45,000, it is within the bottom quarter of counties for total population in California. The County seat of Yreka is the largest city and along Interstate 5 that runs through the middle of the county. The county relies on agriculture, wood products, and tourism and has a higher average unemployment rate as compared to the state average.

While the county is located between the larger metropolitan areas of Ashland, Oregon and Redding, California it typically lags behind these areas in growth and due to distance, has little spillover effect.

Since the COVID-19 pandemic, the County has seen a growth in interest and an increase in residential home sales. The move of populations from denser cities to areas like Siskiyou County has been more pronounced in this region due to the low overall population and limited housing supply. It is unclear if this increase will have longer-lasting effects on the region.

Overall, the Siskiyou County region has seen slow growth over the last few cycles with the most recent cycle showing possible signs of overall improvement in the region.

NEIGHBORHOOD MAP



INTRODUCTION

A property is an integral part of its surroundings and must not be treated as an entity separate and apart from its surroundings. The value of a property is not found exclusively in its physical characteristics; physical, economic, political and sociological forces in the area interact to give value to a property. In order to determine the degree of influence extended by these forces on a property, their past and probable future trends are analyzed. Therefore, in order to form an opinion of the value of a property, an analysis is made of the area in which the property under study is found. This area is referred to as a neighborhood.

A neighborhood can be a portion of a city, a community or an entire town. It is usually an area which exhibits a fairly high degree of homogeneity as to use, tenancy and certain other characteristics. Homogeneity is a state of uniform structure or composition throughout. Therefore, in real estate terminology, a homogeneous neighborhood is one in which the property types and uses are similar. A neighborhood is more or less a unified area with somewhat definite boundaries. As a neighborhood's boundaries serve to limit the physical area that exerts germane influences on a property's value, the boundaries may indeed run concurrent with variations in prevailing land uses or physical characteristics.

LOCATION

The subject is located on the western side of Interstate 5 along Railroad Park Road.

The subject's neighborhood is generally seen as the area around the City of Dunsmuir. This area is located along the Interstate 5 corridor and is located south of Mt. Shasta and north of Redding, the two most proximate areas of substantial development. This area historically relied upon the timber industry, but has seen a significant decline and has resulted in a semi-rural residential area of Siskiyou County. To the south of the neighborhood lies Castle Crags State Park.

The prevailing land uses within this area are timber land, limited residential, and vacant land. There is little to no significant commercial areas in the neighborhood.

ACCESSIBILITY

The subject's main frontage is Railroad Park Road which provides access to the multiple area of the subject. The subject has access from Railroad Park Road which bisects a portion of the property and runs adjacent or through other portions.

The area relies upon its access to Interstate 5 for access. There are various on/off ramps in the vicinity and one that access the subject directly. While Interstate 5 sees large traffic flows, the side streets and associated areas of the neighborhood see very limited street traffic. There are no other major ways of accessing the region. This area is located at the southern portion of Siskiyou County and the north portion of Shasta County.

DEVELOPMENT

There is very limited development in the subject's neighborhood since the timber industry began to taper off. Some residential development is found throughout the region, but typically it is a renovation of an older building, as construction costs are high and disposable income levels have not grown at similar levels. New construction of residential properties is limited and there are few to no examples of new commercial development in this region of either county. While there is good access to Interstate 5, most commercial developments are found further to the north. There is a large amount of undeveloped land in the area and while the timber industry still exists, timber harvesting has become more limited due to financial feasibility. There were no reports of new development that would negatively impact the subject at this time.

DEMOGRAPHICS

The Site To Do Business is a service that provides demographic data, including historical, current and forecasted population estimates for a specified region. Patterns of development, density and migration are reflected in the population estimates. A survey of the subject area's population and growth rate is summarized in the following charts, followed by a map of the surveyed area.

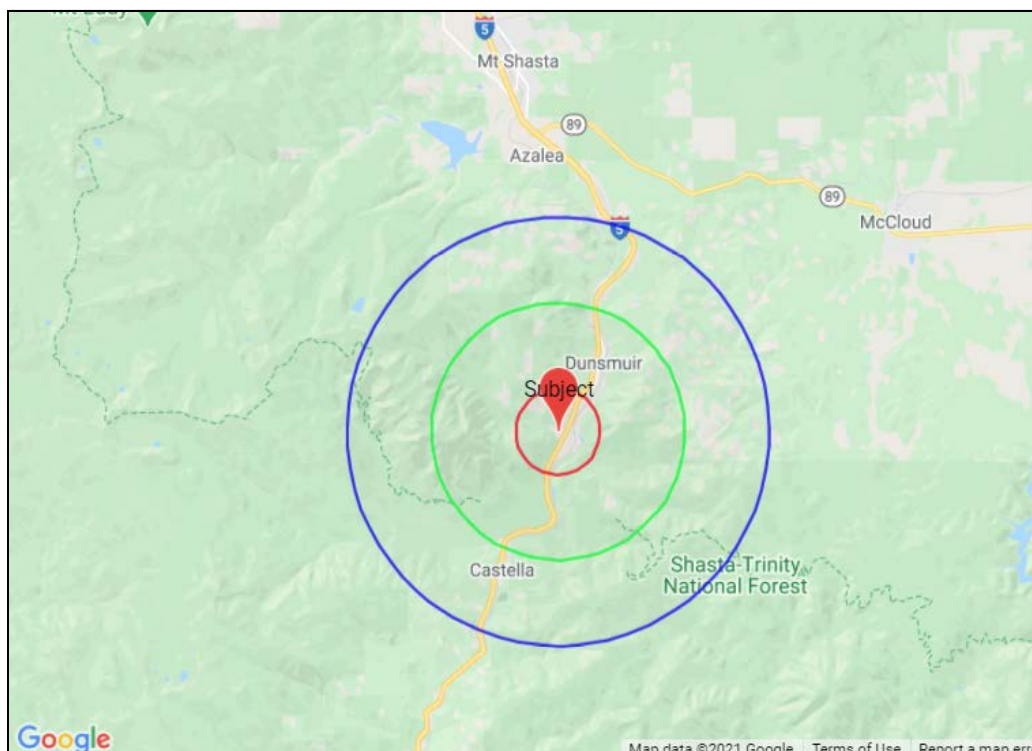
Demographics						
	2020			2025		
Summary	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
Population	186	1,911	2,428	185	1,872	2,376
Households	101	899	1,123	100	882	1,101
Families	55	466	600	55	459	589
Average Household Size	1.81	2.10	2.14	1.81	2.10	2.14
Owner Occupied Housing Units	76	527	674	75	527	677
Renter Occupied Housing Units	26	372	449	25	355	424
Median Age	55.0	51.1	51.3	57.0	51.5	51.8
Population by Age	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
0 - 4	3.7%	4.7%	4.7%	3.8%	5.0%	4.8%
5 - 9	3.7%	4.7%	4.7%	3.8%	4.7%	4.7%
10 - 14	3.7%	5.1%	5.1%	4.3%	5.0%	5.0%
15 - 19	5.3%	5.1%	5.2%	4.3%	5.5%	5.4%
20 - 24	3.7%	4.6%	4.6%	3.8%	4.5%	4.5%
25 - 34	6.9%	9.3%	8.9%	5.9%	8.2%	8.3%
35 - 44	9.6%	9.9%	10.0%	8.6%	10.5%	10.2%
45 - 54	13.3%	12.3%	12.2%	11.9%	10.6%	10.7%
55 - 64	20.7%	17.3%	16.6%	20.0%	15.3%	14.9%
65 - 74	18.6%	17.2%	18.0%	20.5%	17.5%	17.8%
75 - 84	6.9%	6.8%	7.1%	9.2%	10.0%	10.3%
85+	3.7%	2.9%	3.0%	3.8%	3.2%	3.2%
Households by Income	1 mile	3 mile	5 mile	1 mile	3 mile	5 mile
<\$15,000	17.80%	17.70%	16.80%	15.00%	15.50%	15.00%
\$15,000 - \$24,999	10.90%	17.50%	17.10%	9.00%	15.30%	15.30%
\$25,000 - \$34,999	6.90%	11.70%	10.40%	6.00%	11.60%	10.40%
\$35,000 - \$49,999	12.90%	15.90%	16.70%	12.00%	16.40%	17.30%
\$50,000 - \$74,999	21.80%	19.20%	19.90%	23.00%	20.90%	21.30%
\$75,000 - \$99,999	10.90%	9.50%	9.30%	12.00%	10.10%	9.70%
\$100,000 - \$149,999	17.80%	6.60%	6.90%	22.00%	7.70%	8.00%
\$150,000 - \$199,999	1.00%	1.70%	2.10%	1.00%	2.20%	2.50%
\$200,000+	1.00%	0.40%	0.70%	1.00%	0.50%	0.60%
Median Household Income	\$51,475	\$37,269	\$38,945	\$56,809	\$40,719	\$41,903
Average Household Income	\$60,808	\$48,038	\$50,227	\$68,563	\$53,321	\$54,956
Per Capita Income	\$28,911	\$22,369	\$23,364	\$32,475	\$24,872	\$25,616

Source: Site To Do Business

Trends: 2020 - 2025 Annual Rate			
1 mile Radius	Area	State	National
Population	-0.11%	0.55%	0.72%
Households	-0.20%	0.50%	0.72%
Families	0.00%	0.50%	0.64%
Owner HHs	-0.26%	0.65%	0.72%
Median Household Income	1.99%	1.81%	1.60%
3 mile Radius	Area	State	National
Population	-0.41%	0.55%	0.72%
Households	-0.38%	0.50%	0.72%
Families	-0.30%	0.50%	0.64%
Owner HHs	0.00%	0.65%	0.72%
Median Household Income	1.79%	1.81%	1.60%
5 mile Radius	Area	State	National
Population	-0.43%	0.55%	0.72%
Households	-0.39%	0.50%	0.72%
Families	-0.37%	0.50%	0.64%
Owner HHs	0.09%	0.65%	0.72%
Median Household Income	1.47%	1.81%	1.60%

Source: Site To Do Business

NEIGHBORHOOD/AREA COMPARISON				
Category	1 mile	3 mile	5 mile	Area
Median Household Income	\$51,475	\$37,269	\$38,945	\$45,837
Average Household Income	\$60,808	\$48,038	\$50,227	\$61,867
Per Capita Income	\$28,911	\$22,369	\$23,364	\$26,910
Average Household Size	1.81	2.10	2.14	2.27
Median Age	55.0	51.1	51.3	49.2



Source: Site To Do Business

LIFE CYCLE

A neighborhood's life cycle usually consists of four stages:

- Growth - a period during which the neighborhood gains public favor and acceptance
- Stability - a period of equilibrium without marked gains or losses
- Decline - a period of diminishing demand
- Revitalization - a period of renewal, redevelopment, modernization, and increasing demand

Source: The Appraisal of Real Estate, 14th Edition

From a general examination, it appears that the neighborhood is generally stable with no major changes to the neighborhood during the last cycle. The demand for housing units in the region keeps this area going with commuters or retirees.

The neighborhood is expected to remain stable with continued growth patterns that follow the changes in demographics.

NEIGHBORHOOD ANALYSIS CONCLUSION

In conclusion, we have researched all germane influences that could possibly affect the value of properties in the area. This research did not produce any factors that could be classified as negative or undesirable. Accessibility, location, demographics, and reputation have resulted in a stable pattern. However, the changes in demographics and income levels are not indicative of substantial growth or changes to the base market fundamentals, resulting in continued stability in this market. The outlook for the neighborhood is average over the long term as compared to the larger market.

MARKET ANALYSIS

The following information was compiled from published sources and is used in conjunction with primary and secondary data to analyze the market trends impacting the value of the subject property. We will first cover the COVID-19 pandemic and then include market information, followed by a conclusion.

COVID-19 PANDEMIC

At the end of February 2020, the US economy began to see an economic contraction due to the novel COVID-19 virus and further disruptions have ensued. With Shelter-in-Place orders throughout the County and region, a significant economic contraction lead to major market uncertainty throughout the real estate sector.

Historically, crises of this magnitude (the Dot-com Bust and 9/11 in 2000/2001 or the Great Recession in 2008/2009) have all negatively impacted commercial real estate though to varying degrees varying market-to-market and by property type. More conservative underwriting by market participants, less positive growth assumptions, and general uncertainty with regards to the methods employed to combat virus transmission have put downward pressure on asset pricing and this remains going forward for the time being.

The current crisis has hit property values very unevenly depending on property type and market location. Hospitality, health care, and retail have been affected the most broadly. Office and multifamily properties have been impacted but overall to a lesser degree. Industrial properties have been the least impacted and in many cases that market segment has continued its momentum that existed prior to the onset of the COVID-19 pandemic.

We continue to speak with market participants, brokers (both leasing and sales), developers, lenders, and landlords. Deal velocity was generally slow during the initial months of the pandemic, spring/summer 2020, however since, volumes have begun to increase and more deals are in progress. Hotels, health care, and retail (particularly restaurants) have taken the brunt of the negative impact and some multifamily properties have as well, though this largely depends on the tenant mix, respective occupations, and local market conditions. Properties associated with fields deemed 'essential' have seen lesser impacts overall.

The House of Representatives recently gave Final Approval to President Biden's \$1.9 Trillion Pandemic Relief Bill which is expected to be signed into law. The bill provides for direct payments to qualified individuals, child tax credits, and extended unemployment benefits. As case numbers decline and vaccinations continue to be deployed, there is general optimism that the major market effects of the pandemic will be behind us in the second half of 2021.

Based on discussions with market participants and the subject owner, the Siskiyou market has started to bounce back from the COVID-19 pandemic's overachieving slowdown. This region of California had a lower overall number of cases and has spent less time in tighter lockdowns that have negatively impacted other markets.

The sales market for similar properties is less clear as there are very few annual sales in the subject's market and few properties similar to the subject. Market participants have noted that the residential market has seen a major spike in demand and significant increases in pricing due to the influx of new buyers. However, the instability of the larger commercial market has resulted in few land transactions. Broker's noted that there are very few annual transactions of similar land in the area and this can result in a wide variation in pricing as well as market speculation. Due to the historical stability in this market, brokers and market participants do not believe there has been a substantial downturn in pricing for raw land due to the pandemic. While brokers and market participants have not seen a substantial downturn in pricing for raw land due to the pandemic, the market pricing for raw materials has increased substantially since March 2020. This has put quantifiable downward pressure on new developments and as result land prices have trended downward.

MARKET AND SUBMARKET OVERVIEW

As this report is valuing the ground leased fee of the hospitality property, we have included the Nation Lodging Market analysis from PWC.

NATIONAL LODGING MARKET - PWC

According to *Hospitality Directions US*, published by PwC in November 2020:

The length and severity of the pandemic has greatly increased since our last publication six months ago. In our May 2020 edition, we had assumed the then consensus view that the daily number of new COVID-19 cases in the U.S. peaked in late April. We now know this did not occur, and that the current daily number is over four times that level. This has significantly impacted the recovery timeline. We currently expect annual occupancy for U.S. hotels to end 2020 at 44.4% (down 32.8% compared to last year). At the same time, ADR is forecast to drop 21.5%, resulting in a RevPAR decline of 47.3% from 2019. RevPAR in 2020 is expected to fall to a level not seen since 1996.

It has been an uneven recovery, with destinations reliant on business, group, and international demand suffering the most. Continued uncertainty and flexible booking policies are resulting in most guests booking within 24-48 hours of arrival, straining forecasting and staffing models.

2021 Outlook

As government aid and temporary forbearance relief runs out, industry leaders now fear another wave of re-closures, with office reopening's being pushed into 2021, delaying the resumption of business travel and group demand that typically compensates for slowed leisure travel post-Labor Day. With additional legislative action stalled as we enter the period between the recent election and change in administration, the industry is poised for an unprecedented wave of foreclosures.

For 2021, we forecast that temporarily closed hotels will continue to reopen and that demand growth builds as the U.S. economy continues to rebound after vaccines become widely available. Occupancy and ADR will both show sharp declines in the first quarter of 2021 due to a tough prior-year comparison (January and February 2020 were pre-pandemic). However, strong increases will materialize in the second through fourth quarters due to easier prior- year comparisons.

Challenges to the above outlook continue to include political uncertainty; the speed of the business travelers' return after a vaccine; and the length and severity of a resurgence of the virus into 2021.

Exhibit L-1
Occupancy

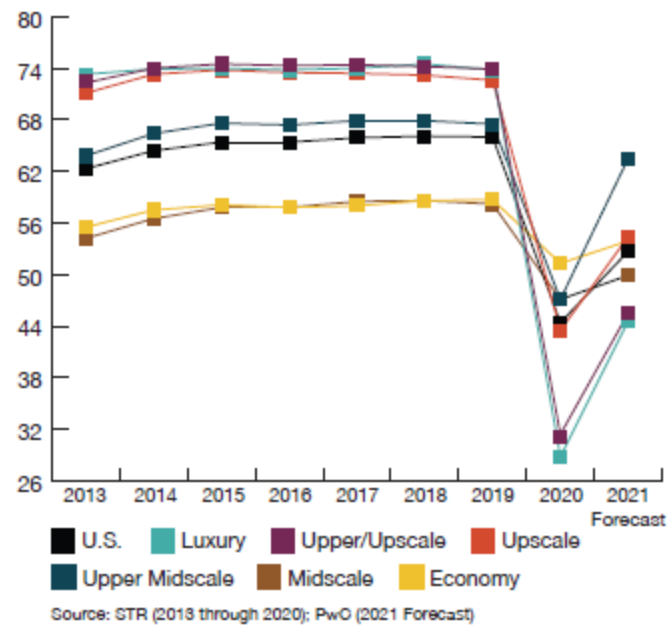
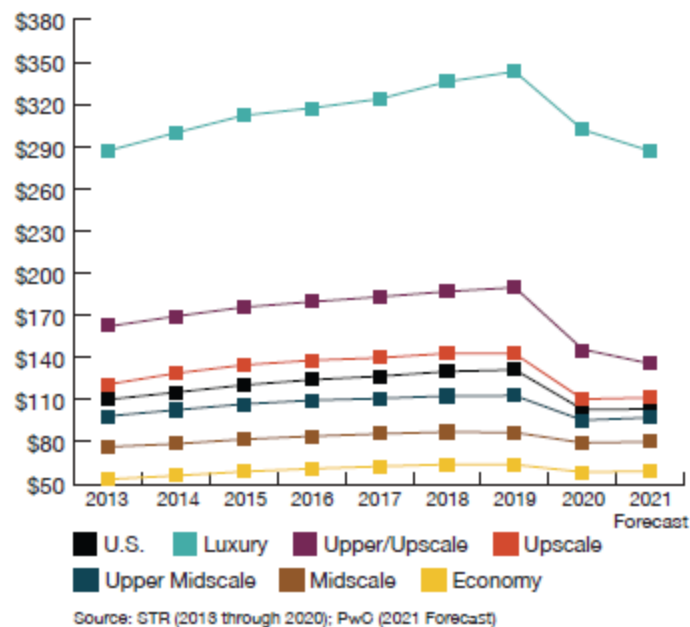


Exhibit L-2
Average Daily Rate (ADR)



US Lodging Industry Outlook 2021 Annual Forecast								
	US Total	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent
Avg Occupancy	52.7%	44.6%	45.5%	54.5%	63.5%	49.9%	53.9%	47.4%
Change	18.7%	55.0%	45.0%	25.0%	35.0%	6.0%	5.0%	7.1%
Avg ADR	\$103.25	\$286.74	\$135.54	\$111.40	\$97.24	\$80.04	\$59.04	\$111.20
Change	0.3%	-5.0%	-7.0%	1.0%	2.0%	1.0%	1.0%	-7.8%
Avg RevPAR	\$54.41	\$127.94	\$61.71	\$60.64	\$61.76	\$39.95	\$31.81	\$52.69
Change	19.1%	47.2%	34.9%	26.2%	37.7%	7.1%	6.1%	-1.3%
Avg Daily Rooms Sold (000s)	2,790.0	51.4	277.1	434.0	705.3	212.2	413.8	695.8
Change	22.9%	88.6%	63.1%	26.8%	35.7%	6.6%	5.4%	12.4%
Avg Room Supply (000s)	5,116.0	115.3	608.7	797.3	1,110.4	425.1	767.9	1,468.5
Change	5.2%	21.7%	12.5%	1.5%	0.5%	0.5%	0.4%	4.9%

Source: Hospitality Directions US, November 2020

NATIONAL LIMITED-SERVICE MIDSACLE & ECONOMY LODGING SEGMENT - PWC

According to *Hospitality Directions US*, published by PwC in November 2020:

Certain surveyed investors expect the limited-service midscale and economy lodging segment to outperform the industry in 2021, especially newer, well-located limited-service properties with attractive amenities and price points.

- Reporting an average of 49.5% this quarter, a “low breakeven occupancy point” is attracting buyers to this segment.
- Another benefit for this lodging segment has been a rise in road trips to leisure destinations as many travelers remain concerned about air travel during the pandemic.
- The outlook for property values has improved over the past six months with the average expectation rising to -1.7% this quarter – up from -14.2% in September 2020.

FORECAST VALUE CHANGE [NEXT 12 MONTHS]:

Range: (20.0%) – 10.0%

Average: (1.7%)

Key Survey Stats National Limited-Service Midscale & Economy Lodging Segment First Quarter 2021	
	Current Quarter
Replacement Reserves (% of total revenue)	
Range	3.0%-6.0%
Average	4.4%
Base Management Fee (% of total revenue)	
Range	2.0%-5.0%
Average	3.7%
Breakeven Occupancy Ratio	
Range	35.0%-57.0%
Average	49.5%

Source: PwC Real Estate Investor Survey, 1st Quarter 2021

National Market Yield Rates for Real Estate Investments National Limited-Service Midscale & Economy Lodging Segment First Quarter 2021			
	Current Quarter	Third Quarter 2020	Year Ago
Discount Rate (IRR)	8.00%-12.00%	8.00%-12.00%	7.50%-12.00%
Average	9.70%	9.80%	10.00%
Overall Cap Rate (OAR)	7.00%-11.00%	7.00%-12.00%	7.50%-11.00%
Average	9.18%	9.50%	9.10%
Residual Cap Rate	8.00%-11.00%	8.00%-12.00%	7.75%-12.00%
Average	9.10%	9.50%	9.33%
Average Daily Rate	(10.00%)-10.00%	(10.00%)-5.00%	0.00%-4.00%
Average	1.30%	(0.10%)	2.10%
Operating Expense	2.00%-4.00%	2.00%-4.00%	2.50%-5.00%
Average	2.95%	2.95%	3.15%
Marketing Time Range	2-12 months	2-12 months	2-12 months
Average	6.6	6.6	6.6

Source: PwC Real Estate Investor Survey, 1st Quarter 2021

Discussion with Market Participants

Due to the limited amount of empirical data on commercial real estate in the subject's immediate market we have surveyed a number of local market participants to attain further information. There is a limited number of commercial properties in this market and as such there are few brokers who focus on the commercial market. Of the local brokers we spoke with, they all noted that the large uptick in residential housing in the area and the hopes that this increase in population would result in a stronger resurgence of the commercial sector.

Market participants noted that there has been limited growth in land values for commercial properties in southern Siskiyou County with the Yreka market seeing any of the gains over the last cycle. There are a limited number of commercial hubs in the southern area and limited historical growth.

When surveyed regarding the Dunsmuir market, the majority of market participants did not report any positive signs for commercial land, while they did report that the residential market has seen growth during 2020. The subject's location was not seen as significantly favorable for commercial development due to no similar adjacent uses and its location away from other hubs. The subject's property along the creek did have some positive factors for hospitality and camping uses, but this would be limited in the overall market position.

The hospitality market is in a larger state of flux due to the pandemic. However, reports from the region have been positive due to the area's lower density and lower case count that have resulted in a fairly strong 2020 for some hospitality and tourist sectors. It is unclear whether this will last post-pandemic or will there be a return to limited demand.

In speaking with a number of local real estate brokers, there was a range of opinions regarding land values in this market. Most brokers noted that while there are these signs of new growth, this is mostly limited to major retail locations with top-tier access or to specific use case developers. The subject's neighborhood has not seen a major development in the last cycle and will likely see little in the near future. Speculative land purchases are found in this market due to the lower overall price point.

MARKET ANALYSIS CONCLUSION

In our research, we have reviewed the market information available and conducted our own research into the region as well as had conversations with multiple market participants. Due to the limited annual activity in this region, there is limited 3rd party reporting and we have utilized national market studies to develop a broader understanding of the markets. This reporting has been compared to the market information available from local market participants and historical market data analytics to provide a more complete understanding of the unique market conditions within the market's competitive area.

The subject's location in southern Siskiyou County has seen limited economic and commercial growth during the last cycle with properties remaining on the market for a considerable time. In discussions with market participants, it appears that this is likely to remain as the underlying market fundamentals are not changing substantially. With few annual sales and limited market data, pricing can vary widely. The COVID-19 pandemic's impact on development costs has negatively impacted commercial land values and put downward pressure on the market.

Historically land values have remained fairly stable over the long term. The large supply of land and limited demand has kept price growth low. While the subject's location along a creek would be deemed a positive factor, the adjacent interstate would provide both positive and negative factors depending on end-use.

The hospitality sector has been negatively impacted by the pandemic on the national level, but the subject's market has seen better indicators overall. The subject has reported a good year as demand for rural areas has increased and the resort's ability to cater to social distancing. It is unclear if this will remain as travel begins to open up again and the region shifts back to its position as a lower-tier tourist destination.

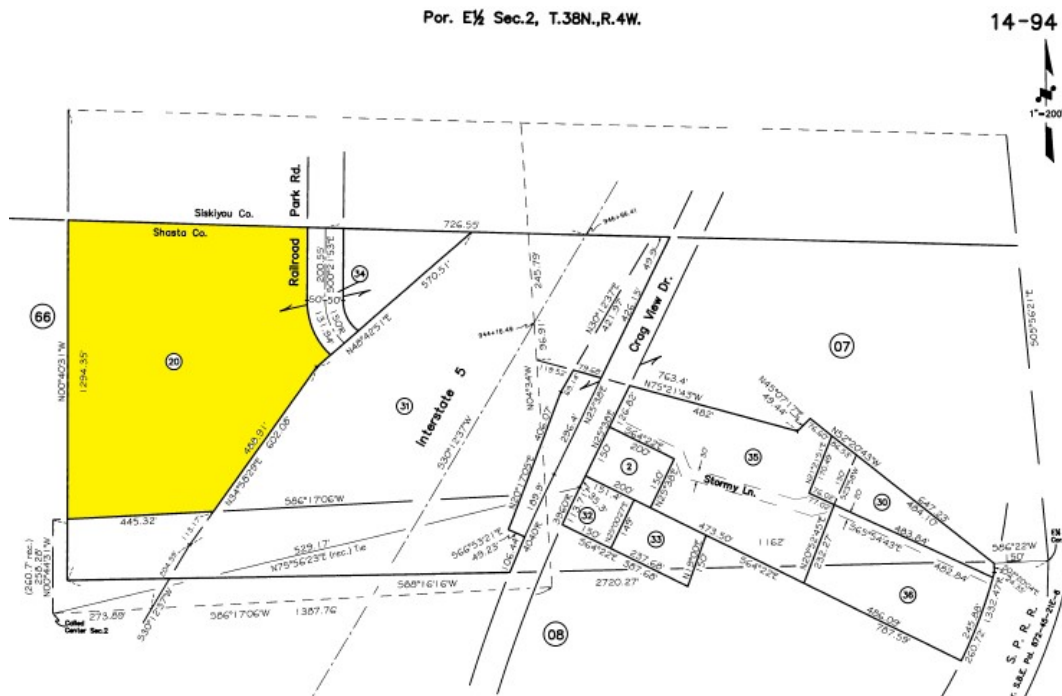
Based on the information reported above and our research, the commercial land market has experienced limited price growth and lower tier properties have substantially less demand. The larger hospitality market has struggled and the future is unclear for specialty hospitality similar to the subject. In conclusion, the subject property would be a below average competitor.

Land Summary				
Parcel ID/Tax ID	Gross Land Area (Acres)	Gross Land Area (SF)	Topography Type	Shape Type
014-940-020, 030-320-070, 030-320-080, 030-380-110	42.99	1,872,499	Rolling	Irregular in shape

As was previously noted, we have utilized the subject parcel sizes from public records and the platt maps available. The following images illustrate the information available for the subject parcels from Siskiyou County, Shasta County, and RealQuest. It is noted that on some mapping there is an area between the Siskiyou and Shasta County properties that is unconfirmed. Additionally, the platt maps for the Siskiyou County properties reflect roadways that are not in use and do not directly correspond to Railroad Park Road.







SITE DETAILS

ADDRESS	100 Railroad Park Road, Dunsmuir, Siskiyou County, CA 96025
PARCEL NUMBER	014-940-020, 030-320-070, 030-320-080, 030-380-110
LEGAL DESCRIPTION	A legal description was not provided
LOCATION	The subject is located on the western side of Interstate 5 along Railroad Park Road.
LOCATION TYPE	Rural
MAP LATITUDE/LONGITUDE	41.1849669/-122.2925668
CENSUS TRACT	06-093-0011.00
SIZE	1,872,499 SF or 42.99 acres
ZONING	The parcel is zoned "C-C B-10," under the jurisdiction of Siskiyou County.
PRIMARY FRONTAGE STREET	Railroad Park Road
PRIMARY FRONTAGE COMMENTS	The subject's main frontage is Railroad Park Road which provides access to the multiple area of the subject.
ADJACENT PROPERTIES - NORTH	Rural residential parcel and timber lands owned privately and publicly
ADJACENT PROPERTIES - SOUTH	Private and public timber land
ADJACENT PROPERTIES - WEST	Private and public timber land
ADJACENT PROPERTIES - EAST	Interstate 5
TRAFFIC COUNT	20,400-There are few areas within this region that are monitored for annual traffic flows.
TRAFFIC COUNT YEAR	2018 - This is for Interstate 5
VIEW	Average
ACCESS	The subject has access from Railroad Park Road which bisects a portion of the property and runs adjacent or through other portions.
INGRESS/EGRESS	The subject property has multiple points of ingress/egress that provide adequate access to all portions of the property.

SITE VISIBILITY	Average
STREET LIGHTING	Street lighting is not found along Railroad Park Road.
STREET CONDITION	Paved
SIDEWALKS	There are no sidewalks along the subject's frontages.
LANDSCAPING	The subject has landscaping that is typical for the area.
TOPOGRAPHY	The subject's topography is rolling.
SHAPE	The subject site is irregular in shape.
SOIL CONDITIONS AND DRAINAGE	The soil conditions observed at the subject appear to be typical of the region.
FLOOD ZONE	The site lies within Zone X (unshaded). This information was obtained from the National Flood Insurance Rate Map Number 06093C3441D dated January 19, 2011. The flood information regarding the subject was taken from FEMA's online flood mapping program. This information is not always current and from time to time FEMA will issue a Letter of Map Change (LOMC) to communities for dissemination until the National Flood Insurance Program (NFIP) map panel is revised. These letters are not always made available. If more specific information is required, we urge any users of this report to contact FEMA directly to obtain a flood certificate regarding the subject property.
FLOOD ZONE DEFINITION	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. In communities that participate in the NFIP, flood insurance is available to all property owners and renters in this zone.
EARTHQUAKE ZONE	The subject is not located in an Alquist Priolo Earthquake Fault Zone. All areas of California experience earthquake activity from time to time. However, the subject site is not located in an Alquist-Priolo Earthquake Fault Zone according to the table of affected cities prepared by the State of California Division of Mines and Geology and last updated in 1999. However, there are a number of faults located within one hundred miles of the subject property and much like most of the western United States; the area is subject to occasional seismic activity. The reader is advised to consult experts in the field of seismic evaluation to more accurately assess potential earthquake influence on the subject property.
ENCUMBRANCES AND EASEMENTS	We were not provided with a title report for the subject property, but it was reported that there are various easements for public utilities, access, and discrepancies regarding parcel lines. The leasee reported that these easements and boundary lines have not been perfected and are remnants of the previous owner and previous development of Interstate 5 and the Railroad Park Road. It was also reported that there is a 50' wide portion of land along the border of Siskiyou and Shasta counties that has unconfirmed ownership. It is also noted that Railroad Park Road is a County maintained road that would have an access easement over multiple portions of the property.

ENVIRONMENTAL HAZARDS	The leasee reported that there are historical septic leach fields that are no longer in use, but have unconfirmed locations throughout the property. There are no known adverse environmental conditions on the subject's site. Please reference Limiting Conditions and Assumptions.
WETLANDS AND WATERSHEDS	Little Castle Creek runs through a portion of the property and has been used as a source of water for the property. It was also reported that there have been flooding issues with the creek historically.
ADEQUACY OF UTILITIES	The subject's utilities are typical and adequate for the market area.
WATER SUPPLY TYPE	Well and River Water
SEWER TYPE	On-site septic system
NATURAL GAS	Propane Tanks
UNDERGROUND UTILITIES	No
POLICE AND FIRE PROTECTION	Siskiyou County

Site Summary

The subject site consists of multiple parcels whose exact parcel lines and marker locations have not been perfected. The Railroad Park Resort has operated upon this property since 1968 and as a result, the need to perfect the property lines has not been deemed necessary. The property consists of areas that were used for the development of Interstate 5, APN# -110, and there are remnants of the development buried on the property. The property located in Shasta County is not currently being utilized by the resort and might have previously been used as a septic leach field, but this was not confirmed. Multiple parcels have land along or on both sides of Little Castle Creek, which provides water for the subject as well as a history of flood issues. There is a large pond that has been river feed as well as some damming and river work to prevent flood issues. The property slopes uphill as you move west from the interstate with level areas throughout. The rolling topography would not be deemed a major issue. The property does not have substantial timber and would provide little value for timber harvesting.

Overall, the subject property consists of a complex mix of parcels that is split by both the creek and the roadway. The property has been utilized by the resort for a number of years and the property is well suited for this use. However, the shape, size, and location of the property would have a limited number of optimal uses in the market at the time.

FEMA Map



Improvement Summary

As this report is appraising the value of the long-term ground lease with no consideration given to the improvements, business value, or personal property associated with the Railroad Park Resort, we have not included a detailed Improvement Summary.

The subject is zoned "C-C B-10," Town Center District, under the jurisdiction of Siskiyou County. It is noted that Siskiyou County does not provide an accessible zoning map for the entire county.

The parcel located in Shasta County is zoned "U", Unclassified District. Per their zoning code: "The unclassified (U) district is intended to be applied as a holding district until a precise principal zone district has been adopted for the property. All new uses in this district shall be consistent with all applicable policies of the general plan."

ZONE DETAILS	
ZONING CODE	C-C B-10
ZONING DESCRIPTION	Town Center District
PERMITTED USES	Permitted uses include, but are not limited to; retail stores, offices and personal service establishments within a building, including appliance stores, bakeries, banks, barbershops, beauty parlors, bookstores, department stores, drugstores, food shops, hardware stores, mortuaries, theaters, retail nurseries, professional offices, restaurants, multiple-family dwellings, public uses, community centers, lodges, clubs, and health clubs.
MAXIMUM LOT COVERAGE	75%
MINIMUM LOT AREA	10 acres
MINIMUM FRONTAGE	60'
SET BACK DISTANCE	20'
BUILDING HEIGHT	50'
PARKING	Varies by use.
COMMENTS	The C-C District, "Town Center District" is intended to promote and enhance the diversified uses compatible with and necessary for the maintenance and viability of town centers and rural communities. In combination with residential and public uses, such groupings of stores provide daily and weekly convenience shopping and service for the surrounding area. The C-C District also allows social and cultural uses to serve the County's subareas.

It is noted that the subject's zoning as C-C does not conform to the adjacent land uses or expected zoning. The subject is not located in a town or city center. As such, a user could petition the County for rezoning to a more conformable use.

Based on a review of the subject in relation to the C-C B-10 zoning district, it appears the subject is a legal and conforming use of the site. While the subject's direct use is not specifically reported in the zoning code, this uses has been historically been active and accepted in this location with the County's knowledge. However, we are not experts in determining if a property is fully in compliance with all aspects of the zoning code. We suggest interested parties obtain a letter of zoning compliance from the Siskiyou County to determine if the subject is zoning compliant.

The subject is owned by the County of Siskiyou and there are no taxes for the property. The property located in Shasta County also, has no tax obligations. Upon the sale of the property, the local tax rate would be applied to the subject, pursuant to Proposition 13.

Proposition 13

In June 1978, the California voters approved the Proposition 13 Amendment to the California State Constitution, whereby the maximum annual tax on real property is limited to one percent of "full cash value" (market value), plus a maximum of up to two percent annual inflationary factor and plus additional sums to pay for indebtedness approved by the voters on affected property.

With the passage of Proposition 13, taxes would be reassessed if and when the property is sold in the future. At that time, the prevailing tax rate would be applied to the new assessed value. If the subject were to be transferred, the assessment and corresponding property taxes would be reflective of the market value or sale price at the time of sale.

Therefore, this market valuation assumes real estate taxes based on the current estimated market value. The following table summarizes the subject's projected tax burden based on our concluded market value via the Income Capitalization Approach.

In determining the highest and best use of the property, consideration was given to the economic, legal, and social factors that motivate investors to develop, own, buy and sell, manage, and lease real estate.

In forming an opinion of the highest and best use of a vacant parcel of land, there are essentially four stages of analysis:

- **Physically Possible Use:** What uses of the site in question are physically possible?
- **Legally Permissible Use:** What uses are permitted by zoning and deed restrictions on the site in question?
- **Financially Feasible Use:** Which possible and permissible uses will produce a gross return to the owner of the site?
- **Maximally Productive:** Among the feasible uses, which will produce the highest return or highest present worth of the site in question?

The following tests must be met in estimating the highest and best use of a vacant parcel: the potential use must be physically possible and legally permissible, there must be a profitable demand for such a use, and it must return to the land the highest net return for the longest period of time. These tests have been applied to the subject's site and are discussed as follows:

PHYSICALLY POSSIBLE

The site is on Railroad Park Road, in Dunsmuir, CA. The underlying site consists of 1,872,499 SF or 42.99 acres. The subject's topography is rolling. As noted in the Assumptions and Limiting Conditions, we know of no environmental or engineering study that has been conducted on the site to determine subsoil conditions.

Upon analysis of all physical aspects, space, size, shape, terrain, location and others the most supportable highest and best uses of the site, as it relates to physical properties, are a variety of uses.

LEGALLY PERMISSIBLE

The subject's site is primarily zoned "C-C B-10," Town Center District, under the jurisdiction of the Siskiyou County, CA. Reference is made to the Zoning section of this report. Permitted uses include, but are not limited to; retail stores, offices and personal service establishments within a building, including appliance stores, bakeries, banks, barbershops, beauty parlors, bookstores, department stores, drugstores, food shops, hardware stores, mortuaries, theaters, retail nurseries, professional offices, restaurants, multiple-family dwellings, public uses, community centers, lodges, clubs, and health clubs.

As was noted in the Zoning section this zoning does not conform to the adjacent land uses or location and it would be possible for a user petition for a zoning use to change.

Upon analysis of the permitted uses, the most supportable highest and best uses of the site, as it relates to what is legally permissible, is a commercial use.

FINANCIALLY FEASIBLE

Analysis for financially feasible uses for the site, as if vacant, involves consideration of several criteria. Unlike the physically possible and legally permissible aspects of the highest and best use analysis, many external economic factors serve to prove or disprove financial feasibility. The cost of acquisition, sources of capital, forecast of potential revenue/expenses, reversionary price forecast, property tax implications and measures of risk and yield are all determinant to this analysis. The above financial measures serve to eliminate the uses that would not provide a reasonable return to the land based on an investor's expectations.

The cost of land and its development limits the highest and best use of the site, generally to only those uses that are financially feasible. There is not a history of speculative development within this market. Development is typically owner/user focused. At this time there is limited demand for commercial property in this market.

We conclude that financially feasible uses of the site that are physically possible and legally permissible would be to hold for future development.

MAXIMALLY PRODUCTIVE

We considered those uses, as aforementioned, to meet the physically possible, legally permissible and financially feasible tests of the highest and best use definition. The final criteria for full compliance within the highest and best use of the subject, as vacant, is that of a maximally productive use. Due to the limited demand for development land at this time and ample supply of similar or superior properties, we conclude the maximally productive use of the site is to hold for future development.

HIGHEST AND BEST USE, AS IF VACANT

A final reconciliation of the analysis leads to the conclusion that the highest and best use of the site, as if vacant, is:

Use:	Hold for future development
Timing for Use:	Current
<i>Market Participants</i>	
User of space:	Owner/user
Most probable buyer:	Local or regional investor/developer

HIGHEST AND BEST USE, AS IMPROVED

We must also determine the highest and best use of the subject, as improved, by analyzing occupancy levels of various surrounding improvements, as well as the general needs within the area. Based on the current conditions of the subject's market, there appears to be no alternative use that would justify the removal or substantial alteration of the existing improvements. As such, the highest and best use of the subject, as improved, is the current improvements.

IDENTIFICATION OF A LIKELY BUYER

The most likely buyer of a property such as the subject would be a local or regional investor interested in the long term economic potential of the property.

VALUATION METHODOLOGIES

In appraising a property, there are three traditional valuation methodologies that can be applied: the Cost, Income Capitalization and Sales Comparison Approaches. Selection of one or more of the approaches in the appraisal of a property rests primarily upon the property type and its physical characteristics, as well as the quality and quantity of available market data.

The Cost Approach is based on the premise that an informed purchaser will not pay more for a property than it would cost him or her to construct a property of similar utility. This approach is most applicable when the subject is of new or nearly new construction and the improvements represent the highest and best use of the site. This approach is also particularly useful when appraising unique or special purpose properties where there are few, if any, comparable sales or leases.

The Income Capitalization Approach is based on the fundamental investment premise that the higher a property's earnings, the higher its value. Investment in an income-producing property represents the exchange of present dollars for the right to receive future dollars. In this approach, a value indication for an income-producing property is derived by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways: one year's income expectancy can be capitalized at a market-derived capitalization rate, or alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate. The Income Capitalization Approach typically provides the most meaningful estimate of value for income-producing properties.

The Sales Comparison Approach involves delineating appropriate units of measurement from comparable sales, in order to apply them to the subject's property. Adjustments are then made to the sales prices of the comparable properties based on various shared elements. This methodology may be used to value many different types of improved properties and vacant land, as long as there is a sufficient quantity of good-quality market data available. It becomes less reliable as the quantity and magnitude of adjustments increases, and it is generally not applicable to unique or special purpose properties.

The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation or correlation, we consider the relative applicability of each of the approaches used, examine the range between the value indications, and place major emphasis on the approach that appears to produce the most reliable and credible result.

VALUATION METHODOLOGIES APPLICABLE TO THE SUBJECT PROPERTY

The Cost Approach was not utilized as it is largely irrelevant for a ground leased fee interest. Furthermore, most clients do not expect the Cost Approach to be employed in the valuation of a property like the subject and most appraisers would not consider its application useful under these circumstances. The Income Capitalization Approach using a discounted cash flow analysis was utilized for the valuation of the leased fee interest in the subject property. This methodology is most applicable given the current ground lease in place. The Sales Comparison Approach was employed in the derivation of the "as if vacant" market value of the subject property, which is based on the direct comparison of the subject property with recent transactions of similar land parcels. The value of the land is based solely on a Sales Comparison Approach, as this is the best method for evaluating vacant land.

LAND VALUATION

The land, as if vacant, is valued by direct sales comparison, in which sales of comparable sites within the subject's area are analyzed in context with the subject's site. Adjustments are made to compensate for differences between the submitted sales data and the subject for such factors as location, size, shape, topography, utility, and marketability, etc. Land sales are presented to arrive at a \$/Acre for the subject. In an effort to locate comparable land sales, a search throughout the subject's area was conducted. The presented sales are valid indicators of land values in the subject's area. Information pertaining to these sales has been verified by the buyer, seller, broker or other sources considered reliable and having knowledge of the particular transaction when available.

As noted previously, there are few annual sales of commercial land in this region that share similar characteristics to the subject.

We have attempted to focus our search on the unique factors that impact the subject's overall value. The subject size is considered larger and we have focused on land sales of properties larger than 10 acres, however, due to the limited number of sales available we have had to use Comparable #4 with 7.81-acres. The subject's location along Interstate 5 and its commercial zoning within an area that is not considered well suited for larger highway-related commercial uses, is not often found. As such, we have had to expand the location search parameters farther north along Interstate 5 and farther from the Interstate 5 corridor. We have also considered the subject's frontage along a year-round creek that would be seen as very favorable and as such, we have attempted to locate similar river frontage properties.

None of the sales were reported to be entitled for development at the time of sale.

Comparable #1 is a pending sale of proximate property that shares a number of similar factors to the subject. After dissuasions with the selling broker and downward adjustments per our conversation, we have deemed that it provides a well-supported value indication. Comparable #6 is an active listing and has been included due to the limited number of recent sales.

Land Comparable 1



Transaction

Name	Summit View Drive Properties	Address	Summit View Drive Properties
City	Dunsmuir	County	Siskiyou County
State	CA	Zip	96025
Price	\$288,000	Date	3/9/21
Grantor	Pending	Grantee	Pending
Recordation	Pending	Tax Parcel ID	028-120-090
Property Rights	Fee Simple Estate	Financing	Not available
Conditions of Sale	Arm's length	Verification	Broker
Price Per Land SF	\$0.10	Price Per Acre	\$4,214

Site

Land SF	2,976,890	Land Acres	68.34
Topography	Sloping	Shape	Irregular
Required Site Work	See Comments	Utilities	None
Zoning	Timber	Proposed Use	Church
Zoning Type	Agricultural	Days on Market	17

Comments

This sales comparable is for a 68-acre property with minimal improvements and is currently pending with an asking price of around \$288,000 or \$4,235/Acre. The property is located on the eastern side of Interstate 5 in Dunsmuir. We spoke with one of the listing brokers who was unable to provide specifics of the sale but was able to provide general information. The property is two parcels with each listed separately, but being sold as one to a religious group. The smaller 15-acre parcel producing spring, with utilities, close by but not connected. This parcel has minimal improvements which the details were not available. The larger parcel has sloped topography but provides good views and some developable areas. The zoning is reported to be Agricultural Timberland. The broker reported that the pending sales price is below the listed asking price, but could not provide specifics. Both of these parcels sold around 2010 for higher prices than the current pending price.

Land Comparable 2



Transaction

Name	26000 Shotgun Creek Road	Address	26000 Shotgun Creek Road
City	Castella	County	Shasta County
State	CA	Zip	96017
Price	\$165,000	Date	6/4/20
Grantor	Mark Joachim	Grantee	Orion Starr
Recordation	17322	Tax Parcel ID	017-060-029 & -031, 017-080-020 & -022
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's length	Verification	Broker
Price Per Land SF	\$0.07	Price Per Acre	\$3,029

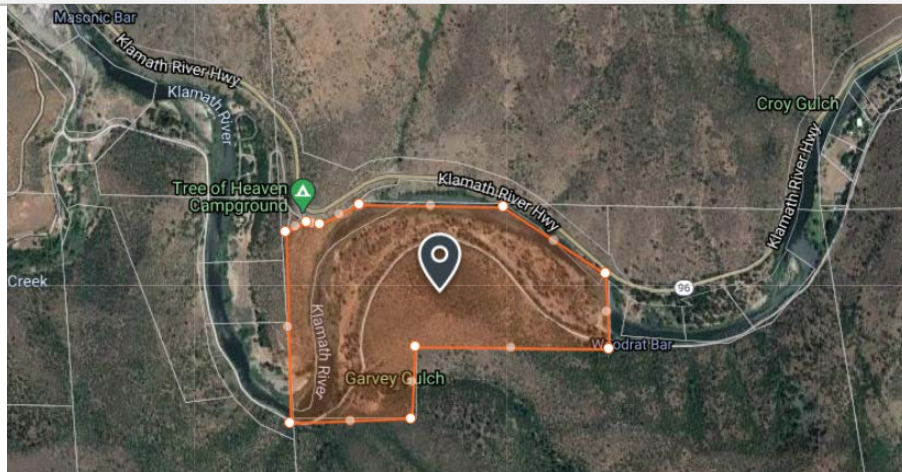
Site

Land SF	2,373,149	Land Acres	54.48
Topography	Rolling	Shape	Irregular
Required Site Work	See Comments	Utilities	None
Zoning	U	Proposed Use	Residential
Zoning Type	Unclassified	Days on Market	25

Comments

This sales comparable is for a 54.48-acre property with an unfinished cabin that sold for \$165,000 or \$3,029/Acre in June 2020. The property is located on the western side of Interstate 5 near Castella and the border of Shasta and Siskiyou Counties. The property consists of multiple parcels along the frontage with roadways bisecting the parcel limiting the usability of the gross acreage. The previous owner had begun construction had started a permitted cabin build, but was never finished and in a serious state of disrepair. The broker confirmed the sale and that the sale was all cash. The buyer reportedly planned to renovate the building. The property was listed in 2018 for \$250,000 or \$4,588/Acre but did not sell after 182 days on the market.

Land Comparable 3



Transaction

Name	Gravey Bar Land	Address	Gravey Bar on Klamath River Road
City	Yreka	County	Siskiyou
State	CA	Zip	96097
Price	\$315,000	Date	8/28/19
Grantor	Moody Walter	Grantee	Haroldsen
Recordation	7107	Tax Parcel ID	006-371-520, -050
Property Rights	Fee Simple Estate	Financing	Owner Financing
Conditions of Sale	Arm's length	Verification	Public Record
Price Per Land SF	\$0.07	Price Per Acre	\$3,241

Site

Land SF	4,234,032	Land Acres	97.20
Topography	Rolling	Shape	Irregular
Required Site Work	Typical Clear and Grade	Utilities	None
Zoning	RR	Proposed Use	NA
Zoning Type	Residential	Days on Market	642

Comments

This sales comparable is for a 97.20-acre property near Yreka that sold for \$315,000 or \$3,241/Acre in 2019. The property is located west of Interstate 5 by approximately 5 miles and located on local Highway 96. The property is accessed via a dirt road. The property is located on a bend in the Klamath River giving the property an extended amount of river frontage. There are a campground and some residential housing located on similar bends of the river. The rural residential zoning could allow for a subdivision of the property. The property sold with owner financing and was on the market for 642 days. There were no utilities at the site. The information was provided via MLS and confirmed by public records.

Land Comparable 4



Transaction

Name	Clea Lane -7.81 Acres	Address	Clea Lane
City	Mount Shasta	County	Siskiyou County
State	CA	Zip	96067
Price	\$275,000	Date	7/15/19
Grantor	Fryer & Sons	Grantee	Entrust Group LLC
Recordation	6146	Tax Parcel ID	036-570-161
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's length	Verification	Broker
Price Per Land SF	\$0.81	Price Per Acre	\$35,211

Site

Land SF	340,204	Land Acres	7.81
Topography	Rolling	Shape	Irregular
Required Site Work	Typical Clear and Grade	Utilities	Water
Zoning	CU	Proposed Use	NA
Zoning Type	Commercial	Days on Market	20

Comments

This sales comparable is for a 7.81-acre property near Mount Shasta that sold for \$275,000 or \$35,211/Acre in 2019. The property is located west of Interstate 5 and south of Mount Shasta in a partial residential neighborhood. The property is zoned for commercial uses per the broker which has resulted in it being undeveloped into residential uses. The property has a frontage along the train rails and a frontage road near Interstate 5. The broker reported the sale and confirmed that it was speculative buyers who he felt paid over market for it. The property would require a zoning use change for residential uses.

Land Comparable 5



Transaction

Name	Mott Road 11.4-acres	Address	Mott Road 11.4-acres
City	Dunsmuir	County	Siskiyou County
State	CA	Zip	96025
Price	\$218,000	Date	4/30/18
Grantor	Withheld	Grantee	Withheld
Recordation	20180003148	Tax Parcel ID	030-230-270
Property Rights	Fee Simple Estate	Financing	Owner Financing
Conditions of Sale	Arm's length	Verification	Public Record
Price Per Land SF	\$0.44	Price Per Acre	\$19,123

Site

Land SF	496,584	Land Acres	11.40
Topography	Level to slightly rolling	Shape	Irregular
Required Site Work	Typical Clear and Grade	Utilities	None
Zoning	NA	Proposed Use	NA
Zoning Type	NA	Days on Market	114

Comments

This sales comparable is for a 11.4-acre parcel adjacent to Interstate 5 that sold for \$218,000 or \$19,123/Acre in 2018. The property is located adjacent to the on-ramp for Interstate 5 just south of Mount Shasta. The property was on the market for 114 days and the exact zoning information was not available from the County. There were no utilities at the site. The property was listed as a commercial development opportunity. We were unable to contact the broker and have relied upon MLS and public record for details.

Land Comparable 6



Transaction

Name	Deetz Road 60-Acres	Address	Deetz Road 60-Acres
City	Deetz	County	Siskiyou
State	CA	Zip	96067
Price	\$249,000	Date	NA
Grantor	Listing	Grantee	Listing
Recordation	Listing	Tax Parcel ID	021-271-570 & -630
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's length	Verification	Marketing Packet
Price Per Land SF	\$0.10	Price Per Acre	\$4,150

Site

Land SF	2,613,600	Land Acres	60.00
Topography	Rolling	Shape	Irregular
Required Site Work	Typical Clear and Grade	Utilities	None
Zoning	AG	Proposed Use	NA
Zoning Type	Agricultural	Days on Market	1,123

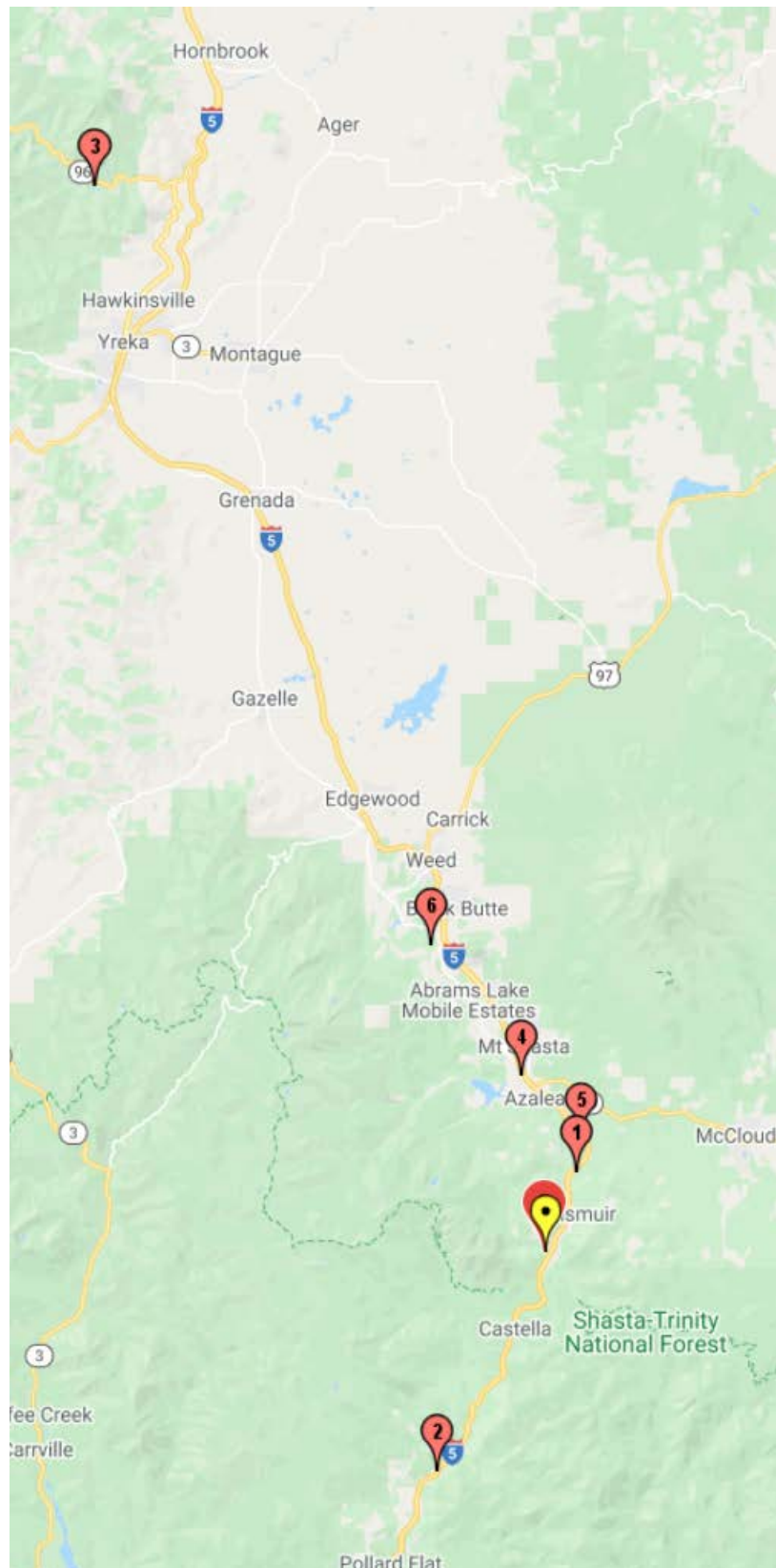
Comments

This sales comparable is for an active listing of a 60-acre property near Mount Shasta that has an asking price of \$249,000 or \$4,150/Acre. The property is located west of Interstate 5 between Mount Shasta and Weed in a rural neighborhood. The property has been on the market for over 1,000 days. The property consists of two parcels that are split by a right-of-way or previous roadway. The right-of-way appears to be unused, but the listing information did not provide additional details. The property has a well, but no other utilities to the site. It appears the property sold for just under \$200,000 in 2003. The zoning is reported to be agricultural.

LAND SALES SUMMARY

Comp	Address City	Price Date	Zoning Zoning Type	Land SF Land Acres	Price per Land SF Price per Acre
1	Summit View Drive Properties Dunsmuir	\$288,000 03/09/2021	Timber Agricultural	2,976,890 68.34	\$0.10 \$4,214
2	26000 Shotgun Creek Road Castella	\$165,000 06/04/2020	U Unclassified	2,373,149 54.48	\$0.07 \$3,029
3	Gravey Bar on Klamath River Yreka	\$315,000 08/28/2019	RR Residential	4,234,032 97.20	\$0.07 \$3,241
4	Clea Lane Mount Shasta	\$275,000 07/15/2019	CU Commercial	340,204 7.81	\$0.81 \$35,211
5	Mott Road 11.4-acres Dunsmuir	\$218,000 04/30/2018	NA NA	496,584 11.40	\$0.44 \$19,123
6	Deetz Road 60-Acres Deetz	\$249,000 Listing	AG Agricultural	2,613,600 60.00	\$0.10 \$4,150

LAND SALES COMPARISON MAP



The subject is denoted by the yellow marker.

LAND SALES ANALYSIS

To derive an estimated value of the site, as if vacant, we analyzed the land comparables and have made adjustments for varying characteristics.

Property Rights Conveyed

The property rights conveyed for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a fee simple estate.

All of the comparables were reported to have sold as fee simple estates and no adjustments are deemed necessary.

Financing Terms

The financing terms for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a cash to seller transaction.

Due to the limited number of annual sales, bank financing is not common in this market for land sales. Comparables #3 and #5 were reported to be partially owner financed and while we were unable to confirm this impact on pricing, we have used the sales. For the remaining comparables, either the information was not available or the financing was deemed to be market. As such, no adjustments are deemed necessary.

Conditions of Sale

The conditions of sale for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of an arm's length transaction.

All of the sales were reported to be arm's length transactions and no adjustments are deemed necessary.

Market Conditions

In terms of an adjustment for market conditions, from the sales shown, it is somewhat subjective to determine an exact adjustment. We have applied a 1% adjustment to each comparable, annualized from the date of each sale to March 1, 2020. We have based our annualized date from when the effects of COVID-19 pandemic started to be evident in the market. This market has seen limited growth in the commercial real estate sector over the long term. There is ample vacant land in this market and while demand has shown signs of improving, this for the few upper-tier properties available.

Comparable #1 is a pending sale and while the broker was unable to provide the sales price it was reported that the price was below the listed asking price we have noted. As such, we have adjusted this comparable downward based on the information available.

Comparable #6 has been adjusted downward as it is an active listing that has been on the market for a lengthy period of time.

Due to the COVID-19 pandemic, there has been uncertainty associated with the real estate markets. There is a lack of empirical market data from which to extract an appropriate adjustment for the impact of COVID-19, however, we know that the increase in cost for raw materials has put downward pressure on the values of development land. As such, we have concluded to a downward adjustment of 10% for all comparables due to the changes in the cost of construction goods due to the COVID-19 pandemic.

Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, should sell for a higher price per SF than properties which do not offer these attributes, with all other factors held constant. We have not considered the river frontage within this property attribute, as Comparable #3 is the only comparable is similar river frontage.

Comparables #1 and #2 are the most similar in location to the subject and no adjustments are deemed necessary. Comparable #3 is located farther removed from the Interstate 5 corridor but is located closer to Yreka which has positive growth. As such, Comparable #3 was adjusted upward accordingly. Comparable #4 is located within the Mt. Shasta area and would be seen as significantly superior and has been adjusted downward. Comparable #5, while located in Dunsmuir has superior access to Interstate 5 on/off ramps that would have higher traffic flows and has been adjusted downward. Comparable #6 is located between Mt. Shasta and Weed in an area that has seen more substantial growth. As such, Comparable #6 has been adjusted downward accordingly.

Size

In terms of size, it is noted that smaller parcels typically sell for a higher price per Acre than larger parcels, with all other factors held constant. The subject consists of 42.99 acres or 1,872,499 SF. As was noted previously, due to the limited number of annual sales we have had to use a wide range of comparable sizes. It is also noted that due to the subject's orientation along a river and with a parcel located on the other side of the river from the main portion, the overall useable land is likely lower than 42.99-acres.

Comparables #1, #3, and #6 are larger properties with larger areas of useable land and have been adjusted downward accordingly. Comparable #2 has similar issues with limited useable due to the orientation of the properties along a highway on/off ramp. As such, this comparable would be deemed most similar to the subject and no adjustments are deemed necessary. Comparables #4 and #5 are substantially smaller properties and require significant downward adjustments to bring them in line with the subject.

Zoning

The subject's site is primarily zoned "C-C B-10", Town Center District, under the jurisdiction of the Siskiyou County, CA. As was noted in the zoning section of this report, this zoning probably does not conform to the adjacent land uses or the location. Development of commercial land is already limited in this area and the likely use of the subject as if vacant would not correspond with its current zoning. Due to the limited market information for similar atypical pieces of land and the market demands at this time, the impact of zoning on market price is unclear. While we have considered adjustments in both directions for the various zoning types, the lack of information and the market information have led us to do the least biased action by making no adjustments for zoning. We have considered property zoning in our reconciliation.

Topography

The subject's site is rolling. The subject's topography does not substantially impact the development potential.

Comparables #2, #3, #4, and #6 all appeared to be similar to the subject and no adjustments are deemed necessary. Comparable #1 was reported to have a substantial portion of the site with sloping topography and as such, has been adjusted upward accordingly. Comparable #5 has more level topography and has been adjusted downward as it would be considered superior.

Required Site Work

The subject is valued as if vacant and available for development.

Both Comparables #1 and #2 were reported to have some improvements developed on-site that would have impacted the sales prices in a favorable manner. In this market properties that have already been improved are seen as more likely to have future development or use potential. As such, these two comparables have been adjusted downward accordingly. The remaining comparables were all reported to clear of improvements and no adjustments are deemed necessary.

Shape

The shape of the subject's site is irregular in shape. This shape would negatively impact its usability and value.

As we have focused our search for similar properties the majority of the comparables were of similar irregular shapes. Comparables #2 and #6 were more substantially impacted by the irregular shape of the parcels and or easements. As such, Comparables #2 and #6 have been adjusted upward accordingly with the remaining comparables not being adjusted.

LAND SALES ANALYSIS CONCLUSION

The previously described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment, and are not based on a paired sales analysis.

LAND SALES ADJUSTMENT GRID

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6	
Address	100 Railroad Park Road	Summit View Drive	26000 Shotgun Creek	Gravey Bar on Klamath River Road	Clea Lane	Mott Road 11.4-acres	Deetz Road 60-Acres						
City	Dunsmuir	Dunsmuir	Castella	Yreka	Mount Shasta	Dunsmuir	Deetz						
State	CA	CA	CA	CA	CA	CA	CA						
Date		3/9/2021	6/4/2020	8/28/2019	7/15/2019	4/30/2018	Listing						
Price		\$288,000	\$165,000	\$315,000	\$275,000	\$218,000	\$249,000						
Land Acres	42.99	68.34	54.48	97.20	7.81	11.40	60.00						
Price per Acre		\$4,214.22	\$3,028.63	\$3,240.74	\$35,211.23	\$19,122.81	\$4,150.00						
Transactional Adjustments													
Property Rights	Fee Simple Estate	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%
Financing	Cash to Seller	Not available	0%	Cash to Seller	0%	Owner Financing	0%	Cash to Seller	0%	Owner Financing	0%	Cash to Seller	0%
Conditions of Sale	Arm's Length	Arm's length	0%	Arm's length	0%	Arm's length	0%	Arm's length	0%	Arm's length	0%	Arm's length	0%
Expenditures After Sale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00						
Adjusted Price per Acre		\$4,214.22	\$3,028.63	\$3,240.74	\$35,211.23	\$19,122.81	\$4,150.00						
Market Trends Through	3/1/2020	1%	-10.00%	0.00%	0.51%	0.63%	1.85%						
Adjusted Price per Acre		\$3,792.80	\$3,028.63	\$3,257.27	\$35,433.06	\$19,476.58	\$3,942.50						
COVID-19		-10%	-10%	-10%	-10%	-10%	-10%						
Adjusted Price per Acre		\$3,413.52	\$2,725.77	\$2,931.54	\$31,889.75	\$17,528.92	\$3,548.25						
Property Adjustments													
Location		Similar	Similar	Inferior	Superior	Superior	Superior						
% Adjustment		0%	0%	10%	-10%	-5%	-10%						
\$ Adjustment		\$0.00	\$0.00	\$293.15	(\$3,188.98)	(\$876.45)	(\$354.83)						
Land Acres	42.99	68.34	54.48	97.20	7.81	11.40	60.00						
% Adjustment		5%	0%	15%	-20%	-20%	5%						
\$ Adjustment		\$170.68	\$0.00	\$439.73	(\$6,377.95)	(\$3,505.78)	\$177.41						
Zoning	C-C B-10	Timber	U	RR	CU	NA	AG						
% Adjustment		0%	0%	0%	0%	0%	0%						
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00						
Topography	Rolling	Sloping	Rolling	Rolling	Rolling	Level to slightly rolling	Rolling						
% Adjustment		5%	0%	0%	0%	-5%	0%						
\$ Adjustment		\$170.68	\$0.00	\$0.00	\$0.00	(\$876.45)	\$0.00						
Required Site Work	Typical clear and grade	See Comments	See Comments	Typical Clear and Grade	Typical Clear and Grade	Typical Clear and Grade	Typical Clear and Grade						
% Adjustment		-5%	-5%	0%	0%	0%	0%						
\$ Adjustment		(\$170.68)	(\$136.29)	\$0.00	\$0.00	\$0.00	\$0.00						
Shape	Irregular in shape	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular						
% Adjustment		0%	10%	0%	0%	0%	5%						
\$ Adjustment		\$0.00	\$272.58	\$0.00	\$0.00	\$0.00	\$177.41						
Adjusted Price per Acre		\$3,584	\$2,862	\$3,664	\$22,323	\$12,270	\$3,548						
Property Adjustments (Net)		5%	5%	25%	-30%	-30%	0%						
Property Adjustments (Gross)		15%	15%	25%	30%	30%	20%						

LAND VALUE CONCLUSION

The comparables show a price/Acre range of \$2,862 /Acre to \$22,323 /Acre on an adjusted basis, with an average of \$8,042 /Acre.

As was previously noted, there are a limited number of annual sales within the subject's market, and expanding the search area would require significant adjustments. Based on the sales available and the ability to confirm information, we have utilized the most appropriate sales available.

Within the sales comparables utilized, Comparables #4 and #5 are significant outliers in price/acre to the remaining comparables. This is in part due to their significantly smaller overall sizes, 7.81-acres and 11.40-acres respectively. These properties are also located within areas that are more directly connected with other commercial uses. Due to the subject's commercial zoning and the overall limited number of comparables available in this market we have chosen to utilize these sales. We have given consideration that both of these properties sold for a total sales price of under \$300,000. Due to our conversation with the Broker for Comparable #4, we know that the buyers purchased the property based on speculative future returns and might have paid above market as the property was on the market for a limited number of days for this region. Overall, we have given these two comparables less consideration on a price per acre basis.

Comparable #1 is the most recent data point available but does not exhibit a closed sale as it is currently pending. The broker for this property noted that the zoning did not play a major role in the purchase price, but the on-site spring and overall size were major determinates. We have given consideration that the purchase price could be lower than the adjusted price, but note that this comparable's adjusted value is similar to Comparable #3 and #6.

Comparable #2 is for a similar property along Interstate 5 that sold most recently. This property shares similar function issues to the subject with the parcels being broken up by road easements. However, this property would be seen as inferior to the subject due to the limited useable areas and its lack of river frontage. This comparable has been given consideration but would be considered inferior to the subject.

Comparable #3 is for a larger parcel with a similar river frontage area as the subject. This comparable is located a more significant distance from the Interstate which makes access more challenging but is also more secluded which can be desirable in this market. This property has rural residential zoning which can be more in demand for the market, but overall construction costs make development or subdivision more costly. The lack of access to utilities would be a negative factor. We have given this comparable consideration after adjustments as the property is a good example of river frontage land that could provide similar uses as the subject.

Comparable #6 is an active listing that has been on the market for a considerable period of time and is located in a superior location for residential uses. This property suffers from having access easements that limit the useable area. The agricultural zoning could also be viewed as inferior as a change in use or conditional use permit would require additional soft costs. This comparables adjusted price falls within the range of Comparables #1 through #3 on both price/acre and overall price. We have given supporting consideration to this comparable.

The subject property as valued unimproved has a number of unique attributes which are not found in many properties within the market. The subject's location in a lower-tier area that is outside of a commercial area with access to Interstate 5, and zoned commercial, is not found often in this region. This creates an issue with finding comparable properties that have similar locational attributes and zonings. As there is limited data on the impacts on value zoning has for lower-tier properties, empirical adjustments would be unsupported. Commercial zoning would allow for a wide range of uses, and is typically seen as superior for developments. However, based on our research, commercial land similar to the subject in a lower-tier location is not as in demand as residential land. We have given some consideration to the zoning of each comparable, but have put more weight on other property attributes.

The subject's river frontage along Little Castle Creek would be seen as a positive factor for the subject property. The subject's considerable length along the river, with access to both sides, would be seen as a benefit. There are a limited number of annual sales of properties with similar frontage close to major transportation corridors which has led us to include Comparable #3. While this comparable has overall inferior access as compared to the subject, it does indicate a value for a property with a similar frontage.

The final item we have considered is the subject's multiple parcels with access easements, property line discrepancies along the County line, and separations by Little Castle Creek. Comparable #2 has been given consideration as it contains some similar issues with the orientation of its multiple parcels and how access easements crisscross the property. While the subject would be considered superior to Comparable #2 we have given consideration for these issues in our reconciliation.

Comparables, #1, #2, #3, and #6 produce a tight range in adjusted and unadjusted values. We have given primary consideration to these four comparables, but as none of these comparables are zoned or located in a commercial location we have considered that Comparables #4 and #5 have much higher price/acre values. Due to the limited data in this market we have also given consideration to the overall price of the comparables in our reconciliation process. The comparables have a total price ranges of \$165,000, Comparable #2, to \$315,000, Comparable #3. Based on our research, discussions with market participants, and the data available, we have concluded to a price/acre that is slightly above the range of the comparables that have been given the most considerations, Comparables #1, #2, #3, and #6, but significantly below the two smallest Comparables, #4 and #5.

Based on the comparables and the adjustments made to them, we conclude to \$4,000 /Acre.

Land Value Conclusion	\$4,000 /Acre
Multiplied by Subject Size	42.99 Acres
Indicated Land Value	\$171,960
"As Is" Land Value (3/2/2021)	
Indicated Land Value	\$171,960
Rounded Final Land Value	\$170,000

Typically, a value estimate by the Income Capitalization Approach requires an analysis of the comparable and competing market for the type of property under appraisal and an estimate of market rent for that property.

Also required in the Income Capitalization Approach is an analysis of current investment policies relative to financing and rates of return for today's income property investor.

The subject is income-producing real estate purchased for the purpose of generating net annual income or cash flow to ownership. Net income or cash flow, the primary benefit of ownership, is the basis for determining value when value is recognized as the present worth of the future economic benefits arising out of ownership to typical users or investors.

The value indicated by the Income Capitalization Approach is a reflection of a prudent investor's analysis of an income-producing property. In this approach, the discounted cash flow methods are used.

Future benefits are estimated by forecasting the gross earning potential of the property under prevailing and foreseeable market conditions. Appropriate allowances for vacancy and operating expenses, based on prevailing and foreseeable market trends, are then deducted from gross earnings. This process results in an estimate of net monetary benefits to ownership, which are then capitalized into a present worth.

ECONOMIC PROFILE

As previously noted, we are appraising the value of a long-term ground lease. The ground lease in place with Railroad Park Resort began in 1968 and was recently extended to April 22, 2028, with two options to 2048 and 2068. The amendment for the lease stipulates a rental rate based on a percentage of gross annual receipts, with a minimum annual rent of \$1,200 per year. The percentage rent stipulations are 2% of gross receipts received by the lessee for the first \$75,000 of gross receipts in a year and 3% of gross receipts over \$75,000 in a year. The remaining terms and conditions of the lease are typical of ground leases and stipulate that the tenant must either remove all improvements at the conclusion of the lease or they are forfeited to the County. The Railroad Park Resort pays all expenses related to the operation and the County does not pay any expenses related to the property.

We were not provided with historical annual gross receipts for the lessee, but have been supplied with annual ground rents since 2017. As was previously noted, the ground lease transferred in 2017, and the previous lessee/operator had lower gross receipts which resulted in lower annual ground rents. As is shown in the ground rent payments over the last four years, the current operator has increased gross receipts and continued to grow during the COVID-19 pandemic.

Historical Ground Rent		
Year	Ground Rent	Annual Growth
2017	\$32,001	NA
2018	\$35,152	9.85%
2019	\$42,526	20.98%
2020	\$44,233	4.01%
Average	\$38,478	11.61%

DISCOUNTED CASH FLOW MODEL

In order to quantify the income potential of this property, a discounted cash flow analysis is employed. This analytical method estimates the present worth of future cash flow expectancies by individually discounting each anticipated collection at an appropriate discount rate. The analysis is typically applied to annual equity cash flow projections and is used to solve for the rate of return on invested capital that is generated, or is capable of being generated, in an investment during the period of ownership.

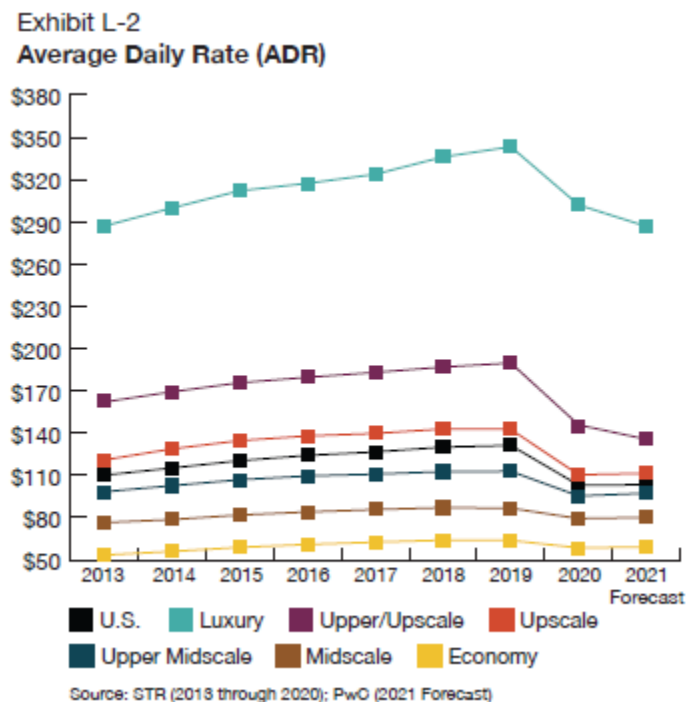
Discounted cash flow (DCF) models are used to value the subject based upon its income production. The subject's revenue-producing capability is a function of its present long-term leases plus the appropriate operating expense pass-throughs. As noted previously, there are no expenses associated with ownership of the subject, and the County only collects the ground rent.

In the analysis of the subject, a year-by-year breakdown of the effective gross income is processed. In the final year of the projection, a sale of the property is assumed. This reversionary interest in the property at resale, together with the series of cash flows, is then discounted back to a total present worth.

Growth Rate Analysis

For the purpose of this valuation analysis, we have estimated a revenue growth rate. As the subject's ground rent is based on the annual gross receipts for the business operation of the resort, we have considered national hospitality data, the subject's historical rents, and the local market data.

According to the PwC Real Estate Investor Survey, the following table represents the national changes in the average daily rate since 2013.



Given that the subject would be considered a lower-tier lodging operator that historically only experiences minimal growth in rates, the recent increase in rent due to new ownership, and the fact that the subject's lease is a long-term lease with 48-years remaining with annual growth leveling off, we have projected an annual growth rate for the rental payments of 2.00%.

Discount Rate Analysis

In arriving at an appropriate discount rate for the cash flow we have considered the national market for similar hospitality developments, yield rates, and market factors. Net lease market data has been given less consideration due to the subject being leased to a one-off hospitality operator and not a national or regional chain. We have also considered that when the leased fee estate sold in 2017, it had a contract IRR of 13%. The spread between the national IRR and OAR is currently 52 bps, which has fallen since the first quarter of 2020, pre-pandemic.

National Market Yield Rates for Real Estate Investments National Limited-Service Midscale & Economy Lodging Segment First Quarter 2021			
	Current Quarter	Third Quarter 2020	Year Ago
Discount Rate (IRR)	8.00%-12.00%	8.00%-12.00%	7.50%-12.00%
Average	9.70%	9.80%	10.00%
Overall Cap Rate (OAR)	7.00%-11.00%	7.00%-12.00%	7.50%-11.00%
Average	9.18%	9.50%	9.10%
Residual Cap Rate	8.00%-11.00%	8.00%-12.00%	7.75%-12.00%
Average	9.10%	9.50%	9.33%
Average Daily Rate	(10.00%)-10.00%	(10.00%)-5.00%	0.00%-4.00%
Average	1.30%	(0.10%)	2.10%
Operating Expense	2.00%-4.00%	2.00%-4.00%	2.50%-5.00%
Average	2.95%	2.95%	3.15%
Marketing Time Range	2-12 months	2-12 months	2-12 months
Average	6.6	6.6	6.6

Source: PwC Real Estate Investor Survey, 1st Quarter 2021

In the case of the subject's ground lease, the base of \$1,200 per year and the 48-years remaining, with both options, would be deemed less attractive in this market. There is a possibility that an owner would receive minimal income from the ground lease and not have access to the land for 48-years. We have also considered that while the last few years of annual rent growth have been strong, the leasee is an independent operation of a unique hospitality property in a more remote market. While ground rent payments are usually viewed as secured and thus command lower yield rates, the subject's ground rent is based on the economic success of the leasee and has less favorable terms that would factor into a yield rate that encompass the risks associated with the cash flow. Based on the information available and our review of market data, we have concluded to a discount rate of 10.00% for the 48-year cash flow.

Cash Flow of Ground Rent		
Year	Analysis Year	Ground Rent
2021	1	\$45,118
2022	2	\$46,021
2023	3	\$46,941
2024	4	\$47,880
2025	5	\$48,837
2026	6	\$49,814
2027	7	\$50,810
2028	8	\$51,827
2029	9	\$52,863
2030	10	\$53,920
2031	11	\$54,999
2032	12	\$56,099
2033	13	\$57,221
2034	14	\$58,365
2035	15	\$59,532
2036	16	\$60,723
2037	17	\$61,938
2038	18	\$63,176
2039	19	\$64,440
2040	20	\$65,729
2041	21	\$67,043
2042	22	\$68,384
2043	23	\$69,752
2044	24	\$71,147
2045	25	\$72,570
2046	26	\$74,021
2047	27	\$75,502
2048	28	\$77,012
2049	29	\$78,552
2050	30	\$80,123
2051	31	\$81,725
2052	32	\$83,360
2053	33	\$85,027
2054	34	\$86,728
2055	35	\$88,462
2056	36	\$90,231
2057	37	\$92,036
2058	38	\$93,877
2059	39	\$95,754
2060	40	\$97,669
2061	41	\$99,623
2062	42	\$101,615
2063	43	\$103,647
2064	44	\$105,720
2065	45	\$107,835
2066	46	\$109,991
2067	47	\$112,191
2068	48	\$114,435
PV of Cash Flow		\$548,938

Residual Land Value

After the lease term and options are calculated, the reversionary land value must be considered. Recall in the Land Value section of this report, we concluded to a fee simple land value of \$170,000 . Based on information from this market, land values have not seen substantial growth and as such, we have projected an annual growth rate of 1.00% applied to the current land value. While the lease does not require the property improvements to be removed at the end of the term, it is customary for ground leases that the property be returned to a clear and in a developable condition. As such, based on the net rentable area for the properties current improvements and a \$5/SF demolition cost we have calculated a demolition cost of \$35,015. Due to the amount of improvements to the site that is not included in the NRA we have included an additional \$10,000 to the demolition cost for these improvements. As these demolition costs would be incurred at the end of the lease, we have an escalated them by 2.50% annual for the remaining of the lease term. We also include a deduction for sales costs, 2.00%, to arrive at a final Residual Land Value at the end of the lease:

Residual Land Value	
Current Land Value, Fee Simple:	\$170,000
Future Land Value, Fee Simple:	\$274,078
Future Demo Costs:	\$147,266
Future Land Value Minus Demo Costs	\$126,812
Less Sales Cost (2%):	-\$2,536
Residual Land Value:	\$124,276

GROUND LEASED FEE PRESENT VALUE

The final step in the process is determining the present value of the land utilizing an appropriate discount rate. We have therefore concluded to a lower discount rate for the land value due to the lower growth rates and lower risk associated with the land over the time frame. Our conclude discount rate for the Present Value of the Reversionary Land Value is 7.00%. When the Present Value of the Cash Flow and the Present Value of the Reversion are summed we have the Present Value of the ground leased fee interest:

Present Value Totals	
PV of Cash Flow	\$548,938
PV of Reversion	\$5,609
Total PV	\$554,547
Total PV (Rounded)	\$550,000

The Sales Comparison and the Income Capitalization Approaches were employed in the valuation of the subject. The value derived via this method is shown below:

"As Is" Value (3/2/2021)	
Income Capitalization Approach	\$550,000
Final Value Opinion	\$550,000

In each of these approaches, we have attempted to summarize all the input data and have briefly explained our methodology in processing and/or analyzing this data. Insofar as we have been able to determine, this data has been obtained from reliable sources and was accepted as being accurate. We give full recognition to the inherent weaknesses in each of the approaches. It should be acknowledged that because the appraisal of real property is not an exact science, professional judgment on our part becomes a component of each of the recognized approaches.

The discounted cash flow method is employed in the Income Capitalization Approach. The discounted cash flow method is the primary method of valuation used by the class of investors that would potentially purchase or sell a property similar to the subject. Due to the subject's existing long term lease, as well as the availability of data relating to yield rates, growth rates, and land values, we have relied upon this method. The Income Capitalization Approach, specifically, the discounted cash flow has been used in this valuation due to the subject's long-term ground lease.

In the final analysis of the subject, we consider the influence of the approaches used in relation to one another and in relation to the subject and, since buyers and sellers of ground leased properties are primarily interested in the monetary benefits of ownership, the Income Capitalization Approach is the most reliable technique in forming an opinion of the subject's value.

After an inspection of the subject, and analysis of pertinent physical and economic factors that affect value, we are of the opinion that the 'as is' market value of the ground leased fee of the subject, as of March 2, 2021, is:

\$550,000

FIVE HUNDRED FIFTY THOUSAND DOLLARS

This appraisal is based on the extraordinary assumption that the parcels included are mapped, defined, and recorded within public records that would allow for a reasonable transfer of ownership. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

This appraisal is not based on any hypothetical conditions.

Term	Definition	Source
Air Rights	The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Air rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot. Air rights do not always include development rights. See also transferable development right (TDR).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
As Is Market Value	The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Band of Investment	A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Condominium	A multiunit structure, or a unit within such a structure, with a condominium form of ownership.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Debt Coverage Ratio (DCR)	The ratio of net operating income to annual debt service ($DCR = NOI/I_M$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Deferred Maintenance	Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Depreciation	1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
	2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.	
Effective Gross Income (EGI)	The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Effective Gross Income Multiplier (EGIM)	The ratio between the sale price (or value) of a property and its effective gross income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Entrepreneurial Profit	<p>1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.</p> <p>2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward. See also entrepreneurial incentive.</p>	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Equity Capitalization Rate (R_E)	An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the cash-on-cash rate, cash flow rate, cash throw-off rate, or equity dividend rate. ($R_E = I_E/V_E$, or Pre-Tax Cash Flow/Equity Invested)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Equity Ratio	The ratio between the down payment paid on a property and its total price; the fraction of the investment that is unencumbered by debt.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Exposure Time	An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
External Obsolescence	A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Extraordinary Assumption	An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Fee Simple Estate	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Gross Building Area (GBA)	<ol style="list-style-type: none"> 1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
	3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.	
Gross Leasable Area (GLA)	Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Highest and Best Use	<ol style="list-style-type: none"> 1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Hypothetical Condition	A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Insurable Value	A type of value for insurance purposes.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Internal Rate of Return (IRR)	The annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership. Alternatively, the indicated return on capital associated with a projected or pro forma income stream.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Leasehold Interest	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Loan-to-Value Ratio (M)	The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage; also called loan ratio or LTV.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Marketing Time	An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Market Rent	The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Market Value	A type of value, stated as an opinion, that presumes the transfer of a property (i.e. a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraisers as applicable in an appraisal. Comment: Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.	Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed.
Mortgage Capitalization Rate (R_M)	The capitalization rate for debt; the ratio of the annual debt service to the principal amount of the mortgage loan. The mortgage capitalization rate (R_M) is equivalent to the periodic (monthly, quarterly, annual) mortgage constant times the number of payments per year on a given loan on the day the loan is initiated. $R_M = \text{Annual Debt Service} / \text{Mortgage Principal}$	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Mortgage Debt Service (I_M)	The periodic payment for interest on and retirement of the principal of a mortgage loan; also called total mortgage debt service. Generally, the abbreviation I_M refers to the total debt service, whereas mortgage debt service can be used to refer to either the periodic payment or the total of the payments made in a year.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Income Multiplier (NIM)	The relationship between price or value and net operating income expressed as a factor; the reciprocal of the overall capitalization rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Operating Income (NOI or I_O)	The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Rentable Area (NRA, Rentable Area)	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Overall Capitalization Rate (R_o)	The relationship between a single year's net operating income expectancy and the total property price or value ($R_o = I_o / V_o$).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Prospective Market Value "As Completed" and "As Stabilized"	A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed—reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized—reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Prospective Opinion of Value	A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Replacement Cost	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Reproduction Cost	The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Sandwich Lease	A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Sum of the Retail Values	The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Terminal Capitalization Rate (R_N)	The capitalization rate applied to the expected net income for the year immediately following the end of the projection period to derive the resale price or value of a property. Also called a going-out, exit, residual, or reversionary capitalization rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 6th Ed. (Chicago: Appraisal Institute, 2015)

QUALIFICATIONS OF THE APPRAISER

BRIAN RAPELA, MAI, MRICS

Mr. Rapela is a Managing Partner for the San Francisco office of Joseph J. Blake and Associates, Inc. located at 500 Ygnacio Valley Road, Suite 280, Walnut Creek, California 94596.

FORMAL EDUCATION

Allegheny College - Meadville, Pennsylvania
Bachelor of Science (Physics)

The Ohio State University - Columbus, Ohio
Masters of Science (Physics)

REAL ESTATE AND APPRAISAL EDUCATION

Course Name	Provider
Advanced Cost and Sales Comparison Approaches	Appraisal Institute
Report Writing and Valuation Analysis	Appraisal Institute
General Market Analysis and Highest and Best Use	Appraisal Institute
Condemnation Appraising: Basic Principles and Applications	Appraisal Institute
Advanced Applications	Appraisal Institute
The Appraiser as an Expert Witness	Appraisal Institute
Hotel Valuation Seminar	Appraisal Institute
Advanced Litigation Appraising	Appraisal Institute
Fundamentals of Separating Intangible Business Assets	Appraisal Institute
Introduction to Green Building Valuation	Appraisal Institute
Case Studies in Green Building Valuation	Appraisal Institute
Residential and Commercial Valuation of Solar	Appraisal Institute
Uniform Appraisal Standards for Federal Land Acquisitions	Appraisal Institute
Appraising Automobile Dealerships	Appraisal Institute

PROFESSIONAL AFFILIATIONS

Affiliation	Number
Appraisal Institute, Designated Member	No. 12830
Tri-Valley Estate Planning Council, Member	
Royal Institution of Chartered Surveyors, Member	No. 6329043
California State Certified General Real Estate Appraiser	No. AG033756
Washington State Certified General Real Estate Appraiser	No. 1102125
Oregon State Certified General Real Estate Appraiser	No. C001085
Nevada State Certified General Real Estate Appraiser	No. A.0207021-CG
Utah State Certified General Real Estate Appraiser	No. 11469183-CG
Appraisal Institute Service	Dates
Northern California Chapter, Fall Conference Committee, Conference Chair	2005 – Present
Northern California Chapter, Board of Directors	2011 – 2014
Northern California Chapter, Board of Directors	2017 – 2020
Region I, Regional Representative	2011 – 2013

APPRAISAL EXPERIENCE

Appraisal experience includes retail properties, regional power centers, medical and professional offices, hotels, resorts, apartments, vacant land, mini-storage, industrial and R&D buildings, data centers, mixed-use properties, athletic clubs, nursing homes, assisted living facilities, wind farms, marinas, quarries, minority interest valuations, easements and possessory interests.

Qualified as an Expert Witness and provided court testimony on various litigation assignments.

Recent Speaking Engagements include:

- “Valuation Impacts of COVID-19”
National AI Webinar – April 2020
- “Dental Office Valuation”
AI Special Purpose Property Symposium – December 2018
- “Real Estate Fair Market Value and Fractional Interest Valuation”
*Peninsula Silicon Valley and Silicon Valley San Jose Chapters
Estate Planning Symposium – June 2017*
- “Partial Interest Valuation: Pitfalls and Practical Advice”
AI Northern California Annual Fall Conference – October 2013
- “Business Value Allocation of a Going Concern: A Case Study”
AI Northern California Chapter Meeting – September 2012
- “Annual Valuation Panel”
Bay Area Mortgage Association – May 2012
- “Valuing Fractional Interests”
Appraisal Institute National Webinar – August 2010
- “Valuing Real Estate Holding Partnerships and LLCs”
AI Chapter Meeting – May 2010

CERTIFICATION



QUALIFICATIONS OF THE APPRAISER

MATTHEW ATWOOD

Mr. Atwood is an Associate Appraiser with the San Francisco office of Joseph J. Blake and Associates, Inc. located at 500 Ygnacio Valley Road, Suite 280, Walnut Creek, California 94596.

FORMAL EDUCATION

University of Oregon – Eugene, Oregon
Bachelor of Art's, Business Administration

REAL ESTATE AND APPRAISAL EDUCATION

Course Name	Provider
General Appraiser Sale Comparison Approach	Appraisal Institute
General Appraiser Market and Highest & Best Use	Appraisal Institute
Business and Ethics	Appraisal Institute
General Appraiser Income Approach Part 1 &2	Appraisal Institute
General Appraiser Site Valuation and Cost Approach	Appraisal Institute
Real Estate Finance, Statistics, and Valuation Modeling	University of Oregon
General Appraiser Report Writing	McKissock
Real Estate Appraisal Principals and Practices	Allied Business Schools
Market Analysis and Highest and Best Use	Allied Business Schools
Appraiser Site Valuation and Cost Approach	Allied Business Schools
Sales Comparison and Income Approach	Allied Business Schools
2016-2017 National USPAP Course	Allied Business Schools
Real Estate Appraisal Report Writing	Allied Business Schools
Federal and State Laws Regulations	Allied Business Schools
Real Estate Appraisal Trainee/Supervisor Course	Allied Business Schools

PROFESSIONAL AFFILIATIONS

Affiliation	Number
California State Certified General Real Estate Appraiser	No. 3005100


Appraisal Institute Service	Dates
Northern California Chapter, Technology Committee (Chair)	2019-Present
Arlen C. Mills Education Award	2019

APPRAISAL EXPERIENCE

Responsibilities include preparation of full narrative appraisal and market study reports for a wide variety of property types and purposes, including but not limited to business parks, office buildings, industrial buildings, retail centers, multi-family projects, parking garages, proposed development, UASFLA/Yellow Book assignments, residential estates, and land.

CERTIFICATION

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

 **Matthew B. Atwood**


has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005100

Effective Date: November 17, 2020
 Date Expires: January 31, 2022


 Loretta Dillon, Deputy Bureau Chief, BREA

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